House File 960 - Introduced

A BILL FOR

1 An Act relating to the sales tax exemption for the purchase
2   of central office equipment or transmission equipment
3   used by certain entities primarily in the furnishing of
4   telecommunications services on a commercial basis.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1   Section 1. Section 423.3, subsection 47A, paragraph a, Code
2 2025, is amended to read as follows:
3   *a.* The sales price from the sale of central office equipment
4 or transmission equipment ~~primarily~~ used by local exchange
5 carriers and competitive local exchange service providers;
6 by franchised cable television operators, mutual companies,
7 municipal utilities, cooperatives, and companies furnishing
8 communications services that are not subject to rate regulation
9 as provided in chapter 476; by long distance companies as
10 defined in section 477.10; or for a commercial mobile radio
11 service as defined in 47 C.F.R. §20.3 in the furnishing of
12 telecommunications services on a commercial basis.
13   EXPLANATION
14   *The inclusion of this explanation does not constitute agreement with*
15   *the explanation's substance by the members of the general assembly.*
16   This bill relates to the sales tax exemption for the purchase
17 of central office equipment or transmission equipment used by
18 certain entities in the furnishing of telecommunications services
19 on a commercial basis.
20   The bill expands the sales tax exemption for the purchase of
21 central office equipment or transmission equipment by striking
22 the term "primarily" and making all such purchases used in the
23 furnishing of telecommunications services exempt from sales tax.
24   Code section 423.3(47A) defines the terms "central office
25 equipment" and "transmission equipment".
26   By operation of Code section 423.6, an item exempt from the
27 imposition of the sales tax is also exempt from the use tax
28 imposed in Code section 423.5.