Iowa Department of Revenue

Director: Courtney M. Kay-Decker
Hoover State Office Building
Des Moines, Iowa 50319
www.iowa.gov/tax

January 26, 2011

Calvin McKelvogue, Chief Operating Officer
State Accounting Enterprise
Department of Administrative Services
Hoover State Office Building
Des Moines, IA 50319

Dear Calvin:

In response to a request, I am providing this letter to verify that purchases of tangible personal property and services by the State of Iowa for public purposes and all sales of goods, wares, or merchandise and services sold to and used by the State of Iowa for public purposes are exempt from the state sales and use taxes under Section 423.3(31) of the Iowa Code. This exemption is also granted to governmental subdivisions of the state, including the State Board of Regents, Department of Human Services, Department of Transportation, and state owned public utility which sells all or part of its processed waste as fuel to a municipally owned public utility, and all divisions, boards, commissions, agencies, or instrumentalities of the state. Purchases by the State of Iowa which are used on or in connection with any municipally owned public utility engaged in selling, such as electricity or heat to the general public, do not qualify for exemption and would be subject to sales tax.

If the agency is dealing with a construction contract, then the provisions of a "designated exempt entity" must be used. These construction contracts must be entered into using the "designated exempt entity" system maintained by the Department of Revenue.

The Iowa Department of Revenue does not issue or assign tax exemption numbers to entities or organizations which are exempted from paying the state sales or use tax. However, you may reproduce this letter in support of your sales and use tax exemption. If a vendor will not accept this letter, you may ask them to contact Taxpayer Services at (515) 281-3114 to answer any questions they might have.

Please let me know if I can be of further assistance.

Sincerely,

Victoria L. Daniels

Victoria L. Daniels
Taxpayer Services & Policy Division
(515) 281-3254

cc: Trina Brietske