

See Page: Mean 4/16 To Pass 4/17 (p.2119)

APR 17 1984

SENATE FILE 2354

BY COMMITTEE ON FINANCE

Approved 4/13 (p. 1535)

Passed Senate, Date 4-16-84 (p. 1540) Passed House, Date 4-19-84 (p. 2329)

Vote: Ayes 48 Nays 0 Vote: Ayes 92 Nays 4

Approved Senate 4-19-84 (p. 1710)
Approved May 8, 1984
28-c

A BILL FOR

- 1 An Act to treat the sale of vulcanizing, recapping, and
- 2 retreading services under the state sales, services, and
- 3 use tax as a sale of tangible personal property, and
- 4 providing retroactive effect.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
SENATE FILE 2354

H-6408

- 1 Amend Senate File 2354 as passed by the Senate
- 2 as follows:
- 3 1. Page 2, by inserting after line 16 the
- 4 following:
- 5 "Sec. ____ . Notwithstanding that section 1 is
- 6 retroactive to January 1, 1979, any tax collected
- 7 before the effective date of this Act because
- 8 vulcanizing, recapping, and retreading services were
- 9 not sales of tangible property is not refundable."

H-6408 FILED APRIL 18, 1984 BY GRONSTAL of Pottawattamic
Adopted 4/19 (p. 2329)

HOUSE AMENDMENT TO SENATE FILE 2354

S-6034

- 1 Amend Senate File 2354 as passed by the Senate
- 2 as follows:
- 3 1. Page 2, by inserting after line 16 the
- 4 following:
- 5 "Sec. ____ . Notwithstanding that section 1 is
- 6 retroactive to January 1, 1979, any tax collected
- 7 before the effective date of this Act because
- 8 vulcanizing, recapping, and retreading services were
- 9 not sales of tangible property is not refundable."

S-6034 FILED RECEIVED FROM THE HOUSE
APRIL 19, 1984 *Senate concurred 4/19 (p. 1710)*

1 Section 1. Section 422.43, Code Supplement 1983, is amended
2 by adding after subsection 3 the following new subsection
3 and renumbering the remaining subsections:

4 NEW SUBSECTION. There is imposed a like rate of tax upon
5 the gross receipts from the sales of vulcanizing, recapping,
6 and retreading services. For the purpose of this division,
7 the sales of vulcanizing, recapping, and retreading services
8 are sales of tangible property.

9 Sec. 2. Section 422.43, subsection 9, Code Supplement
10 1983, is amended to read as follows:

11 9. The following enumerated services are subject to the
12 tax imposed on gross taxable services: Alteration and garment
13 repair; armored car; automobile repair; battery, tire and
14 allied; investment counseling, (excluding investment services
15 of trust departments); bank service charges; barber and beauty;
16 boat repair; car wash and wax; carpentry; roof, shingle, and
17 glass repair; dance schools and dance studios; dry cleaning,
18 pressing, dyeing, and laundering; electrical repair and
19 installation; engraving, photography, and retouching; equipment
20 rental; excavating and grading; farm implement repair of all
21 kinds; flying service, except agricultural aerial application
22 services and aerial commercial and charter transportation
23 services; furniture, rug, upholstery repair and cleaning;
24 fur storage and repair; golf and country clubs and all
25 commercial recreation; house and building moving; household
26 appliance, television, and radio repair; jewelry and watch
27 repair; machine operator; machine repair of all kinds; motor
28 repair; motorcycle, scooter, and bicycle repair; oilers and
29 lubricators; office and business machine repair; painting,
30 papering, and interior decorating; parking facilities; pipe
31 fitting and plumbing; wood preparation; private employment
32 agencies, excluding services for placing a person in employment
33 where the principal place of employment of that person is
34 to be located outside of the state; printing and binding;
35 sewing and stitching; shoe repair and shoeshine; storage

1 warehousing of raw agricultural products; telephone answering
2 service; test laboratories, except tests on humans; termite,
3 bug, roach, and pest eradicators; tin and sheet metal repair;
4 turkish baths, massage, and reducing salons; ~~vulcanizing;~~
5 ~~recapping, and retreading;~~ weighing; welding; well drilling;
6 wrapping, packing, and packaging of merchandise other than
7 processed meat, fish, fowl and vegetables; wrecking service;
8 wrecker and towing.

9 Sec. 3. Section 423.1, subsection 4, Code Supplement 1983,
10 is amended to read as follows:

11 4. "Tangible personal property" means tangible goods,
12 wares, merchandise, optional service or warranty contracts,
13 vulcanizing, recapping, or retreading services, and gas,
14 electricity, and water when furnished or delivered to consumers
15 or users within this state.

16 Sec. 4. This Act is retroactive to January 1, 1979.

17 Sec. 5. This Act, being deemed of immediate importance,
18 takes effect from and after its publication in the Audubon
19 County Journal, a newspaper published in Exira, Iowa, and
20 in The Bayard News, a newspaper published in Bayard, Iowa.

