

FILED APR 12 1978

SENATE FILE 2237

By COMMITTEE ON WAYS AND MEANS

Passed Senate, Date 4-20-78 (p. 944) Passed House, Date _____

Vote: Ayes 33 Nays 4 Vote: Ayes _____ Nays _____

Approved _____

Referred to Committee # 958
Reported Senate 5-9-78 (p. 1252)
44-0

A BILL FOR

1 An Act relating to the sales tax by providing that free news-
2 papers and shoppers guides shall not be included within the
3 definition of a retail sale and by exempting certain tan-
4 gible personal property consumed by a retailer from the
5 sales tax.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
7
8

SENATE FILE 2237

S-5554

1 Amend Senate File 2237 as follows:
2 1. Page 1, line 24, by inserting after the word
3 "drying" the words "and for heating or cooling
4 livestock confinement buildings".

S-5554 FILED *Not german 4/20(944)* BY RAY TAYLOR
APRIL 13, 1978

SENATE FILE 2237

S-5555

1 Amend Senate File 2237 as follows:
2 1. Page 1, line 23, by inserting after the word
3 "fuel" the words "or electricity".

S-5555 FILED *Not german 4/20(944)* BY RAY TAYLOR
APRIL 13, 1978

1 Section 1. Section four hundred twenty-two point forty-
2 two (422.42), subsection three (3), unnumbered paragraph one
3 (1), Code 1977 Supplement, is amended to read as follows:

4 "Retail sale" or "sale at retail" means the sale to a
5 consumer or to any person for any purpose, other than for
6 processing or for resale of tangible personal property or
7 taxable services, or for resale of tangible personal property
8 in connection with taxable services, and the sale of gas,
9 electricity, water, and communication service to retail
10 consumers or users, but does not include commercial fertilizer
11 or agricultural limestone or materials, but not tools or
12 equipment, which are to be used in disease control, weed
13 control, insect control or health promotion of plants or
14 livestock produced as part of agricultural production for
15 market, or electricity or steam or any taxable service when
16 purchased and used in the processing of tangible personal
17 property intended to be sold ultimately at retail. Tangible
18 personal property is sold for processing within the meaning
19 of this subsection only when it is intended that such property
20 shall by means of fabrication, compounding, manufacturing,
21 or germination become an integral part of other tangible
22 personal property intended to be sold ultimately at retail,
23 or shall be consumed as fuel in creating heat, power, or steam
24 for processing including grain drying or for generating
25 electric current, or consumed in implements of husbandry
26 engaged in agricultural production, or such property is a
27 chemical, solvent, sorbent, or reagent, which is directly
28 used and is consumed, dissipated, or depleted, in processing
29 personal property which is intended to be sold ultimately
30 at retail, and which may not become a component or integral
31 part of the finished product. The distribution to the public
32 of free newspapers or shoppers guides shall be deemed a retail
33 sale for purposes of the processing exemption.

34 Sec. 2. Section four hundred twenty-two point forty-five
35 (422.45), Code 1977 Supplement, is amended by adding the

1 following new subsection:

2 NEW SUBSECTION. Tangible personal property consumed by
3 a retailer in the performance of a taxable service.

4 Sec. 3. This Act is effective January 1, 1979.

5 EXPLANATION

6 This bill provides that free newspapers and shoppers guides
7 shall be treated the same as newspapers for purposes of the
8 state sales tax. The bill also exempts from the sales tax
9 sales of tangible personal property consumed by a retailer
10 in the performance of a taxable service.

11

SENATE FILE 2237

S-5561

1 Amend Senate File 2237 as follows:

2 1. Page 2, by striking lines 2 and 3 and insert-
3 ing in lieu thereof the following: -

4 "NEW SUBSECTION. Solvents and other cleaning
5 agents, electricity, water, natural gas, and other
6 petroleum products used in the performance of the
7 taxable services of dry cleaning and laundries."

S-5561 FILED *not germane 4/20 (p. 944)* BY NORMAN G. RODGERS
APRIL 17, 1978

S-5598

1 Amend Senate File 2237, page 1, line 14 by
2 inserting after the word "livestock" the words
3 ", including draft horses,".

