

FILED JAN 26 1978

SENATE FILE 2066

BY COMMITTEE ON WAYS AND MEANS

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Passed Senate, Date 2-13-78 (p. 295) Passed House, Date 4-24-78 (p. 1507)

Vote: Ayes 38 Nays 0 Vote: Ayes 56 Nays 5

Approved June 26, 1978

Request made 5-10-78 (p. 1518) 28-17

Request House 5-12-78 (p. 270) 54-37

A BILL FOR

1 An Act to exempt the gross receipts from the rental of prosthetic,
2 orthotic and orthopedic devices from the sales and use tax.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SENATE FILE 2066

H-5348

1 Amend Senate File 2066, as passed by the Senate,
2 as follows:

3 1. Page 1, by inserting after line 11 the
4 following section:

5 "Sec. _____. Section four hundred twenty-two
6 point forty-five, (422.45), Code 1977 Supplement,
7 is amended by adding the following new subsection:
8 NEW SUBSECTION. The gross receipts from the
9 sale of horses, commonly known as draft horses, which
10 weigh one thousand two hundred pounds or more."

11 2. Amend the title, line 2, by inserting after
12 the word "devices" the following: ", and the sale of
13 draft horses,".

H-5348 FILED *File of order* BY LAGESCHULTE of Bremer
FEBRUARY 20, 1978 *(p. 1105)* SCHNEKLOTH of Scott

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1 Section 1. Section four hundred twenty-two point forty-
2 five (422.45), subsection fifteen (15), Code 1977, is amended
3 to read as follows:

4 15. Gross receipts from the sale or rental of prosthetic,
5 orthotic or orthopedic devices for human use. For purposes
6 of this subsection, "orthopedic devices" means those devices
7 prescribed to be used for orthopedic purposes by a physician
8 and surgeon licensed under chapter 148, an osteopath licensed
9 under chapter 150, an osteopathic physician and surgeon
10 licensed under chapter 150A, a dentist licensed under chapter
11 153, or a podiatrist licensed under chapter 149.

12 Sec. 2. The provisions of this Act are effective January
13 1, 1979.

14 EXPLANATION

15 The bill exempts the gross receipts from the rental of
16 prosthetic, orthotic, and orthopedic devices from the sales
17 and use tax.

18 _____
19 FISCAL NOTE
20 SENATE FILE 2066

21 Requested by Representative Gilson
February 15, 1978

22 In compliance with a written request there is submitted
23 a Fiscal Note for S.F. 2066, Amendment H-5311, pursuant to
Joint Rule 16:

24 Senate File 2066, An Act to exempt the gross receipts from the
25 rental of prosthetic, orthotic and orthopedic devices from the
sales and use tax.

26 This amendment would exempt the gross receipts from admission
27 fees to amusement and athletic events and fairs of elementary
28 and secondary educational institutions.

29 Utilizing data from sales tax returns filed in fiscal year 1977
30 by educational institutions, it is possible to estimate a
31 decrease in sales tax collections of \$200,000 (.0007%) as a
result of this proposal.

32 Source: Department of Revenue
33 FILED GERRY D. RANKIN
34 MARCH 9, 1978 Legislative Fiscal Bureau

SENATE 16
MAY 10, 1978

SENATE FILE 2066
FISCAL NOTE

DATE: MAY 8, 1978
REQUESTED BY: SENATOR NOLTING

In compliance with a written request received May 5, 19 78, there is hereby submitted a Fiscal Note for S.F.2066, Amend.S-5677 pursuant to Joint Rule 16. Background information used in developing this Fiscal Note is available from the Legislative Fiscal Bureau, to members of the Legislature upon request.

Amendment S-5677 as amended by the Senate with Amendments S-5689 and S-5791 to Senate File 2066:

Section 1 would exempt admission fees to amusement and athletic events and fairs of elementary and secondary education institutions from the sales and use tax.

Based on sales taxes due in fiscal 1977, it is estimated that such an exemption would have resulted in a decline in state sales tax collections of about \$200,000.

Section 2 would exempt storage warehouse and warehouse services except for the storage of raw agricultural products.

Data from sales tax returns filed in fiscal 1977 is available only for those classifications of business where the storage of warehousing services is felt to represent a primary source of business activity. It is not possible from this data to estimate the storage or warehousing services which are currently taxable, but which are completed by businesses engaged primarily in other business activity. It is estimated, based on the assumptions outlined above, that this language would result in a reduction in collections of less than \$100,000.

Section 3 would do two things:

- 1) eliminate the requirement that governmental units receive disburseable tax monies in order to be eligible for the exemption.
- 2) provide for an exemption of tangible personal property sold to municipally-owned solid waste facilities which sells all or part of its processed waste as fuel to a municipally-owned public utility.

1) In 1977, the Department of Revenue concluded that a number of governmental units, primarily municipal waterworks, do not receive disburseable funds and are not eligible for the current exemption. The Department's prior interpretation had been that all such waterworks were eligible for an exemption from the sales or use tax on their purchases. While no tax has yet been collected as the result of the revised interpretation, if the legislation were not enacted, the Department of Revenue's present position would require the payment of tax in the future by such governmental units. However, an estimate of the amount of sales and use tax which would be collected cannot be provided.

Section 3 (Cont'd)

2) While the collection of the taxes is currently under litigation relating to the Ames solid waste facility and no taxes have yet been collected, this legislation would reduce future expected collections from such sales.

Section 4 would exempt from the retail sales tax the gross receipts from the rental of prosthetic, orthotic or orthopedic devices for human uses. As a result of legislation which became effective July 1, 1974, the sale of such devices when prescribed by certain licensed medical practitioners are exempt from the sales tax. The proposal would extend this exemption to include the rental of such equipment.

The exact amount of gross receipts received by businesses in a calendar year from the rental of such equipment is not known. As a result, while a specific fiscal estimate cannot be provided, it is felt, based on experience with the current exemption for the sales of such items, that the reduction in sales tax collections expected to occur in a fiscal year would be minimal.

Section 5 would exempt the sale of draft horses from the sales tax.

This proposal would cause a minimal reduction in sales tax revenue. However, due to the absence of data in this area, we are unable to complete an estimate of the fiscal effects of this section.

Section 6 would do two things:

1) S-5791 made exempt from the sales and use tax the sale of tangible personal property which is to be leased for a period of at least one year when sold to a person regularly engaged in leasing. Vehicles subject to registration are specifically excluded from this exemption. Under this amendment, if a sale of tangible personal property has been exempted from sales or use tax because it was intended to be leased and is then used for other purposes, the person claiming the exemption is liable for the tax that would have been due on the original sale. This amount may be reduced by any tax which had been paid on the lease of the property after its original purchase but before it was used for purposes other than rental or lease.

2) provides an exemption for vehicles which are purchased for lease outside the state of Iowa and for tangible personal property that becomes an integral part of the vehicle manufactured for lease outside the state of Iowa. This exemption would provide a use tax exemption for certain types of vehicles which are purchased for lease and actually leased outside the state and where subsequent sole use in Iowa is in interstate commerce or interstate transportation. S -5689 makes this exemption retroactive to July 1, 1973.

Section 6 (Cont'd)

1) We have been unable to obtain reliable data from outside sources on the amount of tangible personal property purchased for the purpose of leasing in Iowa, the length of time such property is leased and the amount of receipts obtained from the sales tax paid on such leases. Information available from the Department of Revenue records as to the amount of tax paid or due which is currently under formal protest is felt to represent only a portion of the reduction in revenue expected under such an exemption. As a result, a reliable estimate of the revenue effects of this amendment cannot be provided.

