

Please Note:

If you received a paper copy of the newsletter...

On page 1, the legislative summary story about contractors and school local option tax is incorrect.

The story is correct on this website.

Iowa Tax NEWS

The quarterly newsletter of the Iowa Department of Revenue and Finance

Summary of 1999 Iowa tax-related legislation

Following are brief descriptions of 1999 tax-related legislative summaries. To read the entire text of any summary below and other tax summaries, please visit our website at:

<http://www.state.ia.us/tax>

Internet Access Charges

On-line computer access charges are exempt from sales tax beginning July 1, 1999. HF748

Muscatine County portion of Durant repeals local tax

Voters in that portion of the city of Durant which is located in Muscatine County have approved the repeal of Iowa local option sales tax in that

School Local Option Tax

A construction contractor may receive a refund of school local option tax paid on materials purchased after the imposition of the tax if the contract was executed prior to the date the tax was imposed. SF469

The sales of natural gas or electricity in a city or county

continued on the next page

jurisdiction beginning July 1, 1999. The portion of Durant located in Scott County will continue to impose the local option sales tax.

Fifteen jurisdictions adopt local option sales tax

Voters in the 16 jurisdictions below have elected to impose the 1 percent local option sales tax effective July 1, 1999. County and county codes are listed in bold.

Appanoose/04 – Mystic, Plano

Kossuth/55 – Algona, Bancroft, Burt, Fenton, Lakota, Ledyard, Lone Rock, LuVerne, Swea City, Titonka, Wesley, West Bend, Whittemore

A list of all current local option sales tax and school infrastructure local option tax jurisdictions is included on pages 3 and 4 of this newsletter. Alphabetical lists by city and

county are available on the department's website at:

<http://www.state.ia.us/tax>

Three counties adopt School Infrastructure local option tax

Emmet, Scott and Webster County voters have elected to impose the countywide School Infrastructure local option tax effective July 1, 1999.

Emmet and Scott Counties will impose the tax at a rate of 1 percent. The tax rate in Webster County will be 0.5 percent.

DEPARTMENT SERVICES

ONLINE

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<http://www.state.ia.us/tax>

E-mail

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Taxpayer Services

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Summary of 1999 Iowa tax-related legislation

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subject to a franchise user fee are exempt from school local option tax. Effective May 1, 1999. SF136

School Local Option and "Regular" Local Option

The following sales are exempt from these taxes: Self-propelled building equipment, pile drivers, motorized scaffolding, or attachments customarily drawn or attached to them, including auxiliary attachments which improve their performance, safety, operation, or efficiency and including replacement parts; these must be used directly and primarily by contractors, subcontractors and builders for new construction, reconstruction, alterations, expansion or remodeling of real property or structures. Effective May 20, 1999. SF136

Effective April 1, 2000, these taxes can be imposed on either January 1 or July 1 only. Repeals can only occur on June 30 or December 31. Any jurisdiction with a repeal date specified in the ballot prior to April 1, 1999, may repeal on the date specified. Imposition or change in rate or use can occur no sooner than 90 days following the election. SF469

Hospice Exemption

The sale or rental of tangible personal property and the sale of services to a free-standing nonprofit hospice facility that operates a hospice program are exempt from sales tax. Effective July 1, 1999. SF231

Argon and Similar Gases

The sales of argon and similar gases to be used in the manufacturing process are exempt from sales tax. Retroactive to January 1, 1991. Refund claims are limited to \$25,000 in aggregate. If claims total more than the limit, the \$25,000 will be prorated among all claims. Claims must be filed by October 1, 1999. HF418

Rural Water Districts

Sales of building materials, supplies and equipment to not-for-profit rural water districts for use in the construction of their facilities are exempt from sales tax. Retroactive to July 1, 1998. SF9

Corporations

Beginning January 1, 2000, a parent corporation may apply to file consolidated sales tax returns for the parent and its affiliate corporations that make taxable sales. SF469

Sales Tax Statute of Limitations

Beginning January 1, 2000, the statute of limitations for assessing a tax or applying for a refund is reduced from five years to three years over a two-year period. For four quarterly periods beginning January 1, 2000, the taxpayer must file for a refund or the department must examine and assess tax, penalty and interest within four years after a return is filed. Beginning January 1, 2001, the time period will be three years after a return is filed. The period of limitation may be extended by the taxpayer signing a waiver agreement. SF469

IOWA LOCAL OPTION SALES TAX JURISDICTIONS

All jurisdictions listed have imposed the local option tax at a rate of 1 percent effective for the quarter beginning July 1, 1999.

