

Ways and Means: Hummel, Chair; Krewson and Howell.

No. Senate 4/8 (p. 1382)

FILED MAR 5 1982

SENATE FILE 362

BY COMMITTEE ON WAYS AND MEANS
Approved 3/5 (p. 485)
(FORMERLY SSB 80)

Passed Senate, Date 3-13-82 (p. 785) Passed House, Date 4-14-82 (p. 1454)

Vote: Ayes 44 Nays 0 Vote: Ayes 98 Nays 0

Approved May 3, 1982

A BILL FOR

1 An Act relating to the state sales, services and use tax by
2 allowing retailers to provide their own tax exemption
3 certificate, by requiring payments of use taxes to be
4 applied first to accrued penalty and interest and by
5 making corrective changes.

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

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1 Section 1. Section 321.30, subsection 6, Code 1981, is
2 amended to read as follows:

3 6. That the required sales use tax has not been paid.

4 Sec. 2. Section 422.47, subsection 4, unnumbered paragraph
5 1, Code 1981, is amended to read as follows:

6 The department shall issue or the seller may separately
7 provide exemption certificates in ~~such~~ the form as prescribed
8 by the director ~~may-require~~ to assist retailers in properly
9 accounting for nontaxable sales of tangible personal property
10 or services to ~~buyers~~ purchasers for purposes of resale or
11 for processing.

12 Sec. 3. Section 422.47, subsection 4, paragraphs a and
13 c, Code 1981, are amended to read as follows:

14 a. A valid exemption certificate is an exemption
15 certificate ~~as-required-and-supplied-by-the-department,~~ which
16 is complete and correct according to the requirements of the
17 director.

18 ~~c. The-certificate-shall-state-that-there-is-no-penalty~~
19 ~~for-perjury-if-the-purchaser-has-completed-the-certificate~~
20 ~~in-good-faith-based-upon-the-facts-known-at-the-time-of-its~~
21 ~~completion-~~ If the circumstances should change and the
22 tangible personal property or services are used or disposed
23 of by the purchaser in a nonexempt manner, the purchaser shall
24 ~~be~~ is liable solely for the taxes and shall remit ~~said~~ the
25 taxes directly to the department in accordance with this
26 subsection.

27 Sec. 4. Section 423.23, Code 1981, is amended to read
28 as follows:

29 423.23 STATUTES APPLICABLE. The director ~~is-hereby-charged~~
30 ~~with-the-enforcement-of-the-provisions-of~~ shall enforce this
31 chapter, and the director and employees of the department
32 shall administer this chapter and the taxes imposed by this
33 chapter in the same manner and subject to all of the provisions
34 of, and all of the powers, duties, authority, and restrictions
35 contained in section 422.25, subsection 4, section 422.30

1 and sections 422.67 to 422.75 ~~or any amendments which may~~
2 ~~hereafter be made thereto, all of which sections are by this~~
3 ~~reference incorporated herein.~~

4 EXPLANATION

5 The bill authorizes retailers to provide their own sales
6 tax exemption certificates in the form prescribed by the
7 director of revenue to purchasers who buy for resale or
8 processing. The bill provides that the exemption certificates
9 provided by the retailers are not required to contain the
10 provision that there is no penalty for perjury if the purchaser
11 submits the certificate in good faith.

12 The bill provides that payments received for the use tax
13 owed be credited first to any accrued penalty and interest
14 as is done with the sales tax.

15 Section 1 of the bill provides that a ground for refusing
16 registration or issuance of title be failure to pay the use
17 tax due. This is a change from present law which says that
18 a ground for refusing registration or issuance of title be
19 failure to pay the sales tax due. This change is made because
20 motor vehicles are exempt from sales tax but not use tax.

21 The bill takes effect July 1 following its enactment.

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SENATE FILE 362
FISCAL NOTE

REQUESTED BY SENATOR CRAFT

In compliance with a written request there is hereby submitted a Fiscal Note for Senate File 362 pursuant to Joint Rule 16.

S.F. 362 provides the following:

1. Corrects a reference in the law on refusal of vehicle title issuance from sales to use, since that is the applicable tax,
2. Authorizes retailers to provide their own sales tax exemption certificates to purchasers buying for resale or processing. Currently, forms issued by the Department of Revenue must be used, and
3. Provides that payments of use tax owed be first credited toward any accrued penalty and interest.

The fiscal impact of S.F. 362 is expected to be minimal. The Department of Revenue would realize some savings by not printing the exemption forms.

