

Senate File 2074 - Introduced

SENATE FILE 2074

BY SINCLAIR and ROZENBOOM

A BILL FOR

1 An Act modifying the rebate of sales and use tax to the owner or
2 operator of a raceway facility and including effective date
3 and retroactive applicability provisions.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423.2, subsection 11, paragraph b,
2 subparagraph (7), Code 2018, is amended to read as follows:

3 (7) Beginning the first day of the quarter following July
4 1, 2014, transfer to the raceway facility tax rebate fund
5 created in [section 423.4, subsection 11](#), paragraph "e", that
6 portion of the sales tax receipts collected and remitted upon
7 sales of tangible personal property or services furnished by
8 retailers at a raceway facility meeting the qualifications of
9 [section 423.4, subsection 11](#), that remains after the transfers
10 required in subparagraphs (1) through (6) of this paragraph
11 "b". This subparagraph is repealed June 30, 2025, or thirty
12 days following the date on which an amount of total rebates
13 specified in [section 423.4, subsection 11](#), paragraph "c",
14 subparagraph (4), ~~subparagraph division (a) or (b), whichever~~
15 ~~is applicable~~ (3), has been provided or thirty days following
16 the date on which rebates cease as provided in [section 423.4,](#)
17 [subsection 11, paragraph "c",](#) subparagraph (5) (4), whichever
18 is earliest.

19 Sec. 2. Section 423.4, subsection 11, paragraphs b, c, d, e,
20 and g, Code 2018, are amended to read as follows:

21 b. The owner or operator of a raceway facility may apply to
22 the department for a rebate of the following:

23 ~~(1) Sales~~ sales tax imposed and collected by retailers upon
24 sales of tangible personal property or services furnished to
25 purchasers at the raceway facility. Notwithstanding the state
26 sales tax imposed in [section 423.2](#), a sales tax rebate issued
27 pursuant to this subparagraph shall not exceed the amounts
28 transferred to the raceway facility tax rebate fund pursuant to
29 [section 423.2, subsection 11, paragraph "b",](#) subparagraph (7).

30 ~~(2) (a) Sales or use tax upon the sales price of all~~
31 ~~tangible personal property, or from services furnished to a~~
32 ~~contractor, used in the fulfillment of a written contract with~~
33 ~~the owner or operator if the property becomes an integral part~~
34 ~~of the project under contract and at the completion of the~~
35 ~~project becomes part of the raceway facility.~~

1 ~~(b) The rebate available under this subparagraph shall be~~
2 ~~limited to one project per raceway facility. If such a project~~
3 ~~is undertaken, the owner or operator of the raceway facility~~
4 ~~shall notify the department upon completion of the project.~~

5 ~~(c) Notwithstanding the state sales tax imposed in section~~
6 ~~423.2, a sales tax rebate issued pursuant to this subparagraph~~
7 ~~shall not exceed the amounts remaining after the transfers~~
8 ~~required under [section 423.2, subsection 1](#), paragraph "b",~~
9 ~~subparagraphs (1) through (6), have been made from the total~~
10 ~~amount of sales tax for which the rebate is requested.~~

11 ~~(d) Notwithstanding the state use tax imposed in section~~
12 ~~423.5, a use tax rebate issued pursuant to this subparagraph~~
13 ~~shall not exceed the amounts remaining after the transfers~~
14 ~~required under [section 423.43, subsection 1](#), have been made~~
15 ~~from the total amount of use tax for which the rebate is~~
16 ~~requested.~~

17 *c.* The rebate may be obtained only in the following amounts
18 and manner and only under the following conditions:

19 ~~(1) For rebates pursuant to paragraph "b", subparagraph (1),~~
20 ~~on On forms furnished by the department within the time period~~
21 ~~provided by the department by rule, which time period shall not~~
22 ~~be longer than quarterly.~~

23 ~~(2) For rebates pursuant to paragraph "b", subparagraph (2),~~
24 ~~on forms furnished by the department within the time period~~
25 ~~provided by the department by rule, but not more than one year~~
26 ~~after the final settlement has been made.~~

27 ~~(3) (2)~~ The owner or operator shall provide information as
28 deemed necessary by the department.

29 ~~(4) (3)~~ The transactions for which sales or use tax was
30 collected and the rebate is sought occurred on or after January
31 1, 2015, but before January 1, 2025. However, the total amount
32 of rebates provided pursuant to [this subsection](#) shall not
33 exceed the lesser of the following amounts:

34 ~~(a) Twenty-five percent of the project costs, as determined~~
35 ~~by the department, if such a project is undertaken by the owner~~

1 or operator. For purposes of this subparagraph division,
2 "~~project costs~~" means costs incurred by the owner or operator
3 in connection with the planning, design, construction, and
4 installation of property that becomes an integral part of the
5 project under contract which project upon completion becomes
6 part of the raceway facility, and other costs incurred by
7 the owner or operator in connection with the project that
8 are customarily associated with the renovation, remodeling,
9 reconstruction, expansion, equipping, or improvement of
10 real property. Project costs shall be determined after the
11 department receives notification of completion of the project
12 pursuant to paragraph "~~b~~", subparagraph (2), subparagraph
13 division (b). However, if rebates cease because of a change of
14 control of the raceway facility as provided in paragraph "~~c~~",
15 subparagraph (5), project costs shall be determined as of the
16 date the change of control occurs.

17 ~~(b)~~ Two one million eight hundred thousand dollars.

18 ~~(5)~~ (4) Notwithstanding subparagraph ~~(4)~~ (3), the rebate
19 of sales or use tax shall cease for transactions occurring
20 on or after the date of the change of control of the raceway
21 facility.

