

*Manager of...*

WAYS AND MEANS: Gronstal, Chair; Hester, Holt, Palmer and Husak

FILED MAR 11 1987

SENATE FILE 365  
BY COMMITTEE ON AGRICULTURE  
(formerly SSB 152)  
*Approved (of 635)*

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act eliminating the sales, services, and use tax on veterinary  
2 tests.

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

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SF 365

1 Section 1. Section 422.42, subsection 3, Code 1987, is  
2 amended to read as follows:

3 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, for resale of tangible personal property or  
6 taxable services, or for resale of tangible personal property  
7 in connection with taxable services;; and includes the sale of  
8 gas, electricity, water, and communication service to retail  
9 consumers or users, but does not include veterinary tests;  
10 agricultural breeding livestock and domesticated fowl;; or  
11 commercial fertilizer, agricultural limestone, or herbicide,  
12 pesticide, insecticide, food and medication, and agricultural  
13 drain tile and installation thereof which are to be used in  
14 disease control, weed control, insect control, or health  
15 promotion of plants or livestock produced as part of  
16 agricultural production for market;; and does not include  
17 electricity, steam, or any taxable service when purchased and  
18 used in the processing of tangible personal property intended  
19 to be sold ultimately at retail.

20 PARAGRAPH DIVIDED. When used by a manufacturer of food  
21 products, electricity, steam, and other taxable services are  
22 sold for processing when used to produce marketable food  
23 products for human consumption, including but not limited to,  
24 treatment of material to change its form, context, or  
25 condition; in order to produce the food product, maintenance  
26 of quality or integrity of the food product, changing or  
27 maintenance of temperature levels necessary to avoid spoilage  
28 or to hold the food product in marketable condition,  
29 maintenance of environmental conditions necessary for the safe  
30 or efficient use of machinery and material used to produce the  
31 food product, sanitation and quality control activities,  
32 formation of packaging, placement into shipping containers,  
33 and movement of the material or food product until shipment  
34 from the building of manufacture.

35 PARAGRAPH DIVIDED. Tangible personal property is sold for

1 processing within the meaning of this subsection only when it  
2 is intended that the property will, by means of fabrication,  
3 compounding, manufacturing, or germination become an integral  
4 part of other tangible personal property intended to be sold  
5 ultimately at retail, or will be consumed as fuel in creating  
6 heat, power, or steam for processing including grain drying,  
7 for providing heat or cooling for livestock buildings or for  
8 generating electric current, or be consumed in self-propelled  
9 implements of husbandry engaged in agricultural production, or  
10 the property is a chemical, solvent, sorbent, or reagent,  
11 which is directly used and is consumed, dissipated, or  
12 depleted, in processing personal property which is intended to  
13 be sold ultimately at retail, and which may not become a  
14 component or integral part of the finished product. The  
15 distribution to the public of free newspapers or shoppers  
16 guides is a retail sale for purposes of the processing  
17 exemption.

18 Sec. 2. Section 422.43, subsection 11, Code 1987, is  
19 amended to read as follows:

20 11. The following enumerated services are subject to the  
21 tax imposed on gross taxable services: Alteration and garment  
22 repair; armored car; automobile repair; battery, tire and  
23 allied; investment counseling, excluding investment services  
24 of trust departments; bank service charges; barber and beauty;  
25 boat repair; car wash and wax; carpentry; roof, shingle, and  
26 glass repair; dance schools and dance studios; dry cleaning,  
27 pressing, dyeing, and laundering; electrical and electronic  
28 repair and installation; rental of tangible personal property;  
29 excavating and grading; farm implement repair of all kinds;  
30 flying service; furniture, rug, upholstery repair and  
31 cleaning; fur storage and repair; golf and country clubs and  
32 all commercial recreation; house and building moving;  
33 household appliance, television, and radio repair; jewelry and  
34 watch repair; machine operator; machine repair of all kinds;  
35 motor repair; motorcycle, scooter, and bicycle repair; oilers

1 and lubricators; office and business machine repair; painting,  
2 papering, and interior decorating; parking facilities; pipe  
3 fitting and plumbing; wood preparation; licensed executive  
4 search agencies; private employment agencies, excluding  
5 services for placing a person in employment where the  
6 principal place of employment of that person is to be located  
7 outside of the state; sewing and stitching; shoe repair and  
8 shoeshine; storage warehousing of raw agricultural products;  
9 telephone answering service; test laboratories, except tests  
10 on humans and veterinary tests; termite, bug, roach, and pest  
11 eradicators; tin and sheet metal repair; turkish baths,  
12 massage, and reducing salons; weighing; welding; well  
13 drilling; wrapping, packing, and packaging of merchandise  
14 other than processed meat, fish, fowl and vegetables; wrecking  
15 service; wrecker and towing; cable television; campgrounds;  
16 carpet and upholstery cleaning; gun and camera repair;  
17 janitorial and building maintenance or cleaning; lawn care,  
18 landscaping and tree trimming and removal; lobbying service;  
19 pet grooming; reflexology; security and detective services;  
20 tanning beds or salons; and water conditioning and softening.

21 PARAGRAPH DIVIDED. For purposes of this subsection, gross  
22 taxable services from rental includes rents, royalties, and  
23 copyright and license fees. For purposes of this subsection,  
24 "lobbying service" means the rendering, furnishing or  
25 performing, for a fee, salary or other compensation,  
26 activities which are intended or used for the purpose of  
27 encouraging the passage, defeat, or modification of  
28 legislation or for influencing the decision of the members of  
29 a legislative committee or subcommittee or the representing,  
30 for a fee, salary or other compensation, on a regular basis an  
31 organization which has as one of its purposes the  
32 encouragement of the passage, defeat or modification of  
33 legislation or the influencing of the decision of the members  
34 of a legislative committee or a subcommittee. "Lobbying  
35 service" does not include the activities of a federal, state,

1 or local government official or employee acting within the  
2 course of the official's or employee's duties or a  
3 representative of the news media engaged only in the reporting  
4 and dissemination of news and editorials.

5 EXPLANATION

6 This bill eliminates the sales, services, and use tax on  
7 veterinary tests by exempting them from the definition of  
8 "retail sale" and the list of taxable services.

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SSB # 152  
Agriculture  
Approved  
SF 365

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
AGRICULTURE BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
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**SUB COMMITTEE ASSIGNMENTS**

CHAIR: *Fusco*

COMMITTEE: *Agriculture*

*3/4/87*

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11 commercial fertilizer, agricultural limestone, or herbicide,  
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1 and lubricators; office and business machine repair; painting,  
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