SOURCE: DEPARTMENT OF REVENUE

FILED
MARCH 5, 1981

BY GERRY RANKIN, DIRECTOR
LEGISLATIVE FISCAL BUREAU

SENATE FILE 362

5841

- 1 Amend Senate File 362 as passed by the Senate,
2 as follows:
3 1. Page 1, by inserting after line 3 the follow-
4 ing:
5 "Sec. ____ . Section 422.42, subsection 3, unnumbered
6 paragraph 1, Code 1981, is amended to read as follows:
7 "Retail sale" or "sale at retail" means the sale
8 to a consumer or to any person for any purpose, other
9 than for processing ~~ex~~, for resale of tangible personal
10 property or taxable services, or for resale of tangible
11 personal property in connection with taxable services,
12 and includes the sale of gas, electricity, water,
13 and communication service to retail consumers or
14 users, but does not include agricultural breeding
15 livestock and domesticated fowl or commercial
16 fertilizer ~~ex~~, agricultural limestone or materials,
17 but-net-tools-or-equipment, herbicide, pesticide,
18 insecticide, food and medication which are to be used
19 in disease control, weed control, insect control,
20 or health promotion of plants or livestock produced
21 as part of agricultural production for market, ~~ex~~
22 and does not include electricity ~~ex~~, steam or any
23 taxable service when purchased and used in the
24 processing of tangible personal property intended
25 to be sold ultimately at retail. Tangible personal
26 property is sold for processing within the meaning
27 of this subsection only when it is intended that such
28 the property shall by means of fabrication,
29 compounding, manufacturing, or germination become
30 an integral part of other tangible personal property
31 intended to be sold ultimately at retail, or shall
32 be consumed as fuel in creating heat, power, or steam
33 for processing including grain drying or for generating
34 electric current, or consumed in self-propelled
35 implements of husbandry engaged in agricultural
36 production, or such the property is a chemical,
37 solvent, sorbent, or reagent, which is directly used
38 and is consumed, dissipated, or depleted, in processing
39 personal property which is intended to be sold
40 ultimately at retail, and which may not become a
41 component or integral part of the finished product.
42 The distribution to the public of free newspapers
43 or shoppers guides ~~shall-be-deemed is~~ a retail sale
44 for purposes of the processing exemption."
45 2. Title page, line 1, by inserting after the
46 word "tax" the words "by amending the definition of
47 retail sale,".
48 3. By renumbering as necessary.

5841 FILED APRIL 14, 1982
RULED NOT GERMANE, MOVED TO
SUSPEND RULES TO CONSIDER,
MOTION LOST (p. 1458)

BY KREWSON of Polk
CARPENTER of Polk



SENATE FILE 362

AN ACT

RELATING TO THE STATE SALES, SERVICES AND USE TAX BY ALLOWING RETAILERS TO PROVIDE THEIR OWN TAX EXEMPTION CERTIFICATE, BY REQUIRING PAYMENTS OF USE TAXES TO BE APPLIED FIRST TO ACCRUED PENALTY AND INTEREST AND BY MAKING CORRECTIVE CHANGES.

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

Section 1. Section 321.30, subsection 6, Code 1981, is amended to read as follows:

6. That the required sales use tax has not been paid.

Sec. 2. Section 422.47, subsection 4, unnumbered paragraph 1, Code 1981, is amended to read as follows:

The department shall issue ~~or the seller may separately provide~~ exemption certificates in ~~each the form as prescribed by the director may require~~ to assist retailers in properly accounting for nontaxable sales of tangible personal property or services to ~~buyers purchasers~~ for purposes of resale or for processing.

Sec. 3. Section 422.47, subsection 4, paragraphs a and c, Code 1981, are amended to read as follows:

a. A valid exemption certificate is an exemption certificate ~~as required and supplied by the department~~ which is complete and correct according to the requirements of the director.

c. ~~The certificate shall state that there is no penalty for perjury if the purchaser has completed the certificate in good faith based upon the facts known at the time of its completion.~~ If the circumstances ~~should~~ change and the tangible personal property or services are used or disposed of by the purchaser in a nonexempt manner, the purchaser shall be ~~is~~ liable solely for the taxes and shall remit ~~and~~ the taxes directly to the department in accordance with this subsection.

Sec. 4. Section 423.23, Code 1981, is amended to read as follows:

423.23 STATUTES APPLICABLE. The director ~~is hereby charged with the enforcement of the provisions of~~ shall enforce this chapter, and the director and employees of the department shall administer this chapter and the taxes imposed by this chapter in the same manner and subject to all of the provisions of, and all of the powers, duties, authority, and restrictions contained in ~~section 422.25, subsection 4, section 422.30 and sections 422.67 to 422.75 or any amendments which may hereafter be made thereto, all of which sections are by this reference incorporated herein.~~

TERRY S. BRANSTAD
President of the Senate

DELMYN STROMER
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 362, Sixty-ninth General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved *May 3* 1982

ROBERT D. RAY
Governor

SF 362