

See reprint

April 28, 1967
Place On Calendar

House File 702
By COMMITTEE ON TAX REVISION

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

A BILL FOR

An Act relating to the establishment of a new tax on intangibles and for the modification of existing taxes on sales, personal incomes and corporate incomes, to provide for property tax replacement, equalization and allied purposes.

Be It Enacted by the General Assembly of the State of Iowa:

1 Section 1. Section three hundred ninety-five point
2 twenty-two (395.22), Code 1966, is hereby amended by
3 inserting in line nineteen (19) before the word "and" the
4 words "and all moneyed capital subject to the tax imposed
5 by section five (5) of this Act".

1 Sec. 2. Section four hundred twenty point two hundred
2 four (420.204), Code 1966, is hereby amended as follows:

3 1. By inserting in line two (2) after the word "except"
4 the words "moneyed capital subject to the tax imposed by
5 section five (5) of this Act and".

6 2. By striking lines twenty-one (21) through twenty-four
7 (24) and inserting in lieu thereof the following:

8 "such city the portion of the tax on moneys and credits
9 collected within the city as the aggregate levy".

10 3. By adding thereto the following new sentence:

11 "The provisions relating to the distribution of funds
12 shall not apply to the distribution of a city's share of the
13 tax imposed by section five (5) of this Act."

1 Sec. 3. Chapter four hundred twenty-two (422), Code 1966,
2 is hereby amended by adding thereto sections four (4) through
3 thirteen (13) of this Act as a new division.

DIVISION I

1 Sec. 4. As used in this division, unless the context
2 otherwise requires:

3 1. "Intangible personal property" means property on which
4 dividends or interest is received.

5 2. "Person" includes any resident of the state, fiduciary,
6 partnership, association, corporation, and any other group
7 acting as a unit which is organized under the laws of this
8 state or whose principal place of business is located within
9 this state.

10 3. "Taxable situs" means the residence of the owner of
11 intangible personal property.

12 4. "Receipts" mean dividends or interest received as a
13 result of ownership or beneficial interest in intangible
14 personal property whether received in money, credits, or
15 property.

16 5. The definitions contained in section four hundred
17 twenty-two point four (422.4), subsections three (3) through
18 twelve (12), of the Code shall apply to this division.

1 Sec. 5. A four (4) percent tax is hereby imposed on all
2 income received from interest and dividends by persons in this
3 state. Organizations and corporations exempt from paying the
4 business tax on corporations under section four hundred twenty-
5 two point thirty-four (422.34) of the Code shall also be
6 exempt from paying the receipts tax. The receipts tax shall
7 be applicable to interest and dividends taxable as net income
8 for income tax purposes under section four hundred twenty-two
9 point seven (422.7) of the Code.

10 Any person whose total tax under the provisions of this
11 section is less than one dollar shall not be required to file
12 the return required by this division.

13 All intangible property of persons residing in other states
14 used in or arising out of business transacted in this state.

15 by or on behalf of such nonresident shall be taxed on the
16 annual yield thereof, and the taxable situs shall be the
17 location of the business.

18 All intangible personal property of persons residing in
19 this state but used in or arising out of business transacted
20 in another state by or on behalf of such persons and taxed
21 in the other state shall not be subject to the receipts
22 tax in this state.

23 Intangible personal property in the hands of an executor
24 or an administrator shall be subject to the receipts tax at
25 the residence of the decedent at the time of death.

1 Sec. 6. Every person who receives income from interest and
2 dividends subject to the payment of the tax during the tax
3 year shall file a tax return and shall forward the amount of
4 the tax to the commission. The filing shall be made on the
5 individual or corporate income tax form or separate form
6 made available by the commission. The taxpayer shall make
7 a separate itemized accounting of all stocks, bonds,
8 certificates, notes, securities, debentures, deposits, and
9 other moneyed capital not exempt under the provisions of this
10 division from which dividends and interest were received
11 during the tax year, the market or real value of all such
12 moneyed capital as of January 1 of the year for which the
13 tax return is filed, and the amount of tax due. In listing
14 the value of all moneyed capital, the taxpayer shall list
15 the market value of the capital, or, if there is no readily
16 ascertainable market value, he shall list the book value of
17 the moneyed capital. The amount of the tax shall be paid at
18 the same time and in the same manner provided for final
19 returns of individual and corporate income taxes.

1 Sec. 7. For each county, municipal corporation, and school
2 district of the state, the commission shall make a separate
3 listing of total market or book value of all moneyed capital
4 from which residents of the respective county, municipal

5 coporation, and school district received dividends and interest
6 subject to the tax. The commission shall make a separate list
7 of the total amount of tax collected from each city and town
8 in each county and the total amount of tax collected in all
9 remaining taxing districts outside of cities and towns in
10 each county. Receipts from the tax shall be returned to the
11 county from which paid.

1 Sec. 8. On the first day of the second month following
2 the end of each calendar quarter, the commission shall certify
3 to the state comptroller the amount determined to be due each
4 county and the comptroller shall thereupon draw warrants for
5 the said amount and transmit same to the appropriate county
6 treasurer. The amount transmitted shall be apportioned as
7 prescribed in section four hundred twenty-nine point three
8 (429.3) of the Code.

1 Sec. 9. Upon termination of the tax prescribed in section
2 thirty-five B point eleven (35B.11) of the Code, the commission
3 shall on or before August 1 of each year certify to each county
4 auditor the total value of all moneyed capital subject to the
5 payment of the receipts tax which taxpayers in the county
6 reported on tax returns filed during the current tax year. The
7 report shall show the total value of such moneyed capital
8 reported by taxpayers in each municipal corporation and school
9 district in the county and the total amount in the county.
10 Such reported value plus the valuation of those moneys and
11 credits taxed under the provisions of sections four hundred
12 thirty point seven (430.7), four hundred thirty A point three
13 (430A.3), four hundred thirty A point seven (430A.7), four
14 hundred thirty-one point ten (431.10), four hundred thirty-one
15 point thirteen (431.13), four hundred thirty-two point five
16 (432.5), four hundred thirty-two point eight (432.8), and
17 five hundred thirty-three point twenty-two (533.22) of the Code
18 shall be included on the tax lists prepared by the county

19 auditor. The valuations shall be used in the computation
20 of the maximum amount of indebtedness a county or other
21 political or municipal corporation shall be allowed as
22 provided in section three (3) of article eleven (XI) of the
23 constitution of the state of Iowa and sections four hundred
24 seven point one (407.1) and four hundred seven point two
25 (407.2) of the Code. If any county or other political or
26 municipal corporation defaults in the payment of bonded
27 indebtedness, such corporation may levy a tax, not to exceed
28 five (5) mills, on all moneyed capital within its taxing
29 area so long as the bonded indebtedness is in default.

1 Sec. 10. Every person who is liable for any tax pursuant
2 to the provisions of this division and who fails to pay the
3 tax when due shall pay interest penalty on the delinquency at
4 the rate of one (1) percent per month but not to exceed ten
5 (10) percent per annum. The method of collecting the tax and
6 interest penalty shall be the same as provided by sections
7 four hundred twenty-two point twenty-five (422.25), four
8 hundred twenty-two point twenty-eight (422.28), four hundred
9 twenty-two point thirty (422.30), and other related sections
10 of the Code.

1 Sec. 11. No estate in which there are receipts subject
2 to taxation under this division shall be closed without the
3 payment of the tax levied under this division, both in
4 respect to the liability of the estate and the decedent prior
5 to his death. In all estates in which there are receipts
6 subject to taxation under this division, a return shall be
7 filed by the fiduciary with the filing of the final fiduciary
8 return or with the filing of any annual fiduciary return
9 required by law.

1 Sec. 12. If any taxpayer fails to make the return required
2 by this division, or makes an insufficient return, the
3 commission shall, at any time within three (3) years after
4 the return of such taxpayer is required by law to be filed,

5 make the assessment or additional assessment of such receipts
6 tax and shall notify the taxpayer of such action and the
7 reason therefor, in conformity with section four hundred
8 twenty-two point twenty-eight (422.28) of the Code.

