

Sec. 7. EFFECTIVE DATE. The section of this Act amending section 455D.11H, being deemed of immediate importance, takes effect upon enactment.

Approved April 22, 2002

CHAPTER 1122

SALES AND USE TAXES — LEGISLATIVE SERVICE BUREAU SALES AND ON-LINE COMPUTER SERVICE ACCESS CHARGES

H.F. 2585

AN ACT relating to a sales and use tax exemption for sales of certain mementos and other objects by the legislative service bureau and its legislative information office and to the abatement of state sales and use taxes and local sales and service taxes of purchasers of certain access to on-line computer services and providing refunds, and including effective and applicability date provisions.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. **NEW SECTION. 2.67 OFFICIAL SALES — TAX EXEMPTION.**

The legislative service bureau and its legislative information office may sell mementos and other items relating to Iowa history and historic sites, the general assembly, and the state capitol, on the premises of property under the control of the legislative council, at the state capitol, and on other state property. The legislative service bureau and its legislative information office are not retailers under chapter 422 and the sale of such mementos and other such items by the legislative service bureau or its legislative information office is not a retail sale under chapter 422, division IV, and is exempt from the sales tax.

Sec. 2. Section 421.60, subsection 2, paragraph m, subparagraphs (2) and (3), Code 2001, are amended to read as follows:

(2) The director shall abate the unpaid state sales and use taxes and any local sales and services taxes owed by a retailer where the retailer failed to collect the tax from the purchaser on the charges paid for access to on-line computer services as a result of erroneous written advice issued by the department regarding the taxability of charges paid for access to on-line computer services. To qualify for the abatement under this subparagraph, the erroneous written advice shall have been issued by the department prior to July 1, 1999, and shall have been specially directed to the retailer by the department.

If an abatement of unpaid state sales and use taxes and any local sales and services taxes is granted to the retailer by the director pursuant to this subparagraph, the department is precluded from collecting from the purchaser any unpaid state sales and use taxes and any local sales and services taxes which were abated.

(3) The director shall prepare quarterly reports summarizing each case in which abatement of tax, interest, or penalties was made. However, the report shall not disclose the identity of the taxpayer. An abatement authorized by this paragraph to a retailer shall not preclude the department from proceeding to collect the liability from a purchaser, except as provided in subparagraph (2).

Sec. 3. **REFUNDS.** Refunds of taxes, interest, or penalties which arise from claims resulting from the amendment to section 421.60, subsection 2, paragraph “m”, subparagraphs (2) and (3), in this Act, for sales on which the state sales and use taxes and any local sales and ser-

vices taxes were abated pursuant to section 421.60, subsection 2, paragraph “m”, subparagraph (2), shall be paid to the eligible purchasers by the department of revenue and finance by October 1, 2002, without the purchasers having to file claims for refunds. The department of revenue and finance shall make a reasonable attempt to identify each eligible purchaser and mail the refund to the purchaser’s last known address.

Sec. 4. EFFECTIVE AND APPLICABILITY DATES. This Act, being deemed of immediate importance, takes effect upon enactment. Section 2 of this Act applies to state sales and use taxes and any local sales and services taxes due on charges paid for access to on-line computer services on or after January 1, 1996, which were abated with regard to a retailer pursuant to section 421.60, subsection 2, paragraph “m”, subparagraph (2).

Approved April 22, 2002

CHAPTER 1123

START-UP BUSINESSES — TAXABLE INCOME DEFERMENT

H.F. 2592

AN ACT relating to deferment of taxable income for start-up businesses and providing an effective and retroactive applicability date.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. **NEW SECTION. 422.24A START-UP BUSINESS TAX DEFERMENT.**

1. For purposes of this section, “start-up business” does not include any of the following:
 - a. An existing business locating in this state from another state or from another location in this state.
 - b. A newly created business which is the result of the merger of two or more businesses.
 - c. A newly created subsidiary or new business of a corporation.
 - d. A previously existing business which has been dissolved and reincorporated.
 - e. An existing business operating under a different name and located in a different location.
 - f. A newly created partnership owned by two or more of the same partners as an existing business and engaging in similar business activity as the existing business.
 - g. A business entity that reorganizes or experiences a change in either the legal or trade name of the business.
 - h. A joint venture.
2. In order to qualify for a deferment of taxable income and the tax to be imposed on it pursuant to this section, a taxpayer must meet all of the following criteria:
 - a. The taxpayer is a business that is a wholly new start-up business beginning operations during the first tax year for which the deferment of taxable income is claimed.
 - b. The business has its commercial domicile, as defined in section 422.32, in the state.
 - c. The operations of the business are at least twenty-five percent funded by venture capital moneys. For purposes of this section, “venture capital moneys” means an equity investment from an individual or a private seed and venture capital fund whose only business is investing in seed and venture capital opportunities. “Venture capital moneys” does not mean a loan or other nonequity financing from a person, financial institution, or other entity.
 - d. The taxpayer does not have any delinquent taxes or other debt outstanding and owed to the state.
3. A taxpayer meeting the criteria provided in subsection 2 may submit a request to the de-