2) An indication of the minimum effects of the retroactive provision can be suggested by the amount of revenue associated with formal protests filed with the Department of Revenue by taxpayers regarding this issue. However, the extent to which other taxpayers would claim refunds cannot be estimated. Therefore, a reliable estimate of the total amount of refunds or loss in expected tax collections cannot be provided at this time.

Source: Department of Revenue

FILED: MAY 9, 1978

GERRY RANKIN, DIRECTOR
LEGISLATIVE FISCAL BUREAU

1 Amend Senate File 2066, as passed by the Senate,
2 as follows:

3 1. By striking everything after the enacting
4 clause and inserting in lieu thereof the following:

5 "Section 1. Section four hundred twenty-two point
6 forty-three (422.43), unnumbered paragraph one (1),
7 Code 1977, is amended to read as follows:

8 There is hereby imposed a tax of three percent
9 upon the gross receipts from all sales of tangible
10 personal property, consisting of goods, wares, or
11 merchandise, except as otherwise provided in this
12 division, sold at retail in the state to consumers
13 or users; a like rate of tax upon the gross receipts
14 from the sales, furnishing or service of gas,
15 electricity, water, heat, and communication service,
16 including the gross receipts from such sales by any
17 municipal corporation furnishing gas, electricity,
18 water, heat, and communication service to the public
19 in its proprietary capacity, except as otherwise
20 provided in this division, when sold at retail in
21 the state to consumers or users; and a like rate of
22 tax upon the gross receipts from all sales of tickets
23 or admissions to places of amusement, fairs, and
24 athletic events including except those of elementary
25 and secondary educational institutions, -fairs; and
26 a like rate of tax upon that part of private club
27 membership fees or charges paid for the privilege
28 of participating in any athletic sports provided club
29 members.

30 Sec. 2. Section four hundred twenty-two point
31 forty-three (422.43), unnumbered paragraph nine (9),
32 Code 1977, is amended to read as follows:

33 The following enumerated services shall be subject
34 to the tax herein imposed on gross taxable services:
35 Alteration and garment repair; armored car; automobile
36 repair; battery, tire and allied; investment counseling
37 (excluding investment services of trust departments);
38 bank service charges; barber and beauty; boat repair;
39 car wash and wax; carpentry; roof, shingle, and glass
40 repair; dance schools and dance studios; dry cleaning,
41 pressing, dyeing, and laundering; electrical repair
42 and installation; engraving, photography, and
43 retouching; equipment rental; excavating and grading;
44 farm implement repair of all kinds; flying service,
45 except agricultural aerial application services and
46 aerial commercial and charter transportation ser-
47 vices; furniture, rug, upholstery repair and cleaning;
48 fur storage and repair; golf and country clubs and
49 all commercial recreation; house and building moving;
50 household appliance, television, and radio repair;

1 jewelry and watch repair; machine operator; machine
2 repair of all kinds; motor repair; motorcycle, scooter,
3 and bicycle repair; oilers and lubricators; office
4 and business machine repair; painting, papering, and
5 interior decorating; parking lot; pipe fitting and
6 plumbing; wood preparation; private employment
7 agencies; printing and binding; sewing and stitching;
8 shoe repair and shoeshine; storage warehouse-and
9 ~~storage-locker~~ warehousing of raw agricultural
10 products; telephone answering service; test
11 laboratories; termite, bug, roach, and pest
12 eradicators; tin and sheet metal repair; turkish
13 baths, massage, and reducing salons; vulcanizing,
14 recapping, and retreading; warehouse; weighing;
15 welding; well drilling; wrapping, packing, and
16 packaging of merchandise other than processed meat,
17 fish, fowl and vegetables; wrecking service; wrecker
18 and towing.

19 Sec. 3. Section four hundred twenty-two point
20 forty-five (422.45), subsection five (5) and subsection
21 seven (7), unnumbered paragraph one (1), Code 1977
22 Supplement, are amended to read as follows:

23 5. The gross receipts or from services rendered,
24 furnished, or performed and of all sales of goods,
25 wares or merchandise used for public purposes to any
26 tax-certifying or tax-levying body of the state of
27 Iowa or governmental subdivision thereof, including
28 the state board of regents, state department of social
29 services, state department of transportation, any
30 municipally-owned solid waste facility which sells
31 all or part of its processed waste as fuel to a
32 municipally-owned public utility and all divisions,
33 boards, commissions, agencies or instrumentalities
34 of state, federal, county or municipal government
35 which derive disburseable funds from appropriations
36 or allotments of funds raised by the levying and
37 collection of taxes, which have no earnings going
38 to the benefit of an equity investor or stockholder
39 except sales of goods, wares or merchandise or from
40 services rendered, furnished, or performed and used
41 by or in connection with the operation of any
42 municipally-owned public utility engaged in selling
43 gas, electricity or heat to the general public.

44 The exemption provided by this subsection shall
45 also apply to all such sales of goods, wares or
46 merchandise or from services rendered, furnished,
47 or performed and subject to use tax under the
48 provisions of chapter 423.

49 7. Any private nonprofit educational institution
50 in this state or any tax-certifying or tax-levying

1 body of the state of Iowa or governmental subdivision
 2 thereof, including the state board of regents, state
 3 department of social services, state department of
 4 transportation, any municipally-owned solid waste
 5 facility which sells all or part of its processed
 6 waste as fuel to a municipally-owned public utility
 7 and all divisions, boards, commissions, agencies or
 8 instrumentalities of state, federal, county or
 9 municipal government which-derive-disbursable-funds
 10 from-appropriations-or-allotments-of-funds-raised
 11 by-the-levying-and-collection-of-taxes which have
 12 no earnings going to the benefit of an equity investor
 13 or stockholder may make application to the department
 14 for the refund of any sales or use tax upon the gross
 15 receipts of all sales of goods, wares or merchandise
 16 or from services rendered, furnished, or performed
 17 to any contractor, used in the fulfillment of any
 18 written contract with the state of Iowa, or any
 19 political subdivision thereof, or any division, board,
 20 commission, agency or instrumentality thereof, or
 21 any private nonprofit educational institution in this
 22 state which property becomes an integral part of the
 23 project under contract and at the completion thereof
 24 becomes public property, or is devoted to educational
 25 uses as specified in this subsection except goods,
 26 wares or merchandise or services rendered, furnished,
 27 or performed used in the performance of any contract
 28 in connection with the operation of any municipal
 29 utility engaged in selling gas, electricity, or heat
 30 to the general public; and excepting such goods, wares
 31 and merchandise used in the performance of any contract
 32 for a "project" under said chapter 419 as defined
 33 therein other than goods, wares or merchandise used
 34 in the performance of any contract for any "project"
 35 under said chapter 419 for which a bond issue was
 36 or will have been approved by a municipality prior
 37 to July 1, 1968.

38 Sec. 4. Section four hundred twenty-two point
 39 forty-five (422.45), subsection fifteen (15), Code
 40 1977 Supplement, is amended to read as follows:

41 15. Gross receipts from the sale or rental of
 42 prosthetic, orthotic or orthopedic devices for human
 43 use. For purposes of this subsection, "orthopedic
 44 devices" means those devices prescribed to be used
 45 for orthopedic purposes by a physician and surgeon
 46 licensed under chapter 148, an osteopath licensed
 47 under chapter 150, an osteopathic physician and surgeon
 48 licensed under chapter 150A, a dentist licensed under
 49 chapter 153, or a podiatrist licensed under chapter
 50 149.

1 Sec. 5. Section four hundred twenty-two point
2 forty-five (422.45), Code 1977 Supplement, is amended
3 by adding the following new subsection:

4 NEW SUBSECTION. The gross receipts from the sale
5 of horses, commonly known as draft horses, when
6 purchased for use and so used as a draft horse.