COUNTY / CODE	JURISDICTIONS	EFFECTIVE DATES	COUNTY / CODE	JURISDICTIONS	EFFECTIVE DATES
Allamakee / 03	Harpers Ferry, Postville, Waterville	1-1-95	Dallas / 25	Bouton, Minburn, Perry, Redfield	1-1-99
	Waukon	1-1-96	Decatur / 27	Davis City, Decatur, Garden Grove, ...	1-1-97
	Lansing, New Albin	7-1-96		Grand River, Lamoni, Leroy,	
	Unincorporated Area	10-1-97		Pleasanton, Van Wert	
Appanoose / 04	Mystic, Plano	7-1-99	Delaware / 28	Colesburg, Delaware, Delhi, Earlville, .	10-1-94
Audubon / 05	Brayton, Gray	1-1-99		Greeley, Manchester, Masonville	
Black Hawk / 07	Cedar Falls, Elk Run Heights,	4-1-91		Dundee, Dyersville, Hopkinton,	4-1-95
	Evansdale, Hudson, Raymond,			Ryan, Unincorporated Area	
	Waterloo			Edgewood	4-1-96
	Dunkerton, Gilbertville, Janesville,	10-1-91	Des Moines / 29	Burlington, Danville, Middletown,	10-1-94
	La Porte City, Unincorporated Area			West Burlington	
Boone / 08	Berkley, Luther, Pilot Mound	4-1-89		Mediapolis, Unincorporated Area	4-1-95
	Boone	7-1-90	Dickinson / 30	Lake Park, Okoboji, Orleans,	4-1-97
	Boxholm, Ogden, Sheldahl,	1-1-91		Spirit Lake, Superior, Terril	
	Unincorporated Area			Arnolds Park, Milford, Wahpeton,	1-1-98
	Madrid	7-1-91		West Okoboji, Unincorporated Area	
	Fraser	1-1-92	Dubuque / 31	Asbury, Balltown, Centralia,	4-1-88
	Beaver	1-1-95		Dubuque, Holy Cross, Sageville,	
Bremer / 09	Frederika, Sumner, Tripoli	4-1-98		Zwingle	
Buchanan / 10	Aurora, Lamont, Stanley	10-1-95		Bankston, Bernard, Epworth, Farley, ...	7-1-88
	Fairbank, Hazleton, Jesup, Winthrop ...	10-1-98		Graf, Peosta, Sherrill, Unincorporated	
Buena Vista / 11	Albert City, Linn Grove, Marathon,	7-1-91		Area	
	Newell, Sioux Rapids, Truesdale			Cascade, Dyersville, Luxemburg,	10-1-89
	Alta, Lakeside, Rembrandt,	10-1-95		New Vienna, Rickardsville, Worthington	
	Storm Lake, Unincorporated Area		Emmet / 32	Armstrong, Ringsted	1-1-98
Butler / 12	Allison, Aplington, Aredale, Bristow, ...	1-1-97	Fayette / 33	Arlington, Clermont, Elgin, Hawkeye, ..	1-1-95
	Dumont, Greene, New Hartford,			Maynard, Oelwein, Randalia, St. Lucas,	
	Parkersburg			Wadena, Waucoma, Westgate	
Cass / 15	Anita, Cumberland, Griswold,	1-1-97		Fayette, West Union,	7-1-95
	Lewis, Marne, Massena, Wiota			Unincorporated Area	
	Atlantic, Unincorporated Area	10-1-97	Floyd / 34	Floyd, Marble Rock, Nora Springs,	10-1-96
Cerro Gordo / 17	Clear Lake, Dougherty, Mason City,	7-1-92		Rockford, Rudd	
	Meservey, Plymouth, Rock Falls,			Charles City, Colwell	10-1-97
	Rockwell, Swaledale, Thornton, Ventura			Unincorporated Area	10-1-98
	Unincorporated Area	1-1-93	Franklin / 35	Coulter, Dows, Geneva, Hansell,	10-1-95
Cherokee / 18	Aurelia, Cleghorn, Larrabee,	7-1-96		Latimer, Sheffield	
	Marcus, Meriden, Washta			Hampton, Popejoy, Unincorporated	10-1-96
	Quimby	1-1-98		Area	
Chickasaw / 19	Alta Vista, Bassett, Fredericksburg, ...	4-1-97	Fremont / 36	Farragut, Hamburg, Imogene,	1-1-96
	Ionia, Lawler, Nashua, New Hampton,			Randolph, Riverton, Shenandoah, Sidney,	
	North Washington, Unincorporated Area			Tabor, Thurman, Unincorporated Area	
Clay / 21	Dickens, Everly, Fostoria,	1-1-99	Grundy / 38	Beaman, Dike, Grundy Center,	1-1-99
	Gillett Grove, Greenville, Peterson,			Holland, Wellsburg	
	Rossie, Royal, Spencer, Webb,		Hancock / 41	Corwith, Crystal Lake, Garner,	1-1-96
	Unincorporated Area			Goodell, Kanawha, Klemme, Woden	
Clayton / 22	McGregor	1-1-90		Britt	1-1-97
	Elkader, Garnavillo, Luana,	4-1-94		Unincorporated Area	7-1-98
	Millville, Marquette, Saint Olaf		Hardin / 42	Alden, Buckeye, Eldora, Hubbard,	4-1-96
	Elkport, Farmersburg, Garber,	10-1-94		Iowa Falls, Radcliffe, Steamboat Rock,	
	Guttenberg, Littleport, Monona, Volga			Unincorporated Area	
	Edgewood, North Buena Vista,	10-1-95		Ackley, New Providence, Owasa,	1-1-97
	Strawberry Point, Unincorporated Area			Union, Whitten	
Clinton / 23	Andover, Calamus, Camanche,	10-1-89	Harrison / 43	Dunlap, Little Sioux, Mondamin,	10-1-97
	Clinton, Delmar, De Witt, Goose Lake,			Persia, Pisgah	
	Grand Mound, Low Moor, Toronto,			Logan, Magnolia, Missouri Valley,	10-1-98
	Welton, Wheatland			Modale, Woodbine	
	Charlotte, Lost Nation,	1-1-90	Henry / 44	Coppock, Hillsboro, Mount Pleasant, ..	10-1-95
	Unincorporated Area			Mount Union, New London, Olds,	
Crawford / 24	Arion, Aspinwall, Buck Grove,	1-1-99		Rome, Salem, Westwood, Winfield	
	Charter Oak, Deloit, Denison, Dow City,			Wayland, Unincorporated Area	1-1-96
	Kiron, Manilla, Ricketts, Schleswig,				
	Vail, Westside, Unincorporated Area				

