

Substitute for SF 58
1-25-00 (p. 161)

REPRINTED

WAYNE AND MEANS

HOUSE FILE 1
BY DIX, SUKUP, VAN FOSSEN,
HORBACH, HANSEN, De BOEF,
RAECKER, KETTERING, ELGIN,
RAYHONS, BROERS, DRAKE, ALONS,
KLEMME, BOAL, SHEY, TYMESON,
HOFFMAN, TYRRELL, and HAHN

Passed House, Date ^(p. 143) 1-24-01 Passed Senate, Date ^(p. 163) 1-25-00
Vote: Ayes 93 Nays 6 Vote: Ayes 49 Nays 0
Approved 2-5-01
Passed 1-31-01
Vote 89-11

A BILL FOR

1 An Act relating to the exemption during a certain period from the
2 sales and use taxes of the gross receipts from the sale,
3 furnishing, or service of metered gas and electricity and of
4 fuel used for heating of residential-type dwellings and
5 including an effective date.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

HF 1

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1 Section 1. Section 422.45, Code 2001, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 60. a. The gross receipts from the sale,
4 furnishing, or service of metered gas and electricity to
5 provide heat for residential dwellings and units of apartment
6 and condominium complexes used for human occupancy and the
7 gross receipts from the sale, furnishing, or service of fuel,
8 including propane and heating oil, used to provide heat for
9 residential dwellings and units of apartment and condominium
10 complexes used for human occupancy.

11 b. Paragraph "a" applies to the gross receipts from the
12 sale, furnishing, or service of metered gas and electricity
13 for heat if the date of the utility billing of the customer is
14 during March 2001, and applies to the gross receipts from the
15 sale, furnishing, or service of fuel used for heating purposes
16 if such sale, furnishing, or service occurs during February
17 2001.

18 Sec. 2. This Act, being deemed of immediate importance,
19 takes effect upon enactment.

20 EXPLANATION

21 This bill exempts from the sales and use taxes for
22 approximately one month the gross receipts from the sale,
23 furnishing, or service of fuel, including propane and heating
24 oil, used for heating purposes for residential-type dwellings.
25 The bill has an applicability date provision that makes the
26 exemptions apply to such sale, furnishing, or service
27 occurring in February 2001, or to utility billings dated
28 during March 2001.

29 The bill takes effect upon enactment.

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HOUSE FILE 1

H-1011

- 1 Amend House File 1 as follows:
2 1. Page 1, line 4, by striking the words "and
3 electricity".
4 2. Page 1, by striking lines 5 and 6 inserting
5 the following: "provide energy for residential
6 customers and the".
7 3. Page 1, line 12, by striking the words "and
8 electricity".
9 4. Page 1, line 13, by striking the word "heat"
10 and inserting the following: "energy".
11 5. Page 1, line 14, by inserting after the figure
12 "2001," the following: "or April 2001,".
13 6. Page 1, line 14, by striking the word "and"
14 and inserting the following: "or".
15 7. Page 1, line 17, by inserting after the figure
16 "2001" the following: "or March 2001".
17 8. Title page, line 3, by striking the words "and
18 electricity".
19 9. Title page, line 4, by striking the words "for
20 heating of" and inserting the following: "in".
By COMMITTEE ON WAYS AND MEANS
VAN FOSSEN of Scott, Chairperson

H-1011 FILED JANUARY 17, 2001

Adopted
1-24-01
(p. 143)

HOUSE FILE 1

H-1014

1 Amend House File 1 as follows:

2 1. Page 1, by inserting after line 17 the
3 following:

4 "Sec. _____. Section 476.6, Code 2001, is amended by
5 adding the following new subsection:

6 NEW SUBSECTION. 25. LOW-INCOME FUNDING. To
7 provide funds to assist low-income customers of gas
8 public utilities, amounts collected by rate-regulated
9 gas utilities pursuant to subsection 19, paragraph
10 "e", that represent unrecovered amounts for the gas
11 portions of energy efficiency plans approved prior to
12 July 1, 1996, shall be paid, up to a maximum of twenty
13 million dollars per year, to the department of human
14 rights to provide eligible customers of gas public
15 utilities, as defined by the department of human
16 rights, with assistance in paying their natural gas
17 bills. The board shall adopt rules specifying each
18 rate-regulated gas utility's share of the fund and
19 each utility's allocation methods among residential
20 and other firm customers, but in no event shall rates
21 increase for any customer as a result of this
22 subsection. These funds shall be paid to the
23 department until July 1, 2003, at which time rate-
24 regulated gas utilities may continue recovery of any
25 remaining amounts for the gas portions of energy
26 efficiency plans approved prior to July 1, 1996.

27 The board may direct, upon the department of human
28 rights' request, all rate-regulated gas utilities to
29 advance a maximum of twenty million dollars, pursuant
30 to the allocation methods adopted by the board, to
31 allow immediate assistance to eligible customers. A
32 rate-regulated gas utility advancing funds shall have
33 the amount of the advance added to the unpaid amount
34 for the gas portion of its energy efficiency plan
35 approved prior to July 1, 1996, and interest shall be
36 paid on any funds advanced at a rate equal to the
37 interest paid on the unrecovered gas portions of
38 energy efficiency plans approved prior to July 1,
39 1996."

40 2. Title page, line 4, by inserting after the
41 word "dwellings" the following: "and to providing
42 funds from rate-regulated gas utilities for assisting
43 low-income customers in paying their natural gas
44 bills".

By SHOULTZ of Black Hawk

H-1014 FILED JANUARY 18, 2001

(P. 143) W/D

1/24/01

HOUSE FILE 1

H-1015

1 Amend the committee amendment, H-1011, to House
2 File 1 as follows:

3 1. Page 1, by striking lines 2 through 20 and
4 inserting the following:

5 "____. By striking everything after the enacting
6 clause and inserting the following:

7 "Section 1. Section 422.45, Code 2001, is amended
8 by adding the following new subsection:

9 NEW SUBSECTION. 60. a. Subject to paragraph "b",
10 the gross receipts from the sale, furnishing, or
11 service of metered gas for residential customers and
12 the gross receipts from the sale, furnishing, or
13 service of fuel, including propane and heating oil,
14 used to provide heat for residential customers.