7 Sec. 6. Section four hundred twenty-three point
8 four (423.4), Code 1977, is amended by adding the
9 following new subsections:

10 NEW SUBSECTION. Vehicles, as defined in subsections
11 four (4), six (6), eight (8), nine (9) and ten (10)
12 of section three hundred twenty-one point one (321.1)
13 of the Code, except such vehicles subject to
14 registration which are designed primarily for carrying
15 persons, when purchased for lease and actually leased
16 to a lessee for use outside the state of Iowa and
17 the subsequent sole use in Iowa is in interstate
18 commerce or interstate transportation.

19 NEW SUBSECTION. Tangible personal property which,
20 by means of fabrication, compounding, or manufacturing,
21 become an integral part of vehicles, as defined in
22 subsections four (4), six (6), eight (8), nine (9)
23 and ten (10) of section three hundred twenty-one point
24 one (321.1) of the Code, manufactured for lease and
25 actually leased to a lessee for use outside the state
26 of Iowa and the subsequent sole use in Iowa is in
27 interstate commerce or interstate transportation.
28 Vehicles subject to registration which are designed
29 primarily for carrying persons are excluded from this
30 subsection."

31 2. Amend the title, by striking all of the title
32 after the word "exempt" in line 1 and inserting in
33 lieu thereof the words "from the sales and use tax
34 admission fees to amusements, fairs, and athletic
35 events of elementary and secondary schools, the storage
36 of goods except raw agricultural products, the rental
37 of prosthetic, orthotic, and orthopedic devices, the
38 sale of draft horses to be used as draft horses,
39 certain vehicles which are purchased for lease outside
40 the state, and tangible personal property which becomes
41 an integral part of certain vehicles manufactured
42 for lease outside the state, and to provide for the
43 refund of sales and use taxes paid on purchases by
44 municipally-owned solid waste facilities and other
45 public agencies."

H-6206 FILED
APRIL 21, 1978

Adopted 4/21/78

BY NEWHARD of Jones
WEST of Marshall
NORLAND of Worth
FITZGERALD of Webster
MILLEN of Van Buren
MILLER of Buchanan
GILSON of Guthrie
DIELEMAN of Marion
KOOGLER of Mahaska
ANDERSON of Jasper

SCHROEDER of Pottawattamie
GRIFFEE of Chickasaw
AVENSON of Fayette
TAUKE of Dubuque
NIELSEN of Polk
HINES of Story
HULLINGER of Decatur
DUNTON of Keokuk
LAGESCHULTE of Bremer
LONERGAN of Boone
OXLEY of Linn
PERKINS of Greene
SPENCER of Clay
HUSAK of Tama
WYCKOFF of Benton
VARLEY of Adair
PONCY of Wapello
HORN of Linn
WOODS of Polk
CHILDO of Polk
EVANS of Grundy
EGENES of Story
MIDDLESWART of Warren
BINNEBOESE of Plymouth
KRAUSE of Palo Alto
PAVICH of Pottawattamie
BRUNOW of Appanoose
GETTINGS of Wapello
CONNORS of Polk
CUSACK of Scott
WELLS of Linn
CRAWFORD of Story
PATCHETT of Johnson
DAGGETT of Adams
CRABB of Crawford
STROMER of Hancock
LIND of Black Hawk
CLARK of Cerro Gordo
CONLON of Muscatine
SCHNEKLOTH of Scott
PELTON of Clinton
BENNETT of Ida
SHIMANEK of Jones
HOFFMANN of Muscatine
MENKE of O'Brien
DANKER of Pottawattamie
HANSEN of O'Brien
CLARK of Lee
TOFTE of Winneshiek
WELDEN of Hardin
HOWELL of Floyd
STEPHENS of Plymouth
LINDEEN of Henry
SERGEANT of Calhoun
JESSE of Polk
KREWSON of Polk

SENATE FILE 2066

H-5895

- 1 Amend Senate File 2066, as passed by the Senate,
2 as follows:
3 1. Page 1, by inserting after line 11 the following
4 new section:
5 "Sec. _____. Section four hundred twenty-two point
6 forty-five (422.45), Code 1977 Supplement, is amended
7 by adding the following new subsection:
8 NEW SUBSECTION. The gross receipts from the sale
9 of horses and mules."
10 2. Amend the title, line 2, by inserting after
11 the word "devices" the words "and horses and mules".

H-5895 FILED *Bill of 1978* BY SCHEELHAASE of Woodbury
APRIL 4, 1978 *Bill of 1978*

SENATE FILE 2066

H-5311

- 1 Amend Senate File 2066 as passed by the Senate,
2 as follows:
3 1. Page 1, by inserting after line 11 the following
4 new sections:
5 "Sec. _____. Section four hundred twenty-two point
6 forty-five (422.45), Code 1977 Supplement, is amended
7 by adding the following new subsection:
8 NEW SUBSECTION. The gross receipts from sales
9 of tickets or admissions to recreational or amusement
10 facilities operated by the state, a county or a
11 municipal corporation.
12 Sec. _____. Section four hundred twenty-two point
13 fifty-eight (422.58), subsection two (2), Code 1977
14 Supplement, is amended to read as follows:
15 2. Any person who shall sell tangible personal
16 property, tickets or admissions to places of amusement
17 not operated by the state, a county or a municipal
18 corporation and athletic events, or gas, water,
19 electricity, and communication service at retail,
20 or engage in the rendering, furnishing, or performing
21 services enumerated in section 422.43, in this state
22 after the person's license shall have been revoked,
23 or without procuring a license within sixty days after
24 the effective date of this division, as provided in
25 section 422.53, or who shall violate the provisions
26 of section 422.49, and the officers of any corporation
27 who shall so act, shall be guilty of a simple
28 misdemeanor."
29 2. Title page, line 2, by inserting after the
30 word "devices" the words "and from the sale of tickets
31 or admissions to places of amusement operated by the
32 state, a county or a municipal corporation".

H-5311 FILED *Bill of 1978* BY WYCKOFF of Benton
FEBRUARY 15, 1978 *Bill of 1978*

SENATE FILE 2066

H-6222

- 1 Amend amendment H-6206, to Senate File 2066, as
2 passed by the Senate, as follows:
3 1. Page 2, line 8, by striking the word "storage"
4 and inserting in lieu thereof the word "storage".
5 2. Page 2, lines 9 and 10, by striking the words
6 "warehousing of raw agricultural products".
7 3. Page 4, by striking lines 35 and 36 and insert-
8 ing in lieu thereof the following: "events of
9 elementary and secondary schools, the rental".

H-6222 FILED BY BENNETT of Ida
A-LOST; B-WITHDRAWN (p. 1004)
APRIL 24, 1978

SENATE FILE 2066

H-6221

- 1 Amend amendment H-6206, to Senate File 2066, as
2 passed by the Senate, as follows:
3 1. Page 4, line 3, by striking the word "sub-
4 section" and inserting in lieu thereof the word "sub-
5 sections".
6 2. Page 4, by inserting after line 6 the following:
7 "NEW SUBSECTION. The gross receipts from the sale
8 of gas, electricity or other consumable energy sources
9 to residential consumers."

H-6221 FILED, NOT GERMANE BY CLARK of Lee
MOVED TO SUSPEND RULES, LOST (p. 1004)
APRIL 24, 1978

SENATE FILE 2066

H-6223

- 1 Amend amendment H-6206, to Senate File 2066 as
2 passed by the Senate, as follows:
3 1. Page 4, by striking lines 1 through 6.
4 1. Page 4, lines 37 and 38, by striking the
5 words "the sale of draft horses to be used as draft
6 horses,".

