

FEB 2 1983

SENATE FILE 184

BY COMMITTEE ON WAYS AND MEANS *Approved 2/2 (p. 218)*

*Substituted for H.F. 141 2/3 (p. 290)*

Passed Senate, Date 2-3-83 (p. 325) Passed House, Date 2-3-82 (p. 332)

Vote: Ayes 33 Nays 17 Vote: Ayes 62 Nays 38

Approved February 7, 1983

## A BILL FOR

- 1 An Act increasing the state sales, services, and use tax,
- 2 providing for refunds under certain circumstances for
- 3 contractors, and providing a penalty.

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

### SENATE FILE 184 FISCAL NOTE

REQUESTED BY SENATOR RODGERS

In compliance with a written request received February 2, 1983 there is hereby submitted a Fiscal Note for Senate File 184 pursuant to Joint Rule 17.

Senate File 184 increases from three to four percent the rate of state sales, services, and use tax effective March 1, 1983 following publication.

The bill also provides that a construction contractor may apply for a refund of the additional one percent tax on the sale or use of goods, wares, or merchandise incorporated in an improvement to real estate in fulfillment of a construction contract executed prior to March 1, 1983.

Fiscal Effect: The additional revenue generated for the state general fund is as follows:

	Effect: (dollars in millions)		
	FY 1983	FY 1984	FY 1985
Sales Tax	\$ 44.8	\$ 144.8	\$ 155.0
Use Tax	7.4	21.9	25.1
TOTAL	\$ 52.2	\$ 166.7	\$ 180.1 (A75S, 83-155, CMG)

FILED FEBRUARY 2, 1983

BY LEGISLATIVE FISCAL BUREAU  
DENNIS C. PROUTY, DIRECTOR

1 Section 1. Section 422.43, unnumbered paragraphs 1 and  
2 2, Code 1983, are amended to read as follows:

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

21 There is hereby imposed a tax of ~~three~~ four percent upon  
22 the gross receipts derived from the operation of all forms  
23 of amusement devices and games of skill, games of chance,  
24 raffles and bingo games as defined in chapter 99B, and  
25 commercial amusement enterprises operated or conducted within  
26 the state of Iowa, ~~such~~ the tax to be collected from the  
27 operator in the same manner as is provided for the collection  
28 of taxes upon the gross receipts of tickets or admission as  
29 provided in this section.

30 Sec. 2. Section 422.43, unnumbered paragraph 4, Code 1983,  
31 is amended to read as follows:

32 There is imposed a tax of ~~three~~ four percent upon the gross  
33 receipts from the sales of optional service or warranty  
34 contracts which provide for the furnishing of labor and  
35 materials and require the furnishing of any taxable service

1 enumerated under this section. The gross receipts are subject  
2 to tax even if some of the services furnished are not  
3 enumerated under this section. For the purpose of this  
4 division, the sale of an optional service or warranty contract  
5 is a sale of tangible personal property. ~~No-additional~~  
6 Additional sales, services or use tax shall not be levied  
7 on services, parts, or labor provided under optional service  
8 or warranty contracts which are subject to tax under this  
9 section.

10 Sec. 3. Section 422.43, unnumbered paragraphs 8 and 9,  
11 Code 1983, are amended to read as follows:

12 ~~The tax herein levied shall be computed and collected as~~  
13 ~~hereinafter provided. The tax herein imposed shall be at~~  
14 ~~the rate of three percent.~~

15 There is hereby imposed, a tax of ~~three~~ four percent upon  
16 the gross receipts from the rendering, furnishing, or perform-  
17 ing of services as defined in section 422.42.

18 Sec. 4. Section 422.47, Code 1983, is amended by adding  
19 the following new subsection:

20 NEW SUBSECTION. Construction contractors may make applica-  
21 tion to the department for a refund of the additional one  
22 percent tax paid under this division or the additional one  
23 percent tax paid under chapter 423 by reason of the increase  
24 in the tax from three to four percent for taxes paid on goods,  
25 wares, or merchandise under the following conditions:

26 a. The goods, wares, or merchandise are incorporated into  
27 an improvement to real estate in fulfillment of a written  
28 contract fully executed prior to March 1, 1983. The refund  
29 shall not apply to equipment transferred in fulfillment of  
30 a mixed construction contract.

31 b. The contractor has paid to the department or to a re-  
32 tailer the full four percent tax.

33 c. The claim is filed on forms provided by the department  
34 and is filed within one year of the date the tax is paid.

35 A contractor who makes an erroneous application for refund

1 shall be liable for payment of the excess refund paid plus  
2 interest at the rate in effect under section 421.7. In  
3 addition, a contractor who willfully makes a false application  
4 for refund is guilty of a simple misdemeanor and is liable  
5 for a penalty equal to fifty percent of the excess refund  
6 claimed. Excess refunds, penalties, and interest due under  
7 this subsection may be enforced and collected in the same  
8 manner as the tax imposed by this division.

9 Sec. 5. Section 423.2, Code 1983, is amended to read as  
10 follows:

11 423.2 IMPOSITION OF TAX. An excise tax is imposed on  
12 the use in this state of tangible personal property purchased  
13 for use in this state, at the rate of ~~three~~ four percent of  
14 the purchase price of the property. The excise tax is imposed  
15 upon every person using the property within this state until  
16 the tax has been paid directly to the county treasurer or  
17 the state department of transportation, to a retailer, or  
18 to the department ~~as-hereinafter-provided~~. An excise tax  
19 is imposed on the use in this state of services enumerated  
20 in section 422.43 at the rate of ~~three~~ four percent. This  
21 tax is applicable where services are rendered, furnished,  
22 or performed in this state or where the product or result  
23 of the service is used in this state. This tax is imposed  
24 on every person using the services or the product of the  
25 services in this state until the user has paid the tax either  
26 to an Iowa use tax permit holder or ~~has-paid-the-tax~~ to the  
27 department of revenue.

30.36 >

28 Sec. 6. This Act, being deemed of immediate importance,  
29 takes effect March 1, 1983 from and after its publication  
30 in the Iowa City Press-Citizen, a newspaper published in Iowa  
31 City, Iowa, and in the Globe-Gazette, a newspaper published  
32 in Mason City, Iowa.

33 EXPLANATION

34 The bill increases from three to four percent the rate  
35 of the state sales, services, and use tax effective March

1 1, 1983. The bill will make the use tax rate four percent  
2 for motor vehicles subject to registration which are registered  
3 on or after March 1, 1983. The four percent use tax rate  
4 will apply to the use of property when the first taxable use  
5 in this state occurs on or after March 1, 1983. The four  
6 percent rate will apply to the gross receipts from the sales,  
7 furnishing, or service of gas, electricity, water, heat, and  
8 communication service if the date of billing the customer  
9 is on or after March 1, 1983. In the case of a service  
10 contract entered into prior to March 1, 1983 which contract  
11 calls for periodic payments, the four percent rate will apply  
12 to those payments made or due on or after March 1, 1983.  
13 This periodic payment would apply, but not be limited to,  
14 tickets of admissions, private club membership fees, sources  
15 of amusement, equipment rental, dry cleaning, reducing salons,  
16 dance schools, and all other services subject to tax, except  
17 the aforementioned utility services which are subject to a  
18 special transitional rule. Unlike periodic payment under  
19 service contracts, installment sales of goods, wares, and  
20 merchandise are subject to the full amount of sales or use  
21 tax when the sales contract is entered into or the property  
22 is used in Iowa.

23 The bill also provides that a construction contractor may  
24 apply for a refund of the additional one percent tax on the  
25 sale or use of goods, wares, or merchandise incorporated in  
26 an improvement to real estate in fulfillment of a construction  
27 contract executed prior to March 1, 1983.

28 The bill takes effect March 1, 1983 following publication.

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SENATE FILE 184

H-3076

1 Amend Senate File 184as follows:  
2 1. Page 1, by striking line 7 and inserting in  
3 lieu thereof the following: "the state to consumers  
4 or users; on May 1, 1983 a like rate of tax shall be  
5 imposed upon the".

H-3076 FILED FEBRUARY 3, 1983 BY VAN GERPEN of Black Hawk  
NOT GERMANE, SUSPENSION DAGGETT of Taylor  
OF RULES LOST (*p. 330, 331*) ROYER of Page  
COREY of Louisa  
HARBOR of Mills  
HALVORSON of Clayton

SENATE FILE 184

H-3081

1 Amend amendment H-3068 to Senate File 184 as follows:  
2 1. Page 1, by striking line 12 and inserting in  
3 lieu thereof the following: "fiscal year to date over  
4 the preceding fiscal year to date. If the".  
FILED FEBRUARY 3, 1983 BY SCHROEDER of Pottawattamie  
ADOPTED (*p. 214*)

SENATE FILE 184

H-3083

1 Amend Senate File 184 as passed by the Senate as  
2 follows:  
3 1. Page 3, by inserting after line 8 the following:  
4 "NEW SUBSECTION.  
5 a. A residential consumer of gas, electricity,  
6 or other consumable energy source, water and sewer  
7 service may apply to the director for a refund of  
8 one-fourth of the tax paid under this division or  
9 under chapter 423 under the following conditions:  
10 (1) The residential consumer has paid to the  
11 retailer or the department the full four percent tax.  
12 (2) The claim is filed on forms provided by the  
13 department and is filed within one year of the date  
14 the tax is paid.  
15 b. As an alternative to filing of the claim for  
16 refund the department may authorize the public utility  
17 which provides the gas, electricity, or other  
18 consumable energy source, water or sewer service to  
19 credit the amount of refund to the residential consumer  
20 on the consumer's next utility bill."

