

Reprinted 4/85

SENATE FILE 574

BY COMMITTEE ON WAYS AND MEANS

Formerly SSB 375

App. Committee (p. 1720)

FILED APR 26 1985

Passed Senate, Date 4-29-85 (p. 1746)

Passed House, Date 5-2-85 (p. 2174)

Vote: Ayes 45 Nays 0

Vote: Ayes 94 Nays 4

Approved May 30, 1985

A BILL FOR

1 An Act relating to when electricity, steam, and other taxable
 2 services used to produce marketable food products for
 3 human consumption are sold for processing for purposes of
 4 the processing exemption under the state sales, services
 5 and use tax.

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

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S-4100

SENATE FILE 574

1 Amend Senate File 574 as follows:

2 1. Page 1, line 18, by inserting after the word
 3 "used" the following: "by a manufacturer".

S-4100 Filed April 29, 1985

BY HOLDEN

Adopted 4/29/85 (p. 1746)

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1 Section 1. Section 422.42, subsection 3, unnumbered
2 paragraph 1, Code 1985, is amended to read as follows:

3 "Retail sale" or "sale at retail" means the sale to a
4 consumer or to any person for any purpose, other than for
5 processing or for resale of tangible personal property or
6 taxable services, or for resale of tangible personal property
7 in connection with taxable services, and the sale of gas,
8 electricity, water, and communication service to retail
9 consumers or users, but does not include commercial fertilizer
10 or agricultural limestone or materials, but not tools or
11 equipment, which are to be used in disease control, weed
12 control, insect control or health promotion of plants or
13 livestock produced as part of agricultural production for
14 market, or electricity or steam or any taxable service when
15 purchased and used in the processing of tangible personal
16 property intended to be sold ultimately at retail.

17 Electricity, steam, and other taxable services are sold for
18 processing when used to produce marketable food products for
19 human consumption, including but not limited to, treatment of
20 material to change its form, context or condition, in order to
21 produce the food product, maintenance of quality or integrity
22 of the food product, changing or maintenance of temperature
23 levels necessary to avoid spoilage or to hold the food product
24 in marketable condition, maintenance of environmental
25 conditions necessary for the safe or efficient use of
26 machinery and material used to produce the food product,
27 sanitation and quality control activities, formation of
28 packaging, placement into shipping containers, and movement of
29 the material or food product until shipment from the building
30 of manufacture. Tangible personal property is sold for
31 processing within the meaning of this subsection only when it
32 is intended that ~~such~~ the property shall by means of
33 fabrication, compounding, manufacturing, or germination become
34 an integral part of other tangible personal property intended
35 to be sold ultimately at retail, or shall be consumed as fuel

1 in creating heat, power, or steam for processing including
2 grain drying or for generating electric current, or be
3 consumed in implements of husbandry engaged in agricultural
4 production, or ~~such~~ the property is a chemical, solvent,
5 sorbent, or reagent, which is directly used and is consumed,
6 dissipated, or depleted, in processing personal property which
7 is intended to be sold ultimately at retail, and which may not
8 become a component or integral part of the finished product.
9 The distribution to the public of free newspapers or shoppers
10 guides ~~shall-be-deemed~~ is a retail sale for purposes of the
11 processing exemption.

12 EXPLANATION

13 The bill provides that for purposes of the sales and use
14 tax, electricity, steam, and other taxable services are sold
15 for processing when used to produce marketable food products
16 for human consumption including but not limited to, treatment
17 of material to change its form, context or condition in order
18 to produce the food product, maintenance of quality or
19 integrity of the food product, changing or maintenance of
20 temperature levels necessary to avoid spoilage or to hold the
21 food product in marketable condition, maintenance of
22 environmental conditions necessary for the safe or efficient
23 use of machinery and material used to produce the food
24 product, sanitation and quality control activities, formation
25 of packaging, placement into shipping containers, and movement
26 of material or food product until shipment from the building
27 of manufacture.

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See Page. Motion 4/29/85 D. Pass 4/30

SENATE FILE 574

BY COMMITTEE ON WAYS AND MEANS

(AS AMENDED AND PASSED BY THE SENATE APRIL 29, 1985)

Re Passed Senate, Date 5-2-85 (p. 1928) Passed House, Date 5-2-85 (p. 2174)

Vote: Ayes 43 Nays 0 Vote: Ayes 94 Nays 4

Approved May 30, 1985

Motion to reconsider laid 5/4 (p. 2003)

A BILL FOR

1 An Act relating to when electricity, steam, and other taxable
 2 services used to produce marketable food products for
 3 human consumption are sold for processing for purposes of
 4 the processing exemption under the state sales, services
 5 and use tax.

