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Soukup
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SSB-1218

Ways & Means

SENATE FILE HF 478
BY (PROPOSED COMMITTEE ON WAYS
AND MEANS BILL BY CHAIR-
PERSON JOHNSON)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the state sales and use tax exemption of sales
2 and rentals of property used for or in aquacultural
3 production, and including an effective date and retroactive
4 applicability provision.

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

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1 Section 1. 1997 Iowa Acts, chapter 158, is amended by
2 adding the following new section:

3 NEW SECTION. SEC. 54. RETROACTIVE APPLICABILITY.

4 Sections 14, 18, and 19 of this Act, amending sections 422.42,
5 422.45, subsection 39, and 422.47, relating to aquaculture
6 production, apply retroactively to April 1, 1987.

7 Sec. 2. Section 422.42, subsection 14, Code 1999, is
8 amended to read as follows:

9 14. "Retail sale" or "sale at retail" means the sale to a
10 consumer or to any person for any purpose, other than for
11 processing, for resale of tangible personal property or
12 taxable services, or for resale of tangible personal property
13 in connection with taxable services; and includes the sale of
14 gas, electricity, water, and communication service to retail
15 consumers or users; but does not include agricultural breeding
16 livestock and domesticated fowl; does not include aquacultural
17 breeding stock; and does not include commercial fertilizer,
18 agricultural limestone, herbicide, pesticide, insecticide,
19 including adjuvants, surfactants, and other products directly
20 related to the application enhancement of those products, and
21 food, medication, or agricultural drain tile, including
22 installation of agricultural drain tile, any of which are to
23 be used in disease control, weed control, insect control, or
24 health promotion of plants or livestock produced as part of
25 agricultural production for market; and does not include
26 electricity, steam, or any taxable service when purchased and
27 used in the processing of tangible personal property intended
28 to be sold ultimately at retail.

29 PARAGRAPH DIVIDED. When used by a manufacturer of food
30 products, carbon dioxide in a liquid, solid, or gaseous form,
31 electricity, steam, and other taxable services are sold for
32 processing when used to produce marketable food products for
33 human consumption, including but not limited to, treatment of
34 material to change its form, context, or condition, in order
35 to produce the food product, maintenance of quality or

1 integrity of the food product, changing or maintenance of
 2 temperature levels necessary to avoid spoilage or to hold the
 3 food product in marketable condition, maintenance of
 4 environmental conditions necessary for the safe or efficient
 5 use of machinery and material used to produce the food
 6 product, sanitation and quality control activities, formation
 7 of packaging, placement into shipping containers, and movement
 8 of the material or food product until shipment from the
 9 building of manufacture.

10 PARAGRAPH DIVIDED. Tangible personal property is sold for
 11 processing within the meaning of this subsection only when it
 12 is intended that the property will, by means of fabrication,
 13 compounding, manufacturing, or germination become an integral
 14 part of other tangible personal property intended to be sold
 15 ultimately at retail; or will be consumed as fuel in creating
 16 heat, power, or steam for processing including grain drying,
 17 or for providing heat or cooling for livestock buildings or
 18 for greenhouses or buildings or parts of buildings dedicated
 19 to the production of flowering, ornamental, or vegetable
 20 plants intended for sale in the ordinary course of business,
 21 or for use in cultivation of agricultural products by
 22 aquaculture, or for generating electric current, or in
 23 implements of husbandry engaged in agricultural production; or
 24 the property is a chemical, solvent, sorbent, or reagent,
 25 which is directly used and is consumed, dissipated, or
 26 depleted, in processing personal property which is intended to
 27 be sold ultimately at retail or consumed in the maintenance or
 28 repair of fabric or clothing, and which may not become a
 29 component or integral part of the finished product.

30 PARAGRAPH DIVIDED. The distribution to the public of free
 31 newspapers or shoppers guides is a retail sale for purposes of
 32 the processing exemption.

33 Sec. 3. REFUNDS. Refunds of taxes, interests, or
 34 penalties which arise from claims resulting from the enactment
 35 of the amendment to 1997 Iowa Acts, chapter 158, in this Act,

1 and from the enactment of the amendment to section 422.42,
2 subsection 14, for sales and rentals occurring between April
3 1, 1987, and June 30, 1999, shall be limited to five thousand
4 dollars in the aggregate and shall not be allowed unless
5 refund claims are filed prior to October 1, 1999,
6 notwithstanding any other provision of law. If the amount of
7 claims totals more than five thousand dollars in the
8 aggregate, the department of revenue and finance shall prorate
9 the five thousand dollars among all claimants in relation to
10 the amounts of the claimants' valid claims.

11 Sec. 4. EFFECTIVE AND APPLICABILITY DATES.

12 1. Section 1 of this Act applies retroactively to July 1,
13 1997.

14 2. Section 2 of this Act applies retroactively to April 1,
15 1987.

16 3. This Act, being deemed of immediate importance, takes
17 effect upon enactment.

18 EXPLANATION

19 The general assembly enacted during the 1997 Session an
20 exemption to the state sales and use tax, effective July 1,
21 1997, for products purchased for use in aquaculture and
22 expanded the definition of agricultural production to include
23 production from aquaculture for purposes of the sales and use
24 taxes.

25 The bill also defines retail sale for sales tax purposes as
26 not including sales of aquaculture breeding stock.

27 This bill makes the previously enacted legislation and the
28 amendment to the definition of retail sale for sales tax
29 purposes retroactive to April 1, 1987, but limits the total
30 aggregate claims for refunds of taxes, interest, and penalties
31 as a result of this retroactivity in the bill to \$5,000. If
32 such refunds exceed \$5,000, each refund will receive a pro
33 rata amount. To claim a refund, the claim must be filed by
34 October 1, 1999.

35 The bill takes effect upon enactment.

H. 4/27/99 Ways & Means

FILED APR 22 1999

SENATE FILE 478
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1218)

Passed Senate ^(P. 1326) Date 4-27-99 Passed House, Date _____
Vote: Ayes 42 Nays 4 Vote: Ayes _____ Nays _____
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SF 478

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