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WAYS AND MEANS

HOUSE FILE 410
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GRANZOW, STRUYK, ANDERSON,
SODERBERG, HEATON, and BERRY

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act providing a sales and use tax exemption for certain
2 nonprofit organizations that build or repair low-income
3 dwellings.

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

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HF-410

1 Section 1. Section 423.3, Code 2005, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 85. The sales price from the sale of
4 building materials, supplies, goods, wares, or merchandise
5 sold to a nonprofit Iowa affiliate of a nonprofit
6 international organization whose primary activity is the
7 promotion of the construction, remodeling, or rehabilitation
8 of one-family or two-family dwellings for use by low-income
9 families and where the building materials, supplies, goods,
10 wares, or merchandise are used in the construction,
11 remodeling, or rehabilitation of such dwellings.

12 Sec. 2. Section 423.4, subsection 1, Code 2005, is amended
13 to read as follows:

14 1. A private nonprofit educational institution in this
15 state, nonprofit Iowa affiliate of a nonprofit international
16 organization whose primary activity is the promotion of the
17 construction, remodeling, or rehabilitation of one-family or
18 two-family dwellings for low-income families, nonprofit
19 private museum in this state, tax-certifying or tax-levying
20 body or governmental subdivision of the state, including the
21 state board of regents, state department of human services,
22 state department of transportation, a municipally owned solid
23 waste facility which sells all or part of its processed waste
24 as fuel to a municipally owned public utility, and all
25 divisions, boards, commissions, agencies, or instrumentalities
26 of state, federal, county, or municipal government which do
27 not have earnings going to the benefit of an equity investor
28 or stockholder, may make application to the department for the
29 refund of the sales or use tax upon the sales price of all
30 sales of goods, wares, or merchandise, or from services
31 furnished to a contractor, used in the fulfillment of a
32 written contract with the state of Iowa, any political
33 subdivision of the state, or a division, board, commission,
34 agency, or instrumentality of the state or a political
35 subdivision, a private nonprofit educational institution in

1 this state, a nonprofit Iowa affiliate described in this
2 subsection, or a nonprofit private museum in this state if the
3 property becomes an integral part of the project under
4 contract and at the completion of the project becomes public
5 property, is devoted to educational uses, becomes part of a
6 low-income one-family or two-family dwelling in the state, or
7 becomes a nonprofit private museum; except goods, wares, or
8 merchandise, or services furnished which are used in the
9 performance of any contract in connection with the operation
10 of any municipal utility engaged in selling gas, electricity,
11 or heat to the general public or in connection with the
12 operation of a municipal pay television system; and except
13 goods, wares, and merchandise used in the performance of a
14 contract for a "project" under chapter 419 as defined in that
15 chapter other than goods, wares, or merchandise used in the
16 performance of a contract for a "project" under chapter 419
17 for which a bond issue was approved by a municipality prior to
18 July 1, 1968, or for which the goods, wares, or merchandise
19 becomes an integral part of the project under contract and at
20 the completion of the project becomes public property or is
21 devoted to educational uses.

22 a. Such contractor shall state under oath, on forms
23 provided by the department, the amount of such sales of goods,
24 wares, or merchandise, or services furnished and used in the
25 performance of such contract, and upon which sales or use tax
26 has been paid, and shall file such forms with the governmental
27 unit, private nonprofit educational institution, nonprofit
28 Iowa affiliate, or nonprofit private museum which has made any
29 written contract for performance by the contractor. The forms
30 shall be filed by the contractor with the governmental unit,
31 educational institution, nonprofit Iowa affiliate, or
32 nonprofit private museum before final settlement is made.

33 b. Such governmental unit, educational institution,
34 nonprofit Iowa affiliate, or nonprofit private museum shall,
35 not more than one year after the final settlement has been

1 made, make application to the department for any refund of the
2 amount of the sales or use tax which shall have been paid upon
3 any goods, wares, or merchandise, or services furnished, the
4 application to be made in the manner and upon forms to be
5 provided by the department, and the department shall forthwith
6 audit the claim and, if approved, issue a warrant to the
7 governmental unit, educational institution, nonprofit Iowa
8 affiliate, or nonprofit private museum in the amount of the
9 sales or use tax which has been paid to the state of Iowa
10 under the contract.

11 Refunds authorized under this subsection shall accrue
12 interest at the rate in effect under section 421.7 from the
13 first day of the second calendar month following the date the
14 refund claim is received by the department.

15 c. Any contractor who willfully makes a false report of
16 tax paid under the provisions of this subsection is guilty of
17 a simple misdemeanor and in addition shall be liable for the
18 payment of the tax and any applicable penalty and interest.

19 EXPLANATION

20 This bill provides a sales and use tax exemption for the
21 sale of building materials and supplies to a nonprofit Iowa
22 affiliate of a nonprofit international organization whose
23 primary activity is the promotion of the construction and
24 repair of one-family or two-family dwellings for the use of
25 low-income families. The exemption applies only if the
26 building materials and supplies are used in the construction
27 or repair of such dwellings.

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