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

SENATE FILE 574

H-4165

1 Amend Senate File 574 as amended, passed, and re-
 2 printed by the Senate as follows:
 3 1. Page 1, by striking lines 17 and 18 and in-
 4 serting the following: "When used by a manufacturer
 5 of food products, electricity, steam, and other
 6 taxable services are sold for processing when used to
 7 produce marketable".

BY SCHNEKLOTH of Scott
 CHAPMAN of Linn
 RUNNING of Linn

H-4165 FILED APRIL 30, 1985

Adopted 5/1/85 (p. 1855)

S-4216

HOUSE AMENDMENT TO
SENATE FILE 574

1 Amend Senate File 574 as amended, passed, and re-
 2 printed by the Senate as follows:
 3 1. Page 1, by striking lines 17 and 18 and in-
 4 serting the following: "When used by a manufacturer
 5 of food products, electricity, steam, and other
 6 taxable services are sold for processing when used to
 7 produce marketable".

S-4216 Filed May 3, 1985

RECEIVED FROM THE HOUSE

Senate concurred 5/2/85 (p. 1928)

1 Section 1. Section 422.42, subsection 3, unnumbered
2 paragraph 1, Code 1985, is amended to read as follows:

3 "Retail sale" or "sale at retail" means the sale to a
4 consumer or to any person for any purpose, other than for
5 processing or for resale of tangible personal property or
6 taxable services, or for resale of tangible personal property
7 in connection with taxable services, and the sale of gas,
8 electricity, water, and communication service to retail
9 consumers or users, but does not include commercial fertilizer
10 or agricultural limestone or materials, but not tools or
11 equipment, which are to be used in disease control, weed
12 control, insect control or health promotion of plants or
13 livestock produced as part of agricultural production for
14 market, or electricity or steam or any taxable service when
15 purchased and used in the processing of tangible personal
16 property intended to be sold ultimately at retail.

17 Electricity, steam, and other taxable services are sold for
18 processing when used by a manufacturer to produce marketable
19 food products for human consumption, including but not limited
20 to, treatment of material to change its form, context or
21 condition, in order to produce the food product, maintenance
22 of quality or integrity of the food product, changing or
23 maintenance of temperature levels necessary to avoid spoilage
24 or to hold the food product in marketable condition,
25 maintenance of environmental conditions necessary for the safe
26 or efficient use of machinery and material used to produce the
27 food product, sanitation and quality control activities,
28 formation of packaging, placement into shipping containers,
29 and movement of the material or food product until shipment
30 from the building of manufacture. Tangible personal property
31 is sold for processing within the meaning of this subsection
32 only when it is intended that such the property shall by means
33 of fabrication, compounding, manufacturing, or germination
34 become an integral part of other tangible personal property
35 intended to be sold ultimately at retail, or shall be consumed

1 as fuel in creating heat, power, or steam for processing
2 including grain drying or for generating electric current, or
3 be consumed in implements of husbandry engaged in agricultural
4 production, or ~~such~~ the property is a chemical, solvent,
5 sorbent, or reagent, which is directly used and is consumed,
6 dissipated, or depleted, in processing personal property which
7 is intended to be sold ultimately at retail, and which may not
8 become a component or integral part of the finished product.
9 The distribution to the public of free newspapers or shoppers
10 guides ~~shall-be-deemed~~ is a retail sale for purposes of the
11 processing exemption.

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SSB 375
Ways + Means

New
SF 574

SENATE FILE _____

BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL)

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act relating to when electricity, steam, and other taxable
2 services are sold for processing for purposes of the
3 processing exemption under the state sales, services and
4 use tax.

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

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1 Section 1. Section 422.42, subsection 3, unnumbered
2 paragraph 1, Code 1985, is amended to read as follows:

3 "Retail sale" or "sale at retail" means the sale to a
4 consumer or to any person for any purpose, other than for
5 processing or for resale of tangible personal property or
6 taxable services, or for resale of tangible personal property
7 in connection with taxable services, and the sale of gas,
8 electricity, water, and communication service to retail
9 consumers or users, but does not include commercial fertilizer
10 or agricultural limestone or materials, but not tools or
11 equipment, which are to be used in disease control, weed
12 control, insect control or health promotion of plants or
13 livestock produced as part of agricultural production for
14 market, or electricity or steam or any taxable service when
15 purchased and used in the processing of tangible personal
16 property intended to be sold ultimately at retail.