21 EXPLANATION

22 The bill does not alter the taxation of the providing at
23 retail of vulcanizing, recapping, and retreading services
24 but does provide that the sales of these services are to be
25 treated as sales of tangible personal property thus certain
26 items used in processing these items are eligible for the
27 exemption for processing from the state sales, services, and
28 use tax.

29 The bill takes effect upon publication and is retroactive
30 to January 1, 1979.

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SENATE FILE 2354
FISCAL NOTE

REQUESTED BY SENATOR HUTCHINS

In compliance with a written request there is hereby submitted a Fiscal Note for Senate File 2354 pursuant to Joint Rule 17.

Senate File 2354 provides that the sales of vulcanizing, recapping, and retreading services are to be treated as sales of tangible personal property. The treatment of these services as tangible personal property makes certain items used in processing these items eligible for the exemption for processing from the state sales, services, and use tax. The bill has the effect, then, of removing the tax on raw materials and putting the tax on the product. Processing would be exempt from the tax.

The bill takes effect upon publication and is retroactive to January 1, 1979.

FISCAL EFFECT: While there would be some revenue loss annually with the passage of this bill, an exact estimate of this loss is not possible.

(4267S, 84-323F, CMG)

Source: Department of Revenue

FILED:
APRIL 17, 1984

BY DENNIS C. PROUTY, DIRECTOR
LEGISLATIVE FISCAL BUREAU

SENATE FILE 2354

AN ACT

TO TREAT THE SALE OF VULCANIZING, RECAPPING, AND RETREADING SERVICES UNDER THE STATE SALES, SERVICES, AND USE TAX AS A SALE OF TANGIBLE PERSONAL PROPERTY, AND PROVIDING RETROACTIVE EFFECT.

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

Section 1. Section 422.43, Code Supplement 1983, is amended by adding after subsection 3 the following new subsection and renumbering the remaining subsections:

NEW SUBSECTION. There is imposed a like rate of tax upon the gross receipts from the sales of vulcanizing, recapping, and retreading services. For the purpose of this division, the sales of vulcanizing, recapping, and retreading services are sales of tangible property.

Sec. 2. Section 422.43, subsection 9, Code Supplement 1983, is amended to read as follows:

9. The following enumerated services are subject to the tax imposed on gross taxable services: Alteration and garment repair; armored car; automobile repair; battery, tire and allied; investment counseling, (excluding investment services of trust departments); bank service charges; barber and beauty; boat repair; car wash and wax; carpentry; roof, shingle, and glass repair; dance schools and dance studios; dry cleaning, pressing, dyeing, and laundering; electrical repair and installation; engraving, photography, and retouching; equipment rental; excavating and grading; farm implement repair of all kinds; flying service, except agricultural aerial application services and aerial commercial and charter transportation

services; furniture, rug, upholstery repair and cleaning; fur storage and repair; golf and country clubs and all commercial recreation; house and building moving; household appliance, television, and radio repair; jewelry and watch repair; machine operator; machine repair of all kinds; motor repair; motorcycle, scooter, and bicycle repair; oilers and lubricators; office and business machine repair; painting, papering, and interior decorating; parking facilities; pipe fitting and plumbing; wood preparation; private employment agencies, excluding services for placing a person in employment where the principal place of employment of that person is to be located outside of the state; printing and binding; sewing and stitching; shoe repair and shoeshine; storage warehousing of raw agricultural products; telephone answering service; test laboratories, except tests on humans; termite, bug, roach, and pest eradicators; tin and sheet metal repair; turkish baths, massage, and reducing salons; ~~vulcanizing, recapping, and retreading~~; weighing; welding; well drilling; ~~wrapping, packing, and packaging of merchandise other than~~ processed meat, fish, fowl and vegetables; wrecking service; wrecker and towing.

Sec. 3. Section 423.1, subsection 4, Code Supplement 1983, is amended to read as follows:

4. "Tangible personal property" means tangible goods, wares, merchandise, optional service or warranty contracts, vulcanizing, recapping, or retreading services, and gas, electricity, and water when furnished or delivered to consumers or users within this state.

Sec. 4. This Act is retroactive to January 1, 1979.

Sec. 5. Notwithstanding that section 1 is retroactive to January 1, 1979, any tax collected before the effective date of this Act because vulcanizing, recapping, and retreading services were not sales of tangible property is not refundable.

Sec. 6. This Act, being deemed of immediate importance, takes effect from and after its publication in the *Audubon*

County Journal, a newspaper published in Exira, Iowa, and
in The Bayard News, a newspaper published in Bayard, Iowa.

CHARLES P. MILLER
President Pro Tempore 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 2354, Seventieth General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved May 8, 1984

TERRY E. BRANSTAD
Governor