

Senate File 2325 - Reprinted

SENATE FILE 2325

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 3168)

(As Amended and Passed by the Senate April 28, 2016)

A BILL FOR

1 An Act providing a sales tax refund for the sale of goods and
2 services furnished in fulfillment of a written construction
3 contract with a qualifying nonprofit hospital, and providing
4 penalties.

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

1 Section 1. Section 423.4, Code 2016, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 12. *a.* For purposes of this subsection,
4 "*designated nonprofit hospital*" means a nonprofit hospital
5 licensed pursuant to chapter 135B that satisfies all of the
6 following requirements:

7 (1) The hospital entered into a written construction
8 contract on or after January 1, 2014, but prior to December 31,
9 2016, or the hospital issued bonds to fund construction on or
10 after July 1, 2014, but prior to December 31, 2016.

11 (2) The hospital is located in a county that borders
12 Illinois and has a population of at least one hundred fifty
13 thousand according to the 2010 certified federal census.

14 (3) Between July 1, 2014, and December 31, 2018, the
15 hospital, including any affiliated system hospital located
16 in the same county, expends more than two million dollars on
17 capital expenditures for facilities to provide inpatient or
18 outpatient behavioral health services, as determined by the
19 department from the Medicare cost reports prepared by the
20 hospital.

21 *b.* Beginning July 1, 2017, a designated nonprofit hospital
22 in this state may make application to the department for the
23 refund of the sales or use tax upon the sales price of all sales
24 of goods, wares, or merchandise, or from services furnished to
25 a contractor, used in the fulfillment of a written construction
26 contract with the designated nonprofit hospital entered into on
27 or after January 1, 2014, but prior to December 31, 2016. In
28 order to qualify for the refund, the sale and delivery of the
29 goods, wares, or merchandise, or the services furnished, must
30 have occurred between January 1, 2014, and December 31, 2017,
31 and must have been purchased directly by a contractor, or by a
32 contractor as the agent for the designated nonprofit hospital,
33 or directly by the designated nonprofit hospital.

34 *c.* Such contractor shall state under oath, on forms provided
35 by the department, the amount of such sales of goods, wares, or

1 merchandise, or services furnished and used in the performance
2 of such contract, and upon which sales or use tax has been
3 paid, and shall file such forms with the designated nonprofit
4 hospital which has made any written contract for performance
5 by the contractor.

6 *d.* On or after July 1, 2017, but not more than three
7 years after final settlement has been made, the designated
8 nonprofit hospital shall make application to the department
9 for any refund of the amount of the sales or use tax which
10 shall have been paid upon any goods, wares, or merchandise,
11 or services furnished. The application shall be made in the
12 manner prescribed by the department and upon forms provided by
13 the department. The department shall audit the claim and, if
14 approved, issue a warrant to the designated nonprofit hospital
15 in the amount of the sales or use tax which has been paid to the
16 state of Iowa under the contract. However, for sales and use
17 tax paid between January 1, 2014, and July 1, 2017, the total
18 eligible refund shall be amortized equally over two calendar
19 years, and the department shall issue one warrant each calendar
20 quarter for forty-eight calendar quarters until the total
21 applicable refund amount has been issued.

22 *e.* The total amount of refunds provided pursuant to this
23 subsection shall not exceed two million dollars.

24 *f.* Any contractor who willfully makes a false report of
25 tax paid under the provisions of this subsection is guilty of
26 a simple misdemeanor and in addition shall be liable for the
27 payment of the tax and any applicable penalty and interest.

28 *g.* This subsection is repealed July 1, 2022, or thirty
29 days following the date on which two million dollars in total
30 refunds have been provided.