

REPRINTED

MAR 11 2002
WAYS & MEANS CALENDAR

HOUSE FILE 2585
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2006)

Passed House, ^(P. 922) Date 3/21/02 Passed Senate, ^(P. 959) Date 4-4-02
Vote: Ayes 89 Nays 0 Vote: Ayes 48 Nays 0
Approved 4/22/02
Not Passed 4-8-02
Vote 94-1

(P. 1200)

A BILL FOR

1 An Act relating to the abatement of state sales and use taxes and
2 local sales and service taxes of purchasers of certain access
3 to on-line computer services and providing refunds, and
4 including effective and applicability date provisions.

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

6
7

HOUSE FILE 2585

H-8278

1 Amend House File 2585 as follows:
2 1. Page 1, by striking lines 34 and 35, and
3 inserting the following: "subparagraph (2), shall be
4 paid to the eligible purchasers by the department of
5 revenue and finance by October 1, 2002, without the
6 purchasers having to file claims for refunds. The
7 department of revenue and finance shall make a
8 reasonable attempt to identify each eligible purchaser
9 and mail the refund to the purchaser's last known
10 address."

By BOAL of Polk
HEATON of Henry
REYNOLDS of Van Buren

H-8278 FILED MARCH 13, 2002

Adopted
3/21/02 (P. 921)

HF 2585

21
22
23

1 Section 1. Section 421.60, subsection 2, paragraph m,
2 subparagraphs (2) and (3), Code 2001, are amended to read as
3 follows:

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

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

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

28 Sec. 2. REFUNDS. Refunds of taxes, interest, or penalties
29 which arise from claims resulting from the amendment to
30 section 421.60, subsection 2, paragraph "m", subparagraphs (2)
31 and (3), in this Act, for sales on which the state sales and
32 use taxes and any local sales and services taxes were abated
33 pursuant to section 421.60, subsection 2, paragraph "m",
34 subparagraph (2), shall not be allowed unless refund claims
35 are filed prior to March 1, 2002.

Legislative Fiscal Bureau

Fiscal Note

HF 2585 – Internet Sales Tax Exemption & Refunds (LSB 5138 HV)
Analyst: Jeff Robinson (Phone: (515) 281-4614) (jeff.robinson@legis.state.ia.us)
Fiscal Note Version - New

Description

House File 2585 relates to State sales and use taxes due on charges for on-line computer access on or after January 1, 1996. The Bill provides that in instances where the retailer did not bill and collect taxes from the customer for this service based on written advice from the Department of Revenue and Finance that the service was not taxable, then the taxes shall not be collected by the State from the customer. The Bill also provides that any taxes and related charges already paid to the State by the customer shall be refunded if a proper refund claim is filed. The Bill requires refund claims to be filed by March 1, 2002.

Assumptions

1. The total taxes, interest, and penalties involved equal \$123,000.
2. Of this amount, the State has collected \$63,000.
3. The Bill will be amended to allow refunds to be claimed through October 1, 2002.

Fiscal Impact

House File 2585 will reduce future General Fund revenues by \$40,000 and will result in an increase in tax refunds of up to \$83,000 in FY 2003.

Source

Department of Revenue and Finance

/s/ Dennis C Prouty

March 12, 2002

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

S. 3/21/02 W. V. Meeks
S. 3/27/02 Amend/Do Pass
W/S-5269

HOUSE FILE 2585
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2006)

(As Amended and Passed by the House March 21, 2002)

Passed House, Date ^(P. 1200) 4-8-02 Passed Senate, Date ^(P. 959) 4/4/02
Vote: Ayes 94 Nays 1 Vote: Ayes 48 Nays 0
Approved 4/22/02

A BILL FOR

1 An Act relating to the abatement of state sales and use taxes and
2 local sales and service taxes of purchasers of certain access
3 to on-line computer services and providing refunds, and
4 including effective and applicability date provisions.