H-3083 FILED FEBRUARY 3, 1983 BY SCHROEDER of Pottawattamie  
NOT GERMANE, WITHDRAWN (*p. 331*)

SENATE FILE 184

H-3077

1 Amend Senate File 184 as passed by the Senate as  
2 follows:  
3 1. Page 2, line 19, by striking the word  
4 "subsection" and inserting in lieu thereof the word  
5 "subsections".  
6 2. Page 3, by inserting after line 8 the following:  
7 "NEW SUBSECTION.  
8 a. A purchaser of farm machinery or of the repairs  
9 to farm machinery may apply to the director for a  
10 refund of a certain amount of tax imposed under this  
11 division or under chapter 423 under the following  
12 conditions:  
13 (1) The purchaser of the farm machinery or of  
14 the repairs to farm machinery has paid to the retailer  
15 or the department the full four percent tax.  
16 (2) The claim is filed on forms provided by the  
17 department and is filed within one year of the date  
18 the tax is paid.  
19 b. The amount of the refund shall be as follows:  
20 (1) If purchased in the fiscal year beginning  
21 July 1, 1984, one-fourth of the tax paid.  
22 (2) If purchased in the fiscal year beginning  
23 July 1, 1985, two-fourths of the tax paid.  
24 (3) If purchased in the fiscal year beginning  
25 July 1, 1986, three-fourths of the tax paid.  
26 (4) If purchased in any fiscal year beginning  
27 on or after July 1, 1987, the full amount of the tax  
28 paid.  
29 c. The forms provided by the department for  
30 claiming this refund may provide, but is not limited  
31 to, that the receipt indicating when the purchase  
32 was made and the tax paid be attached or other  
33 information that would indicate when the purchase  
34 was made and the tax paid. If the department is  
35 satisfied that the conditions of this subsection have  
36 been complied with and the purchaser is entitled to  
37 the refund, the appropriate amount shall be refunded."  
38 2. Title page, line 3, by inserting after the  
39 word "contractors" the words "and certain other  
40 purchasers or users".

H-3077 FILED FEBRUARY 3, 1983 BY DAGGETT of Taylor  
NOT GERMANE, SUSPENSION OF RULES LOST (p. 308)  
(p. 307)

SENATE FILE 184

3075

1 Amend Senate File 184 as passed by the Senate as  
2 follows:

3 1. By striking everything after the enacting  
4 clause and inserting in lieu thereof the following:  
5 "Section 1. Section 422.43, Code 1983, is amended  
6 by adding the following new unnumbered paragraph:

7 NEW UNNUMBERED PARAGRAPH. Notwithstanding any  
8 other provision of this section, the tax imposed by  
9 this section shall be at the rate of four percent  
10 for the period beginning March 1, 1983 and ending  
11 June 30, 1983.

12 Sec. 2. Section 423.2, Code 1983, is amended by  
13 adding the following new unnumbered paragraph:

14 NEW UNNUMBERED PARAGRAPH. Notwithstanding any  
15 other provision of this section, the tax imposed by  
16 this section shall be at the rate of four percent  
17 for the period beginning March 1, 1983 and ending  
18 June 30, 1983.

19 Sec. 3. This Act, being deemed of immediate  
20 importance, takes effect March 1, 1983 from and after  
21 its publication in the Iowa City Press-Citizen, a  
22 newspaper published in Iowa City, Iowa, and in the  
Globe-Gazette, a newspaper published in Mason City,  
Iowa."

H-3075 FILED FEBRUARY 3, 1983 BY HARBOR of Mills  
LOST (p. 329) WELDEN of Hardin  
DE GROOT of Lyon  
VAN MAANEN of Mahaska  
STUELAND of Clinton  
RENSINK of Sioux  
ANDERSON of Audubon  
TOFTE of Winneshiek  
BRANSTAD of Winnebago  
ROYER of Page  
COREY of Louisa  
SWEARINGEN of Keokuk

SENATE FILE 184

H-3071

1 Amend Senate File 184 as passed by the Senate as  
2 follows:

3 1. Page 3, by inserting after line 27 the  
4 following:

5 "Sec. \_\_\_\_\_. Notwithstanding chapter 422, division  
6 IV and chapter 423, the following transition provisions  
7 shall apply in determining whether or not the  
8 transaction is subject to the three percent or four  
9 percent sales, services, or use tax rate:

10 1. The four percent sales tax rate applies to  
11 sales of tangible personal property where the sales  
12 contract is entered into on or after March 1, 1983.

13 2. The four percent use tax rate applies to the  
14 use of tangible personal property in this state where  
15 the first taxable use occurs on or after March 1,  
16 1983.

17 3. The four percent services tax rate applies  
18 to the rendering, furnishing, or performing of services  
19 where the service contract is entered into on or after  
20 March 1, 1983.

21 4. If a service contract is consummated in this  
22 state, the four percent use tax rate applies when  
23 the service contract is entered into on or after March  
24 1, 1983.

25 5. If the product or result of a taxable service  
26 contract which is consummated outside of this state  
27 is first used in this state on or after March 1, 1983,  
28 the four percent use tax rate applies.

29 6. If a service contract is entered into prior  
30 to March 1, 1983 and the contract requires periodic  
31 payments, payments made or due on or after March 1,  
32 1983 under the contract are subject to the four percent  
33 sales, services, or use tax rate.

34 7. Gross receipts from the sales, furnishing,  
35 or service of gas, electricity, water, heat, and  
36 communication service are subject to the sales,  
37 services, and use tax at the four percent rate when  
38 the date of billing the customer falls on or after  
39 March 1, 1983.

40 8. The four percent use tax rate applies to motor  
41 vehicles subject to registration when the vehicles  
42 are registered on or after March 1, 1983."

43 2. Renumber sections and correct internal  
44 references as are necessary in accordance with this  
45 amendment.

H-3071 FILED FEBRUARY 3, 1983 BY CARPENTER of Polk  
NOT GERMANE, SUSPENSION OF HALVORSON of Clayton  
RULES LOST (pp. 316-317) BENNETT of Ida  
HOFFMAN-BRIGHT of Muscatine  
McINTEE of Black Hawk

SENATE FILE 184

H-3073

1 Amend Senate File 184 as passed by the Senate as  
2 follows:

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

5 "Section 1. Section 422.43, unnumbered paragraphs  
6 1 and 2, Code 1983, are amended to read as follows:

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

28 There is hereby imposed a tax of ~~three~~ four percent  
29 upon the gross receipts derived from the operation  
30 of all forms of amusement devices and games of skill,  
31 games of chance, raffles and bingo games as defined  
32 in chapter 99B, and commercial amusement enterprises  
33 operated or conducted within the state of Iowa, ~~such~~  
34 the tax to be collected from the operator in the same  
35 manner as is provided for the collection of taxes  
36 upon the gross receipts of tickets or admission as  
37 provided in this section.

38 Sec. 2. Section 422.43, unnumbered paragraph 4,  
39 Code 1983, is amended to read as follows:

40 There is imposed a tax of ~~three~~ four percent upon  
41 the gross receipts from the sales of optional service  
42 or warranty contracts which provide for the furnishing  
43 of labor and materials and require the furnishing  
44 of any taxable service enumerated under this section.  
45 The gross receipts are subject to tax even if some  
46 of the services furnished are not enumerated under  
47 this section. For the purpose of this division, the  
48 sale of an optional service or warranty contract is  
49 a sale of tangible personal property. ~~No-additional~~  
50 Additional sales, services or use tax shall not be

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1 levied on services, parts, or labor provided under  
2 optional service or warranty contracts which are  
3 subject to tax under this section.

4 Sec. 3. Section 422.43, unnumbered paragraphs  
5 8 and 9, Code 1983, are amended to read as follows:

6 ~~The tax herein levied shall be computed and~~  
7 ~~collected as hereinafter provided. -- The tax herein~~  
8 ~~imposed shall be at the rate of three percent.~~

9 There is hereby imposed, a tax of ~~three~~ four percent  
10 upon the gross receipts from the rendering, furnishing,  
11 or performing of services as defined in section 422.42.

12 Sec. 4. Section 422.47, Code 1983, is amended  
13 by adding the following new subsections:

14 NEW SUBSECTION. Construction contractors may make  
15 application to the department for a refund of the  
16 additional one percent tax paid under this division  
17 or the additional one percent tax paid under chapter  
18 423 by reason of the increase in the tax from three  
19 to four percent for taxes paid on goods, wares, or  
20 merchandise under the following conditions:

21 a. The goods, wares, or merchandise are  
22 incorporated into an improvement to real estate in  
23 fulfillment of a written contract fully executed prior  
24 to April 1, 1983. The refund shall not apply to  
25 equipment transferred in fulfillment of a mixed  
26 construction contract.

27 b. The contractor has paid to the department or  
28 to a retailer the full four percent tax.

29 c. The claim is filed on forms provided by the  
30 department and is filed within one year of the date  
31 the tax is paid.

32 A contractor who makes an erroneous application  
33 for refund shall be liable for payment of the excess  
34 refund paid plus interest at the rate in effect under  
35 section 421.7. In addition, a contractor who willfully  
36 makes a false application for refund is guilty of  
37 a simple misdemeanor and is liable for a penalty equal  
38 to fifty percent of the excess refund claimed. Excess  
39 refunds, penalties, and interest due under this  
40 subsection may be enforced and collected in the same  
41 manner as the tax imposed by this division.

42 NEW SUBSECTION.

43 a. A residential consumer of gas, electricity,  
44 or other consumable energy source, water and sewer  
45 service may apply to the director for a refund of  
46 twenty-five percent of the tax paid under this division  
47 or under chapter 423 under the following conditions:

48 (1) The residential consumer has paid to the  
49 retailer or the department the full four percent tax.

50 (2) The claim is filed on forms provided by the

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1 department and is filed within one year of the date  
2 the tax is paid.

