House File 2705

H-8381

- 1 Amend House File 2705 as follows:
- By striking page 1, line 1, through page 6, line 8, and
- 3 inserting:
- 4 <Section 1. Section 423.2, subsection 1, unnumbered
- 5 paragraph 1, Code 2024, is amended to read as follows:
- 6 There is imposed a tax of six percent at a rate specified
- 7 in subsection 12 upon the sales price of all sales of tangible
- 8 personal property, sold at retail in the state to consumers or
- 9 users except as otherwise provided in this subchapter.
- Sec. 2. Section 423.2, subsections 2 and 3, Code 2024, are
- 11 amended to read as follows:
- 12 2. A tax of six percent at a rate specified in subsection
- 13 12 is imposed upon the sales price of the sale or furnishing
- 14 of gas, electricity, water, heat, pay television service, and
- 15 communication service, including the sales price from such
- 16 sales by any municipal corporation or joint water utility
- 17 furnishing gas, electricity, water, heat, pay television
- 18 service, and communication service to the public in its
- 19 proprietary capacity, except as otherwise provided in this
- 20 subchapter, when sold at retail in the state to consumers or
- 21 users.
- 22 3. A tax of six percent at a rate specified in subsection
- 23 12 is imposed upon the sales price of all sales of tickets
- 24 or admissions to places of amusement, fairs, and athletic
- 25 events except those of elementary and secondary educational
- 26 institutions. A tax of six percent at a rate specified in
- 27 subsection 12 is imposed on the sales price of an entry fee or
- 28 like charge imposed solely for the privilege of participating
- 29 in an activity at a place of amusement, fair, or athletic event
- 30 unless the sales price of tickets or admissions charges for
- 31 observing the same activity are taxable under this subchapter.
- 32 A tax of six percent at a rate specified in subsection 12
- 33 is imposed upon that part of private club membership fees or
- 34 charges paid for the privilege of participating in any athletic
- 35 sports provided club members.

- 1 Sec. 3. Section 423.2, subsection 4, paragraph a, Code 2024,
- 2 is amended to read as follows:
- 3 a. A tax of six percent at a rate specified in subsection
- 4 12 is imposed upon the sales price derived from the operation
- 5 of all forms of amusement devices and games of skill, games of
- 6 chance, raffles, and bingo games as defined in chapter 99B, and
- 7 card game tournaments conducted under section 99B.27, that are
- 8 operated or conducted within the state, the tax to be collected
- 9 from the operator in the same manner as for the collection of
- 10 taxes upon the sales price of tickets or admission as provided
- ll in this section. Nothing in this subsection shall legalize any
- 12 games of skill or chance or slot-operated devices which are now
- 13 prohibited by law.
- 14 Sec. 4. Section 423.2, subsection 5, Code 2024, is amended
- 15 to read as follows:
- 16 5. There is imposed a tax of six percent at a rate specified
- 17 in subsection 12 upon the sales price from the furnishing of
- 18 services as defined in section 423.1.
- 19 Sec. 5. Section 423.2, subsection 7, paragraph a,
- 20 unnumbered paragraph 1, Code 2024, is amended to read as
- 21 follows:
- 22 A tax of six percent at a rate specified in subsection 12
- 23 is imposed upon the sales price from the sales, furnishing, or
- 24 service of solid waste collection and disposal service.
- Sec. 6. Section 423.2, subsection 8, paragraph a, Code 2024,
- 26 is amended to read as follows:
- 27 a. A tax of six percent at a rate specified in subsection
- 28 12 is imposed on the sales price from sales of bundled
- 29 transactions. For the purposes of this subsection, a "bundled
- 30 transaction" is the retail sale of two or more distinct and
- 31 identifiable products, except real property and services to
- 32 real property, which are sold for one nonitemized price. A
- 33 "bundled transaction" does not include the sale of any products
- 34 in which the sales price varies, or is negotiable, based on
- 35 the selection by the purchaser of the products included in the