15 b. The exemption in this subsection shall be
16 phased in by means of a reduction in the tax rate as
17 follows:

18 (1) If the date of the utility billing of the
19 customer for the sale, furnishing, or service of
20 metered gas is between March 1, 2001, and December 31,
21 2001, or the sale, furnishing, or service of fuel for
22 heating purposes occurs between March 1, 2001, and
23 December 31, 2001, the rate of tax is four percent of
24 the gross receipts.

25 (2) If the date of the utility billing of the
26 customer for the sale, furnishing, or service of
27 metered gas is between January 1, 2002, and December
28 31, 2002, or the sale, furnishing, or service of fuel
29 for heating purposes occurs between January 1, 2002,
30 and December 31, 2002, the rate of tax is three
31 percent of the gross receipts.

32 (3) If the date of the utility billing of the
33 customer for the sale, furnishing, or service of
34 metered gas is between January 1, 2003, and December
35 31, 2003, or the sale, furnishing, or service of fuel
36 for heating purposes occurs between January 1, 2003,
37 and December 31, 2003, the rate of tax is two percent
38 of the gross receipts.

39 (4) If the date of the utility billing of the
40 customer for the sale, furnishing, or service of
41 metered gas is between January 1, 2004, and December
42 31, 2004, or the sale, furnishing, or service of fuel
43 for heating purposes occurs between January 1, 2004,
44 and December 31, 2004, the rate of tax is one percent
45 of the gross receipts.

46 (5) If the date of the utility billing of the
47 customer for the sale, furnishing, or service of
48 metered gas is on or after January 1, 2005, or the
49 sale, furnishing, or service of fuel for heating
50 purposes occurs on or after January 1, 2005, the rate

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1 of tax is zero percent of the gross receipts.
2 Sec. 2. EFFECTIVE DATE. This Act, being deemed of
3 immediate importance, takes effect upon enactment."
4 2. Title page, by striking lines 1 through 5 and
5 inserting the following: "An Act relating to the
6 phasing in of an exemption from state sales and use
7 taxes on the gross receipts from the sale, furnishing,
8 or service of metered gas and heating fuel used by
9 residential customers and including an effective
10 date.""

By SHOULTZ of Black Hawk
RICHARDSON of Warren

H-1015 FILED JANUARY 18, 2001

(p. 141) LOST 1/24/01

HOUSE FILE 1

H-1016

1 Amend the committee amendment, H-1011, to House
2 File 1 as follows:
3 1. Page 1, by striking lines 2 through 20 and
4 inserting the following:
5 "____. By striking everything after the enacting
6 clause and inserting the following:
7 "Section 1. Section 422.45, Code 2001, is amended
8 by adding the following new subsection:
9 NEW SUBSECTION. 60. a. Subject to paragraph "b",
10 the gross receipts from the sale, furnishing, or
11 service of metered gas and electricity for residential
12 customers and the gross receipts from the sale,
13 furnishing, or service of fuel, including propane and
14 heating oil, used to provide heat for residential
15 customers.
16 b. The exemption in this subsection shall be
17 phased in by means of a reduction in the tax rate as
18 follows:
19 (1) If the date of the utility billing of the
20 customer for the sale, furnishing, or service of
21 metered gas and electricity is between March 1, 2001,
22 and December 31, 2001, or the sale, furnishing, or
23 service of fuel for heating purposes occurs between
24 March 1, 2001, and December 31, 2001, the rate of tax
25 is four percent of the gross receipts.
26 (2) If the date of the utility billing of the
27 customer for the sale, furnishing, or service of
28 metered gas and electricity is between January 1,
29 2002, and December 31, 2002, or the sale, furnishing,
30 or service of fuel for heating purposes occurs between
31 January 1, 2002, and December 31, 2002, the rate of
32 tax is three percent of the gross receipts.
33 (3) If the date of the utility billing of the
34 customer for the sale, furnishing, or service of
35 metered gas and electricity is between January 1,
36 2003, and December 31, 2003, or the sale, furnishing,
37 or service of fuel for heating purposes occurs between
38 January 1, 2003, and December 31, 2003, the rate of
39 tax is two percent of the gross receipts.
40 (4) If the date of the utility billing of the
41 customer for the sale, furnishing, or service of
42 metered gas and electricity is between January 1,
43 2004, and December 31, 2004, or the sale, furnishing,
44 or service of fuel for heating purposes occurs between
45 January 1, 2004, and December 31, 2004, the rate of
46 tax is one percent of the gross receipts.
47 (5) If the date of the utility billing of the
48 customer for the sale, furnishing, or service of
49 metered gas and electricity is on or after January 1,
50 2005, or the sale, furnishing, or service of fuel for
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1 heating purposes occurs on or after January 1, 2005,
2 the rate of tax is zero percent of the gross receipts.
3 Sec. 2. EFFECTIVE DATE. This Act, being deemed of
4 immediate importance, takes effect upon enactment."
5 2. Title page, by striking lines 1 through 5 and
6 inserting the following: "An Act relating to the
7 phasing in of an exemption from state sales and use
8 taxes on the gross receipts from the sale, furnishing,
9 or service of metered gas and electricity and heating
10 fuel used by residential customers and including an
11 effective date.""

By RICHARDSON of Warren

H-1016 FILED JANUARY 18, 2001

(p. 141) *Withdrawn*
1-24-01

HOUSE FILE 1

H-1017

1 Amend the committee amendment, H-1011, to House
2 File 1 as follows:
3 1. Page 1, by striking lines 15 and 16 and
4 inserting the following:
5 "____. Page 1, line 16, by striking the word
6 "February" and inserting the following: "the period
7 beginning with the effective date of this Act and
8 ending on March 31,"."