22 ~~(6)~~ (5) The raceway facility has not received or shall not
23 receive any grants under the community attraction and tourism
24 program pursuant to [chapter 15F, subchapter II](#), or the vision
25 Iowa program pursuant to [chapter 15F, subchapter III](#).

26 *d.* To assist the department in determining the amount of the
27 rebate, the following shall occur:

28 ~~(1)~~ For rebates pursuant to paragraph "~~b~~", subparagraph
29 ~~(1)~~, the owner or operator shall identify to the department
30 retailers located at the raceway facility who will be
31 collecting sales tax. The department shall verify such
32 identity and ensure that all proper permits have been issued.
33 For purposes of [this subsection](#), advance ticket and admissions
34 sales shall be considered occurring at the raceway facility
35 regardless of where the transactions actually occur.

1 ~~(2) For rebates pursuant to paragraph "b", subparagraph (2),~~
2 ~~the contractor shall state under oath, on forms provided by~~
3 ~~the department, the amount of such sales of tangible personal~~
4 ~~property, or services furnished and used in the performance~~
5 ~~of a contract, and upon which sales or use tax has been paid,~~
6 ~~and shall file such forms with the owner or operator which has~~
7 ~~made any written contract for performance by the contractor.~~
8 ~~The forms shall be filed by the contractor with the owner or~~
9 ~~operator before final settlement is made. Any contractor who~~
10 ~~willfully makes a false report of tax paid under the provisions~~
11 ~~of this subsection is guilty of a simple misdemeanor and in~~
12 ~~addition shall be liable for the payment of the tax and any~~
13 ~~applicable penalty and interest.~~

14 e. There is established within the state treasury under
15 the control of the department a raceway facility tax rebate
16 fund consisting of the amount of state sales tax revenues
17 transferred pursuant to section 423.2, subsection 11, paragraph
18 "b", subparagraph (7). An account is created within the
19 fund for each raceway facility meeting the qualifications of
20 this subsection. Moneys in the fund shall only be used to
21 provide rebates of state sales tax pursuant to paragraph "b",
22 ~~subparagraph (1)~~. The total amount of rebates paid from the
23 fund shall not exceed ~~the amount specified in paragraph "c",~~
24 ~~subparagraph (4), subparagraph division (a) or (b), whichever~~
25 ~~is applicable~~ one million eight hundred thousand dollars. Any
26 moneys in the fund which represent state sales tax revenue for
27 which the time period in paragraph "c" for receiving a rebate
28 has expired, or which otherwise represent state sales tax
29 revenue that has become ineligible for rebate pursuant to this
30 subsection shall immediately revert to the general fund of the
31 state.

32 g. This subsection is repealed June 30, 2025, or thirty
33 days following the date on which ~~an amount of total rebates~~
34 ~~specified in paragraph "c", subparagraph (4), subparagraph~~
35 ~~division (a) or (b), whichever is applicable, has~~ one million

1 eight hundred thousand dollars in total rebates have been
2 provided and no overpayment of rebates exists, or thirty days
3 following the date on which rebates cease as provided in
4 paragraph "c", subparagraph ~~(5)~~ (4), and no overpayment of
5 rebates exists, whichever is earliest.

6 Sec. 3. REBATES. Notwithstanding section 423.4, subsection
7 11, or section 423.47, or any other provision of law to the
8 contrary, a claim for rebate of sales tax imposed and collected
9 by retailers upon sales of tangible personal property or
10 services furnished to purchasers at a raceway facility and
11 occurring before the enactment of this Act shall be considered
12 timely if the claim is filed with the department of revenue
13 within ninety days following the enactment of this Act.

14 Sec. 4. EFFECTIVE DATE. This Act, being deemed of immediate
15 importance, takes effect upon enactment.

16 Sec. 5. RETROACTIVE APPLICABILITY. This Act applies
17 retroactively to January 1, 2015, for sales occurring on or
18 after that date.

19 EXPLANATION

20 The inclusion of this explanation does not constitute agreement with
21 the explanation's substance by the members of the general assembly.

22 BACKGROUND. Current law provides a rebate of sales and use
23 tax to the owner or operator of a raceway facility that meets
24 certain requirements. The rebate is available for two types of
25 transactions. The first type is for state sales tax collected
26 on purchases made at the raceway facility. The second type is
27 for state sales or use tax paid by a contractor in completion
28 of a project at the raceway facility. The rebate related to
29 the completion of a project is limited to one project per
30 raceway facility. The rebates only apply to transactions
31 occurring between January 1, 2015, and January 1, 2025. The
32 maximum amount of rebates is limited to \$2 million or 25
33 percent of the project costs if such a project is undertaken at
34 the raceway facility, whichever is less.

35 BILL CHANGES. This bill strikes provisions allowing the

1 rebate for state sales or use tax paid by a contractor in
2 completion of a project at the raceway facility, and strikes
3 other provisions relating to the administration of that
4 component of the rebate. The rebate will now be available only
5 for state sales tax collected on purchases made at the raceway
6 facility. The bill also amends the maximum rebate limit to
7 equal \$1.8 million.

8 The bill also provides that a claim for rebate of sales tax
9 relating to sales occurring prior to the enactment of the bill
10 will be considered timely if it is filed with the department
11 of revenue within 90 days of the enactment date of the bill,
12 notwithstanding any other provision of law to the contrary.

13 The bill takes effect upon enactment and applies
14 retroactively to January 1, 2015, for sales occurring on or
15 after that date.