H-6223 FILED, LOST (p. 1004) BY SCHEELHAASE of Woodbury
APRIL 24, 1978

SENATE FILE 2066

H-6217

- 1 Amend amendment H-6206, to Senate File 2066 as
 2 passed by the Senate, as follows:
 3 1. Page 4, line 3, by striking the word "subsection" and
 4 inserting in lieu thereof the word "subsections".
 5 2. Page 4, by inserting after line 6 the follow-
 6 ing:
 7 "NEW SUBSECTION. The gross receipts from the sale
 8 of vitamins whether in singular, multiples, or in
 9 combination with other chemical substances."

H-6217 FILED, LOST (1796) BY GENTLEMAN of Polk
 APRIL 24, 1978

SENATE FILE 2066

H-6218

- 1 Amend amendment H-6206 to Senate File 2066, as
 2 passed by the Senate as follows:
 3 1. Page 4, by inserting after line 6 the following
 4 new section:
 5 "Sec. . Section four hundred twenty-two point
 6 forty-five (422.45), Code 1977 Supplement, is amended
 7 by adding the following new subsection:
 8 NEW SUBSECTION. Gross receipts from the sale of
 9 tangible personal property, except vehicles subject
 10 to registration, to a person regularly engaged in the
 11 business of leasing or renting such tangible personal
 12 property, if the leasing or renting of such property
 13 is subject to taxation under this division. If any
 14 tangible personal property exempt under this subsection
 15 is made use of for any purpose other than leasing or
 16 renting, the person claiming the exemption under this
 17 subsection shall be liable for the tax that would have
 18 been due except for this subsection. The tax shall be
 19 computed upon the original purchase price. The aggre-
 20 gate of the tax paid on the leasing or rental of such
 21 tangible personal property, not to exceed the amount of
 22 sales tax owed, shall be credited against such a tax.
 23 This sales tax shall be in addition to any sales or
 24 use tax that may be imposed as a result of the disposal
 25 of such tangible personal property."
 26 2. Page 4, line 35, by inserting after the word
 27 "schools," the following words:
 28 "the original purchase of tangible personal property
 29 to be used for rental or leasing purposes,"

H-6218 FILED, LOST (1561) BY TAUKE of Dubuque
 APRIL 24, 1978 SCHROEDER of Pottawattamie
 TOFTE of Winneshiek

SENATE FILE 2066

H-6220

- 1 Amend amendment H-6206, to Senate File 2066 as
 2 passed by the Senate, as follows:
 3 1. Page 4, by striking lines 5 and 6, and inserting
 4 in lieu thereof the words "of horses and mules."

H-6220 FILED, LOST (1611) BY SCHEELHAASE of Woodbury
 APRIL 24, 1978

S-5793

1 Amend the House amendment, S-5677, to Senate File
2 2066 as passed by the Senate as follows:

3 1. Page 4, by inserting after line 6 the follow-
4 ing new sections:

5 "Sec. _____. Section four hundred twenty-three point
6 one (423.1), Code 1977, is amended by adding the follow-
7 ing new subsection:

8 NEW SUBSECTION. "Used car" shall have the same
9 meaning as defined in section three hundred twenty-one
10 point one (321.1) of the Code.

11 Sec. _____. Section four hundred twenty-three point
12 four (423.4), subsection four (4), Code 1977, is amended
13 to read as follows:

14 4. Tangible personal property, the gross receipts
15 from the sale of which are exempted from the retail sales
16 tax by the terms of section 422.45, except subsection 4
17 and subsection 6 of section 422.45 as it relates to the
18 sale of vehicles other than used cars subject to
19 registration."

20 2. Page 4, by inserting after line 30 the follow-
21 ing new sections:

22 "Sec. _____. Section four hundred twenty-three point
23 six (423.6), subsection one (1), Code 1977, is amended
24 to read as follows:

25 1. The tax upon the use of all vehicles other than
26 used cars subject to registration shall be collected by
27 the county treasurer who shall retain twenty-five cents
28 from each tax payment collected for use and benefit of
29 the county general fund or department of public safety
30 pursuant to the provisions of section 423.7.

31 Sec. _____. Section four hundred twenty-three point
32 seven (423.7), Code 1977, is amended to read as follows:

33 423.7 VEHICLES SUBJECT TO REGISTRATION. The tax
34 hereby imposed upon the use of vehicles other than used
35 cars subject to registration shall be paid by the owner
36 thereof to the county treasurer or department of public
37 safety from whom the registration receipt is obtained.
38 No registration receipt for any vehicle subject to
39 registration shall be issued until said tax has been so
40 paid or in the case of a used car until proof of its
41 exemption from the tax. The county treasurer or depart-
42 ment of public safety shall require every applicant for
43 a registration receipt for any vehicle subject to
44 registration to supply such information as he the
45 treasurer or the director may deem necessary as to the
46 time of purchase, the purchase price, and other informa-
47 tion relative to the purchase of said vehicle subject to
48 registration. On or before the tenth day of each month
49 the county treasurer or department of public safety shall
50 remit to the department the amount of the taxes so
collected during the preceding month, accompanied by a

S-5793
Page 2

1 copy of each registration receipt issued in conjunction
2 with the certificate of title issued for each vehicle
3 subject to registration."
4 3. Page 4, line 40, by inserting after
5 the word "state" the words "the use of used motor
6 vehicles from the state use tax".

S-5793 FILED
MAY 4, 1978

BY RICHARD R. RAMSEY

RULED OUT OF ORDER (p. 1249)

SENATE FILE 2066

S-5795

1 Amend House Amendment S-5677 to Senate File 2066,
2 as passed by the Senate, as follows:
3 1. Page 4, line 3, by striking the word "subsection"
4 and inserting in lieu thereof the word "subsections".
5 2. Page 4, by inserting after line 6 the following
6 new subsection:
7 "NEW SUBSECTION. Tangible personal property
8 consumed by a retailer in the performance of a taxable
9 service, whether or not it becomes an integral part of
10 the finished product."

S-5795 FILED
MAY 4, 1978

BY C. W. HUTCHINS

RULED OUT OF ORDER (p. 1250)

SENATE CLIP SHEET
MAY 5, 1978

SENATE FILE 2066

S-5784

1 Amend the House amendment, S-5677, to Senate File
2 2066, as passed by the Senate, as follows:
3 1. Page 2, line 5, by striking the words "parking
4 lot" and inserting in lieu thereof the words "parking
5 lot, except a parking facility which is leased and
6 for which the user is not charged a fee for the use
7 of the facility".

S-5784 FILED

BY PHILIP B. HILL

MAY 4, 1978

RULED OUT OF ORDER (p. 1246)

SENATE FILE 2066

S-5787

1 Amend the House amendment, S-5677, to Senate File
2 2066, as passed by the Senate, as follows:
3 1. Page 1, lines 41 and 42, by striking the words
4 "electrical repair and installation" and inserting
5 in lieu thereof the words "electrical repair and
6 installation".

S-5787 FILED

BY PHILIP B. HILL

MAY 4, 1978

RULED OUT OF ORDER (p. 1246)

SENATE FILE 2066

S-5792

1 Amend the House amendment S-5677, to Senate File
2 2066 as passed by the Senate as follows:
3 1. Page 2, lines 8 through 10, by striking the words
4 "~~warehouse-and-storage-locker~~ warehousing of raw agri-
5 cultural products" and inserting in lieu thereof the
6 words "warehouse and storage locker".