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- 1 transaction.
- 2 Sec. 7. Section 423.2, subsection 9, Code 2024, is amended
- 3 to read as follows:
- 4 9. A tax of six percent at a rate specified in subsection
- 5 12 is imposed upon the sales price from any mobile
- 6 telecommunications service, including all paging services,
- 7 that this state is allowed to tax pursuant to the provisions
- 8 of the federal Mobile Telecommunications Sourcing Act, Pub.
- 9 L. No. 106-252, 4 U.S.C. §116 et seq. For purposes of this
- 10 subsection, taxes on mobile telecommunications service, as
- 11 defined under the federal Mobile Telecommunications Sourcing
- 12 Act that are deemed to be provided by the customer's home
- 13 service provider, shall be paid to the taxing jurisdiction
- 14 whose territorial limits encompass the customer's place of
- 15 primary use, regardless of where the mobile telecommunications
- 16 service originates, terminates, or passes through and
- 17 shall in all other respects be taxed in conformity with
- 18 the federal Mobile Telecommunications Sourcing Act. All
- 19 other provisions of the federal Mobile Telecommunications
- 20 Sourcing Act are adopted by the state of Iowa and incorporated
- 21 into this subsection by reference. With respect to mobile
- 22 telecommunications service under the federal Mobile
- 23 Telecommunications Sourcing Act, the director shall, if
- 24 requested, enter into agreements consistent with the provisions
- 25 of the federal Act.
- Sec. 8. Section 423.2, subsection 10, paragraph a, Code
- 27 2024, is amended to read as follows:
- 28 a. A tax of six percent at a rate specified in subsection
- 29 12 is imposed on the sales price of specified digital products
- 30 sold at retail in the state. The tax applies whether the
- 31 purchaser obtains permanent use or less than permanent use of
- 32 the specified digital product, whether the sale is conditioned
- 33 or not conditioned upon continued payment from the purchaser,
- 34 and whether the sale is on a subscription basis or is not on a
- 35 subscription basis.

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- 1 Sec. 9. Section 423.2, subsection 12, Code 2024, is amended
- 2 by striking the subsection and inserting in lieu thereof the
- 3 following:
- 4 12. a. For the period beginning January 1, 2025, and ending
- 5 December 31, 2050, the sales tax rate is five percent.
- 6 b. Beginning January 1, 2051, the sales tax rate is four 7 percent.
- 8 Sec. 10. Section 423.2A, subsection 2, paragraph c, Code
- 9 2024, is amended to read as follows:
- 10 c. Transfer one-sixth one-fifth of the remaining revenues
- 11 to the secure an advanced vision for education fund created in
- 12 section 423F.2. This paragraph "c" is repealed January 1, 2051.
- 13 Sec. 11. Section 423.5, subsection 1, unnumbered paragraph
- 14 1, Code 2024, is amended to read as follows:
- 15 Except as provided in paragraph "b", an An excise tax at the
- 16 rate of six five percent of the purchase price or installed
- 17 purchase price is imposed on the following:
- 18 Sec. 12. Section 423.5, subsection 1, paragraph b, Code
- 19 2024, is amended to read as follows:
- 20 b. An excise tax at the rate of five percent is imposed
- 21 on the The use of vehicles subject only to the issuance of a
- 22 certificate of title and the use of manufactured housing, and
- 23 on the use of leased vehicles, if the lease transaction does
- 24 not require titling or registration of the vehicle, on the
- 25 amount subject to tax as calculated pursuant to section 423.26,
- 26 subsection 2.
- 27 Sec. 13. Section 423.5, subsection 4, Code 2024, is amended
- 28 to read as follows:
- 29 4. The use tax rate of six five percent is reduced to five
- 30 four percent on January 1, 2051.
- 31 Sec. 14. Section 423.43, subsection 1, paragraph b, Code
- 32 2024, is amended to read as follows:
- 33 b. Subsequent to the deposit into the general fund of the
- 34 state and after the transfer of such revenues collected under
- 35 chapter 423B, the department shall transfer one-sixth one-fifth

- 1 of such remaining revenues to the secure an advanced vision for
- 2 education fund created in section 423F.2. This paragraph is
- 3 repealed January 1, 2051.
- 4 Sec. 15. EFFECTIVE DATE. This division of this Act takes
- 5 effect January 1, 2025.>
- 6 2. Title page, line 2, by striking <individual and alternate
- 7 income tax rates> and inserting <the state sales and use tax>
- 8 3. By renumbering as necessary.

SCHEETZ of Linn