1 Sec. 13. In order to ascertain the correct amount of
2 receipts tax due any county or political subdivision of this
3 state, the commission may examine any papers or records,
4 including federal and state income tax records, belonging to
5 any person who owns or controls any intangible property the
6 receipts from which are taxable under the provisions of this
7 division, and utilize such information to carry out the
8 provisions of this division. Such use shall not be deemed a
9 violation of section four hundred twenty-two point twenty
10 (422.20) or four hundred twenty-two point sixty-five (422.65)
11 of the Code.

DIVISION II

1 Sec. 14. Section four hundred twenty-two point one (422.1),
2 Code 1966, is hereby amended by adding a reference to the
3 division created by section three (3) of this Act which shall
4 be designated as follows:

5 "Dividends and interest or receipts tax."

1 Sec. 15. Section four hundred twenty-two point five (422.5),
2 Code 1966, is hereby amended by striking all of lines twenty-
3 nine (29) through forty-four (44) effective for all taxable
4 years beginning on and after January 1, 1967.

1 Sec. 16. Section four hundred twenty-two point twenty-one
2 (422.21), Code 1966, is hereby amended by striking all of
3 lines twenty-one (21) through twenty-four (24).

1 Sec. 17. Section four hundred twenty-two point sixty-two
2 (422.62), Code 1966, is hereby amended by striking all of
3 lines eleven (11) through nineteen (19) and inserting in lieu
4 thereof the words "under chapter three hundred six B (306B) of
5 the Code shall be paid. Annually on November 1 of each year".

1 Sec. 18. Section four hundred twenty-two point seventy-
2 one (422.71), Code 1966, is hereby repealed effective for
3 the taxable year beginning on and after January 1, 1967,
4 except that section four hundred twenty-two point seventy-
5 one (422.71), Code 1966, shall remain in effect for
6 purposes of distribution of funds collected under lines
7 twenty-nine (29) through forty-four (44) of section four
8 hundred twenty-two point five (422.5), Code 1966, until
9 such funds are exhausted.

1 Sec. 19. Section four hundred twenty-seven point one
2 (427.1), subsection twenty (20), Code 1966, is hereby amended
3 by adding thereto the following:

4 "Such stock shall not be exempt from the receipts tax
5 imposed by section five (5) of this Act unless such
6 exemption is otherwise provided by law."

1 Sec. 20. Section four hundred twenty-eight point three
2 (428.3), Code 1966, is hereby amended by inserting in line
3 five (5) after the word "property" the words "subject to a
4 property or moneys and credits tax".

1 Sec. 21. Section four hundred twenty-eight point eight
2 (428.8), Code 1966, is hereby amended by inserting in line
3 three (3) after the word "stocks" the words "subject to the
4 moneys and credits tax and".

1 Sec. 22. Section four hundred twenty-eight point eleven
2 (428.11), Code 1966, is hereby amended by inserting in line
3 four (4) after the word "credits" the words "subject to a
4 property or moneys and credits tax".

1 Sec. 23. Section four hundred twenty-eight point twenty-
2 three (428.23), Code 1966, is hereby amended as follows:

3 1. By inserting in line six (6) after the word "credits"
4 the words "subject to the moneys and credits tax".

5 2. By striking all of such section after the word
6 "individuals" in line seven (7) and inserting in lieu thereof
7 a period.

1 Sec. 24. Section four hundred twenty-nine point two
2 (429.2), Code 1966, is hereby amended as follows:

3 1. By striking from line nineteen (19) the words "five
4 mills" and inserting in lieu thereof the words "one (1) mill".

5 2. By striking all of such section after the word "resides."
6 in line twenty-one (21).

7 3. By adding thereto the following:

8 "The tax of one (1) mill imposed in this section shall be
9 and is the same as imposed in section thirty-five B point
10 eleven (35B.11) of the Code and shall not be levied in
11 addition thereto. The tax collected shall be remitted to the
12 treasurer of state and applied to the payment of principal and
13 interest of the bonds provided for in chapter thirty-five B
14 (35B) of the Code. The one (1) mill moneys and credits tax
15 herein provided shall not be levied by any county board of
16 supervisors after the payment in full of such bonds."

1 Sec. 25. Section four hundred twenty-nine point three
2 (429.3), Code 1966, is hereby amended by striking all of lines
3 one (1) through three (3) and inserting in lieu thereof the
4 following:

5 "The tax imposed by sections four hundred thirty point seven
6 (430.7), four hundred thirty A point three (430A.3), four
7 hundred thirty A point seven (430A.7), four hundred thirty-one
8 point ten (431.10), four hundred thirty-one point thirteen
9 (431.13), four hundred thirty-two point five (432.5), four
10 hundred thirty-two point eight (432.8), and five hundred
11 thirty-three point twenty-two (533.22) of the Code shall be
12 levied by the board".

1 Sec. 26. Section four hundred thirty point seven (430.7),
2 Code 1966, is hereby amended by inserting in line ten (10)
3 after the word "credits" the words "at five (5) mills on the
4 dollar in addition to any other tax on moneys and credits
5 provided by law".

1 Sec. 27. Section four hundred thirty A point seven (430A.7),

2 Code 1966, is hereby amended as follows:

3 1. By inserting in line four (4) after the word "hereof"
4 the following:

5 "shall be assessed and taxed in the manner prescribed in
6 sections four hundred thirty-one point one (431.1) through
7 four hundred thirty-one point five (431.5) of the Code
8 except such corporations".

9 2. By adding thereto the following:

10 "Any corporation required or electing to be assessed and
11 taxed under this section in the manner prescribed in sections
12 four hundred thirty-one point one (431.1) through four hundred
13 thirty-one point five (431.5) of the Code shall be taxed at
14 the rate of five (5) mills on the dollar of actual valuation,
15 such tax to be considered a tax upon the moneys and credits of
16 such corporations, to be apportioned as prescribed by law, and
17 to be in addition to any other tax on moneys and credits
18 provided by law."

1 Sec. 28. Section four hundred thirty-one point one (431.1),
2 Code 1966, is hereby amended by inserting in line seven (7)
3 after the word "credits" the words "as prescribed in section
4 four hundred twenty-nine point two (429.2) of the Code".

1 Sec. 29. Section four hundred thirty-two point five
2 (432.5), Code 1966, is hereby amended by inserting in line
3 four (4) after the word "taxation" the words "as moneys and
4 credits and shall be taxed at five (5) mills on the dollar
5 of actual valuation in addition to any other tax on moneys
6 and credits provided by law. The assessment for taxation
7 shall be".

1 Sec. 30. Section four hundred thirty-two point eight
2 (432.8), Code 1966, is hereby amended by adding thereto the
3 following sentence:

4 "Moneys and credits shall be taxed at five (5) mills on
5 the dollar of actual valuation in addition to any other tax
6 on money and credits provided by law."

1 Sec. 31. Section four hundred thirty-three point one
2 (433.1), Code 1966, is hereby amended by striking subsections
3 eight (8) through ten (10).

1 Sec. 32. Section four hundred thirty-three point four
2 (433.4), Code 1966, is hereby amended by inserting in line
3 twenty-four (24) before the word "; and" the following:

4 "except moneyed capital subject to the tax imposed by
5 section thirty-eight (38) of this Act".

1 Sec. 33. Section four hundred thirty-six point eleven
2 (436.11), Code 1966, is hereby amended by inserting in line
3 nineteen (19) after the word "taxed" the words "except capital
4 stock shall be subject to the tax provided for in section five
5 (5) of this Act".

1 Sec. 34. Section four hundred forty-one point forty-five
2 (441.45), Code 1966, is hereby amended by striking lines
3 twenty-three (23) through twenty-nine (29).

1 Sec. 35. Section four hundred forty-four point two (444.2),
2 Code 1966, is hereby amended by inserting in line thirteen
3 (13) after the number "429.2" the words "nor including moneyed
4 capital subject to the tax provided for in section five (5)
5 of this Act".

1 Sec. 36. Section four hundred forty-four point three (444.3),
2 Code 1966, is hereby amended as follows:

3 1. By striking all of lines fifteen (15) through seventeen
4 (17) and inserting in lieu thereof the words "provided in
5 section four hundred twenty-nine point two (429.2) of the
6 Code and shall".