3 b. As an alternative to filing of the claim for  
4 refund the department may authorize the public utility  
5 which provides the gas, electricity, or other  
6 consumable energy source, water or sewer service to  
7 credit the amount of refund to the residential consumer  
8 on the consumer's next utility bill.

9 Sec. 5. Section 423.2, Code 1983, is amended to  
10 read as follows:

11 423.2 IMPOSITION OF TAX. An excise tax is imposed  
12 on the use in this state of tangible personal property  
13 purchased for use in this state, at the rate of ~~three~~  
14 four percent of the purchase price of the property.  
15 The excise tax is imposed upon every person using  
16 the property within this state until the tax has been  
17 paid directly to the county treasurer or the state  
18 department of transportation, to a retailer, or to  
19 the department ~~as hereinafter provided~~. An excise  
20 tax is imposed on the use in this state of services  
21 enumerated in section 422.43 at the rate of ~~three~~  
22 four percent. This tax is applicable where services  
23 are rendered, furnished, or performed in this state  
24 or where the product or result of the service is used  
25 in this state. This tax is imposed on every person  
26 using the services or the product of the services  
27 in this state until the user has paid the tax either  
28 to an Iowa use tax permit holder or ~~has paid the tax~~  
29 to the department of revenue.

30 Sec. 6. Section 422.16, subsection 2, Code 1983,  
31 is amended to read as follows:

32 2. A withholding agent required to deduct and  
33 withhold tax under subsections 1 and 12, except those  
34 required to deposit on a semimonthly basis, shall  
35 deposit for each calendar quarterly period, on or  
36 before the last day of the month following the close  
37 of the quarterly period, on a quarterly deposit form  
38 as prescribed by the director and shall pay to the  
39 department, in the form of remittances made payable  
40 to "Treasurer, State of Iowa", the tax required to  
41 be withheld, or the tax actually withheld, whichever  
42 is greater, under subsections 1 and 12. However,  
43 a withholding agent who withholds more than fifty  
44 dollars in any one month, except those required to  
45 deposit on a semimonthly basis, shall deposit with  
46 the department the amount withheld, with a monthly  
47 deposit form as prescribed by the director. The  
48 monthly deposit form is due on or before the fifteenth  
49 day of the month following the month of withholding,  
50 except that a deposit is not required for the amount

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1 withheld in the third month of the quarter but the  
2 total amount of withholding for the quarter shall  
3 be computed and the amount by which the deposits for  
4 that quarter fail to equal the total quarterly  
5 liability is due with the filing of the quarterly  
6 deposit form. The quarterly deposit form is due  
7 within-the-month on or before the last day of the  
8 month following the end of the quarter. A withholding  
9 agent who withholds more than eight-thousand two  
10 hundred fifty dollars in a semimonthly period shall  
11 deposit with the department the amount withheld, with  
12 a semimonthly deposit form as prescribed by the  
13 director. The first semimonthly deposit form for  
14 the period from the first of the month through the  
15 fifteenth of the month is due on the twenty-fifth  
16 day of the month in which the withholding occurs.  
17 The second semimonthly deposit form for the period  
18 from the sixteenth of the month through the end of  
19 the month is due on the tenth day of the month  
20 following the month in which the withholding occurs.

21 Every withholding agent on or before the end of  
22 the second month following the close of the calendar  
23 year in which the withholding occurs shall make an  
24 annual reporting of taxes withheld and other  
25 information prescribed by the director and send to  
26 the department copies of wage and tax statements with  
27 the return.

28 If the director has reason to believe that the  
29 collection of the tax provided for in subsections  
30 1 and 12 is in jeopardy, the director may require  
31 the employer or withholding agent to make the report  
32 and pay the tax at any time, in accordance with section  
33 422.30. The director may authorize incorporated  
34 banks, trust companies, or other depositories  
35 authorized by law which are depositories or financial  
36 agents of the United States or of this state, to  
37 receive any tax imposed under this chapter, in the  
38 manner, at the times, and under the conditions the  
39 director prescribes. The director shall also prescribe  
40 the manner, times, and conditions under which the  
41 receipt of the tax by those depositories is to be  
42 treated as payment of the tax to the department.

43 Sec. 7. Section 422.16, subsection 2, Code 1983,  
44 is amended by adding the following new unnumbered  
45 paragraph:

46 NEW UNNUMBERED PARAGRAPH. If a withholding agent  
47 elects or is required by department rule to make  
48 monthly deposits, the withholding agent shall remit  
49 tax monthly for at least twelve months. Failure to  
50 timely remit tax monthly shall subject the withholding

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1 agent to late filing or late payment penalties and  
2 interest. If a withholding agent elects or is required  
3 by department rule to make semimonthly deposits, the  
4 withholding agent shall remit tax semimonthly for  
5 at least twelve months. Failure to timely remit tax  
6 semimonthly shall subject the withholding agent to  
7 late filing or late payment penalties and interest.  
8 Withholding agents may petition the director and  
9 request that tax be remitted less frequently when  
10 it can be shown that the amount of tax withheld no  
11 longer requires tax to be remitted monthly or no  
12 longer requires tax to be remitted semimonthly.

13 Sec. 8. Section 422.52, subsection 1, Code 1983,  
14 is amended to read as follows:

15 1. The tax levied under this division is due and  
16 payable in quarterly installments on or before the  
17 last day of the month following each quarterly period  
18 except as otherwise provided in this subsection.  
19 Every retailer who collects more than ~~four-thousand~~  
20 five hundred dollars in retail sales tax in a  
21 semimonthly period shall deposit with the department  
22 or in a depository authorized by law and designated  
23 by the director, the amount collected or an amount  
24 equal to not less than one-sixth of the tax collected  
25 and paid to the department during the preceding  
26 quarter, with a deposit form for the semimonthly  
27 period as prescribed by the director. Alternatively,  
28 a retailer required to remit on a semimonthly basis  
29 may deposit an amount equal to the amount collected  
30 or one-sixth of the tax collected and paid to the  
31 department during the same calendar quarter of the  
32 preceding year. The first semimonthly deposit form  
33 is for the period from the first of the month through  
34 the fifteenth of the month and is due on or before  
35 the twenty-fifth day of the month. The second  
36 semimonthly deposit form is for the period from the  
37 sixteenth through the end of the month and is due  
38 on or before the tenth day of the month following  
39 the month of collection. A deposit is not required  
40 for the last semimonthly period of the calendar  
41 quarter. The total quarterly amount, less the amount  
42 deposited for the five previous semimonthly periods,  
43 is due with the quarterly report on the last day of  
44 the month following the month of collection. A  
45 ~~retailer-who-collects-more-than-five-hundred-dollars~~  
46 ~~in-retail-sales-taxes-in-one-month-and-not-more-than~~  
47 ~~four-thousand-dollars-in-retail-sales-taxes-in-a~~  
48 ~~semimonthly-period-shall-deposit-with-the-department~~  
49 ~~or-in-a-depository-authorized-by-law-and-designated~~  
50 ~~by-the-director,-the-amount-collected-or-an-amount~~

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1 equal-to-not-less-than-one-third-of-the-tax-collected  
2 and-paid-to-the-department-during-the-preceding  
3 quarterly-with-a-deposit-form-for-the-month-as  
4 prescribed-by-the-director.--The-deposit-form-is-due  
5 on-or-before-the-twentieth-day-of-the-month-following  
6 the-month-of-collection,-except-a-deposit-is-not  
7 required-for-the-third-month-of-the-calendar-quarter  
8 and-the-total-quarterly-amount,-less-the-amounts  
9 deposited-for-the-first-two-months-of-the-quarter,  
10 is-due-with-the-quarterly-report-on-the-last-day-of  
11 the-month-following-the-month-of-collection. Every  
12 retailer who collects more than fifty dollars in one  
13 month and not more than five hundred dollars in retail  
14 sales tax in one-month a semimonthly period shall  
15 deposit with the department or in a depository  
16 authorized by law and designated by the director,  
17 the amount collected, or an amount equal to not less  
18 than one-third of the tax collected and paid to the  
19 department during the last preceding quarter, with  
20 a deposit form for the month as prescribed by the  
21 director. The deposit form is due on or before the  
22 twentieth day of the month following the month of  
23 collection, except a deposit is not required for the  
24 third month of the calendar quarter and the total  
25 quarterly amount, less the amounts deposited for the  
26 first two months of the quarter, is due with the  
27 quarterly report on the last day of the month following  
28 the month of collection. ~~The-monthly-remittance~~  
29 ~~procedure-is-optional-for-any-sales-tax-permit-holder~~  
30 ~~whose-average-monthly-collection-of-tax-amounts-to~~  
31 ~~more-than-twenty-five-dollars-and-less-than-fifty~~  
32 ~~dollars.~~ If the exact amounts of the taxes due or  
33 an amount equal to not less than one-third or one-  
34 sixth, as applicable, of the tax collected and paid  
35 to the department during the last preceding quarter  
36 on the deposit form are not ascertainable by the  
37 retailer, or would work undue hardship in the  
38 computation of the taxes due by the retailer, the  
39 director may provide by rules alternative procedures  
40 for estimating the amounts (but not the dates) due  
41 by the retailers. The forms prescribed by the director  
42 shall be referred to as "retailers semimonthly tax  
43 deposit" or "retailers monthly tax deposit". Deposit  
44 forms shall be signed by the retailer or the retailer's  
45 duly authorized agent, and shall be duly certified  
46 by the retailer or agent to be correct. The director  
47 may authorize incorporated banks and trust companies  
48 or other depositories authorized by law which are  
49 depositories or financial agents of the United States,  
50 or of this state, to receive any tax imposed under

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1 this chapter, in the manner, at the times and under  
2 the conditions the director prescribes. The director  
3 shall prescribe the manner, times, and conditions  
4 under which the receipt of the tax by those  
5 depositories is to be treated as payment of the tax  
6 to the department.