S-5792 FILED & LOST (p. 1248)

BY ROGER J. SHAFF

MAY 4, 1978

SENATE FILE 2066

S-5791

1 Amend House amendment, S-5677, to Senate File
2 2066 as passed by the Senate as follows:
3 1. Page 4, by inserting after line 6 the
4 following new section:
5 "Sec. ____ . Section four hundred twenty-two
6 point forty-five (422.45), Code 1977 Supplement,
7 is amended by adding the following new subsection:
8 NEW SUBSECTION. Gross receipts from the sale
9 of tangible personal property, except vehicles subject
10 to registration, to a person regularly engaged in the
11 business of leasing if the period of the lease is
12 for more than one year, such tangible personal property,
13 and the leasing of such property is subject to
14 taxation under this division. Tangible personal
15 property exempt under this subsection is made use of for
16 any purpose other than leasing or renting, the person
17 claiming the exemption under this subsection shall be
18 liable for the tax that would have been due except for
19 this subsection. The tax shall be computed upon the
20 original purchase price. The aggregate of the tax paid
21 on the leasing or rental of such tangible personal pro-
22 perty, not to exceed the amount of the sales tax owed,
23 shall be credited against such tax. This sales tax shall
24 be in addition to any sales or use tax that may be
25 imposed as a result of the disposal of such tangible
26 personal property."

S-5791 FILED & ADOPTED (p 2047) BY FRED W. NOLTING
MAY 4, 1978 BERL E. PRIEBE

S-5748

1 Amend House amendment, S-5677, to Senate File
 2 2066, as passed by the Senate as follows:
 3 1. Page 4, by inserting after line 6 the following
 4 new section:
 5 "Sec. ____ . Section four hundred twenty-two point
 6 forty-five (422.45), Code 1977 Supplement, is amended
 7 by adding the following new subsection:
 8 NEW SUBSECTION. Gross receipts from the sale of
 9 tangible personal property, except vehicles subject to
 10 registration, to a person regularly engaged in the business
 11 of leasing or renting such tangible personal property,
 12 if the leasing or renting of such property is subject to
 13 taxation under this division. If any tangible personal
 14 property exempt under this subsection is made use of for
 15 any purpose other than leasing or renting, the person
 16 claiming the exemption under this subsection shall be
 17 liable for the tax that would have been due except for
 18 this subsection. The tax shall be computed upon the
 19 original purchase price. The aggregate of the tax paid
 20 on the leasing or rental of such tangible personal pro-
 21 perty, not to exceed the amount of the sales tax owed,
 22 shall be credited against such tax. This sales tax shall
 23 be in addition to any sales or use tax that may be
 24 imposed as a result of the disposal of such tangible
 25 personal property."

S-5748 FILED *withdrawing 5/1 (p. 1244)* BY FRED W. NOLTING
 MAY 1, 1978

SENATE FILE 2066

S-5763

1 Amend the House amendment, S-5677, to Senate File
 2 2066, as passed by the Senate, as follows:
 3 1. Page 3, by inserting after line 37 the follow-
 4 ing new section:
 5 "Sec. ____ . Section four hundred twenty-two point
 6 forty-five (422.45), subsection eight (8), Code 1977
 7 Supplement, is amended to read as follows:
 8 8. The gross receipts of all sales of goods,
 9 wares, or merchandise, or services, used for
 10 educational purposes to any private nonprofit
 11 educational institution in this state and the gross
 12 receipts of all sales of goods, wares, and merchandise
 13 or services to nonprofit hospitals. The exemption
 14 provided by this subsection shall also apply to all
 15 such sales of goods, wares or merchandise, or services,
 16 subject to use tax under the provisions of chapter
 17 423."

S-5763 FILED *withdrawing 5/4 (p. 1246)* BY C. W. HUTCHINS
 MAY 2, 1978

SENATE FILE 2066

S-5689

1 Amend House amendment, S-5677, to Senate File
2 2066 as passed by the Senate as follows:
3 1. Page 4, line 18, by inserting after the
4 word "transportation." the words "This subsection
5 shall be retroactive to January 1, 1973."
6 2. Page 4, line 30, by inserting after the
7 word "subsection." the words "This subsection shall be
8 retroactive to January 1, 1973."

S-5689 FILED *House S/1 (p. 1248)*
APRIL 26, 1978
Reconsidered & Adopted S/4 (1250)

BY ROGER J. SHAFF
LWELL JUNKINS

SENATE FILE 2066

S-5695

1 Amend the House amendment, S-5677, to Senate File
2 2066 as passed by the Senate as follows:
3 1. Page 1, lines 24 and 25, by striking the words
4 "including except those of elementary and secondary"
5 and inserting in lieu thereof the words "including those
6 of".
7 2. Page 2, lines 8 through 10, by striking the
8 words "storage warehouse-and-storage-locker warehousing
9 of raw agricultural products;" and inserting in lieu
10 thereof the words "storage-warehouse-and-storage
11 locker".

S-5695 FILED *House S/4 (p. 1245)*
APRIL 27, 1978

BY ROGER J. SHAFF

SENATE FILE 2066

S-5705

1 Amend the House amendment, S-5677, to Senate File
2 2066 as amended and passed by the Senate as follows:
3 1. Page 4, by striking line 3 and inserting in
4 lieu thereof the following: "by adding the following
5 new subsections:
6 NEW SUBSECTION. Solvents and other cleaning
7 agents, electricity, water, natural gas and other
8 petroleum products used in the performance of the
9 taxable services of dry cleaning and laundries."

S-5705 FILED *For german S/1 (242)*
APRIL 27, 1978

BY NORMAN G. RODGERS

HOUSE AMENDMENT TO SENATE FILE 2066

S-5677

1 Amend Senate File 2066, as passed by the Senate,
2 as follows:

3 1. By striking everything after the enacting
4 clause and inserting in lieu thereof the following:
5 "Section 1. Section four hundred twenty-two point
6 forty-three (422.43), unnumbered paragraph one (1),
7 Code 1977, is amended to read as follows:

8 There is hereby imposed a tax of three percent
9 upon the gross receipts from all sales of tangible
10 personal property, consisting of goods, wares, or
11 merchandise, except as otherwise provided in this
12 division, sold at retail in the state to consumers
13 or users; a like rate of tax upon the gross receipts
14 from the sales, furnishing or service of gas,
15 electricity, water, heat, and communication service,
16 including the gross receipts from such sales by any
17 municipal corporation furnishing gas, electricity,
18 water, heat, and communication service to the public
19 in its proprietary capacity, except as otherwise
20 provided in this division, when sold at retail in
21 the state to consumers or users; and a like rate of
22 tax upon the gross receipts from all sales of tickets
23 or admissions to places of amusement, fairs, and
24 athletic events including except those of elementary
25 and secondary educational institutions, -fairs; and
26 a like rate of tax upon that part of private club
27 membership fees or charges paid for the privilege
28 of participating in any athletic sports provided club
29 members.

30 Sec. 2. Section four hundred twenty-two point
31 forty-three (422.43), unnumbered paragraph nine (9),
32 Code 1977, is amended to read as follows:

33 The following enumerated services shall be subject
34 to the tax herein imposed on gross taxable services:
35 Alteration and garment repair; armored car; automobile
36 repair; battery, tire and allied; investment counseling
37 (excluding investment services of trust departments);
38 bank service charges; barber and beauty; boat repair;
39 car wash and wax; carpentry; roof, shingle, and glass
40 repair; dance schools and dance studios; dry cleaning,
41 pressing, dyeing, and laundering; electrical repair
42 and installation; engraving, photography, and
43 retouching; equipment rental; excavating and grading;
44 farm implement repair of all kinds; flying service,
45 except agricultural aerial application services and
46 aerial commercial and charter transportation ser-
47 vices; furniture, rug, upholstery repair and cleaning;
48 fur storage and repair; golf and country clubs and
49 all commercial recreation; house and building moving;
50 household appliance, television, and radio repair;

1 jewelry and watch repair; machine operator; machine
2 repair of all kinds; motor repair; motorcycle, scooter,
3 and bicycle repair; oilers and lubricators; office
4 and business machine repair; painting, papering, and
5 interior decorating; parking lot; pipe fitting and
6 plumbing; wood preparation; private employment
7 agencies; printing and binding; sewing and stitching;
8 shoe repair and shoeshine; storage warehouse-and
9 ~~storage-leaker~~ warehousing of raw agricultural
10 products; telephone answering service; test
11 laboratories; termite, bug, roach, and pest
12 eradicators; tin and sheet metal repair; turkish
13 baths, massage, and reducing salons; vulcanizing,
14 recapping, and retreading; warehouse; weighing;
15 welding; well drilling; wrapping, packing, and
16 packaging of merchandise other than processed meat,
17 fish, fowl and vegetables; wrecking service; wrecker
18 and towing.