7 2. By striking all of such section after the word "made."
8 in line twenty-one (21).

1 Sec. 37. Section four hundred forty-four point five (444.5),
2 Code 1966, is hereby amended by inserting in line six (6)
3 after the number "429.2" the words "or its due proportion of
4 the tax imposed by section five (5) of this Act".

1 Sec. 38. Section five hundred thirty-three point twenty-

2 two (533.22), Code 1966, is hereby amended by inserting in
3 line four (4) after the word "credits." the following:

4 "Moneys and credits shall be taxed at five (5) mills on
5 the dollar of actual valuation in addition to any other tax
6 on moneys and credits provided by law."

DIVISION III

1 Sec. 39. Section four hundred twenty-two point forty-
2 three (422.43), Code 1966, is amended as follows:

3 1. By striking from lines two (2) and three (3) the
4 words ", beginning the first day of April, 1937, a tax
5 of two" and inserting in lieu thereof the words "a tax of
6 three".

7 2. By striking from lines twenty-two (22) and twenty-three
8 (23) the words "beginning with the first day of July, 1947,
9 a tax of two" and inserting in lieu thereof the words "a
10 tax of three".

1 Sec. 40. Section four hundred twenty-three point two
2 (423.2), Code 1966, is amended by striking from lines three
3 (3), four (4) and five (5) the words "on or after April 16,
4 1937, for use in this state, at the rate of two" and
5 inserting in lieu thereof the words "for use in this state
6 at the rate of three".

1 Sec. 41. Section four hundred twenty-three point thirteen
2 (423.13), Code 1966, is amended by striking from line thirty-
3 one (31) the word "two" and inserting in lieu thereof the
4 word "three".

DIVISION IV

1 Sec. 42. Section four hundred twenty-two point five
2 (422.5), Code 1966, is amended as follows:

3 1. Subsection one (1), lines two (2) and three (3),
4 by striking the words "three-fourths of one percent" and
5 inserting in lieu thereof the words "one percent".

6 2. Subsection two (2), lines two (2) and three (3), by
7 striking the words "one and one-half percent" and inserting

8 in lieu thereof the words "two percent".

9 3. Subsection three (3), lines two (2) and three (3), by
10 striking the words "two and one-fourth percent" and inserting
11 in lieu thereof the words "three percent".

12 4. Subsection four (4), line two (2), by striking the word
13 "three" and inserting in lieu thereof the word "four".

14 5. Subsection five (5), lines two (2) and three (3), by
15 striking the words "three and three-fourths percent" and
16 inserting in lieu thereof the words "five percent".

17 Further amend said subsection five (5), lines four (4)
18 and five (5), by striking the words "three and three-fourths
19 percent" and inserting in lieu thereof the words "five percent".

DIVISION V

1 Sec. 43. Section four hundred twenty-two point thirty-
2 two (422.32), Code 1966, is hereby amended by adding thereto
3 the following new subsections:

4 5. The words "business income" means income arising from
5 transactions and activity in the regular course of the
6 corporation's trade or business and includes income from
7 tangible and intangible property if the acquisition, management,
8 and disposition of the property constitute integral parts of
9 the corporation's regular trade or business operations.

10 6. The words "commercial domicile" mean the principal
11 place from which the trade or business of the corporation
12 is directed or managed.

13 7. The word "compensation" means wages, salaries, commissions,
14 and any other form of remuneration paid to employees for
15 personal services.

16 8. The words "nonbusiness income" means all income other than
17 business income.

18 9. The word "sales" means all gross receipts of the corpora-
19 tion not allocated under subsections three (3) through seven
20 (7) of section forty-four (44) of this Act.

21 10. The word "state" means any state of the United States,
22 the District of Columbia, the Commonwealth of Puerto Rico,
23 any territory or possession of the United States and any
24 foreign country or political subdivision thereof."

1 Sec. 44. Section four hundred twenty-two point thirty-
2 three (422.33), Code 1966, is hereby amended by striking all
3 of such section after the word "year." in line seven (7) and
4 inserting in lieu thereof the following:

5 1. Any corporation having income from business activity
6 which is taxable in this state or taxable both within and
7 without this state shall allocate and apportion its net
8 income as provided in this division.

9 2. For purposes of allocation and apportionment of
10 income under this division, a corporation is taxable in
11 another state if:

12 a. In that state the corporation is subject to a net
13 income tax, a franchise tax measured by net income, a
14 franchise tax for the privilege of doing business, or a
15 corporate stock tax.

16 b. That state has jurisdiction to subject the
17 corporation to a net income tax regardless of whether, in
18 fact, that state does or does not.

19 3. Rents and royalties from real or tangible personal
20 property, capital gains, interest, dividends, or patent or
21 copyright royalties, to the extent that they constitute
22 nonbusiness income, shall be allocated as provided in
23 subsections four (4) through seven (7) of this section.

24 4. a. Net rents and royalties from real property
25 located in this state are allocable to this state.

26 b. Net rents and royalties from tangible personal
27 property are allocable to this state:

28 (1) If and to the extent that the property is utilized
29 in this state.

30 (2) In their entirety if the corporation's commercial

31 domicile is in this state and the corporation is not organized
32 under the laws of or taxable in the state in which the property
33 is utilized.

34 c. The extent of utilization of tangible personal property
35 in a state is determined by multiplying the rents and royalties
36 by a fraction, the numerator of which is the number of days of
37 physical location of the property in this state during the
38 rental or royalty period in the taxable year and the denominator
39 of which is the number of days of physical location of the
40 property everywhere during all rental or royalty periods in the
41 taxable year. If the physical location of the property during
42 the rental or royalty period is unknown or unascertainable by
43 the corporation tangible personal property is utilized in the
44 state in which the property was located at the time the rental
45 or royalty payor obtained possession.

46 5. a. Capital gains and losses from sales of real property
47 located in this state are allocable to this state.

48 b. Capital gains and losses from sales of tangible personal
49 property are allocable to this state if:

50 (1) The property had a situs in this state at the time of
51 the sale.

52 (2) The corporation's commercial domicile is in this state
53 and the corporation is not taxable in the state in which the
54 property had a situs.

55 c. Capital gains and losses from sales of intangible personal
56 property are allocable to this state if the corporation's
57 commercial domicile is in this state.

58 6. Interest and dividends are allocable to this state if
59 the corporation's commercial domicile is in this state.

60 7. a. Patent and copyright royalties are allocable to this
61 state:

62 (1) If and to the extent that the patent or copyright is
63 utilized by the payor of such patent and copyright royalties
64 in this state.

65 (2) If and to the extent that the patent or copyright is
66 utilized by the payor in a state in which the corporation is
67 not taxable and the corporation's commercial domicile is in
68 this state.

69 b. A patent is utilized in a state to the extent that it
70 is employed in production, fabrication, manufacturing, or
71 other processing in the state or to the extent that a patented
72 product is produced in the state. If the basis of receipts
73 from patent royalties does not permit allocation to states
74 or if the accounting procedures do not reflect states of
75 utilization, the patent is utilized in the state in which
76 the corporation's commercial domicile is located.

77 c. A copyright is utilized in a state to the extent that
78 printing or other publication originates in the state. If
79 the basis of receipts from copyright royalties does not
80 permit allocation to states or if the accounting procedures
81 do not reflect states of utilization, the copyright is
82 utilized in the state in which the corporation's commercial
83 domicile is located.

84 8. All business income shall be apportioned to this state
85 by multiplying the income by a fraction, the numerator of
86 which is the property factor plus the payroll factor plus the
87 sales factor, and the denominator of which is three.

88 9. The property factor is a fraction, the numerator of
89 which is the average value of the corporation's real and
90 tangible personal property owned or rented and used in this
91 state during the tax period and the denominator of which is
92 the average value of all the corporation's real and tangible
93 personal property owned or rented and used during the tax
94 period.

95 10. Property owned by the corporation is valued at its
96 original cost or three point seven (3.7) times the assessed
97 value, whichever is greater. Property rented by the
98 corporation is valued at eight (8) times the net annual rental
99 rate. Net annual rental rate is the annual rate paid by the
100 corporation less any annual rental rate received by the

101 corporation from subrentals of rented property or like or
102 similar property.

