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D. Taylor

HSB 131

WAYS AND MEANS

Success
SF/HF 705

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON WAYS
AND MEANS BILL BY
CHAIRPERSON VAN FOSSEN)

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to sales and use taxes on the delivery of
2 electricity and natural gas.

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

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HSB
H.P. 131

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

3 NEW SUBSECTION. 2A. The gross receipts from charges paid
4 for the delivery of electricity or natural gas if the sale,
5 furnishing, or service of the electricity or natural gas or
6 its use is exempt from the tax on gross receipts imposed under
7 this division or from the use tax imposed under chapter 423.

8 EXPLANATION

9 This bill exempts from sales and use taxes the charges paid
10 to deliver electricity or natural gas if the sale or use of
11 the electricity or natural gas is exempt from sales and use
12 taxes.

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MAR 27 2001

WAYS & MEANS CALENDAR

HOUSE FILE 705

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 131)

Passed House, Date 4/19/01 Passed Senate, Date ^(P. 1350) 4/26/01
Vote: Ayes 93 Nays 0 Vote: Ayes 48 Nays 0
Approved May 3, 2001

A BILL FOR

1 An Act relating to sales and use taxes on the delivery of
2 electricity and natural gas.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 705

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

3 NEW SUBSECTION. 2A. The gross receipts from charges paid
4 for the delivery of electricity or natural gas if the sale,
5 furnishing, or service of the electricity or natural gas or
6 its use is exempt from the tax on gross receipts imposed under
7 this division or from the use tax imposed under chapter 423.

8 EXPLANATION

9 This bill exempts from sales and use taxes the charges paid
10 to deliver electricity or natural gas if the sale or use of
11 the electricity or natural gas is exempt from sales and use
12 taxes.

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HOUSE FILE 705

H-1479

1 Amend House File 705 as follows:

2 1. Page 1, by inserting after line 7 the
3 following:

4 "____. Section 422.45, subsection 61, as enacted by
5 2001 Iowa Acts, House File 1, section 2, is amended to
6 read as follows:

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

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

20 (1) If the date of the utility billing or meter
21 reading cycle of the residential customer for the
22 sale, furnishing, or service of metered gas and
23 electricity is between on or after January 1, 2002,
24 and through December 31, 2002, or if the sale,
25 furnishing, or service of fuel for heating purposes
26 occurs between of residential energy and the delivery
27 of the fuel occurs on or after January 1, 2002, and
28 through December 31, 2002, the rate of tax is four
29 percent of the gross receipts.

30 (2) If the date of the utility billing or meter
31 reading cycle of the residential customer for the
32 sale, furnishing, or service of metered gas and
33 electricity is between on or after January 1, 2003,
34 and through December 31, 2003, or if the sale,
35 furnishing, or service of fuel for heating purposes
36 occurs between of residential energy and the delivery
37 of the fuel occurs on or after January 1, 2003, and
38 through December 31, 2003, the rate of tax is three
39 percent of the gross receipts.

40 (3) If the date of the utility billing or meter
41 reading cycle of the residential customer for the
42 sale, furnishing, or service of metered gas and
43 electricity is between on or after January 1, 2004,
44 and through December 31, 2004, or if the sale,
45 furnishing, or service of fuel for heating purposes
46 occurs between of residential energy and the delivery
47 of the fuel occurs on or after January 1, 2004, and
48 through December 31, 2004, the rate of tax is two
49 percent of the gross receipts.

50 (4) If the date of the utility billing or meter

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1 reading cycle of the residential customer for the
2 sale, furnishing, or service of metered gas and
3 electricity is ~~between~~ on or after January 1, 2005,
4 and through December 31, 2005, or if the sale,
5 furnishing, or service of fuel for heating purposes
6 ~~occurs between~~ of residential energy and the delivery
7 of the fuel occurs on or after January 1, 2005, and
8 through December 31, 2005, the rate of tax is one
9 percent of the gross receipts.

10 (5) If the date of the utility billing or meter
11 reading cycle of the residential customer for the
12 sale, furnishing, or service of metered gas and
13 electricity is on or after January 1, 2006, or if the
14 sale, furnishing, or service of fuel for heating
15 purposes of residential energy and the delivery of the
16 fuel occurs on or after January 1, 2006, the rate of
17 tax is zero percent of the gross receipts.

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

21 2. Title page, line 2, by inserting after the
22 word "gas" the following: "and to the rate of tax for
23 providing metered gas, electricity, and fuel to
24 provide energy for residential customers".

By TYMESON of Madison

H-1479 FILED APRIL 11, 2001

4/19/01

(p. 1277)

§ 4/19/01 W. & M.
S-4/24/01 Do Pass

HOUSE FILE 705
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 131)

(As Amended and Passed by the House April 19, 2001)

Passed House, ^(P. 1278) Date 4/19/01 Passed Senate, ^(P. 1350) Date 4/26/01
Vote: Ayes 93 Nays 0 Vote: Ayes 48 Nays 0
Approved May 3, 2001

A BILL FOR

1 An Act relating to sales and use taxes on the delivery of
2 electricity and natural gas and to the rate of tax for
3 providing metered gas, electricity, and fuel to provide energy
4 for residential customers.

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

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House Amendments _____

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

3 NEW SUBSECTION. 2A. The gross receipts from charges paid
4 for the delivery of electricity or natural gas if the sale,
5 furnishing, or service of the electricity or natural gas or
6 its use is exempt from the tax on gross receipts imposed under
7 this division or from the use tax imposed under chapter 423.