17 Electricity, steam, and other taxable services are sold for
18 processing when used to produce marketable tangible personal
19 property, such uses including but not limited to, treatment of
20 material to change its form, context or condition, maintenance
21 of quality or integrity of the product, changing or
22 maintenance of temperature levels necessary to avoid spoilage
23 or to hold the product in marketable condition, maintenance of
24 environmental conditions necessary for the safe or efficient
25 use of machinery and material, sanitation and quality control
26 activities, formation of packaging, placement into shipping
27 containers, and movement of the material or product until
28 shipment from the building of manufacture. Tangible personal
29 property is sold for processing within the meaning of this
30 subsection only when it is intended that such the property
31 shall by means of fabrication, compounding, manufacturing, or
32 germination become an integral part of other tangible personal
33 property intended to be sold ultimately at retail, or shall be
34 consumed as fuel in creating heat, power, or steam for
35 processing including grain drying or for generating electric

1 current, or be consumed in implements of husbandry engaged in
2 agricultural production, or such the property is a chemical,
3 solvent, sôrbent, or reagent, which is directly used and is
4 consumed, dissipated, or depleted, in processing personal
5 property which is intended to be sold ultimately at retail,
6 and which may not become a component or integral part of the
7 finished product. The distribution to the public of free
8 newspapers or shoppers guides ~~shall-be-deemed~~ is a retail sale
9 for purposes of the processing exemption.

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EXPLANATION

11 The bill provides that for purposes of the sales and use
12 tax, electricity, steam, and other taxable services are sold
13 for processing when used to produce marketable tangible
14 personal property, such uses including but not limited to,
15 treatment of material to change its form, context or
16 condition, maintenance of quality or integrity of the product,
17 changing or maintenance of temperature levels necessary to
18 avoid spoilage or to hold the product in marketable condition,
19 maintenance of environmental conditions necessary for the safe
20 or efficient use of machinery and material, sanitation and
21 quality control activities, formation of packaging, placement
22 into shipping containers, and movement of material or product
23 until shipment from the building of manufacture.

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SENATE FILE 574

AN ACT

RELATING TO WHEN ELECTRICITY, STEAM, AND OTHER TAXABLE SERVICES USED TO PRODUCE MARKETABLE FOOD PRODUCTS FOR HUMAN CONSUMPTION ARE SOLD FOR PROCESSING FOR PURPOSES OF THE PROCESSING EXEMPTION UNDER THE STATE SALES, SERVICES AND USE TAX.

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

Section 1. Section 422.42, subsection 3, unnumbered paragraph 1, Code 1985, is amended to read as follows:

"Retail sale" or "sale at retail" means the sale to a consumer or to any person for any purpose, other than for processing or for resale of tangible personal property or taxable services, or for resale of tangible personal property in connection with taxable services, and the sale of gas, electricity, water, and communication service to retail consumers or users, but does not include commercial fertilizer or agricultural limestone or materials, but not tools or

equipment, which are to be used in disease control, weed control, insect control or health promotion of plants or livestock produced as part of agricultural production for market, or electricity or steam or any taxable service when purchased and used in the processing of tangible personal property intended to be sold ultimately at retail. When used by a manufacturer of food products, electricity, steam, and other taxable services are sold for processing when used to produce marketable food products for human consumption, including but not limited to, treatment of material to change its form, context or condition, in order to produce the food product, maintenance of quality or integrity of the food product, changing or maintenance of temperature levels necessary to avoid spoilage or to hold the food product in marketable condition, maintenance of environmental conditions necessary for the safe or efficient use of machinery and material used to produce the food product, sanitation and quality control activities, formation of packaging, placement into shipping containers, and movement of the material or food product until shipment from the building of manufacture. Tangible personal property is sold for processing within the meaning of this subsection only when it is intended that such the property shall by means of fabrication, compounding, manufacturing, or germination become an integral part of other tangible personal property intended to be sold ultimately at retail, or shall be consumed as fuel in creating heat, power, or steam for processing including grain drying or for generating electric current, or be consumed in implements of husbandry engaged in agricultural production, or such the property is a chemical, solvent, sorbent, or reagent, which is directly used and is consumed, dissipated, or depleted; in processing personal property which is intended to be sold ultimately at retail, and which may not become a component or integral part of the finished product. The distribution to the public of free newspapers or shoppers guides shall be

deemed is a retail sale for purposes of the processing exemption.

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 574, Seventy-first General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved May 30, 1985

TERRY E. BRANSTAD
Governor