By KREIMAN of Davis

H-1017 FILED JANUARY 22, 2001

(P. 141) adopted
1-24-01

HOUSE FILE 1

H-1018

1 Amend the committee amendment, H-1011, to House
2 File 1 as follows:
3 1. Page 1, by inserting after line 16 the
4 following:
5 "____. Page 1, by inserting after line 17 the
6 following:
7 "Sec. ____ . NEW SECTION. 476.67 UTILITY
8 CONTRIBUTION FUND.
9 Commencing July 1, 2001, rate-regulated electric
10 and gas utilities shall allocate fifty million dollars
11 annually to a utility contribution fund for the same
12 purposes described in section 476.66. The Iowa
13 utilities board shall promulgate rules to implement
14 this section. The board shall allocate the fifty
15 million dollars based upon each utility's share of
16 Iowa retail peak demand. A utility shall not charge
17 these costs to its ratepayers.""
18 2. Page 1, by inserting after line 20 the
19 following:
20 "____. Title page, by inserting after line 4 the
21 following: "requiring utilities to contribute to a
22 fund to assist low-income energy users and"".

By FALLON of Polk

H-1018 FILED JANUARY 22, 2001

(P. 141) W/O 1-24-01

HOUSE FILE 1

H-1019

1 Amend the Committee amendment, H-1011, to House

2 File 1 as follows:

3 1. Page 1, by inserting after line 16 the
4 following:

5 "____. Page 1, by inserting after line 17 the
6 following:

7 "Sec. ____ Section 476.44, Code 2001, is amended
8 by adding the following new subsection:

9 NEW SUBSECTION. 3. Commencing with the 2003
10 calendar year, an amount equal to four percent of the
11 annual kilowatt-hours of power supply services sold to
12 consumers by each rate regulated electric and gas
13 utility shall be attributable to an alternative energy
14 production facility. Commencing in the 2005 calendar
15 year, the amount shall be increased to six percent and
16 commencing in the 2007 calendar year the amount shall
17 increase to eight percent. The Iowa utilities board
18 shall promulgate rules to implement this subsection."

19 2. Page 1, by inserting after line 20 the
20 following:

21 "____. Title page, by inserting after line 4 the
22 following: "requiring utilities to invest in
23 alternative production facilities and"."

By FALLON of Polk

H-1019 FILED JANUARY 22, 2001

(P. 141) W/D 1/24/01

HOUSE FILE 1

H-1020

1 Amend the Committee amendment, H-1011, to House

2 File 1 as follows:

3 1. Page 1, by inserting after line 16 the
4 following:

5 "____. Page 1, by inserting after line 17 the
6 following:

7 "Sec. ____ Section 476.20, Code 2001, is amended
8 by adding the following new subsection:

9 NEW SUBSECTION. 6. A utility shall waive any late
10 charge or penalty on utility bills dated during the
11 period beginning November 1, and ending March 31."

12 2. Page 1, by inserting after line 20 the
13 following:

14 "____. Title page, by inserting after line 4 the
15 following: "limiting the ability to charge a penalty
16 for late payment by utilities and"."

By FALLON of Polk

H-1020 FILED JANUARY 22, 2001

(P. 142) Not Serrano
motion to suspend Rules lost 1/24/01

HOUSE FILE 1

H-1021

1 Amend the Committee amendment, H-1011, to House
2 File 1 as follows:
3 1. Page 1, by striking lines 2 through 20 and
4 inserting the following:
5 "____. By striking everything after the enacting
6 clause and inserting the following:
7 "Section 1. NEW SECTION. 422.105 LIHEAP
8 APPROPRIATION.
9 1. The department shall certify by June 1, 2001,
10 to the treasurer of state the amount of sales and use
11 taxes estimated to be collected from both of the
12 following:
13 a. The gross receipts from the sale, furnishing,
14 or service of metered gas to provide energy for
15 residential customers where the date of the utility
16 billing of the customer is during March 2001 or April
17 2001.
18 b. The gross receipts from the sale, furnishing,
19 or service of fuel, including propane and heating oil,
20 used to provide heat for residential dwellings and
21 units of apartment and condominium complexes used for
22 human occupancy where the sale, furnishing, or service
23 of fuel used for heating purposes occurs during
24 February 2001 or March 2001.
25 2. There is appropriated from the general fund of
26 the state to the department of human rights, division
27 of community action agencies, for the fiscal year
28 beginning July 1, 2000, an amount equal to the
29 estimated sales and use tax revenues certified by the
30 department pursuant to subsection 1, for purposes of
31 the low-income home energy assistance program.
32 3. Notwithstanding section 8.33, unencumbered or
33 unobligated moneys remaining from the appropriation in
34 subsection 2 at the end of the fiscal year shall not
35 revert but shall be available for expenditure for the
36 same purposes during the succeeding fiscal year.
37 Sec. 2. Section 476.6, Code 2001, is amended by
38 adding the following new subsection:
39 NEW SUBSECTION. 25. LOW-INCOME FUNDING. To
40 provide funds to assist low-income customers of gas
41 public utilities, amounts collected by rate-regulated
42 gas utilities pursuant to subsection 19, paragraph
43 "e", that represent unrecovered amounts for the gas
44 portions of energy efficiency plans approved prior to
45 July 1, 1996, shall be paid, up to a maximum of ten
46 million dollars per year, to the department of human
47 rights to provide eligible customers of gas public
48 utilities, as defined by the department of human
49 rights, with assistance in paying their natural gas
50 bills. The board shall adopt rules specifying each

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1 rate-regulated gas utility's share of the fund and
2 each utility's allocation methods among residential
3 and other firm customers, but in no event shall rates
4 increase for any customer as a result of this
5 subsection. These funds shall be paid to the
6 department until July 1, 2003, at which time rate-
7 regulated gas utilities may continue recovery of any
8 remaining amounts for the gas portions of energy
9 efficiency plans approved prior to July 1, 1996.

