

Change Measure 11. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100.

See Change Measure 3/29 Dis Pass 5/2 (p. 2042)
FILED JAN 11 1979

SENATE FILE 39

By HUTCHINS, BRILES and READINGER

Passed Senate, Date 3-26-79 (p. 961) Passed House, Date 5-4-79 (p. 2042)
Vote: Ayes 45 Nays 1 Vote: Ayes 83 Nays 0
Approved June 7, 1979

A BILL FOR

1 An Act relating to the treatment of free newspapers and
2 shoppers guides under the state sales tax.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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1 Section 1. Section four hundred twenty-two point forty-
2 two (422.42), subsection three (3), unnumbered paragraph one
3 (1), Code 1979, 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-three point one
35 (423.1), subsection one (1), unnumbered paragraph one (1),

1 Code 1979, is amended to read as follows:

2 "Use" means and includes the exercise by any person of
3 any right or power over tangible personal property incident
4 to the ownership of that property, except that it shall not
5 include processing, or the sale of that property in the regular
6 course of business. Property used in "processing" within
7 the meaning of this subsection shall mean and include (a)
8 any tangible personal property including containers which
9 it is intended shall, by means of fabrication, compounding,
10 manufacturing, or germination, become an integral part of
11 other tangible personal property intended to be sold ultimately
12 at retail, (b) fuel which is consumed in creating power, heat,
13 or steam for processing or for generating electric current,
14 or (c) chemicals, solvents, sorbents, or reagents, which are
15 directly used and are consumed, dissipated, or depleted in
16 processing personal property, which is intended to be sold
17 ultimately at retail, and which may not become a component
18 or integral part of the finished product. The distribution
19 to the public of free newspapers or shoppers guides shall
20 be deemed a retail sale for purposes of the processing
21 exemption.

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

24 EXPLANATION

25 This bill provides that free newspapers and shoppers guides
26 shall be treated the same as newspapers for purposes of the
27 state sales and use tax. The bill is effective January first
28 following its enactment.

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SENATE FILE 39

DATE: MARCH 6, 1979
REQUESTED BY: SENATOR HUTCHINS

In compliance with a written request received January 11, 1979, there is hereby submitted a Fiscal Note for Senate File 39 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. 39, An Act relating to the treatment of free newspapers and shoppers guides under the state sales tax.

At the present time, Section 422.42, Subsection 3 and Section 423.1, Subsection 1 provides, in part, that tangible personal property is exempt from the respective sales and/or use tax if when sold, it is intended to become an integral part of other tangible personal property which will be sold at retail. This processing exemption currently applies only when the newspaper being published is to be sold for a consideration. The proposal would extend the exemption to publication of newspapers or shoppers guides which are distributed free.

The effect of the expansion of the exemption proposed under the proposal would depend upon the number of publications involved and the volume of purchases of items which would be eligible for the processing exemption. Because a reliable estimate of the amount of materials involved is not readily available, determination of the value of the materials which would be made exempt from taxation cannot be made. Thus, an estimate of the use and sales tax which would not be collected because of the exemption cannot be calculated.

SOURCE: DEPARTMENT OF REVENUE

FILED:
MARCH 7, 1979

BY GERRY RANKIN, DIRECTOR
LEGISLATIVE FISCAL BUREAU

SENATE FILE 39

S-3252

1 Amend Senate File 39 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 striking lines 31 through 33 and
5 inserting in lieu thereof the following: "part of
6 the finished product.

7 Notwithstanding the foregoing provisions of this
8 subsection, the sale of newsprint and ink delivered
9 after-April-4,-1970 and other tangible personal
10 property for processing within the meaning of this
11 subsection to any person, firm or corporation to be
12 incorporated in or used in the printing of any
13 newspaper, free newspaper or shoppers guide for
14 publication in this state shall be considered as a
15 sale at retail and such person, firm or corporation
16 shall be deemed to be the consumer of such newsprint
17 and ink and other tangible personal property and
18 subject to the payment of sales tax."

19 3. Page 1, line 35, by striking the words and
20 figure "unnumbered paragraph one (1),".

21 4. Page 2, by striking lines 13 through 21 and
22 inserting in lieu thereof the following: "or integral
23 part of the finished product.

24 Notwithstanding the foregoing provisions of this
25 subsection, the purchase of newsprint and ink delivered
26 after-April-4,-1970 and other property for use in
27 processing within the meaning of this subsection to
28 any person, firm or corporation to be incorporated
29 in or used in the printing of any newspaper, free
30 newspaper or shoppers guide for publication in this
31 state shall be subject to the use tax imposed by this
32 chapter."

