

**Senate File 636 - Introduced**

SENATE FILE 636  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1209)

(COMPANION TO HF 960 BY COMMITTEE  
ON WAYS AND MEANS)

**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.