10 The board may direct, upon the department of human
11 rights' request, all rate-regulated gas utilities to
12 advance a maximum of ten million dollars, pursuant to
13 the allocation methods adopted by the board, to allow
14 immediate assistance to eligible customers. A rate-
15 regulated gas utility advancing funds shall have the
16 amount of the advance added to the unpaid amount for
17 the gas portion of its energy efficiency plan approved
18 prior to July 1, 1996, and interest shall be paid on
19 any funds advanced at a rate equal to the interest
20 paid on the unrecovered gas portions of energy
21 efficiency plans approved prior to July 1, 1996.

22 Sec. 3. This Act, being deemed of immediate
23 importance, takes effect upon enactment."

24 _____. Title page, by striking lines 1 through 4
25 and inserting the following: "An Act appropriating
26 sales and use tax revenues derived from the sale,
27 furnishing, or service of metered gas and of fuel used
28 in residential-type dwellings and providing funds from
29 rate-regulated gas utilities for assisting low-income
30 customers in paying their natural gas bills and"."

By SHOULTZ of Black Hawk

H-1021 FILED JANUARY 22, 2001

(P.141) W/D 1/24/01

SEVENTY-NINTH GENERAL ASSEMBLY
2001 REGULAR SESSION
DAILY
HOUSE CLIP SHEET
JANUARY 25, 2001

HOUSE FILE 1

H-1023

1 Amend the Committee amendment, H-1011, to House
2 File 1 as follows:
3 1. Page 1, by inserting after line 16 the
4 following:
5 "____. Page 1, by inserting after line 17 the
6 following:
7 "Sec. _____. If a utility that sells, furnishes, or
8 services metered gas to provide energy for residential
9 customers is unable to timely adjust its billing
10 system to provide the sales and use tax exemption
11 provided in section 1 of this Act, the utility is
12 authorized to charge the sales or use tax on utility
13 bills that are dated during March 2001 or until the
14 billing system is adjusted for the sales and use tax
15 exemption provided in section 1 of this Act. The
16 utility shall grant to each residential customer from
17 which the tax was collected on such gross receipts a
18 credit equal to the amount of tax collected. The
19 credit shall appear on the first utility billing which
20 is dated after March 31, 2001. The department of
21 revenue is granted emergency rulemaking authority to
22 implement this section.""

By SUKUP of Franklin

H-1023 FILED JANUARY 24, 2001

(P. 143) Adopted
1-24-01

SENATE AMENDMENT TO
HOUSE FILE 1

H-1029

1 Amend House File 1, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 1, by inserting after line 17 the
4 following:

5 "Sec. _____. Section 422.45, Code 2001, is amended
6 by adding the following new subsection:

7 NEW SUBSECTION. 61. a. Subject to paragraph "b",
8 the gross receipts from the sale, furnishing, or
9 service of metered gas and electricity to provide
10 energy for residential customers and the gross
11 receipts from the sale, furnishing, or service of
12 fuel, including propane and heating oil, used to
13 provide heat for residential dwellings and units of
14 apartment and condominium complexes used for human
15 occupancy.

16 b. The exemption in this subsection shall be
17 phased in by means of a reduction in the tax rate as
18 follows:

19 (1) If the date of the utility billing of the
20 customer for the sale, furnishing, or service of
21 metered gas and electricity is between January 1,
22 2002, and December 31, 2002, or the sale, furnishing,
23 or service of fuel for heating purposes occurs between
24 January 1, 2002, and December 31, 2002, the rate of
25 tax is four percent of the gross receipts.

26 (2) If the date of the utility billing of the
27 customer for the sale, furnishing, or service of
28 metered gas and electricity is between January 1,
29 2003, and December 31, 2003, or the sale, furnishing,
30 or service of fuel for heating purposes occurs between
31 January 1, 2003, and December 31, 2003, the rate of
32 tax is three percent of the gross receipts.

33 (3) If the date of the utility billing of the
34 customer for the sale, furnishing, or service of
35 metered gas and electricity is between January 1,
36 2004, and December 31, 2004, or the sale, furnishing,
37 or service of fuel for heating purposes occurs between
38 January 1, 2004, and December 31, 2004, the rate of
39 tax is two percent of the gross receipts.

40 (4) If the date of the utility billing of the
41 customer for the sale, furnishing, or service of
42 metered gas and electricity is between January 1,
43 2005, and December 31, 2005, or the sale, furnishing,
44 or service of fuel for heating purposes occurs between
45 January 1, 2005, and December 31, 2005, the rate of
46 tax is one percent of the gross receipts.

47 (5) If the date of the utility billing of the
48 customer for the sale, furnishing, or service of
49 metered gas and electricity is on or after January 1,
50 2006, or the sale, furnishing, or service of fuel for

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1 heating purposes occurs on or after January 1, 2006,
2 the rate of tax is zero percent of the gross receipts.
3 c. The exemption in this subsection does not apply
4 to local option sales and services tax imposed
5 pursuant to chapters 422B and 422E."
6 2. Title page, line 1, by striking the words
7 "during a certain period".