103 11. The average value of property shall be determined by
104 averaging the values at the beginning and ending of the tax
105 period but the tax commission may require the averaging of
106 monthly values during the tax period if reasonably required to
107 reflect properly the average value of the corporation's
108 property.

109 12. The payroll factor is a fraction, the numerator of
110 which is the total amount paid in this state during the tax
111 period by the corporation for compensation, and the
112 denominator of which is the total compensation paid everywhere
113 during the tax period.

114 13. Compensation is paid in this state if:

115 a. The individual's service is performed entirely within
116 the state.

117 b. The individual's service is performed both within and
118 without the state, but the service performed without the state
119 is incidental to the individual's service within the state.

120 c. Some of the service is performed in the state and (1)
121 the base of operations, or, if there is no base of operations,
122 the place from which the service is directed or controlled is
123 in the state, or (2) the base of operations or the place from
124 which the service is directed or controlled is not in any state
125 in which some part of the service is performed, but the
126 individual's residence is in this state.

127 14. The sales factor is a fraction, the numerator of which
128 is the total sales of the corporation in this state during the
129 tax period, and the denominator of which is the total sales of
130 the corporation everywhere during the tax period.

131 15. Sales of tangible personal property are in this state
132 if:

133 a. The property is delivered or shipped to a purchaser,
134 other than the United States government, within the state

135 regardless of the f.o.b. point or other conditions of the
136 sale.

137 b. The property is shipped from an office, state,
138 warehouse, factory, or other place of storage in this state
139 and (1) the purchaser is the United States government or (2)
140 the corporation is not taxable in the state of the purchaser.

141 16. Sales, other than sales of tangible personal property,
142 are in this state if:

143 a. The income-producing activity is performed in this
144 state.

145 b. The income-producing activity is performed both in and
146 outside this state and a greater proportion of the income-
147 producing activity is performed in this state than in any
148 other state, based on costs of performance.

149 17. If the allocation and apportionment provisions of
150 this division do not fairly represent the extent of the
151 corporation's business activity in this state, the corporation
152 may petition for or the tax commission may require, in
153 respect to all or any part of the corporation's business
154 activity, if reasonable:

155 a. Separate accounting.

156 b. The exclusion of any one or more of the factors.

157 c. The inclusion of one or more additional factors which
158 will fairly represent the corporation's business activity in
159 this state.

160 d. The employment of any other method to effectuate an
161 equitable allocation and apportionment of the corporation's
162 income.

EXPLANATION

This bill provides four methods of increasing state tax revenue.

The first and second divisions would impose a tax on intangible personal property, defined as property on which dividends or interest is received. These receipts, if subject to income

taxation, would then be taxed at a uniform rate of four (4) percent. Those taxpayers who have less than \$25.00 of such receipts, or who owe less than \$1.00 by application of the four (4) percent tax rate, would not be required to file a return.

The third division increases the state sales and use tax.

The fourth division increases the state personal income tax to the so-called 100% level.

The fifth division replaces the present single-factor corporation tax with a corporation based on a three-factor formula.

1 Amend House File 702 as follows:

2 1. By inserting after section forty-one (41) the follow-
3 ing new section:

4 "Section four hundred twenty-two point twelve (422.12),
5 Code 1966, is hereby amended by adding the following new
6 subsection:

7 'The tax collected under division four (IV) of chapter
8 four hundred twenty-two (422) of the Code shall be subject
9 to a deduction, or refund, if such deduction exceeds the tax
10 liability, given for each person or dependent, (as defined
11 in subsections one (1) through three (3)) based upon the net
12 income of a person, required to and filing a personal income
13 tax return, in the following manner:

14 With a net income of:	Tax deduction or refund
15 fifteen hundred (1500) dollars	twelve (12) dollars per
16 but less than three thou-	person
17 sand (3000) dollars	
18 three thousand (3000) dollars	nine (9) dollars per
19 but less than four thou-	person
20 sand (4000) dollars	
21 four thousand (4000) dollars	six (6) dollars per
22 but less than five thou-	person
23 sand (5000) dollars	
24 five thousand (5000) dollars	three (3) dollars per
25 but less than six thou-	person
26 sand (6000) dollars	
27 six thousand (6000) dollars	no tax deduction
28 and over	

29 'When a dependent files his own return and claims his own
30 exemption and when a taxpayer is entitled to claim a depend-
31 ency deduction, the dependent shall not be entitled to claim
32 the deduction or the refund that might result from the bene-
33 fit of such deduction. The taxpayer entitled to claim the
34 dependency deduction shall be accorded the deduction or
35 refund resulting from the deductions for the tax collected
36 under division four (IV) of chapter four hundred twenty-two
37 (422) of the Code in accordance with the aforementioned re-
38 quirements of this subsection.'

39 2. By renumbering the remaining sections in accordance
40 with this amendment.

Filed - *adopted as amended by Committee 5-15*
May 3, 1967

GALLAGHER of Black Hawk

1 Amend House File 702 by striking all of Division V and
2 inserting

3 in lieu thereof the following section:

4 Section four hundred twenty-two point thirty-three (422.33),
5 Code 1966, is hereby amended by striking from line six (6) the
6 word "four" and inserting in lieu thereof the word "eight".

Filed - *adopted by Committee 5-15*
May 3, 1967

ROORDA of Jasper.

1 Amend House File 702 as follows: By striking subsection
2 1 of Section 4 and inserting in lieu thereof the following:
3 "Intangible personal property" means moneys on deposit; bonds,
4 except those which under the constitution or laws of the
5 United States or of this state are exempt from property tax-
6 ation by the state of Iowa; certificates of indebtedness,
7 other than capital notes issued by banks or trust companies;
8 notes; debentures; annuities; accounts receivable; conditional
9 sales contracts which have incorporated therein promises to
10 pay; real estate and chattel mortgages; and common and prefer-
11 red stocks."

Filed - *adopted as amended by Committee of the whole 5-9*
May 4, 1967

REDFERN of Lee.

1 Amend House File 702 by adding to division three (III) the
2 following new sections and renumbering the remaining sections:
3 1. Section four hundred twenty-two point forty-five
4 (422.45),
5 Code 1966, is hereby amended by adding thereto the following
6 new subsections:
7 a. "That part of the gross receipts from the sale of imple-
8 ments of husbandry which represent trade-in allowances to
9 purchasers of implements of husbandry in sales in Iowa."
10 b. "That part of the gross receipts from the sale of house-
11 hold appliances which represents trade-in allowances to
12 purchasers
13 of household appliances in sales in Iowa."
14 2. Section four hundred twenty-two point forty-two
15 (422.42), Code 1966, is hereby amended by adding thereto the
16 following new subsections:
17 a. "'Implements of husbandry' means every device which is
18 primarily designed for agricultural purposes and exclusively
19 used by the owner thereof in the conduct of his agricultural
20 operations except vehicles subject to registration under
21 chapter three hundred twenty-one (321) of the Code."
22 b. "'Household appliance' means every piece of equipment
23 ordinarily used in the home and which is operated by the use
24 of gas, oil, electricity or any combination thereof."
25 3. Section four hundred twenty-three point four (423.4),
26 subsection six (6), Code 1966, is hereby amended by striking
27 the period in line four (4) and adding the following:
28 ", except that nothing in section four hundred twenty-two
29 point forty-five (422.45), Code 1966, as amended shall exempt
implements of husbandry or household appliances from use
tax."

Filed *Withdrawn 5-12*
May 5, 1967

MILLER of Page

1 Amend House File 702 by striking from line twelve (12) of
2 Section 4 the word "mean", and inserting in lieu thereof the
3 words "means income in the form of".

Filed - *adopted by Committee as a whole 5-9*
May 8, 1967

REDFERN of Lee.

1 Amend House File 702 by striking the words "shall also" in
2 five (5), line five (5), and inserting in lieu thereof the section
3 words
4 ", chattel loan companies licensed under Chapter five hundred
5 six (536) of the Code and industrial loan companies licensed
under
Chapter five hundred thirty-six A (536A) of the Code shall".