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Local Option Sales Tax List continued from previous page

COUNTY / CODE	JURISDICTIONS	EFFECTIVE DATES
Howard /45	Chester, Cresco, Lime Springs, Protivin	1-1-94
	Elma, Unincorporated Area	7-1-94
	Riceville	1-1-95
Ida / 47	Galva	4-1-97
Iowa / 48	Ladora, North English, Parnell, Williamsburg	4-1-94
	Marengo, Millersburg, Victor, Unincorporated Area	4-1-95
Jackson / 49	Baldwin, La Motte, Miles, Preston, Sabula, Saint Donatus, Spragueville, Springbrook	10-1-89
	Bellevue, Zwingle	4-1-91
	Maquoketa, Monmouth	10-1-94
	Andrew, Unincorporated Area	1-1-95
Jefferson / 51	Fairfield, Libertyville, Lockridge, Packwood	4-1-99
Jones / 53	Cascade, Center Junction, Morley, Olin, Onslow, Oxford Junction	4-1-95
	Monticello, Wyoming	1-1-96
	Anamosa	1-1-99
Kossuth / 55	Algona, Bancroft, Burt, Fenton, Lakota, Ledyard, Lone Rock, LuVerne, Swea City, Titonka, Wesley, West Bend, Whittemore	7-1-99
Lee / 56	Fort Madison, Franklin, Keokuk, Montrose	10-1-91
	St. Paul	1-1-93
	Donnellson, Houghton, West Point, Unincorporated Area	1-1-95
Linn / 57	Bertram	1-1-86
	Prairieburg	10-1-98
Lucas / 59	Chariton, Derby, Lucas, Russell, Williamson	4-1-98
Lyon / 60	Alvord, Doon, George, Inwood, Lester, Little Rock, Rock Rapids, Unincorporated Area	10-1-96
Mahaska / 62	Barnes City, Beacon, Fremont, Keomah Village, Leighton, New Sharon, Oskaloosa, Rose Hill, University Park, Unincorporated Area	4-1-95
	Eddyville	10-1-95
Marshall / 64	Liscomb	1-1-97
Mills / 65	Emerson, Henderson, Malvern, Tabor .	1-1-96
Mitchell / 66	Carpenter, Mitchell, Orchard, Osage, .. Riceville, St. Ansgar, Stacyville	1-1-95
	McIntire, Unincorporated Area	7-1-95
Monona / 67	Blencoe, Castana, Mapleton, Moorhead, Onawa, Rodney, Soldier, Turin, Ute, Whiting, Unincorporated Area	7-1-90
Montgomery /69	Coburg, Elliott, Stanton, Villisca	1-1-96
	Grant	4-1-96
	Red Oak, Unincorporated Area	4-1-99
Muscatine / 70	Atalissa, Conesville, Fruitland, Muscatine, Stockton, Wilton	7-1-94
	Nichols, Unincorporated Area	1-1-95
	West Liberty	7-1-95
O'Brien / 71	Archer, Calumet, Paullina, Primghar, .. Sanborn, Sheldon, Sutherland, Unincorporated Area	1-1-96
	Hartley	7-1-98