RECEIVED FROM THE SENATE

H-1029 FILED JANUARY 26, 2001

House Concurred
1-30-01
(P. 230)

H-1033

1 Amend the Senate amendment, H-1029, to House File 1
2 as follows:

3 1. Page 1, by inserting after line 2 the
4 following:

5 "_____. Page 1, by inserting before line 1 the
6 following:

7 "Section 1. Section 422.7, subsection 13, Code
8 2001, is amended by striking the subsection and
9 inserting in lieu thereof the following:

10 13. a. For a person who is disabled, or is fifty-
11 five years of age or older, or is the surviving spouse
12 of an individual or a survivor having an insurable
13 interest in an individual who would have qualified for
14 the exemption under this paragraph for the tax year,
15 subtract, to the extent included, the total amount of
16 a governmental or other pension or retirement pay,
17 including, but not limited to, defined benefit or
18 defined contribution plans, annuities, individual
19 retirement accounts, plans maintained or contributed
20 to by an employer, or maintained or contributed to by
21 a self-employed person as an employer, and deferred
22 compensation plans or any earnings attributable to the
23 deferred compensation plans, up to a maximum of eight
24 thousand five hundred dollars for tax years beginning
25 in the 2001 calendar year, twelve thousand dollars for
26 tax years beginning in the 2002 calendar year, and the
27 total amount of pension included for tax years
28 beginning on or after January 1, 2003, for a person,
29 other than a husband or wife, who files a separate
30 state income tax return and up to a maximum of
31 seventeen thousand dollars for tax years beginning in
32 the 2001 calendar year, twenty-four thousand dollars
33 for tax years beginning in the 2002 calendar year, and
34 the total amount of pension included for tax years
35 beginning on or after January 1, 2003, for a husband
36 and wife who file a joint state income tax return.
37 However, a surviving spouse who is not disabled or
38 fifty-five years of age or older can only exclude the
39 amount of pension or retirement pay received as a
40 result of the death of the other spouse. A husband
41 and wife filing separate state income tax returns or
42 separately on a combined state return are allowed a
43 combined maximum exclusion under this paragraph of up
44 to seventeen thousand dollars for tax years beginning
45 in the 2001 calendar year, and twenty-four thousand
46 dollars for tax years beginning in the 2002 calendar
47 year. The seventeen thousand dollar or twenty-four
48 thousand dollar exclusion, as applicable, shall be
49 allocated to the husband or wife in the proportion
50 that each spouse's respective pension and retirement

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1 pay received bears to total combined pension and
2 retirement pay received.

3 b. Subtract, to the extent included, the amount of
4 additional social security benefits taxable under the
5 Internal Revenue Code for tax years beginning on or
6 after January 1, 1994, but before January 1, 2006.
7 The amount of social security benefits taxable as
8 provided in section 86 of the Internal Revenue Code,
9 as amended up to and including January 1, 1993,
10 continues to apply for state income tax purposes for
11 tax years beginning on or after January 1, 1994, but
12 before January 1, 2006.

13 c. Subtract, to the extent included after the
14 subtraction in paragraph "b", the following:

15 (1) For tax years beginning in the 2004 calendar
16 year, one-third of taxable social security benefits
17 received.

18 (2) For tax years beginning in the 2005 calendar
19 year, two-thirds of taxable social security benefits
20 received.

21 d. Married taxpayers, who file a joint federal
22 income tax return and who elect to file separate
23 returns or who elect separate filing on a combined
24 return for state income tax purposes, shall allocate
25 between the spouses the amount of benefits subtracted
26 under paragraphs "b" and "c" from net income in the
27 ratio of the social security benefits received by each
28 spouse to the total of these benefits received by both
29 spouses.

30 e. Subtract, to the extent included, the amount of
31 social security benefits taxable under section 86 of
32 the Internal Revenue Code for tax years beginning on
33 or after January 1, 2006.

34 Sec. ____ . Section 422.7, subsection 31, Code 2001,
35 is amended by striking the subsection."

36 2. Page 1, line 22, by striking the words and
37 figures "2002, and December 31, 2002" and inserting
38 the following: "2005, and December 31, 2005".

39 3. Page 1, line 24, by striking the words and
40 figures "2002, and December 31, 2002" and inserting
41 the following: "2005, and December 31, 2005".

42 4. Page 1, line 29, by striking the words and
43 figures "2003, and December 31, 2003" and inserting
44 the following: "2006, and December 31, 2006".

45 5. Page 1, line 31, by striking the words and
46 figures "2003, and December 31, 2003" and inserting
47 the following: "2006, and December 31, 2006".

48 6. Page 1, line 36, by striking the words and
49 figures "2004, and December 31, 2004" and inserting
50 the following: "2007, and December 31, 2007".

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Page 3

- 1 7. Page 1, line 38, by striking the words and
2 figures "2004, and December 31, 2004" and inserting
3 the following: "2007, and December 31, 2007".
- 4 8. Page 1, line 43, by striking the words and
5 figures "2005, and December 31, 2005" and inserting
6 the following: "2008, and December 31, 2008".
- 7 9. Page 1, line 45, by striking the words and
8 figures "2005, and December 31, 2005" and inserting
9 the following: "2008, and December 31, 2008".
- 10 10. Page 1, line 50, by striking the figure
11 "2006" and inserting the following: "2009".
- 12 11. Page 2, line 1, by striking the figure "2006"
13 and inserting the following: "2009".
- 14 12. Page 2, by inserting after line 5 the
15 following:
16 "___". Page 1, line 33, by inserting after the
17 word "enactment." the following: "The sections of
18 this Act amending Code section 422.7, subsections 13
19 and 31, apply retroactively to January 1, 2001, for
20 tax years beginning on or after that date.""
- 21 13. Page 2, by striking lines 6 and 7 and
22 inserting the following:
23 "___". Title page, by striking lines 1 through 4
24 and inserting the following: "An Act relating to
25 state taxes imposed on retirement benefits under the
26 individual income tax and imposed on the gross
27 receipts from the sale, furnishing, or service of
28 metered gas and electricity and of fuel used in
29 residential-type dwellings and including effective and
30 retroactive applicability date provisions.""
- By MILLAGE of Scott

H-1033 FILED JANUARY 30, 2001*Pat Humore**1-30-01**(P. 230)*

JANUARY 24, 2001

CORRECT VERSION

HOUSE FILE 1
FISCAL NOTE

A fiscal note for House File 1 as amended by H-1011 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 1 as amended by H-1011 suspends the sales tax on residential natural gas billed during March and April of 2001 and for heating fuel delivered during February and March 2001.

