

fabrication, compounding, manufacturing, or germination, become an integral part of other tangible personal property intended to be sold ultimately at retail, (b) fuel which is consumed in creating power, heat, or steam for processing or for generating electric current, or (c) chemicals, solvents, sorbents, or reagents, which are directly used and are consumed, dissipated, or depleted in processing personal property, which is intended to be sold ultimately at retail, and which may not become a component or integral part of the finished product. The distribution to the public of free newspapers or shoppers guides shall be deemed a retail sale for purposes of the processing exemption.

Sec. 3. This Act is effective January first following its enactment.

Approved June 7, 1979

CHAPTER 96

SALES AND USE TAXES

H. F. 676

AN ACT relating to the sales, service, and use tax by imposing the service tax on all parking facilities, exempting from the tax the gross receipts from laboratory tests on human beings, envelopes for advertising, property purchased for packaging tangible personal property sold at retail, sales and services rendered, furnished, or performed by counties and cities, and transfers of vehicles subject to registration from a sole proprietorship or partnership to a corporation formed by the sole proprietorship or partnership for the purpose of continuing the business of the sole proprietorship or partnership as a corporation, providing that delinquent taxes, penalties, and interest on sales and services provided by cities and counties shall not be collected, and providing for the refund of any sales, service, and use taxes collected after January 1, 1973, from a municipal solid waste facility which have no earnings going to the benefit of an equity investor or stockholder.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section four hundred twenty-two point forty-three (422.43), unnumbered paragraph nine (9), Code 1979, is amended to read as follows:

The following enumerated services shall be subject to the tax herein imposed on gross taxable services: Alteration and garment repair; armored car; automobile repair; battery, tire and allied; investment counseling (excluding investment services of trust departments); bank service charges; barber and beauty; boat repair; car wash and wax; carpentry; roof, shingle, and glass repair; dance schools and dance studios; dry cleaning, pressing, dyeing, and laundering; electrical repair and installation; engraving, photography, and retouching; equipment rental; excavating and grading; farm

implement repair of all kinds; flying service, except agricultural aerial application services and aerial commercial and charter transportation services; furniture, rug, upholstery repair and cleaning; fur storage and repair; golf and country clubs and all commercial recreation; house and building moving; household appliance, television, and radio repair; jewelry and watch repair; machine operator; machine repair of all kinds; motor repair; motorcycle, scooter, and bicycle repair; oilers and lubricators; office and business machine repair; painting, papering, and interior decorating; parking ~~lets~~ facilities; pipe fitting and plumbing; wood preparation; private employment agencies; printing and binding; sewing and stitching; shoe repair and shoeshine; storage warehousing of raw agricultural products; telephone answering service; test laboratories, except tests on humans; termite, bug, roach, and pest eradicators; tin and sheet metal repair; turkish baths, massage, and reducing salons; vulcanizing, recapping, and retreading; weighing; welding; well drilling; wrapping, packing, and packaging of merchandise other than processed meat, fish, fowl and vegetables; wrecking service; wrecker and towing.

Sec. 2. Section four hundred twenty-two point forty-five (422.45), subsection nine (9), Code 1979, is amended to read as follows:

9. Gross receipts from the sales of newspapers, free newspapers or shoppers guides and the printing and publishing thereof, and envelopes for advertising.

Sec. 3. Section four hundred twenty-two point forty-five (422.45), Code 1979, is amended by adding the following new subsection:

NEW SUBSECTION. The gross receipts from the sale of property which is a container, label, carton, pallet, packing case, wrapping paper, twine, bag, bottle, shipping case or other similar article or receptacle sold to retailers or manufacturers for the purpose of packaging or facilitating the transportation of tangible personal property sold at retail.

Sec. 4. Section four hundred twenty-two point forty-five (422.45), Code 1979, is amended by adding the following new subsection:

NEW SUBSECTION. The gross receipts from sales or services rendered, furnished or performed by a county or city. This exemption does not apply to the tax specifically imposed under section four hundred twenty-two point forty-three (422.43) of the Code on the gross receipts from the sales, furnishing or service of gas, electricity, water, heat and communication service to the public by a municipal corporation in its proprietary capacity.

Sec. 5. Section four hundred twenty-three point four (423.4), Code 1979, is amended by adding the following new subsection:

NEW SUBSECTION. Vehicles subject to registration which are transferred from a business or individual conducting a business within this state as a sole proprietorship or partnership to a corporation formed by the sole proprietorship or partnership for the purpose of continuing the business when all of the stock of the corporation so formed is owned by the sole proprietor and the sole proprietor's spouse or by all the partners in the case of a partnership. This exemption is equally available where the vehicles subject to registration are transferred from a corporation to a sole proprietorship or partnership formed by that corporation for the purpose of continuing the

business when all of the incidents of ownership are owned by the same person or persons who were stockholders of the corporation.

Sec. 6. The director of revenue shall not collect any tax due or delinquent, including interest and penalties, from sales or services rendered, furnished or performed, before the effective date of this Act if such sales or services would be exempt under section four (4) of this Act if made after the effective date of this Act. Any tax that has been collected before the effective date of this Act is not refundable.

Sec. 7. Notwithstanding the provisions of division four (IV) of chapters four hundred twenty-two (422) and four hundred twenty-three (423) of the Code, any municipally-owned solid waste facility which sells all or part of its processed waste as fuel to a municipally-owned public utility and which have no earnings going to the benefit of an equity investor or stockholder may make application to the department for the refund of any sales, service or use taxes paid by them or the contractor on the gross receipts of all sales of goods, wares or merchandise or from services rendered, furnished, or performed between January 1, 1973 and July 1, 1978. Upon receipt of application for a refund, the director shall verify that under the facts specified by the applicant the applicant would now be exempt from the payment of the sales or use tax under subsection five (5) of section four hundred twenty-two point forty-five (422.45) of the Code or would be entitled to a refund under subsection seven (7) of section four hundred twenty-two point forty-five (422.45) of the Code.

The application for a refund authorized under this subsection shall be filed with the director within one year after the effective date of this Act. If the director determines that the applicant would now be exempt or entitled to a refund under subsection five (5) or seven (7) of section four hundred twenty-two point forty-five (422.45) of the Code, the director shall remit the amount of the refund to the applicant.

Approved June 4, 1979