33 5. Amend title, line 1, by inserting after the
34 word "of" the word "newspapers,".

S-3252 FILED & LOST (p 296)
MARCH 21, 1979

BY RICHARD R. RAMSEY
BOB RUSH
EDGAR H. HOLDEN

SENATE FILE 39

S-3271

1 Amend Senate File 39 as follows:

2 1. Page 1, by inserting after line 33 the
3 following:

4 "Sec. ____ Section four hundred twenty-two point
5 forty-two (422.42), subsection three (3), is amended
6 by striking unnumbered paragraph two (2)."

7 2. Page 2 by inserting after line 21 the follow-
8 ing:

9 "Sec. ____ Section four hundred twenty-three
10 point one (423.1), subsection one (1), is amended
11 by striking unnumbered paragraph two (2)."

S-3271 FILED *Leah 3/26/79*
MARCH 23, 1979

BY DICK RAMSEY

SENATE FILE 39

S-3218

Amend Senate File 39 as follows:

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

2. Page 1, by inserting after line 33 the following:

"Notwithstanding the foregoing provisions of this subsection, the sale of newsprint and ink delivered after-April-17-1979 and other tangible personal property for processing within the meaning of this subsection to any person, firm or corporation to be incorporated in or used in the printing of any newspaper, free newspaper or shoppers guide for publication in this state shall be considered as a sale at retail and such person, firm or corporation shall be deemed to be the consumer of such newsprint and ink and other tangible personal property and subject to the payment of sales tax."

3. Page 1, line 35, by striking the words and figure "unnumbered paragraph one (1),".

4. Page 2, by inserting after line 21 the following:

"Notwithstanding the foregoing provisions of this subsection, the purchase of newsprint and ink delivered after-April-17-1979 and other property for use in processing within the meaning of this subsection to any person, firm or corporation to be incorporated in or used in the printing of any newspaper, free newspaper or shoppers guide for publication in this state shall be subject to the use tax imposed by this chapter."

5. Amend title, line 1, by inserting after the word "of" the word "newspapers,".

S-3218 FILED 3/10 (7895)
MARCH 13, 1979

BY RICHARD R. RAMSEY
EDGAR H. HOLDEN
BOB RUSH

SENATE FILE 39

AN ACT
RELATING TO THE TREATMENT OF FREE NEWSPAPERS AND SHOPPERS
GUIDES UNDER THE STATE SALES TAX.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section four hundred twenty-two point forty-two (422.42), subsection three (3), unnumbered paragraph one (1), Code 1979, is amended to read as follows:

"Retail sale" or "sale at retail" means the sale to a consumer or to any person for any purpose, other than for processing or for resale of tangible personal property or taxable services, or for resale of tangible personal property in connection with taxable services, and the sale of gas, electricity, water, and communication service to retail consumers or users, but does not include commercial fertilizer or agricultural limestone or materials, but not tools or equipment, which are to be used in disease control, weed control, insect control or health promotion of plants or livestock produced as part of agricultural production for market, or electricity or steam or any taxable service when purchased and used in the processing of tangible personal property intended to be sold ultimately at retail. Tangible personal property is sold for processing within the meaning of this subsection only when it is intended that such property shall by means of fabrication, compounding, manufacturing,

or germination become an integral part of other tangible personal property intended to be sold ultimately at retail, or shall be consumed as fuel in creating heat, power, or steam for processing including grain drying or for generating electric current, or consumed in implements of husbandry engaged in agricultural production, or such property is a chemical, solvent, sorbent, or reagent, which is directly used and is 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. 2. Section four hundred twenty-three point one (423.1), subsection one (1), unnumbered paragraph one (1), Code 1979, is amended to read as follows:

"Use" means and includes the exercise by any person of any right or power over tangible personal property incident to the ownership of that property, except that it shall not include processing, or the sale of that property in the regular course of business. Property used in "processing" within the meaning of this subsection shall mean and include (a) any tangible personal property including containers which it is intended shall, by means of 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.

TERRY E. BRANSTAD
President of the Senate

FLOYD H. MILLEN
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 39, Sixty-eighth General Assembly.

FRANK J. STORK
Secretary of the Senate

Approved June 7, 1979

ROBERT D. RAY
Governor