ASSUMPTIONS

1. Annual Iowa residential natural gas consumption will be the average for the last six years.
2. The monthly percentage of annual natural gas usage in 2001 will be the same as the monthly percentage of the annual amount used in Iowa over the past six years.
3. Year 2001 delivered gas prices will be 25.0% higher than 2000 in February and March.
4. Residential heating fuel and propane usage in 2001 will be the average of the usage in 1998 and 1999.
5. The residential heating fuel and propane February and March usage percentage will be 26.0% of the annual usage.
6. The price of heating oil will be \$1.20 per gallon and the price of propane will be \$1.30 per gallon in February and March.
7. The State presently collects sales tax on 96.0% of residential natural gas and heating fuel.
8. During FY 2001, the amount of local option sales tax revenue across all jurisdictions will equal 18.0% of the revenue raised by the State sales tax.

FISCAL IMPACT

It is estimated that House File 1 as amended by H-1011 will reduce State General Fund revenues by \$10.0 million in FY 2001.

House File 1 as amended by H-1011 would also reduce local government revenue received from local option sales taxes. The maximum fiscal impact on local revenues would be \$1.8 million. The maximum would not be reached because some utilities pay a local franchise fee instead of a local sales tax. The Legislative Fiscal Bureau does not currently have an estimate of the percentage of utility bills in local option sales tax areas that are instead subject to a franchise fee. Therefore, a more accurate estimate is not available.

SOURCES

Energy Information Agency, United States Department of Energy
Department of Revenue and Finance

(LSB 1550yh.3, JWR)

FILED JANUARY 23, 2001

BY DENNIS PROUTY, FISCAL DIRECTOR

**HOUSE FILE 1
FISCAL NOTE**

A fiscal note for **House File 1 as amended and passed by the Senate** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 1 amended and passed by the Senate suspends the sales tax on residential natural gas billed during March and April of 2001 and for heating fuel delivered during February and March 2001. The Bill as passed by the Senate also exempts residential natural gas, electricity, home heating oil, and propane from the State sales tax. The exemption does not apply to any local option sales tax. The exemption is phased-in starting January 1, 2002.

ASSUMPTIONS (TAX SUSPENSION)

\ru25x\rr375x

1. Annual Iowa residential natural gas consumption will be the average for the last six years.
2. The monthly percentage of annual natural gas usage in 2001 will be the same as the monthly percentage of the annual amount used in Iowa over the past six years.
3. Year 2001 delivered gas prices will be 25.0% higher than in February and March of 2000.
4. Residential heating fuel and propane usage in 2001 will be the average of 1998 and 1999 usage.
5. The residential heating fuel and propane usage for February and March will represent 26.0% of the annual usage.
6. The price of heating oil will be \$1.20 per gallon, and the price of propane will be \$1.30 per gallon in February and March.
7. The State presently collects sales tax on 96.0% of residential natural gas and heating fuel.
8. During FY 2001, the amount of local option sales tax revenue across all jurisdictions will equal 18.0% of the revenue raised by the State sales tax.

ASSUMPTIONS (TAX REPEAL)

1. For 2002 and succeeding years, annual Iowa residential natural gas consumption will be the average of the last six years.
2. The delivered price of natural gas in January through June of 2001 is projected to be 25.0% higher than the delivered price over the same period of 2000, and the price in July through December is projected to be 10.0% higher.
3. The price of delivered natural gas will be the same in 2002 as is projected for 2001.
4. Residential heating fuel and propane usage in 2002 will be the average of the usage in 1998 and 1999.
5. The price of heating oil will average \$1.20 per gallon and the price of propane will average \$1.30 per gallon in 2002 and succeeding years.
6. Residential electrical usage in 2002 and succeeding fiscal years will be

-2-

the average of the past six years.

7. In 2002 and succeeding years, the price of residential electricity will average 2.0% higher than the average for 1999.
8. Approximately one-half of the dollar value of residential energy utility sales occur in the first six months of a calendar year.
9. The State presently collects sales tax on 96.0% of residential energy utility sales.

FISCAL IMPACT

\ru25x\rr375x

The fiscal impact of House File 1 as amended and passed by the Senate will reduce State General Fund revenues by the following amounts:

\$10.0 million -- FY 2001
\$ 8.8 million -- FY 2002
\$26.5 million -- FY 2003
\$44.2 million -- FY 2004
\$61.9 million -- FY 2005
\$79.6 million -- FY 2006
\$88.5 million -- FY 2007 and beyond

The suspension of the sales tax for two months would also reduce local government revenue received from local option sales taxes. The maximum fiscal impact on local revenues would be \$1.8 million. The maximum would not be reached because some utilities pay a local franchise fee instead of a local sales tax. The Legislative Fiscal Bureau does not currently have an estimate of the percentage of utility bills in local option sales tax areas that are subject to a franchise fee. Therefore, a more accurate estimate is not available.

SOURCES

\ru25x\rr375x

Energy Information Agency, United States Department of Energy
Department of Revenue and Finance

(LSB 1550yh.5, JWR)

FILED JANUARY 30, 2001

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 1

BY DIX, SUKUP, VAN FOSSEN,
HORBACH, HANSEN, De BOEF,
RAECKER, KETTERING, ELGIN,
RAYHONS, BROERS, DRAKE, ALONS,
KLEMME, BOAL, SHEY, TYMESON,
HOFFMAN, TYRRELL, and HAHN

(As Amended and Passed by the House January 24, 2001)

Passed House, Date _____ Passed Senate, ^(P.163) Date 1-25-00
Vote: Ayes _____ Nays _____ Vote: Ayes 49 Nays 0
Approved 2/5/01

A BILL FOR

1 An Act relating to the exemption during a certain period from the
2 sales and use taxes of the gross receipts from the sale,
* 3 furnishing, or service of metered gas and of fuel used in
4 residential-type dwellings and including an effective date.