7 Sec. 9. Section 422.52, subsection 1, Code 1983,  
8 is amended by adding the following new unnumbered  
9 paragraph:

10 NEW UNNUMBERED PARAGRAPH. If a retailer elects  
11 or is required by department rule to make monthly  
12 deposits, the retailer shall remit tax monthly for  
13 at least twelve months. Failure to timely remit tax  
14 monthly shall subject the retailer to late filing  
15 or late payment penalties and interest. If a retailer  
16 elects or is required by department rule to make  
17 semimonthly deposits the retailer shall remit tax  
18 semimonthly for at least twelve months. Failure to  
19 timely remit tax semimonthly shall subject the retailer  
20 to late filing or late payment penalties and interest.  
21 Retailers may petition the director and request that  
22 tax be remitted less frequently when it can be shown  
23 that the amount of tax collected no longer requires  
24 tax to be remitted monthly or no longer requires tax  
25 to be remitted semimonthly.

26 Sec. 10. Section 423.13, Code 1983, is amended  
27 to read as follows:

28 423.13 PAYMENT TO DEPARTMENT. Each permit holder  
29 required or authorized, pursuant to section 423.9  
30 or 423.10, to collect or pay the tax imposed, shall  
31 remit to the department the amount of tax, on or  
32 before the last day of the month following each  
33 calendar quarterly period. However, a retailer who  
34 collects or owes more than ~~fifteen~~ five hundred dollars  
35 in use taxes in a month shall deposit with the  
36 department or in a depository authorized by law and  
37 designated by the director, the amount collected or  
38 owed an amount equal to not less than one-third of  
39 the tax collected and paid during the preceding  
40 quarter, with a deposit form for the month as  
41 prescribed by the director. The deposit form is due  
42 on or before the twentieth day of the month following  
43 the month of collection, except a deposit is not  
44 required for the third month of the calendar quarter  
45 and the total quarterly amount, less the amounts  
46 deposited for the first two months of the quarter,  
47 is due with the quarterly report on the last day of  
48 the month following the month of collection. At that  
49 time, the retailer shall file with the department  
50 a return for the preceding quarterly period in the

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1 form prescribed by the director showing the sales  
2 price of the tangible personal property sold by the  
3 retailer during the preceding quarterly period, the  
4 use of which is subject to the tax imposed by this  
5 chapter, and other information the director deems  
6 necessary for the proper administration of this  
7 chapter. The return shall be accompanied by a  
8 remittance of the tax for the period covered by the  
9 return. If necessary in order to ensure payment to  
10 the state of the tax, the director may in any or all  
11 cases require returns and payments to be made for  
12 other than quarterly periods. The director may, upon  
13 request and a proper showing of necessity, grant an  
14 extension of time not to exceed thirty days for making  
15 any return and payment. Returns shall be signed by  
16 the retailer or the retailer's duly authorized agent,  
17 and shall be certified by the retailer or agent to  
18 be correct.

19 Sec. 11. Section 423.13, Code 1983, is amended  
20 by adding the following new unnumbered paragraph:  
21 NEW UNNUMBERED PARAGRAPH. If a permit holder  
22 elects or is required by department rule to make  
23 monthly deposits, the permit holder shall remit tax  
24 monthly for at least twelve months. Failure to timely  
25 remit tax monthly shall subject the permit holder  
26 to late filing or late payment penalties and interest.  
27 The permit holder may petition the director and request  
28 that tax be remitted quarterly when it can be shown  
29 that the amount of tax collected does not exceed five  
30 hundred dollars in a month.

31 Sec. 12. Sections 6, 8, and 10 take effect April  
32 1, 1983.

33 Sec. 13. Sections 7, 9, and 11 take effect July  
34 1, 1983.

35 Sec. 14. This Act, being deemed of immediate  
36 importance, takes effect April 1, 1983 from and after  
37 its publication in the Iowa City Press-Citizen, a  
38 newspaper published in Iowa City, Iowa, and in the  
39 Globe-Gazette, a newspaper published in Mason City,  
40 Iowa."

41 2. Title page, line 3, by inserting after the  
42 comma the words "providing for accelerated collections  
43 of sales, services, use, and income taxes,".

SENATE FILE 184

H-3070

1 Amend Senate File 184 as passed by the Senate as  
2 follows:

3 1. Page 3, by inserting after line 27 the  
4 following:

5 "Sec. \_\_\_\_ . NEW SECTION.

6 1. There is appropriated from the general fund  
7 of the state for each fiscal year beginning on or  
8 after July 1, 1983 to the energy policy council the  
9 amount of the additional one percent sales, services,  
10 and use tax collected as a result of the increase  
11 in the tax rate from three to four percent on the  
12 sales, furnishing, or service of gas, electricity,  
13 and heat during the previous fiscal year to be used  
14 as provided in subsections 2 and 3.

15 2. One-half of the amount appropriated under  
16 subsection 1 for each fiscal year shall be expended  
17 by the energy policy council to provide energy  
18 assistance and weatherization as provided in Pub.  
19 L. No. 97-35, Title XXVI. Unencumbered and unobligated  
20 funds remaining at the end of the fiscal year revert  
21 to the state general fund.

22 3. One-half of the amount appropriated under  
23 subsection 1 for each fiscal year shall be used by  
24 the energy policy council to provide low interest  
25 loans to small businesses and to low or moderate  
26 income families as defined in section 220.1 to provide  
27 energy assistance and weatherization for the small  
28 business or the low or moderate income family. Funds  
29 not loaned or for which a contract has been executed  
30 to provide for a loan at the end of the fiscal year  
31 shall revert to the state general fund. Payments  
32 of interest and principle on loans made shall be  
33 deposited in and credited to the state general fund  
34 upon receipt by the council of the payments."

35 2. Title page, line 3, by inserting after the  
36 word "contractors," the words "providing for  
37 appropriations,".

H-3070 FILED FEBRUARY 3, 1983 BY McINTEE of Black Hawk  
MULLINS of Kossuth  
NOT GERMANE, SUSPENSION DE GROOT of Lyon  
OF RULES LOST (#318-319) LAGESCHULTE of Bremer  
HANDORF of Marshall  
HOFFMAN-BRIGHT of Muscatine  
DIEMER of Black Hawk  
VAN GERPEN of Black Hawk  
HALVORSON of Clayton

SENATE FILE 184

H-3068

1 Amend Senate File 184 as passed by the Senate as  
2 follows:

3 1. Page 3, by inserting after line 27 the  
4 following:

5 "Sec. \_\_\_\_\_. The provisions of sections 1, 2, 3  
6 and 5 of this Act are temporary and in effect only  
7 until the time provided in this Act. On or before  
8 April 10 each year, the state comptroller shall certify  
9 to the director of revenue the percentage of increase  
10 or decrease in the state general fund revenues,  
11 adjusted for changes in rate or basis, for the current  
12 fiscal year over the preceding fiscal year. If the  
13 growth in state general fund revenues in the current  
14 fiscal year exceeds by four percent the state general  
15 fund revenues for the preceding fiscal year, the  
16 provisions of sections 1, 2, 3, and 5 are reenacted  
17 as of July 1 of that year in the form as they existed  
18 prior to the effective date of this Act in order to  
19 provide for a three percent sales, services and use  
20 tax."

21 2. Renumber sections and correct internal  
22 references as are necessary in accordance with this  
23 amendment.

H-3068 FILED FEBRUARY 3, 1983 BY SCHROEDER of Pottawattamie  
LOST (p. 218)

SCHNEKLOTH of Scott  
RENSINK of Sioux  
PELLETT of Cass  
STUELAND of Clinton  
WELDEN of Hardin

SENATE FILE 184

H-3066

Amend Senate File 184 as passed by the Senate as follows:

1. Page 2, by inserting after line 17 the following:

"Sec. \_\_\_\_ . Section 422.45, Code 1983, is amended by adding the following new subsection:

NEW SUBSECTION. Notwithstanding the general exemption provision in this section, the gross receipts from the sales, furnishing or service of residential heating fuels to persons sixty-five years of age or older or totally disabled is exempt from the increase in the tax rate imposed under this division from three to four percent as follows:

a. All fuel oil, coal, wood, steam, propane gas, and liquefied petroleum gas sold to qualified residential customers for residential use.

b. Natural gas sold for residential use to qualified customers who are metered and billed as residential users and who use natural gas for their primary source of residential heat.

c. Electricity sold for residential use to qualified customers who are metered and billed as residential users and who use electricity for their primary source of residential heat."

2. Renumber sections and correct internal references as are necessary in accordance with this amendment.

H-3066 FILED FEBRUARY 3, 1983 BY DE GROOT of Lyon  
NOT GERMANE, SUSPENSION MULLINS of Kossuth  
OF RULES LOST (p. 306) KREWSON of Polk  
VAN MAANEN of Mahaska  
PAULIN of Plymouth

SENATE FILE 184

H-3067

Amend Senate File 184 as passed by the Senate as follows:

1. Page 3, by inserting after line 27 the following:

"Sec. \_\_\_\_ . The provisions of sections 1, 2, 3, and 5 of this Act are temporary and in effect only through June 30, 1984 and such sections are reenacted as of July 1, 1984 in the form as they existed prior to the effective date of this Act in order to provide for a three percent sales, services, and use tax. Section 4 of this Act is repealed effective July 1, 1984."

