

**REVENUE DEPARTMENT[701]**

**Adopted and Filed**

**Rulemaking related to refunds for eligible businesses  
under economic development authority programs**

The Revenue Department hereby rescinds Chapter 278, “Refunds for Eligible Businesses Under Economic Development Authority Programs,” Iowa Administrative Code, and adopts a new chapter with the same title.

*Legal Authority for Rulemaking*

This rulemaking is adopted under the authority provided in Iowa Code sections 421.14, 422.68 and 423.42.

*State or Federal Law Implemented*

This rulemaking implements, in whole or in part, Iowa Code chapter 15.

*Purpose and Summary*

The purpose of this rulemaking is to readopt Chapter 278, which consists solely of rule 701—278.1(15). This rule interprets the underlying statutes and provides the scope and methods for obtaining a refund of sales and use tax paid for eligible businesses approved under programs by the Iowa Economic Development Authority. The Department amended the rule for clarification and removed portions the Department determined were unnecessary and duplicative of statutory language.

*Public Comment and Changes to Rulemaking*

Notice of Intended Action for this rulemaking was published in the Iowa Administrative Bulletin on December 13, 2023, as **ARC 7155C**. Public hearings were held on January 3, 2024, at 9 a.m. via video/conference call and at 1 p.m. via video/conference call. No one attended the public hearings. No public comments were received. No changes from the Notice have been made.

*Adoption of Rulemaking*

This rulemaking was adopted by the Department on January 17, 2024.

*Fiscal Impact*

This rulemaking has no fiscal impact to the State of Iowa.

*Jobs Impact*

After analysis and review of this rulemaking, no impact on jobs has been found.

*Waivers*

Any person who believes that the application of the discretionary provisions of this rulemaking would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to rule 701—7.28(17A).

*Review by Administrative Rules Review Committee*

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rulemaking by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rulemaking at its [regular monthly meeting](#) or at a special meeting. The Committee’s

meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

*Effective Date*

This rulemaking will become effective on March 13, 2024.

The following rulemaking action is adopted:

ITEM 1. Rescind 701—Chapter 278 and adopt the following new chapter in lieu thereof:

CHAPTER 278  
REFUNDS FOR ELIGIBLE BUSINESSES UNDER ECONOMIC DEVELOPMENT  
AUTHORITY PROGRAMS

**701—278.1(15) Sales and use tax refund for eligible businesses.** For eligible businesses approved under the high quality jobs program or workforce housing tax incentives program by the economic development authority, a refund of sales and use tax is available.

**278.1(1) Sales and use tax eligible for refund.** Eligible businesses can receive a refund of the sales and use tax paid for those items listed in Iowa Code section 15.331A to the extent applicable for purposes of the particular program.

**278.1(2) Sales and use tax ineligible for refund.** The sales and use tax for which the eligible business cannot receive a refund consists of the following:

*a.* Any local option sales tax paid is not eligible for the refund. The refund is limited to the state sales and use tax paid.

*b.* Any sales and use tax attributable to intangible property, furniture, or furnishings is not eligible for the refund. “Furnishings” means any furniture, appliances, equipment, and accessories that are movable and with which a room or building is furnished for comfort, convenience, or aesthetic value. Examples include rugs, décor, and window coverings. “Furnishings” does not include installed flooring such as hardwood, carpet, ceramic, stone, laminate, or vinyl.

**278.1(3) When to claim the refund.** To receive a refund, the eligible business must file a claim for refund within the following period of time:

*a.* *High quality jobs program.* The first date the eligible business may file a claim for refund is after the contract completion as defined in Iowa Code section 15.331A. The last date the eligible business may file a claim for refund is one year after the project completion date as defined in Iowa Code section 15.329.

*b.* *Workforce housing tax incentives program.* The first date the eligible business may file a claim for refund is after the agreement completion date as defined in Iowa Code section 15.355. The last date the eligible business may file a claim for refund is one year after the agreement completion date as defined in Iowa Code section 15.355.

**278.1(4) How to claim the refund.**

*a.* *Gas, electric, water, or sewer utility services.* To request a refund of the sales and use tax paid for gas, electric, water, or sewer utility services used during construction, the eligible business must file Form IA 843, Refund Return, with the department of revenue. The claim shall include the tax credit certificate number given by the Iowa economic development authority, along with copies of invoices or a schedule to support the refund amount.

*b.* *Contractor or subcontractor.* To request a refund of the sales and use tax paid on tangible personal property, or on services rendered to, furnished to, or performed for a contractor or subcontractor relating to the construction or equipping of a facility, the eligible business must file the Construction Contract Claim for Refund form, along with the Iowa Contractor’s Statement, with the department of revenue. The Construction Contract Claim for Refund form shall include the tax credit certificate number given by the Iowa economic development authority. It is not necessary to attach invoices to the Construction Contract Claim for Refund form, but the department of revenue reserves the right to request invoices when reviewing the refund claim.

*c. Racks, shelving, and conveyor equipment.* To request a refund of the sales and use tax attributable to racks, shelving, and conveyor equipment, the eligible business must file Form IA 843, Refund Return, with the department of revenue. The claim shall include the tax credit certificate number given by the Iowa economic development authority, along with copies of invoices or a schedule to support the refund amount.

This rule is intended to implement Iowa Code chapter 15.

[Filed 1/18/24, effective 3/13/24]

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EDITOR'S NOTE: For replacement pages for IAC, see IAC Supplement 2/7/24.