19 Sec. 3. Section four hundred twenty-two point
20 forty-five (422.45), subsection five (5) and subsection
21 seven (7), unnumbered paragraph one (1), Code 1977
22 Supplement, are amended to read as follows:

23 5. The gross receipts or from services rendered,
24 furnished, or performed and of all sales of goods,
25 wares or merchandise used for public purposes to any
26 tax-certifying or tax-levying body of the state of
27 Iowa or governmental subdivision thereof, including
28 the state board of regents, state department of social
29 services, state department of transportation, any
30 municipally-owned solid waste facility which sells
31 all or part of its processed waste as fuel to a
32 municipally-owned public utility and all divisions,
33 boards, commissions, agencies or instrumentalities
34 of state, federal, county or municipal government
35 which derive disburseable funds from appropriations
36 or allotments of funds raised by the levying and
37 collection of taxes, which have no earnings going
38 to the benefit of an equity investor or stockholder
39 except sales of goods, wares or merchandise or from
40 services rendered, furnished, or performed and used
41 by or in connection with the operation of any
42 municipally-owned public utility engaged in selling
43 gas, electricity or heat to the general public.

44 The exemption provided by this subsection shall
45 also apply to all such sales of goods, wares or
46 merchandise or from services rendered, furnished,
47 or performed and subject to use tax under the
48 provisions of chapter 423.

49 7. Any private nonprofit educational institution
50 in this state or any tax-certifying or tax-levying

1 body of the state of Iowa or governmental subdivision
2 thereof, including the state board of regents, state
3 department of social services, state department of
4 transportation, any municipally-owned solid waste
5 facility which sells all or part of its processed
6 waste as fuel to a municipally-owned public utility
7 and all divisions, boards, commissions, agencies or
8 instrumentalities of state, federal, county or
9 municipal government ~~which derive disburseable funds~~
10 ~~from appropriations or allotments of funds raised~~
11 ~~by the levying and collection of taxes~~ which have
12 no earnings going to the benefit of an equity investor
13 or stockholder may make application to the department
14 for the refund of any sales or use tax upon the gross
15 receipts of all sales of goods, wares or merchandise
16 or from services rendered, furnished, or performed
17 to any contractor, used in the fulfillment of any
18 written contract with the state of Iowa, or any
19 political subdivision thereof, or any division, board,
20 commission, agency or instrumentality thereof, or
21 any private nonprofit educational institution in this
22 state which property becomes an integral part of the
23 project under contract and at the completion thereof
24 becomes public property, or is devoted to educational
25 uses as specified in this subsection except goods,
26 wares or merchandise or services rendered, furnished,
27 or performed used in the performance of any contract
28 in connection with the operation of any municipal
29 utility engaged in selling gas, electricity, or heat
30 to the general public; and excepting such goods, wares
31 and merchandise used in the performance of any contract
32 for a "project" under said chapter 419 as defined
33 therein other than goods, wares or merchandise used
34 in the performance of any contract for any "project"
35 under said chapter 419 for which a bond issue was
36 or will have been approved by a municipality prior
37 to July 1, 1968.

38 Sec. 4. Section four hundred twenty-two point
39 forty-five (422.45), subsection fifteen (15), Code
40 1977 Supplement, is amended to read as follows:

41 15. Gross receipts from the sale or rental of
42 prosthetic, orthotic or orthopedic devices for human
43 use. For purposes of this subsection, "orthopedic
44 devices" means those devices prescribed to be used
45 for orthopedic purposes by a physician and surgeon
46 licensed under chapter 148, an osteopath licensed
47 under chapter 150, an osteopathic physician and surgeon
48 licensed under chapter 150A, a dentist licensed under
49 chapter 153, or a podiatrist licensed under chapter
50 149.

1 Sec. 5. Section four hundred twenty-two point
2 forty-five (422.45), Code 1977 Supplement, is amended
3 by adding the following new subsection:

4 NEW SUBSECTION. The gross receipts from the sale
5 of horses, commonly known as draft horses, when
6 purchased for use and so used as a draft horse.

7 Sec. 5. Section four hundred twenty-three point
8 four (423.4), Code 1977, is amended by adding the
9 following new subsections:

10 NEW SUBSECTION. Vehicles, as defined in subsections
11 four (4), six (6), eight (8), nine (9) and ten (10)
12 of section three hundred twenty-one point one (321.1)
13 of the Code, except such vehicles subject to
14 registration which are designed primarily for carrying
15 persons, when purchased for lease and actually leased
16 to a lessee for use outside the state of Iowa and
17 the subsequent sole use in Iowa is in interstate
18 commerce or interstate transportation.

19 NEW SUBSECTION. Tangible personal property which,
20 by means of fabrication, compounding, or manufacturing,
21 become an integral part of vehicles, as defined in
22 subsections four (4), six (6), eight (8), nine (9)
23 and ten (10) of section three hundred twenty-one point
24 one (321.1) of the Code, manufactured for lease and
25 actually leased to a lessee for use outside the state
26 of Iowa and the subsequent sole use in Iowa is in
27 interstate commerce or interstate transportation.
28 Vehicles subject to registration which are designed
29 primarily for carrying persons are excluded from this
30 subsection."

31 2. Amend the title, by striking all of the title
32 after the word "exempt" in line 1 and inserting in
33 lieu thereof the words "from the sales and use tax
34 admission fees to amusements, fairs, and athletic
35 events of elementary and secondary schools, the storage
36 of goods except raw agricultural products, the rental
37 of prosthetic, orthotic, and orthopedic devices, the
38 sale of draft horses to be used as draft horses,
39 certain vehicles which are purchased for lease outside
40 the state, and tangible personal property which becomes
41 an integral part of certain vehicles manufactured
42 for lease outside the state, and to provide for the
43 refund of sales and use taxes paid on purchases by
44 municipally-owned solid waste facilities and other
45 public agencies."

S-5677 FILED
APRIL 26, 1978

RECEIVED FROM THE HOUSE

*Senate refused to concur 5/4 (p. 1581)
Motion to be considered (p. 1215)
Reconsidered & Senate concurred 5/10 (p. 1575)*

SENATE FILE 2066

S-5852

1 Amend House amendment, S-5677, to Senate File
2 2066 as amended and passed by the Senate as follows:
3 1. Page 4, by striking lines 7 through 30.
4 2. Page 4, by striking lines 39 through 41.
5 3. Page 4, line 42, by striking the words "for
6 lease outside the state,".

S-5852 FILED & WITHDRAWN (p. 1271) BY C. JOSEPH COLEMAN
MAY 10, 1978

SENATE FILE 2066

S-5853

1 Amend the House amendment, S-5677, to Senate
2 File 2066 as amended and passed by the Senate as
3 follows:
4 1. By striking page 1.
5 2. Page 2, by striking lines 1 through 18.
6 3. By striking page 4, and inserting in lieu
7 thereof the following:
8 "_____. Amend the title, by striking all of the
9 title after the word "exempt" in line 1 and inserting
10 in lieu thereof the words "the rental of prosthetic,
11 orthodic, and orthopedic devices, and to provide for
12 the refund of sales and use taxes paid on purchases
13 by municipally-owned solid waste facilities and other
14 public agencies."