2. Renumber as required.

H-3067 FILED FEBRUARY 3, 1983 BY HANSON of Delaware  
McKEAN of Jones  
VAN GERPEN of Black Hawk  
HANDORF of Marshall

SENATE FILE 184

H-3065

1 Amend Senate File 184 as passed by the Senate as  
2 follows:  
3 1. Page 2, by inserting after line 17 the  
4 following:  
5 "Sec. \_\_\_\_ . Section 422.43, Code 1983, is amended  
6 by adding the following new unnumbered paragraph:  
7 NEW UNNUMBERED PARAGRAPH. Notwithstanding the  
8 rate of tax imposed by this section, where any single  
9 sale of tangible personal property under this section  
10 exceeds ten thousand dollars in value, the sale shall  
11 be subject to the rate of tax specified in this section  
12 and at a rate of three percent on the amount of the  
13 gross receipts exceeding ten thousand dollars."  
14 2. Page 3, by inserting after line 27 the  
15 following:  
16 "Sec. \_\_\_\_ . Section 423.2, Code 1983, is amended  
17 by adding the following new unnumbered paragraph:  
18 NEW UNNUMBERED PARAGRAPH. Notwithstanding the  
19 rate of tax imposed by this section, where the use  
20 in this state of tangible personal property purchased  
21 for use in this state exceeds ten thousand dollars  
22 in value, the tangible personal property purchased  
23 for use in this state shall be subject to the rate  
24 of tax specified in this section but at a rate of  
25 three percent on the portion of the purchase price  
26 of the tangible personal property exceeding ten  
27 thousand dollars."  
28 3. Renumber sections and correct internal  
29 references as are necessary in accordance with this  
30 amendment.

H-3065 FILED FEBRUARY 3, 1983 BY WELDEN of Hardin  
NOT GERMANE (p. 304) VAN GERPEN of Black Hawk  
HANDORF of Marshall  
MAULSBY of Calhoun

SENATE FILE 184

H-3064

1 Amend Senate File 184 as passed by the Senate as  
2 follows:  
3 1. Page 2, line 20, by striking the words  
4 "Construction contractors" and inserting in lieu  
5 thereof the word "Contractors".  
6 2. Page 2, line 30, by striking the word  
7 "construction".

H-3064 FILED FEBRUARY 3, 1983 BY SCHROEDER of Pottawattamie  
Lost 2/3 (p. 310)

SENATE FILE 184

H-3061

1 Amend Senate File 184 as passed by the Senate as  
2 follows:

1. Page 2, line 28, by striking the word "March"  
and inserting in lieu thereof the word "April".
2. Page 3, line 29, by striking the word "March"  
6 and inserting in lieu thereof the word "April".

H-3061 FILED FEBRUARY 3, 1983 BY HARBOR of Mills  
LOST (p. 311) DAGGET of Taylor  
PELLETT of Cass  
MAULSBY of Calhoun  
RENKEN of Grundy  
HANDORF of Marshall  
HERMANN of Scott  
LAGESCHULTE of Bremer  
McKEAN of Jones

SENATE FILE 184

H-3062

1 Amend Senate File 184 as passed by the Senate as  
2 follows:

- 3 1. Page 2, by inserting after line 17 the  
4 following:  
5 "Sec. \_\_\_\_ Section 422.45, Code 1983, is amended  
6 by adding the following new subsection:  
7 NEW SUBSECTION. The gross receipts from the sale  
8 of industrial machinery and equipment and tangible  
9 personal property used for agricultural purposes,  
10 including replacement parts which are depreciable  
for state and federal income tax purposes."  
11 2. Renumber sections as are necessary in accordance  
12 with this amendment.

H-3062 FILED FEBRUARY 3, 1983 BY HARBOR of Mills  
NOT GERMANE, SUSPENSION McINTEE of Black Hawk  
OF RULES LOST (p. 302) HANSON of Delaware  
VAN GERPEN of Black Hawk  
HANDORF of Marshall  
MAULSBY of Calhoun  
RENKEN of Grundy

SENATE FILE 184

H-3063

1 Amend Senate File 184 as passed by the Senate as  
2 follows:

- 3 1. Page 2, by inserting after line 17 the  
4 following:  
5 "Sec. \_\_\_\_ Section 422.45, Code 1983, is amended  
6 by adding the following new subsection:  
7 NEW SUBSECTION. The gross receipts from the sale  
8 of industrial machinery and equipment, including  
9 replacement parts which are depreciable for state  
10 and federal income tax purposes."  
11 2. Renumber sections as necessary in accordance.  
12 with this amendment.

H-3063 FILED FEBRUARY 3, 1983 BY HARBOR of Mills  
GERMANE (p. 303) McINTEE of Black Hawk  
VAN GERPEN of Black Hawk  
HANDORF of Marshall

SENATE FILE 184

H-3059

1 Amend Senate File 184 as follows:  
2 1. Page 2, by inserting after line 17 the fol-  
3 lowing:  
4 "Sec. \_\_\_\_ . Section 422.45, Code 1983, is  
5 amended by adding the following new subsection:  
6 NEW SUBSECTION. Notwithstanding the general  
7 exemption provision in this section, the gross re-  
8 cepts from the sale of each business machine and  
9 each piece of farm equipment where the purchase  
10 price is more than five thousand dollars are exempt  
11 from the increase in the tax rate imposed under  
12 this division from three to four percent."  
13 2. By renumbering as necessary.

H-3059 FILED FEBRUARY 3, 1983 BY PELLETT of Cass  
NOT GERMANE, SUSPENSION DAGGETT of Taylor  
OF RULES LOST (p. 301) MAULSBY of Calhoun  
RENKEN of Grundy  
VAN MAANEN of Mahaska  
VAN GERPEN of Black Hawk  
MCINTEE of Black Hawk  
DIEMER of Black Hawk  
ROYER of Page  
HALVORSON of Clayton  
BENNETT of Ida  
DE GROOT of Lyon

SENATE FILE 148

H-3060

1 Amend Senate File 184 as passed by the Senate as  
2 follows:  
3 1. Page 3, by inserting after line 27 the  
4 following:  
5 "Sec. \_\_\_\_ . The provisions of sections 1, 2, 3,  
6 and 5 of this Act are temporary and in effect only  
7 until the time provided in this Act. When the  
8 unobligated state general fund balance of June 30  
9 as certified by the state comptroller by September  
10 10 of the fiscal year which ended in that calendar  
11 year, was sixty million dollars or more, the provisions  
12 of sections 1, 2, 3, and 5 are reenacted as of February  
13 28, 1983 as they existed prior to the effective date  
14 of this Act in order to provide for a three percent  
15 sales, services, and use tax."

H-3060 FILED FEBRUARY 3, 1983 BY LAGESCHULTE of Bremer  
LOST (p. 312) PELLETT of Cass  
DE GROOT of Lyon  
MCKEAN of Jones  
HERMANN of Scott  
RENKEN of Grundy  
MAULSBY of Calhoun  
HANSON of Delaware  
BENNETT of Ida

H-3058

1 Amend Senate File 184 as passed by the Senate as  
2 follows:

3 1. Page 2, by inserting after line 17 the  
4 following:

5 "Sec. \_\_\_\_ Section 422.45, Code 1983, is amended  
6 by adding the following new subsection:

7 NEW SUBSECTION. Notwithstanding the general  
8 exemption provision in this section, the gross receipts  
9 from the sale of farm machinery and from the repair  
10 of farm machinery is exempt from the increase in the  
11 tax rate imposed under this division from three to  
12 four percent if the purchase or repair is paid for  
13 in the fiscal year beginning July 1, 1984 and is  
14 exempt from two-fourths of the tax rate imposed under  
15 this division if the purchase or repair is paid for  
16 in any fiscal year beginning on or after July 1,  
17 1985."

18 2. By renumbering as necessary.

H-3058 FILED FEBRUARY 3, 1983 BY DAGGETT of Taylor  
NOT GERMANE (p. 299)

McKEAN of Jones  
HARBOR of Mills  
MAULSBY of Calhoun  
VAN MAANEN of Mahaska  
HALVORSON of Clayton  
RENSINK of Sioux  
ANDERSON of Audubon  
LAGESCHULTE of Bremer  
Mc INTEE of Black Hawk  
PELLETT of Cass  
HUMMEL of Benton  
MULLINS of Kossuth  
VAN CAMP of Scott  
HANSON of Delaware  
VAN GERPEN of Black Hawk  
SCHNEKLOTH of Scott  
DE GROOT of Lyon

Representative Daggett

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STATE OF IOWA  
FISCAL NOTE

LSB No. 184.332  
Request No. 83-163  
Staff ID CMG

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In compliance with a written request received February 3, 1983, there is hereby submitted a Fiscal Note for House File H-3058 pursuant to Joint Rule 17. Background information used in developing this Fiscal Note is available from the Legislative Fiscal Bureau, to members of the Legislature upon request.

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Amendment H-3058 to Senate File 184 exempts the gross receipts from the sale of farm machinery and from the repair of farm machinery from the increase in the tax rate imposed if the purchase or repair is paid for during FY 1985.

The amendment further provides that for purchases or repairs made during or after FY 1986, 50 percent of the tax rate imposed by House File 141 will be exempt.

An estimate of fiscal effect of this amendment is not possible due to lack of available information.

(184.332, 83-163, CMG)  
FILED FEBRUARY 3, 1983 BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 184

H-3057

- 1 Amend Senate File 184 as passed by the Senate as  
2 follows:  
3 1. Page 2, by inserting after line 17 the  
4 following:  
5 "Sec. \_\_\_\_ Section 422.45, Code 1983, is amended  
6 by adding the following new subsection:  
7 NEW SUBSECTION. Notwithstanding the general  
8 exemption provision in this section, the gross receipts  
9 from the sale of industrial equipment is exempt from  
10 the increase in the tax rate imposed under this  
11 division from three to four percent if the purchase  
12 is paid for in the fiscal year beginning July 1, 1984  
13 and is exempt from two-fourths of the tax rate imposed  
14 under this division if the purchase or repair is paid  
15 for in any fiscal year beginning on or after July  
16 1, 1985."  
17 2. By renumbering as necessary.