8 Sec. 2. Section 422.45, subsection 61, as enacted by 2001
9 Iowa Acts, House File 1, section 2, is amended to read as
10 follows:

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

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

21 (1) If the date of the utility billing or meter reading
22 cycle of the residential customer for the sale, furnishing, or
23 service of metered gas and electricity is between on or after
24 January 1, 2002, and through December 31, 2002, or if the
25 sale, furnishing, or service of fuel for heating purposes
26 occurs between of residential energy and the delivery of the
27 fuel occurs on or after January 1, 2002, and through December
28 31, 2002, the rate of tax is four percent of the gross
29 receipts.

30 (2) If the date of the utility billing or meter reading
31 cycle of the residential customer for the sale, furnishing, or
32 service of metered gas and electricity is between on or after
33 January 1, 2003, and through December 31, 2003, or if the
34 sale, furnishing, or service of fuel for heating purposes
35 occurs between of residential energy and the delivery of the

1 fuel occurs on or after January 1, 2003, and through December
2 31, 2003, the rate of tax is three percent of the gross
3 receipts.

4 (3) If the date of the utility billing or meter reading
5 cycle of the residential customer for the sale, furnishing, or
6 service of metered gas and electricity is between on or after
7 January 1, 2004, and through December 31, 2004, or if the
8 sale, furnishing, or service of fuel for heating purposes
9 occurs-between of residential energy and the delivery of the
10 fuel occurs on or after January 1, 2004, and through December
11 31, 2004, the rate of tax is two percent of the gross
12 receipts.

13 (4) If the date of the utility billing or meter reading
14 cycle of the residential customer for the sale, furnishing, or
15 service of metered gas and electricity is between on or after
16 January 1, 2005, and through December 31, 2005, or if the
17 sale, furnishing, or service of fuel for heating purposes
18 occurs-between of residential energy and the delivery of the
19 fuel occurs on or after January 1, 2005, and through December
20 31, 2005, the rate of tax is one percent of the gross
21 receipts.

22 (5) If the date of the utility billing or meter reading
23 cycle of the residential customer for the sale, furnishing, or
24 service of metered gas and electricity is on or after January
25 1, 2006, or if the sale, furnishing, or service of fuel for
26 heating purposes of residential energy and the delivery of the
27 fuel occurs on or after January 1, 2006, the rate of tax is
28 zero percent of the gross receipts.

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

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HOUSE FILE 705

AN ACT

RELATING TO SALES AND USE TAXES ON THE DELIVERY OF ELECTRICITY AND NATURAL GAS AND TO THE RATE OF TAX FOR PROVIDING METERED GAS, ELECTRICITY, AND FUEL TO PROVIDE ENERGY FOR RESIDENTIAL CUSTOMERS.

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. 2A. The gross receipts from charges paid for the delivery of electricity or natural gas if the sale, furnishing, or service of the electricity or natural gas or its use is exempt from the tax on gross receipts imposed under this division or from the use tax imposed under chapter 423.

Sec. 2. Section 422.45, subsection 61, as enacted by 2001 Iowa Acts, House File 1, section 2, is amended to read as follows:

61. a. Subject to paragraph "b", the gross receipts from the sale, furnishing, or service of metered gas, and electricity, ~~to provide energy for~~ and fuel, including propane and heating oil to residential customers and the gross receipts from the sale, furnishing, or service of fuel, including propane and heating oil, which is used to provide heat energy 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 or meter reading cycle of the residential customer for the sale, furnishing, or service of metered gas and electricity is between on or after January 1, 2002, and through December 31, 2002, or if the sale, furnishing, or service of fuel for heating purposes

occurs between of residential energy and the delivery of the fuel occurs on or after January 1, 2002, and through December 31, 2002, the rate of tax is four percent of the gross receipts.

(2) If the date of the utility billing or meter reading cycle of the residential customer for the sale, furnishing, or service of metered gas and electricity is between on or after January 1, 2003, and through December 31, 2003, or if the sale, furnishing, or service of fuel for heating purposes occurs between of residential energy and the delivery of the fuel occurs on or after January 1, 2003, and through December 31, 2003, the rate of tax is three percent of the gross receipts.

(3) If the date of the utility billing or meter reading cycle of the residential customer for the sale, furnishing, or service of metered gas and electricity is between on or after January 1, 2004, and through December 31, 2004, or if the sale, furnishing, or service of fuel for heating purposes occurs between of residential energy and the delivery of the fuel occurs on or after January 1, 2004, and through December 31, 2004, the rate of tax is two percent of the gross receipts.

(4) If the date of the utility billing or meter reading cycle of the residential customer for the sale, furnishing, or service of metered gas and electricity is between on or after January 1, 2005, and through December 31, 2005, or if the sale, furnishing, or service of fuel for heating purposes occurs between of residential energy and the delivery of the fuel occurs on or after January 1, 2005, and through December 31, 2005, the rate of tax is one percent of the gross receipts.

(5) If the date of the utility billing or meter reading cycle of the residential customer for the sale, furnishing, or service of metered gas and electricity is on or after January 1, 2006, or if the sale, furnishing, or service of fuel for

heating purposes of residential energy and the delivery of the fuel 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.

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 705, Seventy-ninth General Assembly.

MARGARET THOMSON
Chief Clerk of the House

Approved May 3, 2001

THOMAS J. VILSACK
Governor