S-5853 FILED & LOST (p. 1272) BY FRED W. NOLTING
MAY 10, 1978

SENATE FILE 2066

S-5849

- 1 Amend the House amendment, S-5677, to Senate File
- 2 2066 as passed by the Senate, as follows:
- 3 1. Page 4, line 3, by striking the word
- 4 "subsection" and inserting in lieu thereof the word
- 5 "subsections".
- 6 2. Page 4, by inserting after line 6 the following:
- 7 "NEW SUBSECTION. The gross receipts from the sales
- 8 of tangible personal property which is purchased
- 9 through and dispensed by vending machines."

S-5849 FILED
MAY 10, 1978

BY RICHARD R. RAMSEY

RULED OUT OF ORDER (p. 1377)

SENATE FILE 2066

S-5850

- 1 Amend the House amendment, S-5677, to Senate File
- 2 2066, as passed by the Senate, as follows:
- 3 1. Page 1, line 41, by inserting after the word
- 4 "laundering" the words "except coin-operated
- 5 laundries".

S-5850 FILED
MAY 10, 1978

BY RICHARD R. RAMSEY

RULED OUT OF ORDER (p. 1377)

SENATE AMENDMENT TO
HOUSE AMENDMENT TO
SENATE FILE 2066

H-6619

1 Amend the House amendment, S-5677, to Senate File
2 2066 as passed by the Senate as follows:

3 1. Page 4, by inserting after line 6 the following
4 new section:

5 "Sec. ____ . Section four hundred twenty-two point
6 forty-five (422.45), Code 1977 Supplement, is amended
7 by adding the following new subsection:

8 NEW SUBSECTION. Gross receipts from the sale of
9 tangible personal property, except vehicles subject
10 to registration, to a person regularly engaged in
11 the business of leasing if the period of the lease
12 is for more than one year, such tangible personal
13 property, and the leasing of such property is subject
14 to taxation under this division. Tangible personal
15 property exempt under this subsection if made use
16 of for any purpose other than leasing or renting,
17 the person claiming the exemption under this subsection
18 shall be liable for the tax that would have been due
19 except for this subsection. The tax shall be computed
20 upon the original purchase price. The aggregate of
21 the tax paid on the leasing or rental of such tangible
22 personal property, not to exceed the amount of the
23 sales tax owed, shall be credited against such tax.
24 This sales tax shall be in addition to any sales or
25 use tax that may be imposed as a result of the disposal
26 of such tangible personal property."

27 2. Page 4, line 18, by inserting after the word
28 "transportation." the words "This subsection shall
29 be retroactive to January 1, 1973."

30 3. Page 4, line 30, by inserting after the word
31 "subsection." the words "This subsection shall be
32 retroactive to January 1, 1973."

H-6619 FILED
RECEIVED FROM SENATE
MAY 10, 1978

then amended 5/12/78

FISCAL NOTE
SENATE FILE 2066

Requested by Representative Norland
April 21, 1978

In compliance with a written request there is submitted a Fiscal Note for S.F. 2066, H-6206, pursuant to Joint Rule 16:

Section 1 would exempt admission fees to amusement and athletic events and fairs of elementary and secondary education institutions from the sales and use tax.

Based on sales taxes due in fiscal 1977, it is estimated that such an exemption would have resulted in a decline in state sales tax collections of about \$200,000.

Section 2 would exempt storage warehouse and warehouse services except for the storage of raw agricultural products.

Data from sales tax returns filed in fiscal 1977 is available only for those classifications of business where the storage of warehousing services is felt to represent a primary source of business activity. It is not possible from this data to estimate the storage or warehousing services which are currently taxable, but which are completed by businesses engaged primarily in other business activity. It is estimated, based on the assumptions outlined above, that this language would result in a reduction in collections of less than \$100,000.

Section 3 would do two things:

1) would eliminate the requirement that governmental units receive disburseable tax monies in order to be eligible for the exemption.

2) provides for an exemption of tangible personal property sold to municipally-owned solid waste facilities which sells all or part of its processed waste as fuel to a municipally-owned public utility.

1) In 1977, the Department of Revenue concluded that a number of governmental units, primarily municipal waterworks, do not receive disburseable funds and are not eligible for the current exemption. The Department's prior interpretation had been that all such waterworks were eligible for an exemption from the sales or use tax on their purchases. While no tax has yet been collected as the result of the revised interpretation, if the legislation were not enacted, the Department of Revenue's present position would require the payment of tax in the future by such governmental units. However, an estimate of the amount of sales and use tax which would be collected cannot be provided.

Section 3 (Cont'd)

2) While the collection of the taxes is currently under litigation relating to the Ames solid waste facility and no taxes have yet been collected, this legislation would reduce future expected collections from such sales.

Section 4 would exempt from the retail sales tax the gross receipts from the rental of prosthetic, orthotic or orthopedic devices for human uses. As a result of legislation which became effective July 1, 1974, the sale of such devices when prescribed by certain licensed medical practitioners are exempt from the sales tax. The proposal would extend this exemption to include the rental of such equipment.

The exact amount of gross receipts received by businesses in a calendar year from the rental of such equipment is not known. As a result, while a specific fiscal estimate cannot be provided, it is felt, based on experience with the current exemption for the sales of such items, that the reduction in sales tax collections expected to occur in a fiscal year would be minimal.

Section 5 would exempt the sale of draft horses from the sales tax.

This proposal would cause a minimal reduction in sales tax revenue. However, due to the absence of data in this area, we are unable to complete an estimate of the fiscal effects of this bill.

Section 6 would provide an exemption for vehicles which are purchased for lease outside the state of Iowa and for tangible personal property that becomes an integral part of a vehicle manufactured for lease outside the state of Iowa.

The proposal would result in a reduction in sales taxes due resulting from the sale of vehicles or tangible personal property to be used as provided in this section. However, a specific estimate of the reduction in taxes due cannot be provided.

Source: Department of Revenue

FILED
APRIL 24, 1978

GERRY D. RANKIN
Legislative Fiscal Bureau

SENATE FILE 2066

FISCAL NOTE

Date: January 18, 1978

Requested by: Senator Fred Nolting

In compliance with a written request received January 17, 1978, there is hereby submitted a Fiscal Note for Senate File 2066 pursuant to Joint Rule 16. Background information used in developing this Fiscal Note is available from the Legislative Fiscal Bureau, to members of the Legislature upon request.

S.F. 2066 An Act to exempt the gross receipts from the rental of prosthetic, orthotic and orthopedic devices from the sales and use tax.

The proposal would exempt from the retail sales tax the gross receipts from the rental of prosthetic, orthotic or orthopedic devices for human uses. As a result of legislation which became effective July 1, 1974, the sale of such devices when prescribed by certain licensed medical practitioners are exempt from the sales tax. The proposal would extend this exemption to include the rental of such equipment.

The exact amount of gross receipts received by businesses in a calendar year from the rental of such equipment is not known. As a result, while a specific fiscal estimate cannot be provided, it is felt, based on experience with the current exemption for the sales of such items, that the reduction in sales tax collections expected to occur in a fiscal year would be minimal.