S-5598 FILED *not germane 4/20 (p. 944)* BY ROLF V. CRAFT
APRIL 19, 1978

SENATE FILE 2237

S-5703

1 Amend Senate File 2237 as follows:

2 1. Page 2, line 3, by striking the period and
3 inserting in lieu thereof the following: ", whether
4 or not it becomes an integral part of the finished
5 product."

S-5703 FILED *not germane 5/4 (p. 1352)* BY C. W. HUTCHINS
APRIL 27, 1978

LSB 4155S

bk/rh/8A

SENATE FILE 2237

S-5606

1 Amend Senate File 2237 as follows:

2 1. Page 1, lines 2 and 3, by striking the words
3 and figure "unnumbered paragraph one (1),".

4 2. Page 1, by inserting after line 33 the follow-
5 ing:

6 "Notwithstanding the foregoing provisions of this
7 subsection, the sale of newsprint and ink delivered
8 ~~after-the-effective-date-of-this-Act~~ to any person,
9 firm or corporation to be incorporated in or used
10 in the printing of any newspaper, free newspaper or
11 shoppers guide for publication in this state shall
12 be considered as a sale at retail and such person,
13 firm or corporation shall be deemed to be the consumer
14 of such newsprint and ink and subject to the payment
15 of sales tax.

16 Sec. _____. Section four hundred twenty-two point
17 forty-five (422.45), subsection nine (9), Code 1977
18 Supplement, is amended to read as follows:

19 9. Gross receipts from the sales of newspapers,
20 free newspapers or shoppers guides and the printing
21 and publishing thereof."

S-5606 FILED & ADOPTED (p. 943) BY ROGER J. SHAFF
APRIL 20, 1978 *Reconsidered lost 5/9 (p. 1352)*

SENATE FILE 2237

S-5627

1 Amend Senate File 2237 as follows:

2 1. Page 2, by inserting after line 3 the follow-
3 ing new section:

4 "Sec. _____. Section four hundred twenty-three point
5 one (423.1), subsection one (1), unnumbered paragraph
6 two (2), Code 1977, is amended to read as follows:

7 Notwithstanding the foregoing provisions of this
8 subsection, the purchase of newsprint and ink delivered
9 ~~after-the-effective-date-of-this-Act~~ to any person,
10 firm or corporation to be incorporated in or used
11 in the printing of any newspaper, free newspaper or
12 shoppers guide for publication in this state shall
13 be subject to the use tax imposed by this chapter."

14 2. Renumber sections and correct internal refer-
15 ences as are necessary in accordance with this
16 amendment.

S-5627 FILED *withdrawn 5/9 (1352)* BY ROGER J. SHAFF
APRIL 21, 1978

SENATE FILE 2237

Date: April 21, 1973
Requested by: Senator Shaff

In compliance with a written request received April 20, 19 78, there is hereby submitted a Fiscal Note for S.F. 2237, Amend. S-5606 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-5606 has the effect of making the sale of newspapers subject to the sales tax and exempting newsprint and ink to be used in the printing of newspapers from the sales and use tax.

Because the proposal provides for both an increase and a decrease from present sales and use tax revenues, the estimate has been divided into two parts. First, it is estimated that the taxation of the sale of newspapers based upon "typical" subscription rates and daily circulation would produce additional sales tax revenues of from \$1.2 million to \$1.7 million. Second, the elimination of the sales and use tax now applied to newsprint and ink used in printing the newspapers which would become subject to the sales tax would result in a decrease in sales and use tax revenues of from \$200,000 to \$500,000. Thus, the net revenue effect of the proposal is estimated to be an increase in sales and use tax revenue of from \$750,000 to \$1,250,000. Because of the unavailability of complete and specific data on actual dollars of subscription sales of Iowa newspapers and on total expenditures for newsprint and ink used only for newspapers, a more specific estimate cannot be provided.

Source: DEPARTMENT OF REVENUE

Filed
APRIL 25, 1978

Dennis C. Prouty
LEGISLATIVE FISCAL BUREAU
