

FEB 15 2006
WAYS AND MEANS

HOUSE FILE 2407
BY REICHERT, SCHUELLER,
MILLER, and MAY

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

A BILL FOR

1 An Act providing for a sales, services, and use tax refund and
2 income tax deduction for activities related to a cultural and
3 entertainment district and including a retroactive
4 applicability date provision.

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

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HF 2407

1 Section 1. Section 303.3B, Code Supplement 2005, is
2 amended by adding the following new subsection:

3 NEW SUBSECTION. 4. An eligible business may claim a
4 sales, services, and use tax refund as provided in section
5 15.331A for sales, services, and use tax paid by the eligible
6 business for gas, electricity, water, or sewer utility
7 services, goods, wares, or merchandise, or for services
8 rendered, furnished, or performed by the eligible business in
9 the construction or equipping of a facility located in a
10 cultural and entertainment district. For purposes of this
11 subsection, "eligible business" means a contractor or
12 subcontractor performing the construction or equipping of a
13 facility located in a cultural and entertainment district.

14 Sec. 2. Section 422.7, Code Supplement 2005, is amended by
15 adding the following new subsection:

16 NEW SUBSECTION. 45. Subtract, to the extent not otherwise
17 excluded, the first twenty-five thousand dollars of the gain
18 from the sale of a unique work of art, provided the artist
19 lives and works in a cultural and entertainment district
20 certified pursuant to section 303.3B.

21 Sec. 3. RETROACTIVE APPLICABILITY. The section of this
22 Act amending section 422.7, relating to an income tax
23 deduction, applies retroactively to January 1, 2006, for tax
24 years beginning on or after that date.

25 EXPLANATION

26 This bill allows a contractor or subcontractor to claim a
27 sales, services, and use tax refund for sales, services, and
28 use tax paid for gas, electricity, water, or sewer utility
29 services, goods, wares, or merchandise, or for services
30 rendered, furnished, or performed by the contractor or
31 subcontractor in the construction or equipping of a facility
32 located in a cultural and entertainment district established
33 in Code section 303.3B.

34 The bill provides a deduction from the income tax of up to
35 \$25,000 of the gain from the sale of a unique work of art,

1 provided the artist lives and works in a cultural and
2 entertainment district. The deduction applies retroactively
3 to January 1, 2006, for tax years beginning on or after that
4 date.

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