Filed - *Adopted by Committee of the whole 5-9*
May 8, 1967

McCARTNEY of Floyd.

1 Amend House File 702 by adding to division three (III)
2 the following new sections and renumbering the remaining sections:
3 1. Section four hundred twenty-three point one (423.1), Code
4 1966, is hereby amended as follows:
5 a. By striking lines sixteen (16) through twenty-two (22)
6 of subsection one (1) and inserting in lieu thereof the follow-
7 ing:
8 "for generating electric current, or (c) chemicals, solvents,
9 sorbents, or re-".
10 b. By striking subsection ten (10) of such section.
11 c. By striking subsection eleven (11) of such section.
12 2. Section four hundred twenty-three point three (423.3),
13 Code 1966, is hereby amended by striking lines six (6) through
14 thirteen (13).
15 3. Section four hundred twenty-three point four (423.4),
16 Code 1966, is hereby amended by striking subsection five (5)
17 of such section.

Filed - *Lost 5-12 (Committee)*
May 8, 1967 *Withdrawn 5-17*

DISTELHORST of Des Moines

1 House File 702 is hereby amended by adding thereto the
2 following new sections:
3 1. "Section four hundred thirty-two point one (432.1),
4 Code 1966, is hereby amended as follows:
5 "1. By striking from lines three (3) and four (4) the
6 words 'fraternal beneficiary associations,'.
7 "2. By striking from subsection one (1), lines four (4)
8 through seven (7), the following:
9 ', not including fraternal beneficiary associations, or
10 the gross payments or deposits collected from holders of
11 fraternal beneficiary association certificates,'.
12 2. "Section five hundred twelve point twelve (512.12),
13 Code 1966, is hereby amended by inserting in line five (5)
14 after the word 'companies,' the following:
15 'except as provided by section four hundred thirty-two
16 point one (432.1) of the Code and'."

Filed - *Withdrawn 5-15*
May 9, 1967

FISCHER of Grundy.

1 Amend the Redfern amendment to House File 702 filed May
2 4 by inserting in line three (3) following the word "on"
3 the words "interest bearing".

Filed - *adopted by Committee 5-9*
May 9, 1967

REDFERN of Lee.

1 Amend House File 702 by striking in line eleven (11) of
2 Section 5 the word "one" and inserting in lieu thereof the
3 word "ten".

Filed - *adopted as amended by Committee 5-10*
May 9, 1967

REDFERN of Lee.

1 Amend House File 702 by striking in Section five (5)
2 all of lines ten (10) through twelve (12) and inserting in
3 lieu thereof the following: "There shall be deducted from
4 the tax computed under the provisions of this division fifty
5 (50) dollars.
6 Any person whose total tax under the provisions of this
7 division is less than one (1) dollar shall not be required to
8 file the return required by this division."

Filed - *not adopted by Committee 5-9*
May 9, 1967

McINTYRE of Linn.

1 Amend House File 702 as follows:

2 1. By striking the period in line twenty-two (22) of
3 Section 5, following the word "state" and inserting in lieu
4 thereof the following: ", being specifically allocated to
5 the other state."

6 2. By striking the period in line twenty-five (25) of
7 Section 5, following the word "death" and inserting in lieu
8 thereof the following: " subject to Section 11 hereof."

9 3. By striking in lines five (5) and nineteen (19) of
10 Section 6 the word "individual" and inserting in lieu thereof
11 the word "personal".

12 4. By striking lines one (1) and two (2) of Section 8 and
13 inserting in lieu thereof the following: "On the first day
14 of August following the end of each fiscal year, the commission
15 shall certify".

16 5. By inserting in line six (6) of Section 8 following the
17 period the following: "Subsequent distribution determinable
18 prior to January 31, of the subsequent year may be made in
19 accordance herewith."

20 6. By striking in line eight (8) of Section 11 the word
21 "or" and inserting in lieu thereof the word "and".

22 7. By striking in line five (5) of Section 13 the words
23 "or controls" and inserting in lieu thereof the following:
24 ", controls or has a right, title or interest in".

25 8. By striking Section 31 and renumbering the remaining
26 sections.

Filed - *adopted by Committee 5-10*
May 9, 1967

REDFERN of Lee.

1 House File 702 is hereby amended by adding thereto the
2 following new sections:
3 1. "Section four hundred thirty-two point one (432.1),
4 Code 1966, is hereby amended as follows:
5 "1. By striking from lines three (3) and four (4) the
6 words 'fraternal beneficiary associations,'.
7 "2. By striking from subsection one (1), lines four (4)
8 through seven (7), the following:
9 ', not including fraternal beneficiary associations, or
10 the gross payments or deposits collected from holders of
11 fraternal beneficiary association certificates,'.
12 "3. By inserting in subsection one (1), line twenty-six
13 (26) after the word 'annuitants' the following:
14 ', and all premiums received by fraternal beneficiary
15 associations which limit life insurance policies or certifi-
16 cates issued on the life of one person to a sum not in excess
17 of five thousand (5,000) dollars.'"
18 2. "Section five hundred twelve point twelve (512.12),
19 Code 1966, is hereby amended by inserting in line five (5)
20 after the word 'companies,' the following:
21 'except as provided by section four hundred thirty-two
22 point one (432.1) of the Code and'."

Filed - *withdrawn 5-15*
May 9, 1967

FISCHER of Grundy.

1 House File 702 is hereby amended by adding thereto the
2 following new section:
3 "A tax of two (2) percent on all contributions of members
4 to benevolent associations, including contributions for
5 expenses and for other purposes, shall be paid annually to
6 the commissioner of insurance. The payment shall be made in
7 conjunction with an annual statement which each benevolent
8 association shall be required to file in such manner and in
9 such form as the commissioner may require. Benevolent associa-
10 tions shall be subject to the terms and conditions of chapters
11 four hundred twenty-three (423), five hundred five (505), five
12 hundred seven (507), five hundred seven B (507B), and five
13 hundred twenty-two (522) of the Code, as applicable to mutual
14 insurance companies.
15 "For the purpose of this section, 'benevolent association'
16 means any group of persons, whether or not incorporated, the
17 members of which shall make voluntary contributions through
18 the association to the beneficiaries of deceased members.
19 'Member' means any person who participates in any plan or
20 agreement to make voluntary contribution through a benevolent
21 association under which all or a part of the proceeds are to
22 be passed on to the beneficiaries of a deceased participant."

Filed - *Lost 5-15-67*
May 9, 1967

FISCHER of Grundy.

1 Amend House File 702, Division III, Section 39, by adding
2 the following new paragraph thereto:
3 3. By adding at the end of the last paragraph the following:
4 "When a return is filed and the taxes shown due thereon are
5 paid in full on or before the due date, the retailer shall be
6 allowed a credit or discount equal to two (2) percent of the
7 sales tax shown due on such return. This credit or discount
8 shall be allowed the retailer for prompt payment of the tax
9 and as partial remuneration for collecting the tax, keeping
10 the records, and promptly filing the returns required by this
11 chapter."

Filed - *Last 5-10*
May 9, 1967

BAKER of Boone.

1 Amend House File 702 by inserting the following new sections
2 after section forty-one (41) and renumbering the remaining
3 sections:
4 A. Section three hundred two point three (302.3), Code
5 1966, is amended by adding at the end of subsection two (2)
6 the words ", except fines for violation of traffic weight laws".
7 B. Section six hundred sixty-six point three (666.3), Code
8 1966, is amended by adding at the end thereof after the word
9 "fund" the words "and specifically fines collected for viola-
10 tion of motor vehicle weight laws shall be placed in the
11 basic school tax equalization funds of the various counties".

Filed - *Rule not germane by Committee 5-10*
May 9, 1967

PIERSON of Mahaska.