H-3057 FILED FEBRUARY 3, 1983 BY DAGGETT of Taylor  
NOT GERMANE, SUSPENSION OF HARBOR of Mills  
RULES LOST (p. 297) MAULSBY of Calhoun  
VAN MAANEN of Mahaska  
HALVORSON of Clayton  
RENSINK of Sioux  
ANDERSON of Audubon  
LAGESCHULTE of Bremer  
HERMANN of Scott  
HANDORF of Marshall  
VAN GERPEN of Black Hawk  
HUMMEL of Benton  
VAN CAMP of Scott  
SCHNEKLOTH of Scott  
DE GROOT of Lyon

Representative Daggett

STATE OF IOWA  
FISCAL NOTE

LSB No. 184.331  
Request No. 83-165  
Staff ID CMG

In compliance with a written request received February 3, 1983, there is hereby submitted a Fiscal Note for House File H-3057 pursuant to Joint Rule 17. Background information used in developing this Fiscal Note is available from the Legislative Fiscal Bureau, to members of the Legislature upon request.

Amendment H-3057 to Senate File 184 exempts the gross receipts from the sale of industrial equipment from the increase in the tax rate imposed if the purchase or repair is paid for during FY 1985.

The amendment further provides that for purchases made during or after FY 1986, 50 percent of the tax rate imposed by House File 141 will be exempt.

An estimate of fiscal effect of this amendment is not possible due to lack of available information.

(184.331 83-165 CMG)

FILED FEBRUARY 3, 1983 BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 184

H-3056

1 Amend Senate File 184 as passed by the Senate as  
2 follows:

3 1. Page 2, line 28, by striking the word "March"  
4 and inserting in lieu thereof the word "April".

5 2. Page 3, by striking everything after line 27  
6 and inserting in lieu thereof the following:

7 "Sec. 6. Section 422.16, subsection 2, Code 1983,  
8 is amended to read as follows:

9 2. A withholding agent required to deduct and  
10 withhold tax under subsections 1 and 12, except those  
11 required to deposit on a semimonthly basis, shall  
12 deposit for each calendar quarterly period, on or  
13 before the last day of the month following the close  
14 of the quarterly period, on a quarterly deposit form  
15 as prescribed by the director and shall pay to the  
16 department, in the form of remittances made payable  
17 to "Treasurer, State of Iowa", the tax required to  
18 be withheld, or the tax actually withheld, whichever  
19 is greater, under subsections 1 and 12. However,  
20 a withholding agent who withholds more than fifty  
21 dollars in any one month, except those required to  
22 deposit on a semimonthly basis, shall deposit with  
23 the department the amount withheld, with a monthly  
24 deposit form as prescribed by the director. The  
25 monthly deposit form is due on or before the fifteenth  
26 day of the month following the month of withholding,  
27 except that a deposit is not required for the amount  
28 withheld in the third month of the quarter but the  
29 total amount of withholding for the quarter shall  
30 be computed and the amount by which the deposits for  
31 that quarter fail to equal the total quarterly  
32 liability is due with the filing of the quarterly  
33 deposit form. The quarterly deposit form is due  
34 within the month on or before the last day of the  
35 month following the end of the quarter. A withholding  
36 agent who withholds more than eight-thousand two  
37 hundred fifty dollars in a semimonthly period shall  
38 deposit with the department the amount withheld, with  
39 a semimonthly deposit form as prescribed by the  
40 director. The first semimonthly deposit form for  
41 the period from the first of the month through the  
42 fifteenth of the month is due on the twenty-fifth  
43 day of the month in which the withholding occurs.  
44 The second semimonthly deposit form for the period  
45 from the sixteenth of the month through the end of  
46 the month is due on the tenth day of the month  
47 following the month in which the withholding occurs.

48 Every withholding agent on or before the end of  
49 the second month following the close of the calendar  
50 year in which the withholding occurs shall make an

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1 annual reporting of taxes withheld and other  
2 information prescribed by the director and send to  
3 the department copies of wage and tax statements with  
4 the return.

5 If the director has reason to believe that the  
6 collection of the tax provided for in subsections  
7 1 and 12 is in jeopardy, the director may require  
8 the employer or withholding agent to make the report  
9 and pay the tax at any time, in accordance with section  
10 422.30. The director may authorize incorporated  
11 banks, trust companies, or other depositories  
12 authorized by law which are depositories or financial  
13 agents of the United States or of this state, to  
14 receive any tax imposed under this chapter, in the  
15 manner, at the times, and under the conditions the  
16 director prescribes. The director shall also prescribe  
17 the manner, times, and conditions under which the  
18 receipt of the tax by those depositories is to be  
19 treated as payment of the tax to the department.

20 Sec. 7. Section 422.16, subsection 2, Code 1983,  
21 is amended by adding the following new unnumbered  
22 paragraph:

23 NEW UNNUMBERED PARAGRAPH. If a withholding agent  
24 elects or is required by department rule to make  
25 monthly deposits, the withholding agent shall remit  
26 tax monthly for at least twelve months. Failure to  
27 timely remit tax monthly shall subject the withholding  
28 agent to late filing or late payment penalties and  
29 interest. If a withholding agent elects or is required  
30 by department rule to make semimonthly deposits, the  
31 withholding agent shall remit tax semimonthly for  
32 at least twelve months. Failure to timely remit tax  
33 semimonthly shall subject the withholding agent to  
34 late filing or late payment penalties and interest.  
35 Withholding agents may petition the director and  
36 request that tax be remitted less frequently when  
37 it can be shown that the amount of tax withheld no  
38 longer requires tax to be remitted monthly or no  
39 longer requires tax to be remitted semimonthly.

40 Sec. 8. Section 422.52, subsection 1, Code 1983,  
41 is amended to read as follows:

42 1. The tax levied under this division is due and  
43 payable in quarterly installments on or before the  
44 last day of the month following each quarterly period  
45 except as otherwise provided in this subsection.

46 Every retailer who collects more than ~~four~~-thousand  
47 five hundred dollars in retail sales tax in a  
48 semimonthly period shall deposit with the department  
49 or in a depository authorized by law and designated  
50 by the director, the amount collected or an amount

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1 equal to not less than one-sixth of the tax collected  
2 and paid to the department during the preceding  
3 quarter, with a deposit form for the semimonthly  
4 period as prescribed by the director. Alternatively,  
5 a retailer required to remit on a semimonthly basis  
6 may deposit an amount equal to the amount collected  
7 or one-sixth of the tax collected and paid to the  
8 department during the same calendar quarter of the  
9 preceding year. The first semimonthly deposit form  
10 is for the period from the first of the month through  
11 the fifteenth of the month and is due on or before  
12 the twenty-fifth day of the month. The second  
13 semimonthly deposit form is for the period from the  
14 sixteenth through the end of the month and is due  
15 on or before the tenth day of the month following  
16 the month of collection. A deposit is not required  
17 for the last semimonthly period of the calendar  
18 quarter. The total quarterly amount, less the amount  
19 deposited for the five previous semimonthly periods,  
20 is due with the quarterly report on the last day of  
21 the month following the month of collection. A  
22 ~~retailer who collects more than five hundred dollars~~  
23 ~~in retail sales taxes in one month and not more than~~  
24 ~~four thousand dollars in retail sales taxes in a~~  
25 ~~semimonthly period shall deposit with the department~~  
26 ~~or in a depository authorized by law and designated~~  
27 ~~by the director, the amount collected or an amount~~  
28 ~~equal to not less than one-third of the tax collected~~  
29 ~~and paid to the department during the preceding~~  
30 ~~quarter, with a deposit form for the month as~~  
31 ~~prescribed by the director. The deposit form is due~~  
32 ~~on or before the twentieth day of the month following~~  
33 ~~the month of collection, except a deposit is not~~  
34 ~~required for the third month of the calendar quarter~~  
35 ~~and the total quarterly amount, less the amounts~~  
36 ~~deposited for the first two months of the quarter,~~  
37 ~~is due with the quarterly report on the last day of~~  
38 ~~the month following the month of collection. Every~~  
39 retailer who collects more than fifty dollars in one  
40 month and not more than five hundred dollars in retail  
41 sales tax in one month a semimonthly period shall  
42 deposit with the department or in a depository  
43 authorized by law and designated by the director,  
44 the amount collected, or an amount equal to not less  
45 than one-third of the tax collected and paid to the  
46 department during the last preceding quarter, with  
47 a deposit form for the month as prescribed by the  
48 director. The deposit form is due on or before the  
49 twentieth day of the month following the month of  
50 collection, except a deposit is not required for the

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1 third month of the calendar quarter and the total  
2 quarterly amount, less the amounts deposited for the  
3 first two months of the quarter, is due with the  
4 quarterly report on the last day of the month following  
5 the month of collection. ~~The monthly remittance~~  
6 ~~procedure is optional for any sales tax permit holder~~  
7 ~~whose average monthly collection of tax amounts to~~  
8 ~~more than twenty-five dollars and less than fifty~~  
9 ~~dollars.~~ If the exact amounts of the taxes due or  
10 an amount equal to not less than one-third or one-  
11 sixth, as applicable, of the tax collected and paid  
12 to the department during the last preceding quarter  
13 on the deposit form are not ascertainable by the  
14 retailer, or would work undue hardship in the  
15 computation of the taxes due by the retailer, the  
16 director may provide by rules alternative procedures  
17 for estimating the amounts (but not the dates) due  
18 by the retailers. The forms prescribed by the director  
19 shall be referred to as "retailers semimonthly tax  
20 deposit" or "retailers monthly tax deposit". Deposit  
21 forms shall be signed by the retailer or the retailer's  
22 duly authorized agent, and shall be duly certified  
23 by the retailer or agent to be correct. The director  
24 may authorize incorporated banks and trust companies  
25 or other depositories authorized by law which are  
26 depositories or financial agents of the United States,  
27 or of this state, to receive any tax imposed under  
28 this chapter, in the manner, at the times and under  
29 the conditions the director prescribes. The director  
30 shall prescribe the manner, times, and conditions  
31 under which the receipt of the tax by those  
32 depositories is to be treated as payment of the tax  
33 to the department.