COUNTY / CODE	JURISDICTIONS	EFFECTIVE DATES
Page /73	Blanchard, Braddyville, Coin, College Springs, Essex, Shambaugh, Shenandoah, Yorktown	1-1-96
	Clarinda, Hepburn, Northboro, Unincorporated Area	7-1-96
Plymouth / 75	Hinton, Kingsley, Merrill, Oyens, Struble, Westfield	10-1-98
Polk / 77	Polk City	1-1-86
	Sheldahl	7-1-87
Pottawattamie / 78	Macedonia, Minden	1-1-89
	Council Bluffs	4-1-90
	Avoca, Carson, Carter Lake, Crescent, Hancock, McClelland, Neola, Oakland, Treynor, Underwood, Walnut Unincorporated Area	1-1-95 4-1-95
Scott / 82	Bettendorf, Blue Grass, Buffalo, Davenport, Dixon, Donahue, Eldridge, LeClaire, Long Grove, Maysville, McCausland, New Liberty, Panorama Park, Princeton, Walcott, Riverdale, Unincorporated Area	1-1-89
	Durant	4-1-97
Shelby / 83	Defiance, Earling, Elk Horn, Irwin, Portsmouth, Shelby, Tennant, Westphalia	1-1-98
	Kirkman	1-1-99
Sioux / 84	Alton, Boyden, Chatsworth, Granville, .. Hawarden, Hull, Ireton, Matlock, Maurice, Orange City, Sioux Center, Unincorporated Area	10-1-95
	Hospers, Rock Valley, Sheldon	7-1-96
Story / 85	Ames, Huxley	1-1-87
	Cambridge, Collins, Colo, Gilbert, Kelley, McCallsburg, Roland, Sheldahl, Slater, Unincorporated Area	7-1-87
	Nevada, Maxwell, Zeiring	1-1-89
	Story City	10-1-90
Wapello / 90	Agency, Blakesburg, Eddyville, Eldon, .. Kirkville, Ottumwa, Unincorporated Area	7-1-98
Winnesheik / 96	Decorah	4-1-91
	Calmar, Castalia, Fort Atkinson, Jackson Junction, Ossian, Ridgeway, Spillville, Unincorporated Area	7-1-91
Woodbury / 97	Bronson, Cushing, Merville, Oto, Salix, Sergeant Bluff, Sioux City, Sloan	1-1-87
	Anthon, Correctionville, Danbury, Hornick, Lawton, Pierson, Smithland, Unincorporated Area	10-1-88
Worth / 98	Fertile, Grafton, Hanlontown, Joice, Kensett, Manly, Northwood	1-1-97
	Unincorporated Area	7-1-97

**School Infrastructure Local Option Jurisdictions
(additional countywide tax)**

Des Moines County / 29	effective 4-1-99	1%
Emmet County / 32	effective 7-1-99	1%
Scott County /82	effective 7-1-99	1%
Shelby County / 83	effective 1-1-99	1%
Webster County / 94	effective 7-1-99	0.5%
Woodbury County / 97	effective 10-1-98	1%