1 Amend House File 702 as follows:
2 1. By inserting at the end of Section 39, in Division
3 III, the following new paragraph:
4 "3. By adding thereto the following paragraph:
5 "The rate of tax on the sale of tangible personal property
6 used in the performance of a building or construction contract
7 executed prior to July 1, 1967 shall be two (2) percent."
8 2. By inserting at the end of Section 40, in Division III,
9 the following new paragraph:
10 "Section four hundred twenty-three point two (423.2), Code
11 1966, is further amended by adding the following new subsection:
12 "The rate of tax on the sale of tangible personal property
13 used in the performance of a building or construction contract
14 executed prior to July 1, 1967, shall be two (2) percent."

Filed - *Adopted by Committee 5-10*
May 9, 1967

PETERSEN of Dallas.

1 Amend House File 702 by adding thereto the following new
2 section:
3 "Section ninety-eight point eight (98.8), subsection one
4 (1), Code 1966, is hereby amended by striking from lines five
5 (5) through eight (8) the following sentence:
6 "'Stamps shall be sold to such permit holders at a dis-
7 count of not to exceed five percent from the face value.'"

Filed - *Rule not germane 5-15*
May 10, 1967

FISCHER of Grundy.

1 Amend House File 702, Division IV, Section 42,
2 as follows:
3 1. By striking all of subsections one (1) and
4 two (2).
5 2. By striking all of subsection five (5),
6 thereof and inserting in lieu thereof the following:
7 "By striking all of subsection five (5) and
8 inserting in lieu thereof the following:
9 'On the fifth thousand dollars of taxable
10 income, or any part thereof, five percent.
11 On the sixth thousand dollars of taxable
12 income, or any part thereof, five percent.
13 On the seventh thousand dollars and all in
14 excess thereof, six percent.'"
15 3. By renumbering the remaining subsections
16 of Section 42 in accordance with this amendment.

Filed - *Withdrawn 5-15*
May 9, 1967

BOWIN of Black Hawk.

1 Amend the Redfern amendment to House File 702, filed May
2 9, 1967 as follows:
3 1. By inserting in line two (2) after the word "one"
4 the word "dollar".
5 2. By inserting in line three (3) after the word "ten" the
6 word "dollars".

Filed and adopted
May 10, 1967

REDFERN of Lee.

1 Amend the Baker amendment file May to House File 702
2 by adding thereto the following:
3 "The maximum amount of credit or discount allowed to the
4 retailer under this Act shall not exceed three hundred dollars,
5 (\$300) for any one year."

Filed - *Adopted by Committee 5-10*
May 10, 1967

VAN DRIE of Story.

1 Amend House File 702, Division I, Section 7, as follows:
2 By striking from line eleven (11) the words "county from
3 which paid" and inserting in lieu thereof the words "basic school
4 tax equalization fund of the basic school tax unit of origin
5 and it shall be included along with the funds of the income tax
6 revenue refunded from the state in computations determining the
7 amount of additional state equalization aid required in the
8 school districts of the several basic school tax units".

Filed - *Adopted by Committee 5-10*
May 10, 1967

PETERSEN of Dallas.

1 Amend House File 702 by inserting after section forty-one
2 (41) the following new sections and renumbering the remaining
3 sections:
4 A. Section four hundred twenty-two point sixty-two (422.62),
5 Code 1966, is amended as follows:
6 Insert in the seventh (7th) line from the end of said
7 section, after the word "receipts", the words "from two-thirds
8 of the sales taxes".
9 B. Section three hundred twelve point one (312.1), Code
10 1966, is amended as follows:
11 1. Insert at the beginning of subsection three (3) the
12 words "Two-thirds of".
13 2. Insert in subsection four (4), line three (3), after
14 the word "percent" the words "of two-thirds".
15 C. Section four hundred twenty-three point twenty-four
16 (423.24), Code 1966, is amended as follows:
17 1. Insert at the beginning the words "Two-thirds of".
18 2. Add in line seven (7) after the word "fund" the words
19 ", one-third of such revenue shall be credited to the general
20 fund of the state".

Filed - *Adopted by Committee 5-12*
May 10, 1967

PETERSEN of Dallas.

1 Amend House File 702 by inserting after line ten (10) of
2 section thirty-nine (39) the following subsection:
3 "3. By inserting after line seventy-two (72) the follow-
4 ing paragraph:
5 "'There is hereby imposed a tax of three (3) percent upon
6 the gross receipts from the sale or furnishing of trading
7 stamps by any person, firm, or corporation to a retailer
8 within the state. The supplier shall include the tax in the
9 cost of the trading stamps sold and shall collect the tax
10 from the retailer. Each person, firm, or corporation con-
11 ducting a retail business within the state of Iowa shall,
12 at the time of making his or its quarterly sales tax return,
13 report the amount of expenditures for all trading stamps
14 acquired and the name and address of the supplier thereof,
15 for the preceding quarter. The commission shall thereupon
16 assess the amount of tax due thereon and collect same from
17 the supplier. In the event such supplier is not within the
18 state, the tax shall be collected from the retailer. The proceeds
19 of the tax levied upon the trading stamps shall be credited
20 to the general fund of the state."

Filed - *Adopted by Committee 5-12 Reconsidered and Lost 5-15*
May 10, 1967

FISCHER of Grundy.

1 Amend House File 702 as follows:
2 By striking all of lines seven and eight of section eig
3 and inserting in lieu thereof, the following:
4 " prescribed in section seven (7) of this act."

Filed - *Adopted by Committee 5-10*
May 10, 1967

REDFERN of Lee.

1 Amend House File 702 as follows:
2 1. By striking all of Division II, except the caption
3 "Division II", and substituting in lieu thereof the follow-
4 new section: ing
5 Sec. 14. Section four hundred twenty-two point nine
6 (422.9), Code 1966, is hereby amended by striking all of
7 section two (2) after the comma in line five (5) thereof sub-
8 substituting in lieu thereof the following: "after first and
9 the deduction for Iowa income taxes." subtracting
10 2. By renumbering the remaining sections in accordance
11 with this amendment.

Filed - *Withdrawn 5-15*
May 11, 1967

PETERSEN of Dallas.
MILLEN of Van Buren.
VAN NOSTRAND of Pottawattamie.
WOOD of Scott.

1 Amend the title to House File 702 by inserting in line
2 two (2) after the word "on" the word "cigarette,".

Filed - *Lost 5-15*
May 11, 1967

FISCHER of Grundy.

1 Amend the Redfern amendment to House File 702, filed May
2 4 by striking in line ten (10) the words "and chattel mort-
3 gages" and inserting in lieu thereof the following: "mort-
4 gages and security interests in personal property".

Filed
May 11, 1967

REDFERN of Lee.

1 Amend House File 702 by striking all after the caption
2 "Division V" and substituting in lieu thereof the following new
3 sections:
4 Sec. 43. Section four hundred twenty-two point thirty-
5 three (422.33), Code 1966, is hereby amended by striking in
6 line six (6) thereof the word "four (4)" and substituting in
7 lieu thereof the word "six (6)".
8 Sec. 44. Section four hundred twenty-two point thirty-
9 five (422.35), Code 1966, is hereby amended by striking from
10 subsection four (4) thereof the first three (3) lines and the
11 word "and" in line four (4).

Filed - *Withdrawn 5-15*
May 11, 1967

PETERSEN of Dallas.
MILLEN of Van Buren.
VAN NOSTRAND of Pottawattamie.
WOOD of Scott.

1 Amend the Petersen et al amendment to House File 702,
2 filed May 11, 1967 by striking in line fifteen (15) the
3 words and figures "five thousand (5000)" and inserting
4 in lieu thereof the words and figures "six thousand
5 (6000)".

Filed - *Withdrawn 5-15*
May 12, 1967

GALLAGHER of Black Hawk.

1 Amend the Petersen, et al amendment to
2 House File 702, filed May 11, 1967, by striking
3 on line fifteen (15) the words and figures "five
4 thousand (5000) dollars" and inserting in lieu
5 thereof the following: "six thousand (6000)
6 dollars".

Filed - *Withdrawn 5-15*
May 12, 1967

BOWEN of Black Hawk.

1 Amend the Gallagher amendment of May 3, 1967 to House
2 File 702 by striking all of lines fifteen, (15) sixteen,
3 (16) and seventeen (17) and inserting in lieu thereof
4 the following:
5 "Less than three thou- twelve (12) dollars per
6 sand (3000) dollars person

Filed - *Adopted by Committee 5-15*
May 12, 1967

GALLAGHER of Black Hawk.