34 Sec. 9. Section 422.52, subsection 1, Code 1983, -  
35 is amended by adding the following new unnumbered  
36 paragraph:

37 NEW UNNUMBERED PARAGRAPH. If a retailer elects  
38 or is required by department rule to make monthly  
39 deposits, the retailer shall remit tax monthly for  
40 at least twelve months. Failure to timely remit tax  
41 monthly shall subject the retailer to late filing  
42 or late payment penalties and interest. If a retailer  
43 elects or is required by department rule to make  
44 semimonthly deposits the retailer shall remit tax  
45 semimonthly for at least twelve months. Failure to  
46 timely remit tax semimonthly shall subject the retailer  
47 to late filing or late payment penalties and interest.  
48 Retailers may petition the director and request that  
49 tax be remitted less frequently when it can be shown  
50 that the amount of tax collected no longer requires

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1 tax to be remitted monthly or no longer requires tax  
2 to be remitted semimonthly.

3 Sec. 10. Section 423.13, Code 1983, is amended  
4 to read as follows:

5 423.13 PAYMENT TO DEPARTMENT. Each permit holder  
6 required or authorized, pursuant to section 423.9  
7 or 423.10, to collect or pay the tax imposed, shall  
8 remit to the department the amount of tax, on or  
9 before the last day of the month following each  
10 calendar quarterly period. However, a retailer who  
11 collects or owes more than ~~fifteen~~ five hundred dollars  
12 in use taxes in a month shall deposit with the  
13 department or in a depository authorized by law and  
14 designated by the director, the amount collected or  
15 ~~owed~~ an amount equal to not less than one-third of  
16 the tax collected and paid during the preceding  
17 quarter, with a deposit form for the month as  
18 prescribed by the director. The deposit form is due  
19 on or before the twentieth day of the month following  
20 the month of collection, except a deposit is not  
21 required for the third month of the calendar quarter  
22 and the total quarterly amount, less the amounts  
23 deposited for the first two months of the quarter,  
24 is due with the quarterly report on the last day of  
25 the month following the month of collection. At that  
26 time, the retailer shall file with the department  
27 a return for the preceding quarterly period in the  
28 form prescribed by the director showing the sales  
29 price of the tangible personal property sold by the  
30 retailer during the preceding quarterly period, the  
31 use of which is subject to the tax imposed by this  
32 chapter, and other information the director deems  
33 necessary for the proper administration of this  
34 chapter. The return shall be accompanied by a  
35 remittance of the tax for the period covered by the  
36 return. If necessary in order to ensure payment to  
37 the state of the tax, the director may in any or all  
38 cases require returns and payments to be made for  
39 other than quarterly periods. The director may, upon  
40 request and a proper showing of necessity, grant an  
41 extension of time not to exceed thirty days for making  
42 any return and payment. Returns shall be signed by  
43 the retailer or the retailer's duly authorized agent,  
44 and shall be certified by the retailer or agent to  
45 be correct.

46 Sec. 11. Section 423.13, Code 1983, is amended  
47 by adding the following new unnumbered paragraph:

48 NEW UNNUMBERED PARAGRAPH. If a permit holder  
49 elects or is required by department rule to make  
50 monthly deposits, the permit holder shall remit tax

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Page Six

1 monthly for at least twelve months. Failure to timely  
2 remit tax monthly shall subject the permit holder  
3 to late filing or late payment penalties and interest.  
4 The permit holder may petition the director and request  
5 that tax be remitted quarterly when it can be shown  
6 that the amount of tax collected does not exceed five  
7 hundred dollars in a month.

8 Sec. 12. Sections 6, 8, and 10 take effect April  
9 1, 1983.

10 Sec. 13. Sections 7, 9, and 11 take effect July  
11 1, 1983.

12 Sec. 14. This Act, being deemed of immediate  
13 importance, takes effect April 1, 1983 from and after  
14 its publication in the Iowa City Press-Citizen, a  
15 newspaper published in Iowa City, Iowa, and in the  
16 Globe-Gazette, a newspaper published in Mason City,  
17 Iowa."

18 3. Title page, line 3, by inserting after the  
19 comma the words "providing for accelerated collections  
20 of sales, services, use, and income taxes,".

H-3056 FILED FEBRUARY 3, 1983 BY DODERER of Johnson  
LOST (p. 296)

FEBRUARY 7, 1983

SENATE FILE 184

S-3046

- 1 Amend Senate File 184 as follows:  
2 1. Page 3, by inserting after line 27 the  
3 following:  
4 "Sec. \_\_\_\_ . The provisions of sections 1, 2, 3,  
5 and 5 of this Act are temporary and in effect only  
6 through June 30, 1985 and such sections are reenacted  
7 as of July 1, 1985 in the form as they existed prior  
8 to the effective date of this Act in order to provide  
9 for a three percent sales, services, and use tax.  
10 Section 4 of this Act is repealed effective July 1,  
11 1985."  
12 2. Renumber as required.

S-3046 FILED & LOST (p. 323)  
FEBRUARY 3, 1983

BY BERL E. PRIEBE  
C. JOSEPH COLEMAN  
WILLIAM D. PALMER  
JOSEPH WELSH

SENATE FILE 184

S-3047

- 1 Amend Senate File 184 as follows:  
2 1. Page 2, line 19, by striking the word  
3 "subsection" and inserting in lieu thereof the word  
4 "subsections".  
5 2. Page 3, by inserting after line 8 the following:  
6 "NEW SUBSECTION.  
7 a. A purchaser of a farm machine or of a new  
8 industrial plant equipment which is purchased for  
9 more than ten thousand dollars may apply to the  
10 director for a refund of a certain amount of tax  
11 imposed under this division or under chapter 423 under  
12 the following conditions:  
13 (1) The purchaser of the farm machine or of the  
14 new industrial plant equipment has paid to the retailer  
15 or the department the full four percent tax.  
16 (2) The claim is filed on forms provided by the  
17 department and is filed within one year of the date  
18 the tax is paid.  
19 b. The amount of the refund shall be one-fourth  
20 of the tax paid on the gross receipts over ten thousand  
21 dollars.  
22 c. The forms provided by the department for  
23 claiming this refund may provide, but is not limited  
24 to, that the receipt indicating when the purchase  
25 was made, the price, and the tax paid be attached  
26 or other information that would indicate when the  
27 purchase was made, the price, and the tax paid. If  
28 the department is satisfied that the conditions of  
29 this subsection have been complied with and the  
30 purchaser is entitled to the refund, the appropriate  
31 amount shall be refunded."  
32 2. Title page, line 3, by inserting after the  
33 word "contractors" the words "and for purchasers or  
34 users who purchase certain items by contract".

S-3047 FILED  
FEBRUARY 3, 1983

BY ARNE WALDSTEIN  
DALE L. TIEDEN  
RICHARD F. DRAKE

RULED OUT OF ORDER (p. 323)

SENATE 4  
FEBRUARY 7, 1983

SENATE FILE 184

S-3042

- 1 Amend Senate File 184 as follows:  
2 1. Page 2, by inserting after line 17 the fol-  
3 lowing:  
4 "Sec. \_\_\_\_\_. Section 422.43, Code 1983, is amended  
5 by adding the following new unnumbered paragraph:  
6 NEW UNNUMBERED PARAGRAPH. Under no circumstances  
7 shall the tax imposed by this section exceed one thousand  
8 dollars on the gross receipts from the sale of any item  
9 of tangible personal property or service made taxable  
10 by this section."  
11 2. Page 3, by inserting after line 27 the following:  
12 "Under no circumstances shall the tax imposed by this  
13 section exceed one thousand dollars on the gross receipts  
14 from the sale of any item of tangible personal property  
15 or service made taxable by this section."

S-3042 FILED  
FEBRUARY 3, 1983  
RULED OUT OF ORDER (p. 321)

BY EDGAR H. HOLDEN

SENATE FILE 184

S-3043

- 1 Amend Senate File 184 as follows:  
2 1. Page 3, by inserting after line 27 the  
3 following:  
4 "Sec. \_\_\_\_\_. The provisions of sections 1, 2, 3,  
5 and 5 of this Act are temporary and in effect only  
6 through June 30, 1984 and such sections are reenacted  
7 as of July 1, 1984 in the form as they existed prior  
8 to the effective date of this Act in order to provide  
9 for a three percent sales, services, and use tax.  
10 Section 4 of this Act is repealed effective July 1,  
11 1984."  
12 2. Renumber as required.

S-3043 FILED & LOST  
FEBRUARY 3, 1983 (p. 324)

BY EDGAR H. HOLDEN

SENATE FILE 184

S-3045

- 1 Amend Senate File 184 as follows:  
2 1. Page 2, by inserting after line 17 the  
3 following:  
4 "Sec. \_\_\_\_\_. Section 422.45, Code 1983, is amended  
5 by adding the following new subsection:  
6 NEW SUBSECTION. One-fourth of the gross receipts  
7 from the sale of farm machinery and parts to farm  
8 machinery."  
9 2. Renumber as necessary.

