HOUSE FILE 2582
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2397)

(As Amended and Passed by the House April 5, 2022)

[= New Language by the House

* = Language Stricken by the House

A BILL FOR

An Act creating a state sales tax rebate to the owner or operator of a newly constructed baseball and softball park project.

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

Section 1. NEW SECTION. **15F.208 Baseball and softball park project sales tax rebate.**

1. As used in this section, unless the context otherwise requires: *"baseball and softball park"* and *"owner or operator"* mean the same as defined in section 423.4, subsection 10A.

2. An entity that has made or is making an application under section 15F.202, subsection 2, for financial assistance for a project may make an application for the sales tax rebate provided under section 423.4, subsection 10A. The application shall be made in the same manner and form as provided in section 15F.202, subsection 2, and shall include but not be limited to the same information as required in section 15F.202, subsection 2.

3. *a.* The project must satisfy all of the following criteria to be eligible for a sales tax rebate:

(1) The project upon completion primarily will be a baseball and softball park.

(2) The entity making the application is or will become the owner or operator of the baseball and softball park.

b. A project shall not be required to be receiving an award of financial assistance under another part of the program in order to be awarded a sales tax rebate pursuant to this section.

4. *a.* Applications for the sales tax rebate shall be submitted to the authority. For those applications that meet the eligibility criteria, the authority shall provide a staff review and evaluation, with recommendation, to the board.

b. When reviewing applications, the authority shall consider, at a minimum, the same factors provided in section 15F.203, subsection 3, excluding paragraph *"f"* of that subsection.

c. Upon review of the recommendation of the authority, the board shall approve, defer, or deny an application.

d. Upon approval of an application for a sales tax rebate, the board shall notify the department of revenue regarding the

amount of the sales tax rebate award, a description of the project comprising the baseball and softball park, and any other information reasonably requested by the department in order to administer the sales tax rebate.

5. The board shall not award more than five million dollars in sales tax rebates for any one baseball and softball park project, and shall not award more than [ten] million dollars in total sales tax rebates for all baseball and softball park projects.

6. This section is repealed thirty days following the date on which [ten] million dollars in total rebates have been awarded. The board shall notify the Iowa Code editor upon occurrence of this condition.

Sec. 2. Section 423.2A, subsection 1, Code 2022, is amended by adding the following new paragraph:

NEW PARAGRAPH. *c.* Subsequent to the deposit into the general fund of the state, the director shall credit an amount equal to the product of the sales tax rate imposed in section 423.2 times the sales price of the tangible personal property or services furnished to purchasers at a baseball and softball park that has received an award under section 15F.208, and that meets the qualifications of section 423.4, subsection 10A, into the baseball and softball park sales tax rebate fund created under section 423.4, subsection 10A, paragraph "*e*". The director shall credit the moneys beginning the first day of the quarter following July 1, 2023. This paragraph is repealed thirty days following the date on which [ten] million dollars in total rebates have been provided under section 423.4, subsection 10A.

Sec. 3. Section 423.2A, subsection 2, Code 2022, is amended by adding the following new paragraph:

NEW PARAGRAPH. *0e.* Transfer to the baseball and softball park sales tax rebate fund that portion of the sales tax receipts described in subsection 1, paragraph "*c*", remaining after the transfers required under paragraphs "*a*", "*b*", "*c*",

"*d*", and "*e*" of this subsection 2. This paragraph is repealed thirty days following the date on which [ten] million dollars in total rebates have been provided under section 423.4, subsection 10A.

Sec. 4. Section 423.4, Code 2022, is amended by adding the following new subsection:

NEW SUBSECTION. 10A. *a.* For purposes of this subsection:

(1) "*Baseball and softball park*" means the construction of a new baseball and softball park containing multiple baseball and softball fields and including adjacent retail establishments being developed in conjunction with the baseball and softball park, that has a project completion date that is after July 1, 2023, and has a cost of construction upon completion that is at least seventy-five million dollars.

(2) "*Change of control*" means any of the following:

(a) Any change in the ownership of the original or any subsequent legal entity that is the owner or operator of the baseball and softball park such that more than fifty-one percent of the equity interests or voting interest in the legal entity ceases to be owned by individuals who are residents of Iowa, an Iowa corporation, or combination of both.

(b) The original owners of the legal entity that is the owner or operator of the baseball and softball park shall collectively cease to own or control more than fifty percent of the voting equity interests or voting interest of such legal entity or shall otherwise cease to have effective control of such legal entity.

(3) "*Iowa corporation*" means a corporation incorporated under the laws of Iowa where more than fifty-one percent of the corporation's equity interests or voting interest are owned or controlled by individuals who are residents of Iowa.

(4) "*Owner or operator*" means a legal entity where more than fifty-one percent of its equity interest or voting interest is owned or controlled by individuals who are residents of Iowa, and Iowa corporation, or combination of both and that is

the owner or operator of a baseball and softball park and is primarily a promoter of baseball or softball tournaments, or both.

(5) *"Project completion date"* means the date on which baseball or softball games are first played at the baseball and softball park.

(6) *"Retail establishment"* includes a place of lodging, restaurants, and other entertainment facilities.

b. The owner or operator of a baseball and softball park that has received an award under section 15F.208 shall be entitled to a rebate of sales tax imposed and collected by retailers upon sales of any goods, wares, merchandise, admission tickets, or services furnished to purchasers at the baseball and softball park.

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

(1) On forms furnished by the department within the time period provided by the department by rule, which time period shall not be longer than quarterly.

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

(3) The transactions for which sales tax was collected and the rebate is sought occurred on or after the project's completion date or the date on which the award under section 15F.208, was made, whichever is later, but before the date which is ten years after the project completion date. However, the amount of rebates provided to a baseball and softball park shall not exceed the amount of the award under section 15F.208, and not more than [ten] million dollars in total rebates shall be provided pursuant to this subsection.

(4) Notwithstanding subparagraph (3), the rebate of sales tax to a baseball and softball park shall cease for transactions occurring on or after the date of the change of control of the baseball and softball park.

d. To assist the department in determining the amount

of the rebate, the owner or operator shall identify to the department retailers located at the baseball and softball park who will be collecting sales tax. The department shall verify such identity and ensure that all proper permits have been issued. For purposes of this subsection, advance ticket and admissions sales shall be considered occurring at the baseball and softball park regardless of where the transactions actually occur.

e. There is established within the state treasury under the control of the department a baseball and softball park sales tax rebate fund consisting of the amount of state sales tax revenues transferred pursuant to section 423.2A, subsection 2, paragraph "*0e*". An account is created within the fund for each baseball and softball park receiving an award under section 15F.208, and meeting the qualifications of this subsection. Moneys in the fund shall only be used to provide rebates of state sales tax pursuant to this subsection, and only the state sales tax revenues in the baseball and softball park rebate fund are subject to rebate under this subsection. The amount of rebates paid from each baseball and softball park's account within the fund shall not exceed the amount of the award under section 15F.208, and not more than [ten] million dollars in total rebates shall be paid from the fund. Any moneys in the fund which represent state sales tax revenue for which the time period in paragraph "*c*" for receiving a rebate has expired, or which otherwise represent state sales tax revenue that has become ineligible for rebate pursuant to this subsection, shall immediately revert to the general fund of this state.

f. Upon determining that the conditions and requirements of this subsection and the department are met, the department shall issue a warrant from the applicable account within the baseball and softball park rebate fund to the owner or operator in the amount equal to the amount claimed and verified by the department.

g. This subsection is repealed thirty days following the

date on which [ten] million dollars in total rebates have been provided. The director of revenue shall notify the Iowa Code editor upon occurrence of this condition.