Senate File 2325 - Introduced

SENATE FILE 2325
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 3168)

A BILL FOR

- 1 An Act amending the sales and use tax exemption for the
- 2 sale of goods and services furnished in fulfillment of a
- 3 written construction contract with a nonprofit hospital,
- 4 and including effective date and retroactive applicability
- 5 provisions.
- 6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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- 1 Section 1. Section 423.3, subsection 29, Code 2016, is
- 2 amended to read as follows:
- 3 29. The sales price of all goods, wares, or merchandise
- 4 sold, or of services furnished, which are used in the
- 5 fulfillment of a written construction contract with a nonprofit
- 6 hospital licensed pursuant to chapter 135B if all of the
- 7 following apply:
- 8 a. The sales and delivery of the goods, wares, or
- 9 merchandise, or the services furnished, occurred between July
- 10 January 1, 1998 2014, and December 31, 2001 2017.
- 11 b. The written construction contract was entered into on or
- 12 after January 1, 2014, but prior to December 31, 1999 2016, or
- 13 bonds to fund the construction were issued on or after July 1,
- 14 2014, but prior to December 31, 1999 2016.
- 15 c. The sales or services were purchased directly by a
- 16 contractor, or by a contractor as the agent for the hospital,
- 17 or were purchased directly by the hospital.
- 18 d. The hospital is located in a county that borders Illinois
- 19 and has a population of at least one hundred fifty thousand
- 20 according to the 2010 certified federal census.
- 21 Sec. 2. REFUND AND CREDIT FOR AMOUNTS PREVIOUSLY PAID.
- 22 1. Notwithstanding any other provision of law to the
- 23 contrary, refunds of taxes, interest, or penalties that arise
- 24 from claims resulting from the enactment of this Act, for sales
- 25 occurring between January 1, 2014, and the effective date
- 26 of this Act, shall not be allowed, but such claims shall be
- 27 allowed as a credit as provided in subsection 2.
- 28 2. Beginning July 1, 2017, any amount of taxes, interest, or
- 29 penalties previously paid for sales occurring between January
- 30 1, 2014, and the effective date of this Act, and for which
- 31 a claim of exemption arises from the enactment of this Act,
- 32 shall be allowed as a credit to the taxpayer against sales and
- 33 use tax due and payable by such taxpayer on or after July 1,
- 34 2017, and may be claimed by the taxpayer until such credit is
- 35 depleted.

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- 1 Sec. 3. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
- 2 immediate importance, takes effect upon enactment.
- 3 Sec. 4. RETROACTIVE APPLICABILITY. This Act applies
- 4 retroactively to January 1, 2014, for sales of tangible
- 5 personal property made, and services furnished, on or after
- 6 that date.
- 7 EXPLANATION
- 8 The inclusion of this explanation does not constitute agreement with 9 the explanation's substance by the members of the general assembly.
- 10 This bill relates to the sales and use tax exemption for
- 11 sales of goods and services made in fulfillment of a written
- 12 construction contract with a nonprofit hospital licensed
- 13 pursuant to Code chapter 135B. In order to qualify for the
- 14 sales and use tax exemption under current law, the sales of
- 15 goods or services must have occurred between July 1, 1998, and
- 16 December 31, 2001, and the written construction contract or
- 17 construction bonds must have been entered into or issued prior
- 18 to December 31, 1999.
- 19 The bill amends these dates to provide that the exemption
- 20 will apply if the sales of goods or services occur between
- 21 January 1, 2014, and December 31, 2017, and if the written
- 22 construction contract is entered into on or after January 1,
- 23 2014, but before December 31, 2016, or the construction bonds
- 24 are issued on or after July 1, 2014, but before December 31,
- 25 2016.
- 26 Also under current law, the exemption only applies if the
- 27 goods or services were purchased by a contractor as the agent
- 28 for the hospital or were purchased directly by the hospital.
- 29 The bill provides that the exemption will also apply if the
- 30 goods or services were purchased directly by a contractor.
- 31 The bill requires the hospital entering into the
- 32 construction contract to be located in a county that borders
- 33 Illinois and that has a population of at least 150,000
- 34 according to the 2010 certified federal census.
- 35 By operation of Code section 423.6, an item exempt from the

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- 1 imposition of the sales tax is also exempt from the use tax
- 2 imposed in Code section 423.5.
- 3 The bill prohibits refunds of taxes, interest, or penalties
- 4 arising from claims resulting from enactment of the bill for
- 5 sales occurring between January 1, 2014, and the effective
- 6 date of the bill, but does allow such amounts to be claimed
- 7 as a credit against sales and use tax due and payable by the
- 8 taxpayer on or after July 1, 2017. The sales and use tax credit
- 9 may be claimed beginning July 1, 2017, and may be claimed until
- 10 the credit is depleted.
- 11 The bill takes effect upon enactment and applies
- 12 retroactively to January 1, 2014, to sales of goods and
- 13 services on or after that date.