S-3045 FILED  
FEBRUARY 3, 1983  
RULED OUT OF ORDER (p. 322)

BY JACK RIFE  
JACK HESTER  
RICHARD VANDE HOEF

SENATE 3  
FEBRUARY 7, 1983

SENATE FILE 184

S-3039

- 1 Amend Senate File 184 as follows:
- 2 1. Page 2, by inserting after line 17 the
- 3 following:
- 4 "Sec. \_\_\_\_ . Section 422.45, Code 1983, is amended
- 5 by adding the following new subsection:
- 6 NEW SUBSECTION. Notwithstanding the general
- 7 exemption provision in this section, the gross receipts
- 8 ~~over ten thousand dollars from the sale of each farm~~
- 9 machine and new industrial plant equipment is exempt
- 10 from the increase in the tax rate imposed under this
- 11 division from three to four percent."
- 12 2. By renumbering as necessary.

S-3039 FILED  
FEBRUARY 3, 1983  
RULED OUT OF ORDER (p. 321)

BY ARNE WALDSTEIN  
DALE L. TIEDEN

SENATE FILE 184

S-3040

- 1 Amend Senate File 184 as follows:
- 2 1. Page 3, by inserting after line 27 the
- 3 following:
- 4 "Sec. \_\_\_\_ . The provisions of sections 1, 2, 3,
- 5 and 5 of this Act are temporary and in effect only
- 6 through June 30, 1983 and such sections are reenacted
- 7 as of July 1, 1983 in the form as they existed prior
- 8 to the effective date of this Act in order to provide
- 9 for a three percent sales, services, and use tax.
- 10 Section 4 of this Act is repealed effective July 1,
- 11 1983."
- 12 2. Renumber as required.

S-3040 FILED & LOST  
FEBRUARY 3, 1983 (p. 322)

BY CALVIN O. HULTMAN  
DOUGLAS RITSEMA  
LEE HOLT  
RICHARD VANDE HOEF  
JULIA B. GENTLEMAN

MICK LURA  
ARNE WALDSTEIN

SENATE FILE 184

S-3041

- 1 Amend Senate File 184 as follows:
- 2 1. Page 2, by adding after line 17 the following:
- 3 "Sec. \_\_\_\_ . Section 422.45, Code 1983, is amended
- 4 by adding the following new subsection:
- 5 NEW SUBSECTION. The gross receipts from the sale
- 6 of gas, electricity or other consumable energy sources
- 7 to residential consumers."
- 8 2. Renumber as required.

S-3041 FILED  
FEBRUARY 3, 1983  
RULED OUT OF ORDER (p. 321)

BY DAVID M. READINGER

1 Amend Senate File 184 as follows:

2 1. Page 3, by inserting after line 27 the  
3 following:

4 "Sec. \_\_\_\_\_. Notwithstanding chapter 422, division  
5 IV and chapter 423, the following transition provisions  
6 shall apply in determining whether or not the  
7 transaction is subject to the three percent or four  
8 percent sales, services, or use tax rate:

9 1. The four percent sales tax rate applies to  
10 sales of tangible personal property where the sales  
11 contract is entered into on or after March 1, 1983.

12 2. The four percent use tax rate applies to the  
13 use of tangible personal property in this state where  
14 the first taxable use occurs on or after March 1,  
15 1983.

16 3. The four percent services tax rate applies  
17 to the rendering, furnishing, or performing of services  
18 where the service contract is entered into on or after  
19 March 1, 1983.

20 4. If a service contract is consummated in this  
21 state, the four percent use tax rate applies when  
22 the service contract is entered into on or after March  
23 1, 1983.

24 5. If the product or result of a taxable service  
25 contract which is consummated outside of this state  
26 is first used in this state on or after March 1, 1983,  
the four percent use tax rate applies.

29 6. If a service contract is entered into prior  
30 to March 1, 1983 and the contract requires periodic  
31 payments, payments made or due on or after March 1,  
32 1983 under the contract are subject to the four percent  
33 sales, services, or use tax rate.

34 7. Gross receipts from the sales, furnishing,  
35 or service of gas, electricity, water, heat, and  
36 communication service are subject to the sales,  
37 services, and use tax at the four percent rate when  
38 the date of billing the customer falls on or after  
39 March 1, 1983.

40 8. The use tax on motor vehicles sold before March  
41 1, 1983 shall be at the rate of three percent if  
42 application for registration of the vehicle is  
43 forwarded to the county treasurer or state office  
44 within seven calendar days from the date of delivery  
of the vehicle, but not later than March 8, 1983."

S-3036 FILED

BY EDGAR H. HOLDEN

FEBRUARY 2, 1983

*2/3 (p. 325)*

SENATE FILE 184

S-3037

1 Amend Senate File 184 as follows:

2 1. Page 2, by inserting after line 17 the  
3 following:

4 "Sec. \_\_\_\_\_. Section 422.45, Code 1983, is amended  
5 by adding the following new subsection:

6 NEW SUBSECTION. The gross receipts from the sale  
7 of farm machinery and parts to farm machinery."

8 2. Title page, line 3, by inserting after the  
9 word "contractors," the words "providing an  
10 exemption,".

11 3. By renumber as necessary.

S-3037 FILED

*Filed not germane  
2/3 (p. 321)*

BY JACK RIFE

FEBRUARY 3, 1983

SENATE FILE 184

AN ACT

INCREASING THE STATE SALES, SERVICES, AND USE TAX, PROVIDING FOR REFUNDS UNDER CERTAIN CIRCUMSTANCES FOR CONTRACTORS, AND PROVIDING A PENALTY.

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

Section 1. Section 422.43, unnumbered paragraphs 1 and 2, Code 1983, are amended to read as follows:

There is hereby imposed a tax of ~~three~~ four 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 except those of elementary and secondary educational institutions; 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.

There is hereby imposed a tax of ~~three~~ four percent upon the gross receipts derived from the operation of all forms of amusement devices and games of skill, games of chance, raffles and bingo games as defined in chapter 99B, and

commercial amusement enterprises operated or conducted within the state of Iowa, ~~such~~ the tax to be collected from the operator in the same manner as is provided for the collection of taxes upon the gross receipts of tickets or admission as provided in this section.

Sec. 2. Section 422.43, unnumbered paragraph 4, Code 1983, is amended to read as follows:

There is imposed a tax of ~~three~~ four percent upon the gross receipts from the sales of optional service or warranty contracts which provide for the furnishing of labor and materials and require the furnishing of any taxable service enumerated under this section. The gross receipts are subject to tax even if some of the services furnished are not enumerated under this section. For the purpose of this division, the sale of an optional service or warranty contract is a sale of tangible personal property. ~~No additional~~ Additional sales, services or use tax shall not be levied on services, parts, or labor provided under optional service or warranty contracts which are subject to tax under this section.

Sec. 3. Section 422.43, unnumbered paragraphs 8 and 9, Code 1983, are amended to read as follows:

~~The tax herein levied shall be computed and collected as hereinafter provided--The tax herein imposed shall be at the rate of three percent.~~

There is hereby imposed, a tax of ~~three~~ four percent upon the gross receipts from the rendering, furnishing, or performing of services as defined in section 422.42.

Sec. 4. Section 422.47, Code 1983, is amended by adding the following new subsection:

NEW SUBSECTION. Construction contractors may make application to the department for a refund of the additional one percent tax paid under this division or the additional one percent tax paid under chapter 423 by reason of the increase

in the tax from three to four percent for taxes paid on goods, wares, or merchandise under the following conditions:

a. The goods, wares, or merchandise are incorporated into an improvement to real estate in fulfillment of a written contract fully executed prior to March 1, 1983. The refund shall not apply to equipment transferred in fulfillment of a mixed construction contract.

b. The contractor has paid to the department or to a retailer the full four percent tax.

c. The claim is filed on forms provided by the department and is filed within one year of the date the tax is paid.

A contractor who makes an erroneous application for refund shall be liable for payment of the excess refund paid plus interest at the rate in effect under section 421.7. In addition, a contractor who willfully makes a false application for refund is guilty of a simple misdemeanor and is liable for a penalty equal to fifty percent of the excess refund claimed. Excess refunds, penalties, and interest due under this subsection may be enforced and collected in the same manner as the tax imposed by this division.

Sec. 5. Section 423.2, Code 1983, is amended to read as follows:

423.2 IMPOSITION OF TAX. An excise tax is imposed on the use in this state of tangible personal property purchased for use in this state, at the rate of ~~three~~ four percent of the purchase price of the property. The excise tax is imposed upon every person using the property within this state until the tax has been paid directly to the county treasurer or the state department of transportation, to a retailer, or to the department ~~as hereinafter provided~~. An excise tax is imposed on the use in this state of services enumerated in section 422.43 at the rate of ~~three~~ four percent. This tax is applicable where services are rendered, furnished, or performed in this state or where the product or result

of the service is used in this state. This tax is imposed on every person using the services or the product of the services in this state until the user has paid the tax either to an Iowa use tax permit holder or ~~has paid the tax~~ to the department of revenue.

Sec. 6. This Act, being deemed of immediate importance, takes effect March 1, 1983 from and after its publication in the Iowa City Press-Citizen<sup>2/10</sup>, a newspaper published in Iowa City, Iowa, and in the Globe-Gazette, a newspaper published in Mason City<sup>2/10</sup>, Iowa.

\_\_\_\_\_  
ROBERT T. ANDERSON  
President of the Senate

\_\_\_\_\_  
DONALD D. AVENSON  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 184, Seventieth General Assembly.

Approved Feb. 7, 1983

\_\_\_\_\_  
K. MARIE THAYER  
Secretary of the Senate

\_\_\_\_\_  
TERRY E. BRANSTAD  
Governor