Source: Department of Revenue

Gerry Rankin
Fiscal Director
Legislative Fiscal Bureau

SENATE FILE 2066

AN ACT

TO EXEMPT FROM THE SALES AND USE TAX ADMISSION FEES TO AMUSEMENTS, FAIRS, AND ATHLETIC EVENTS OF ELEMENTARY AND SECONDARY SCHOOLS, THE STORAGE OF GOODS EXCEPT RAW AGRICULTURAL PRODUCTS, THE RENTAL OF PROSTHETIC, ORTHOTIC, AND ORTHOPEDIC DEVICES, THE SALE OF DRAFT HORSES TO BE USED AS DRAFT HORSES, CERTAIN VEHICLES WHICH ARE PURCHASED FOR LEASE OUTSIDE THE STATE, AND TANGIBLE PERSONAL PROPERTY WHICH BECOMES AN INTEGRAL PART OF CERTAIN VEHICLES MANUFACTURED FOR LEASE OUTSIDE THE STATE, AND TO PROVIDE FOR THE REFUND OF SALES AND USE TAXES PAID ON PURCHASES BY MUNICIPALLY-OWNED SOLID WASTE FACILITIES AND OTHER PUBLIC AGENCIES.

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 one (1), Code 1977, is amended to read as follows:

There is hereby imposed a tax of three percent upon the gross receipts from all sales of tangible personal property, consisting of goods, wares, or merchandise, except as otherwise provided in this division, sold at retail in the state to consumers or users; a like rate of tax upon the gross receipts from the sales, furnishing or service of gas, electricity, water, heat, and communication service, including the gross receipts from such sales by any municipal corporation furnishing gas, electricity, water, heat, and communication service to the public in its proprietary capacity, except as otherwise provided in this division, when sold at retail in the state to consumers or users; and a like rate of tax upon the gross receipts from all sales of tickets or admissions to places of amusement, fairs, and athletic events ~~including~~

except those of elementary and secondary educational institutions; fees; and a like rate of tax upon that part of private club membership fees or charges paid for the privilege of participating in any athletic sports provided club members.

Sec. 2. Section four hundred twenty-two point forty-three (422.43), unnumbered paragraph nine (9), Code 1977, 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 lot; pipe fitting and plumbing; wood preparation; private employment agencies; printing and binding; sewing and stitching; shoe repair and shoeshine; ~~storage warehouse-and-storage-reeker~~ warehousing of raw agricultural products; telephone answering service; test laboratories; termite, bug, roach, and pest eradicators; tin and sheet metal repair; turkish baths, massage, and reducing salons; vulcanizing, recapping, and

retreading; warehouse weighing; welding; well drilling; wrapping, packing, and packaging of merchandise other than processed meat, fish, fowl and vegetables; wrecking service; wrecker and towing.

Sec. 3. Section four hundred twenty-two point forty-five (422.45), subsection five (5) and subsection seven (7), unnumbered paragraph one (1), Code 1977 Supplement, are amended to read as follows:

5. The gross receipts or from services rendered, furnished, or performed and of all sales of goods, wares or merchandise used for public purposes to any tax-certifying or tax-levying body of the state of Iowa or governmental subdivision thereof, including the state board of regents, state department of social services, state department of transportation, any municipally-owned solid waste facility 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 state, federal, county or municipal government ~~which derive disburseable funds from appropriations or allotments of funds or taxes which have no earnings going to the benefit of an equity investor or stockholder~~ except sales of goods, wares or merchandise or from services rendered, furnished, or performed and used by or in connection with the operation of any municipally-owned public utility engaged in selling gas, electricity or heat to the general public.

The exemption provided by this subsection shall also apply to all such sales of goods, wares or merchandise or from services rendered, furnished, or performed and subject to use tax under the provisions of chapter 423.

7. Any private nonprofit educational institution in this state or any tax-certifying or tax-levying body of the state of Iowa or governmental subdivision thereof, including the state board of regents, state department of social services, state department of transportation, any municipally-owned

solid waste facility 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 state, federal, county or municipal government ~~which derive disburseable funds from appropriations or allotments of funds raised by the levying and collection of taxes 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 or use tax upon the gross receipts of all sales of goods, wares or merchandise or from services rendered, furnished, or performed to any contractor, used in the fulfillment of any written contract with the state of Iowa, or any political subdivision thereof, or any division, board, commission, agency or instrumentality thereof, or any private nonprofit educational institution in this state which property becomes an integral part of the project under contract and at the completion thereof becomes public property, or is devoted to educational uses as specified in this subsection except goods, wares or merchandise or services rendered, furnished, or performed used in the performance of any contract in connection with the operation of any municipal utility engaged in selling gas, electricity, or heat to the general public; and excepting such goods, wares and merchandise used in the performance of any contract for a "project" under said chapter 419 as defined therein other than goods, wares or merchandise used in the performance of any contract for any "project" under said chapter 419 for which a bond issue was or will have been approved by a municipality prior to July 1, 1968.

Sec. 4. Section four hundred twenty-two point forty-five (422.45), subsection fifteen (15), Code 1977 Supplement, is amended to read as follows:

15. Gross receipts from the sale or rental of prosthetic, orthotic or orthopedic devices for human use. For purposes of this subsection, "orthopedic devices" means those devices

prescribed to be used for orthopedic purposes by a physician and surgeon licensed under chapter 148, an osteopath licensed under chapter 150, an osteopathic physician and surgeon licensed under chapter 150A, a dentist licensed under chapter 153, or a podiatrist licensed under chapter 149.

Sec. 5. Section four hundred twenty-two point forty-five (422.45), Code 1977 Supplement, is amended by adding the following new subsection:

NEW SUBSECTION. The gross receipts from the sale of horses, commonly known as draft horses, when purchased for use and so used as a draft horse.

Sec. 6. Section four hundred twenty-two point forty-five (422.45), Code 1977 Supplement, is amended by adding the following new subsection:

NEW SUBSECTION. Gross receipts from the sale of tangible personal property, except vehicles subject to registration, to a person regularly engaged in the business of leasing if the period of the lease is for more than one year, such tangible personal property, and the leasing of such property is subject to taxation under this division. Tangible personal property exempt under this subsection if made use of for any purpose other than leasing or renting, the person claiming the exemption under this subsection shall be liable for the tax that would have been due except for this subsection. The tax shall be computed upon the original purchase price. The aggregate of the tax paid on the leasing or rental of such tangible personal property, not to exceed the amount of the sales tax owed, shall be credited against such tax. This sales tax shall be in addition to any sales or use tax that may be imposed as a result of the disposal of such tangible personal property.

Sec. 7. Section four hundred twenty-three point four (423.4), Code 1977, is amended by adding the following new subsections:

NEW SUBSECTION. Vehicles, as defined in subsections four

(4), six (6), eight (8), nine (9) and ten (10) of section three hundred twenty-one point one (321.1) of the Code, except such vehicles subject to registration which are designed primarily for carrying persons, when purchased for lease and actually leased to a lessee for use outside the state of Iowa and the subsequent sole use in Iowa is in interstate commerce or interstate transportation. This subsection shall be retroactive to January 1, 1973.

NEW SUBSECTION. Tangible personal property which, by means of fabrication, compounding, or manufacturing, become an integral part of vehicles, as defined in subsections four (4), six (6), eight (8), nine (9) and ten (10) of section three hundred twenty-one point one (321.1) of the Code, manufactured for lease and actually leased to a lessee for use outside the state of Iowa and the subsequent sole use in Iowa is in interstate commerce or interstate transportation. Vehicles subject to registration which are designed primarily for carrying persons are excluded from this subsection. This subsection shall be retroactive to January 1, 1973.

ARTHUR A. NEU
President of the Senate

DALE M. COCHRAN
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2066, Sixty-seventh General Assembly.

KEVIN P. LIGHT
Acting Secretary of the Senate

Approved _____, 1978

ROBERT D. RAY
Governor