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

6
7 House Amendments _____

8 Deleted Language *

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1 Section 1. Section 422.45, Code 2001, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 60. a. The gross receipts from the sale,
*4 furnishing, or service of metered gas to provide energy for
5 residential customers and the gross receipts from the sale,
6 furnishing, or service of fuel, including propane and heating
7 oil, used to provide heat for residential dwellings and units
8 of apartment and condominium complexes used for human
9 occupancy.

10 b. Paragraph "a" applies to the gross receipts from the
*11 sale, furnishing, or service of metered gas for energy if the
12 date of the utility billing of the customer is during March
13 2001, or April 2001, or applies to the gross receipts from the
14 sale, furnishing, or service of fuel used for heating purposes
15 if such sale, furnishing, or service occurs during the period
16 beginning with the effective date of this Act and ending on
17 March 31, 2001.

18 Se 2. If a utility that sells, furnishes, or services
19 metered gas to provide energy for residential customers is
20 unable to timely adjust its billing system to provide the
21 sales and use tax exemption provided in section 1 of this Act,
22 the utility is authorized to charge the sales or use tax on
23 utility bills that are dated during March 2001 or until the
24 billing system is adjusted for the sales and use tax exemption
25 provided in section 1 of this Act. The utility shall grant to
26 each residential customer from which the tax was collected on
27 such gross receipts a credit equal to the amount of tax
28 collected. The credit shall appear on the first utility
29 billing which is dated after March 31, 2001. The department
30 of revenue is granted emergency rulemaking authority to
31 implement this section.

32 Sec. 3. This Act, being deemed of immediate importance,
33 takes effect upon enactment.

34
35

HOUSE FILE 1

S-3002

1 Amend House File 1, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 1, by inserting after line 17 the
4 following:

5 "Sec. ____ Section 422.45, Code 2001, is amended
6 by adding the following new subsection:

7 NEW SUBSECTION. 61. a. Subject to paragraph "b",
8 the gross receipts from the sale, furnishing, or
9 service of metered gas and electricity to provide
10 energy for residential customers and the gross
11 receipts from the sale, furnishing, or service of
12 fuel, including propane and heating oil, used to
13 provide heat for residential dwellings and units of
14 apartment and condominium complexes used for human
15 occupancy.

16 b. The exemption in this subsection shall be
17 phased in by means of a reduction in the tax rate as
18 follows:

19 (1) If the date of the utility billing of the
20 customer for the sale, furnishing, or service of
21 metered gas and electricity is between January 1,
22 2002, and December 31, 2002, or the sale, furnishing,
23 or service of fuel for heating purposes occurs between
24 January 1, 2002, and December 31, 2002, the rate of
25 tax is four percent of the gross receipts.

26 (2) If the date of the utility billing of the
27 customer for the sale, furnishing, or service of
28 metered gas and electricity is between January 1,
29 2003, and December 31, 2003, or the sale, furnishing,
30 or service of fuel for heating purposes occurs between
31 January 1, 2003, and December 31, 2003, the rate of
32 tax is three percent of the gross receipts.

33 (3) If the date of the utility billing of the
34 customer for the sale, furnishing, or service of
35 metered gas and electricity is between January 1,
36 2004, and December 31, 2004, or the sale, furnishing,
37 or service of fuel for heating purposes occurs between
38 January 1, 2004, and December 31, 2004, the rate of
39 tax is two percent of the gross receipts.

40 (4) If the date of the utility billing of the
41 customer for the sale, furnishing, or service of
42 metered gas and electricity is between January 1,
43 2005, and December 31, 2005, or the sale, furnishing,
44 or service of fuel for heating purposes occurs between
45 January 1, 2005, and December 31, 2005, the rate of
46 tax is one percent of the gross receipts.

47 (5) If the date of the utility billing of the
48 customer for the sale, furnishing, or service of
49 metered gas and electricity is on or after January 1,
50 2006, or the sale, furnishing, or service of fuel for

S-3002

S-3002

Page 2

1 heating purposes occurs on or after January 1, 2006,
2 the rate of tax is zero percent of the gross receipts.
3 c. The exemption in this subsection does not apply
4 to local option sales and services tax imposed
5 pursuant to chapters 422B and 422E."
6 2. Title page, line 1, by striking the words
7 "during a certain period".

By LARRY McKIBBEN
MIKE CONNOLLY
JEFF LAMBERTI

S-3002 FILED JANUARY 24, 2001

Adopted
1-25-00
(P. 162)

S-3007

1 Amend the amendment, S-3002, to House File 1, as
2 amended, passed, and reprinted by the House, as
3 follows:

4 1. By striking everything after the amending
5 clause and inserting the following:

6 "____. By striking everything after the enacting
7 clause and inserting the following:

8 "Section 1. Section 422.45, Code 2001, is amended
9 by adding the following new subsection:

10 NEW SUBSECTION. 60. a. The gross receipts from
11 the sale, furnishing, or service of metered gas and
12 electricity to provide energy for residential
13 customers and the gross receipts from the sale,
14 furnishing, or service of fuel, including propane and
15 heating oil, used to provide heat for residential
16 dwellings and units of apartment and condominium
17 complexes used for human occupancy.

18 b. Paragraph "a" applies to the gross receipts
19 from the sale, furnishing, or service of metered gas
20 and electricity for energy if the date of the utility
21 billing of the customer is on or after February 1,
22 2001, or applies to the gross receipts from the sale,
23 furnishing, or service of fuel used for heating
24 purposes if such sale, furnishing, or service occurs
25 on or after February 1, 2001.

26 Sec. 2. This Act, being deemed of immediate
27 importance, takes effect upon enactment."

28 _____. Title page, line 1, by striking the words
29 "during a certain period"."

By MICHAEL E. GRONSTAL
BETTY A. SOUKUP
JOHNIE HAMMOND
PATRICIA HARPER
TOM FLYNN

PATRICK J. DELUHERY
MARK SHEARER
THOMAS FIEGEN
DENNIS H. BLACK

S-3007 FILED JANUARY 25, 2001

LOST

1-25-01

**HOUSE FILE 1
FISCAL NOTE**

A fiscal note for **Amendment S-3002 to House File 1**, is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Amendment S-3002 to House File 1 exempts residential natural gas, electricity, home heating oil, and propane from the State sales tax. The exemption does not apply to any local option sales tax. The exemption is effective January 1, 2002.