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

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21

House Amendments _____

1 Section 1. Section 421.60, subsection 2, paragraph m,
2 subparagraphs (2) and (3), Code 2001, are amended to read as
3 follows:

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

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

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

28 Sec. 2. REFUNDS. Refunds of taxes, interest, or penalties
29 which arise from claims resulting from the amendment to
30 section 421.60, subsection 2, paragraph "m", subparagraphs (2)
31 and (3), in this Act, for sales on which the state sales and
32 use taxes and any local sales and services taxes were abated
33 pursuant to section 421.60, subsection 2, paragraph "m",
34 subparagraph (2), shall be paid to the eligible purchasers by
35 the department of revenue and finance by October 1, 2002,

1 without the purchasers having to file claims for refunds. The
2 department of revenue and finance shall make a reasonable
3 attempt to identify each eligible purchaser and mail the
4 refund to the purchaser's last known address.

5 Sec. 3. EFFECTIVE AND APPLICABILITY DATES. This Act,
6 being deemed of immediate importance, takes effect upon
7 enactment. This Act applies to state sales and use taxes and
8 any local sales and services taxes due on charges paid for
9 access to on-line computer services on or after January 1,
10 1996, which were abated with regard to a retailer pursuant to
11 section 421.60, subsection 2, paragraph "m", subparagraph (2).

12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

HOUSE FILE 2585

S-5269

1 Amend House File 2585, as amended, passed, and
2 reprinted by the House, as follows:

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

5 "Section 1. NEW SECTION. 2.67 OFFICIAL SALES --
6 TAX EXEMPTION.

7 The legislative service bureau and its legislative
8 information office may sell mementos and other items
9 relating to Iowa history and historic sites, the
10 general assembly, and the state capitol, on the
11 premises of property under the control of the
12 legislative council, at the state capitol, and on
13 other state property. The legislative service bureau
14 and its legislative information office are not
15 retailers under chapter 422 and the sale of such
16 mementos and other such items by the legislative
17 service bureau or its legislative information office
18 is not a retail sale under chapter 422, division IV,
19 and is exempt from the sales tax."

20 2. Page 1, line 1, by striking the word and
21 figure "Section 1." and inserting the following:
22 "Sec. 50."

23 3. Page 2, line 7, by striking the word "This"
24 and inserting the following: "Section 50 of this".

25 4. Title page, line 1, by inserting after the
26 word "relating" the following: "to a sales and use
27 tax exemption for sales of certain mementos and other
28 objects by the legislative service bureau and its
29 legislative information office and".

By COMMITTEE ON WAYS AND MEANS
LARRY MCKIBBEN, Chairperson

S-5269 FILED MARCH 27, 2002

adopted
4/4/02
(p. 959)

SENATE AMENDMENT TO HOUSE FILE 2585**H-8529**

1 Amend House File 2585, as amended, passed, and
2 reprinted by the House, as follows:

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

5 "Section 1. NEW SECTION. 2.67 OFFICIAL SALES --
6 TAX EXEMPTION.

7 The legislative service bureau and its legislative
8 information office may sell mementos and other items
9 relating to Iowa history and historic sites, the
10 general assembly, and the state capitol, on the
11 premises of property under the control of the
12 legislative council, at the state capitol, and on
13 other state property. The legislative service bureau
14 and its legislative information office are not
15 retailers under chapter 422 and the sale of such
16 mementos and other such items by the legislative
17 service bureau or its legislative information office
18 is not a retail sale under chapter 422, division IV,
19 and is exempt from the sales tax."

20 2. Page 1, line 1, by striking the word and
21 figure "Section 1." and inserting the following:
22 "Sec. 50."

23 3. Page 2, line 7, by striking the word "This"
24 and inserting the following: "Section 50 of this".

25 4. Title page, line 1, by inserting after the
26 word "relating" the following: "to a sales and use
27 tax exemption for sales of certain mementos and other
28 objects by the legislative service bureau and its
29 legislative information office and".

RECEIVED FROM THE SENATE

H-8529 FILED APRIL 4, 2002

Senate Concurred
4-8-02
(P. 1200)

HOUSE FILE 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 services 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).

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 2585, Seventy-ninth General Assembly.

MARGARET THOMSON
Chief Clerk of the House

Approved 4/22/02, 2002

THOMAS J. VILSACK
Governor