1 House File 702 is hereby amended by adding thereto the
2 following new sections:
3 1. "Section four hundred thirty-two point one (432.1),
4 Code 1966, is hereby amended as follows:
5 "1. By striking from lines four (4) and five (5) the
6 words 'and nonprofit hospital and medical service corpora-
7 tions,'.
8 "2. By adding thereto the following new subsection:
9 'Two (2) percent of the gross amount of premiums, assess-
10 ments, fees, and subscription received during the preceding
11 calendar year by every nonprofit medical service corporation
12 and every nonprofit hospital service corporation organized
13 under chapter five hundred fourteen (514) on contracts of
14 insurance and subscribers' certificates on risks resident in
15 this state, without deducting any amounts paid for reinsurance
16 but deducting amounts returned upon cancelled contracts and
17 certificates and rejected applications.'"
18 2. "Chapter five hundred fourteen (514), Code 1966, is
19 hereby amended by adding the following new section:
20 'Nothing contained in this chapter shall be construed to
21 exempt any corporation organized under this chapter from the
22 provisions of section four hundred thirty-two point one
23 (432.1) of the Code.'"

Filed - *Lost 5-15 (Committee)*
May 12, 1967 *Withdrawn 5-17*

MILLER of Des Moines.

1 Amend House File 702 by adding to division three (III) the
2 following new sections and renumbering the remaining sections:
3 1. Subsection four (4) of section four hundred twenty-two
4 point forty-five (422.45), Code 1966, is hereby amended by
5 adding
6 a comma (,) after the word "property" in line two (2) and
7 inserting
8 the following "other than implements of husbandry or household
9 appliances".
10 2. Section four hundred twenty-two point forty-five
11 (422.45),
12 Code 1966, is hereby amended by adding thereto the following
13 new
14 subsections:
15 a. "That part of the gross receipts from the sale of
16 implements of husbandry which represent trade-in allowances to
17 purchasers of implements of husbandry in sales in Iowa."
18 b. "That part of the gross receipts from the sale of house-
19 hold appliances which represents trade-in allowances to
20 purchasers
21 of household appliances in sales in Iowa."
22 3. Section four hundred twenty-two point forty-two
23 (422.42),
24 Code 1966, is hereby amended by adding thereto the following
25 new
26 subsections:
27 a. "'Implements of husbandry' means every device which is
28 primarily designed for agricultural purposes except vehicles
29 sub-
30 ject to registration under chapter three hundred twenty-one
31 (321)
32 of the Code."
33 b. "'Household appliances' means every piece of equipment
34 ordinarily used in the home and which is operated by the use of
35 gas, oil, electricity or any combination thereof."
36 4. Section four hundred twenty-three point four (423.4),
37 subsection six (6), Code 1966, is hereby amended by striking
38 the period in line four (4) and adding the following: "
39 except
40 that nothing in section four hundred twenty-two point
41 forty-five
42 (422.45), Code 1966, as amended shall exempt implements of
43 husbandry or household appliances from use tax."

Filed - *Adopted by Committee of Feb. 20, 1967*
May 12, 1967

MILLER of Page.

1 Amend the title to House File 702 by adding in line two (2)
2 after the word "Sales" the words "and use taxes".

Filed - *Adopted by Committee 5-15*
May 15, 1967

MILLER of Page.

1 Amend House File 702 by striking all of sections one (1)
2 to thirty-eight (38), inclusive.
3 Amend the title by striking the words "relating to the
4 establishment of a new tax on intangibles and".
5 Renumber the remaining divisions of the bill.

Filed - *Adopted by Committee 5-15*
May 15, 1967

PETERSEN of Dallas.

1 Amend House File 702 as follows:
2 1. Strike from section forty-two (42), lines fourteen (14)
3 to nineteen (19), inclusive, and insert:
4 5. Strike subsection five (5) and insert the following:
5 "5. On the fifth thousand dollars of taxable income, or
6 any part thereof, five percent.
7 "6. On the sixth thousand dollars of taxable income, or
8 any part thereof, six percent, and on all taxable income in
9 excess of six thousand dollars, six percent."
10 6. Renumber the following subsection.

Filed - *Adopted by Committee 5-15*
May 15, 1967

BOWIN of Black Hawk.

1 Amend House File 702 by adding the following new section
2 after section 41.
3 1. Section four hundred twenty-two point forty three (422.43),
4 Code 1966, is hereby amended by adding the following subsection:
5 The following tax brackets shall be used in computing the
6 sales tax due the commission as previously provided by the Code:
7 0--.33 no tax
8 .34--.66 .01c tax
9 .67--.99 .02c tax
10 Thereafter, the tax shall be computed as follows: from
11 1.00--1.33 .03c tax
12 1.34--1.66 .04c tax
13 1.67--1.99 .05c tax
14 and one cent (.01) additional tax on each additional thirty-three
15 (.33) cents of sale.
16 2. By renumbering the subsequent sections of the bill.

Filed - *Lost 5-15*
May 15, 1967

MILLER of Des Moines.

1 Amend House File 702 as follows:

2 1. By striking all of Division I, except the caption
3 "Division I", and substituting in lieu thereof the following
4 new section:

5 Sec. 4. Section four hundred twenty-two point twelve
6 (422.12), Code 1966, is hereby amended by adding the follow-
ing

7 new subsection:

8 The tax collected under division four (IV) of chapter four
9 hundred twenty-two (422) of the Code shall be subject to a
10 deduction, or refund, if such deduction exceeds the tax li-
ability,
11 given for each person or dependent, as defined in subsec-
tions
12 one (1) through three (3), in the amount of seven dollars
fifty
13 cents (\$7.50), provided that the adjusted gross income of a
14 person required to and filing a personal income tax return
does
15 not exceed the amount of five thousand (5000) dollars.

16 When a dependent files his own return and claims his own
17 exemption and when a taxpayer is entitled to claim a depen-
dency
18 deduction, the dependent shall not be entitled to claim the
19 deduction or the refund that might result from the benefit
of
20 such deduction. The taxpayer entitled to claim the dependency
21 deduction shall be accorded the deduction or refund resulting
22 from the deductions for the tax collected under division four
(IV)
23 of chapt: four hundred twenty-two (422) of the Code in
accordance
24 with the aforementioned requirements of this subsection.

25 2. By renumbering the remaining sections in accordance
26 with this amendment.

Filed - *Withdrawn 5-15*
May 11, 1967

PETERSEN of Dallas.
MILLEN of Van Buren.
VAN NOSTRAND of Pottawattamie.
WOOD of Scott.
BOWIN of Black Hawk.

1 Amend House File 702 as follows:

2 1. By striking Sections thirty nine (39), fourty (40), and
3 fourty one (41).

Filed - *Lost 5-15*
May 15, 1967

JOHNSTON of Polk, MALONEY of Polk,
BAKER of Boone, FRANKLIN of Polk,
PALMER of Polk, RENDA of Polk,
BEARDSLEY of Polk, NOLIN of Carroll,
TAPSCOTT of Polk, McNAMARA of Lynn,
BREITBACH of Dubuque, STEFFEN of
Chickasaw, RADL of Lynn, GALLAGHER of
Black Hawk, PONCY of Wapello,
MIDDLESWART of Warren, O'MALLEY of
Polk, HANSON of Benton, GANNON of
Jasper, COCHRAN of Webster, MILLER
of Des Moines, and REDFERN of Lee.

1 Amend House File 702 as follows:

2 1. By adding after Section 3 the following new section.

3 "Sec. 4 Section four hundred twenty-two point forty-two (422.42)

4 Code 1966 is hereby amended by inserting in line seven (7) of
5 paragraph three (3) after the word "include" the words "bread,
6 milk or milk products, meat or meat products"

7 2. By renumbering the remaining sections.

Filed - *Lost 5-17-67*

May 17, 1967

JOHNSTON of Polk.