ASSUMPTIONS

1. For 2002 and succeeding years, annual Iowa residential natural gas consumption will be the average of the last six years.
2. The delivered price of natural gas in January through June of 2001 is projected to be 25.0% higher than the delivered price over the same period of 2000, and the price in July through December is projected to be 10.0% higher.
3. The price of delivered natural gas will be the same in 2002 as is projected for 2001.
4. Residential heating fuel and propane usage in 2002 will be the average of the usage in 1998 and 1999.
5. The price of heating oil will average \$1.20 per gallon and the price of propane will average \$1.30 per gallon in 2002 and succeeding years.
6. Residential electrical usage in 2002 and succeeding fiscal years will be the average of the past six years.
7. In 2002 and succeeding years, the price of residential electricity will average 2.0% higher than the average for 1999.
8. Approximately one-half of the dollar value of residential energy utility sales occur in the first six months of a calendar year.
9. The State presently collects sales tax on 96.0% of residential energy utility sales.

FISCAL IMPACT

A phase-out of the sales tax on residential energy utilities will reduce State General Fund revenues by the following amounts.

\$ 8.8 million -- FY 2002

-2-

\$26.5 million -- FY 2003
\$44.2 million -- FY 2004
\$61.9 million -- FY 2005
\$79.6 million -- FY 2006
\$88.5 million -- FY 2007 and beyond

SOURCES

Energy Information Agency, United States Department of Energy
Department of Revenue and Finance

(LSB 1550YH.4, JWR)

FILED JANUARY 25, 2001

BY DENNIS PROUTY, FISCAL DIRECTOR

furnishing, or service of fuel, including propane and heating oil, used to provide heat for residential dwellings and units of apartment and condominium complexes used for human occupancy.

b. Paragraph "a" applies to the gross receipts from the sale, furnishing, or service of metered gas for energy if the date of the utility billing of the customer is during March 2001, or April 2001, or applies to the gross receipts from the sale, furnishing, or service of fuel used for heating purposes if such sale, furnishing, or service occurs during the period beginning with the effective date of this Act and ending on March 31, 2001.

Sec. 2. Section 422.45, Code 2001, is amended by adding the following new subsection:

NEW SUBSECTION. 61. a. Subject to paragraph "b", the gross receipts from the sale, furnishing, or service of metered gas and electricity to provide energy for residential customers and the gross receipts from the sale, furnishing, or service of fuel, including propane and heating oil, used to provide heat for residential dwellings and units of apartment and condominium complexes used for human occupancy.

b. The exemption in this subsection shall be phased in by means of a reduction in the tax rate as follows:

(1) If the date of the utility billing of the customer for the sale, furnishing, or service of metered gas and electricity is between January 1, 2002, and December 31, 2002, or the sale, furnishing, or service of fuel for heating purposes occurs between January 1, 2002, and December 31, 2002, the rate of tax is four percent of the gross receipts.

(2) If the date of the utility billing of the customer for the sale, furnishing, or service of metered gas and electricity is between January 1, 2003, and December 31, 2003, or the sale, furnishing, or service of fuel for heating purposes occurs between January 1, 2003, and December 31, 2003, the rate of tax is three percent of the gross receipts.

HOUSE FILE 1

AN ACT

RELATING TO THE EXEMPTION FROM THE SALES AND USE TAXES OF THE GROSS RECEIPTS FROM THE SALE, FURNISHING, OR SERVICE OF METERED GAS AND OF FUEL USED IN RESIDENTIAL-TYPE DWELLINGS AND INCLUDING AN EFFECTIVE DATE.

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

Section 1. Section 422.45, Code 2001, is amended by adding the following new subsection:

NEW SUBSECTION. 60. a. The gross receipts from the sale, furnishing, or service of metered gas to provide energy for residential customers and the gross receipts from the sale,

(3) If the date of the utility billing of the customer for the sale, furnishing, or service of metered gas and electricity is between January 1, 2004, and December 31, 2004, or the sale, furnishing, or service of fuel for heating purposes occurs between January 1, 2004, and December 31, 2004, the rate of tax is two percent of the gross receipts.

(4) If the date of the utility billing of the customer for the sale, furnishing, or service of metered gas and electricity is between January 1, 2005, and December 31, 2005, or the sale, furnishing, or service of fuel for heating purposes occurs between January 1, 2005, and December 31, 2005, the rate of tax is one percent of the gross receipts.

(5) If the date of the utility billing of the customer for the sale, furnishing, or service of metered gas and electricity is on or after January 1, 2006, or the sale, furnishing, or service of fuel for heating purposes occurs on or after January 1, 2006, the rate of tax is zero percent of the gross receipts.

c. The exemption in this subsection does not apply to local option sales and services tax imposed pursuant to chapters 422B and 422E.

Sec. 3. If a utility that sells, furnishes, or services metered gas to provide energy for residential customers is unable to timely adjust its billing system to provide the sales and use tax exemption provided in section 1 of this Act, the utility is authorized to charge the sales or use tax on utility bills that are dated during March 2001 or until the billing system is adjusted for the sales and use tax exemption provided in section 1 of this Act. The utility shall grant to each residential customer from which the tax was collected on such gross receipts a credit equal to the amount of tax collected. The credit shall appear on the first utility billing which is dated after March 31, 2001. The department of revenue is granted emergency rulemaking authority to implement this section.

Sec. 4. This Act, being deemed of immediate importance, takes effect upon enactment.

BRENT SIEGRIST
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 1, Seventy-ninth General Assembly.

MARGARET THOMSON
Chief Clerk of the House

Approved 2/5/01, 2001

THOMAS J. VILSACK
Governor