1 Amend House File 702 by adding a new section after Section
2 1, as follows:

3 "When a return is filed and the taxes shown due thereon are
4 paid in full on or before the due date, the retailer shall be

5 allowed a credit or discount equal to two (2) percent of the sales
tax

6 shown due on such return. This credit or discount shall be allowed
the

7 retailer for prompt payment of the tax and as partial remuneration
for

8 collecting the tax, keeping the records, and promptly filing the
returns

9 required by this chapter."

10 Further amend by renumbering the remaining sections.

Filed and lost

May 17, 1967

BAKER of Boone.

1 Amend the title to House File 702 by striking all

2 after the word "Act" and inserting in lieu thereof

3 the following: "for the modification of existing sales

4 and use taxes, and taxes on personal income and

5 corporate income; to provide for property tax

6 replacement, and allied purposes.

Filed and adopted

May 17, 1967

PETERSEN of Dallas.

See reprint

HOUSE FILE 702

April 28, 1967

Place On Calendar

*Nays and Means 5-22
Without recommendation 6-1*

By COMMITTEE ON TAX REVISION
(As Amended and Passed by the House)

Passed House, Date 5-17-67

Passed Senate, Date _____

Vote: Ayes 89 Nays 31

Vote: Ayes _____ Nays _____

*Motion
to reconsider
June 5-17-67*

Approved _____

A BILL FOR

An Act for the modification of existing sales and use taxes, and taxes on personal income and corporate income; to provide for property tax replacement, and allied purposes.

Be It Enacted by the General Assembly of the State of Iowa:

1 Section 1. Section four hundred twenty-two point forty-
2 three (422.43), Code 1966, is amended as follows:

3 1. By striking from lines two (2) and three (3) the
4 words ", beginning the first day of April, 1937, a tax
5 of two" and inserting in lieu thereof the words "a tax of
6 three".

7 2. By striking from lines twenty-two (22) and twenty-three
8 (23) the words "beginning with the first day of July, 1947,
9 a tax of two" and inserting in lieu thereof the words "a
10 tax of three".

11 3. By adding thereto the following paragraph:

12 "The rate of tax on the sale of tangible personal
13 property used in the performance of a building or
14 construction contract executed prior to July 1, 1967,
15 shall be two (2) percent."

1 Sec. 2. Section four hundred twenty-three point two
2 (423.2), Code 1966, is amended as follows:

3 1. By striking from lines three (3), four (4) and
4 five (5) the words "on or after April 16, 1937, for
5 use in this state, at the rate of two" and inserting
6 in lieu thereof the words "for use in this state at the

7 rate of three".

8 2. By adding the following new subsection:

9 "The rate of tax on the sale of tangible personal
10 property used in the performance of a building or
11 construction contract executed prior to July 1, 1967,
12 shall be two (2) percent."

1 Sec. 3. Section four hundred twenty-three point thirteen
2 (423.13), Code 1966, is amended by striking from line thirty-
3 one (31) the word "two" and inserting in lieu thereof the
4 word "three".

1 Sec. 4. Section four hundred twenty-two point forty-
2 five (422.45), Code 1966, is amended as follows:

3 1. By inserting in subsection four (4), line two (2),
4 after the word "property" the following: ", other than
5 implements of husbandry or household appliances,".

6 2. By adding thereto the following new subsections:

7 a. That part of the gross receipts from the sale of
8 implements of husbandry which represents trade-in
9 allowances to purchasers of implements of husbandry in
10 sales in Iowa.

11 b. That part of the gross receipts from the sale of
12 household appliances which represents trade-in allowances
13 to purchasers of household appliances in sales in Iowa.

1 Sec. 5. Section four hundred twenty-two point forty-
2 two (422.42), Code 1966, is hereby amended by adding
3 thereto the following new subsections:

4 1. "Implements of husbandry" means every device which
5 is primarily designed for agricultural purposes except
6 vehicles subject to registration under chapter three
7 hundred twenty-one (321) of the Code.

8 2. "Household appliances" means every piece of
9 equipment ordinarily used in the home and which is
10 operated by the use of gas, oil, electricity or any
11 combination thereof.

1 Sec. 6. Section four hundred twenty-three point four
2 (423.4), subsection six (6), Code 1966, is hereby
3 amended by striking the period in line four (4) and
4 adding the following: ", except that nothing in
5 section four hundred twenty-two point forty-five
6 (422.45), Code 1966, as amended shall exempt implements of
7 husbandr or household appliances from use tax."

1 Sec. 7. Section four hundred twenty-two point sixty-
2 two (422.62), Code 1966, is amended by inserting in the
3 seventh (7th) line from the end of said section, after
4 the word "receipts", the words "from two-thirds of the
5 sales taxes".

1 Sec. 8. Section three hundred twelve point one (312.1),
2 Code 1966, is amended by inserting in subsection four (4),
3 line three (3), after the word "percent" the words "of
4 two-thirds".

1 Sec. 9. Chapter four hundred twenty-two (422), Code
2 1966, is hereby amended by adding to division four (IV)
3 thereof the following new sections "A" to "J", inclusive:

4 A. For the purpose of these sections and unless otherwise
5 required by the context:

6 1. "Person" includes any individual, firm, copartnership,
7 joint venture, association, corporation, estate, trust,
8 business trust, receiver, syndicate or any other group
9 acting as a unit.

10 2. "Services" means all acts or services rendered,
11 furnished or performed for a valuable consideration by
12 any person engaged in any business or occupation
13 specifically enumerated. The tax shall be due and
14 collectible when the service is rendered, furnished, or
15 performed for the ultimate user thereof.

16 3. "User" means the person for whom or for whose
17 benefit the service is rendered or performed.

18 4. "Business" shall include all activities engaged in
19 or caused to be engaged in with the object of gain, benefit,

20 or advantage, direct or indirect.

21 5. "Taxpayer" means any person obligated to account to
22 the state department of revenue for taxes collected, to be
23 collected, or due under these sections.

24 6. "Tax" means the tax payable by the person procuring
25 or for whose benefit a service is rendered or performed
26 subject to tax; or the aggregate amount of taxes due from
27 the person rendering, performing, or furnishing services
28 during the period for which he is required to report his
29 collections as the context may require.

30 7. "Value of services" means the price to the user
31 exclusive of any direct tax imposed by the federal
32 government or by this chapter.

33 8. "Gross taxable services" means the total amount
34 received in money, credits, property, or other consideration
35 value in money from services rendered or performed in
36 this state and embraced within the provisions of these
37 sections. However, the taxpayer may take credit in his
38 report of gross taxable services for an amount equal to
39 the value of services rendered or performed when the
40 full value of services thereof is refunded either in cash
41 or by credit. When services are made under conditional
42 contract or under other contract or agreement, where the
43 payment of the principal sum thereunder is extended over
44 a period longer than sixty days from the date of the
45 contract or agreement, only such portion of the value of
46 services thereof shall be accounted for the purpose of
47 imposition of the tax imposed by these sections as has
48 actually been received in cash by the taxpayer during the
49 period for which the tax imposed by these sections is
50 due and payable. Taxes paid on gross taxable services
51 represented by accounts found to be worthless and actually
52 charged off for income tax purposes may be credited upon
53 a subsequent payment of the tax herein, but if any such

54 accounts are thereafter collected by the taxpayer, a tax
55 shall be paid upon the amounts so collected.

56 B. It shall be unlawful for any person to engage in
57 the business of selling, rendering, or performing services
58 subject to taxation under these sections after July 1, 1967
59 without first obtaining a permit under the provisions of
60 section four hundred twenty-two point fifty-three (422.53)
61 of the Code. All provisions relating to the issuance of
62 licenses as included in section four hundred twenty-two
63 point fifty-three (422.53) of the Code shall apply to
64 permits involving the sale, rendering, or performance of
65 services. No person already holding a permit under the
66 provisions of section four hundred twenty-two point
67 fifty-three (422.53) of the Code shall be required to
68 obtain an additional permit, but shall report the tax
69 upon services provided for in these sections together with
70 retail sales which are reported for taxation.

71 C. There is hereby levied and imposed upon
72 specifically enumerated services rendered or performed in
73 this state and measured by the amounts therefor a tax
74 in the amount of three percent, which shall be collected
75 by the state department of revenue. All fees, taxes,
76 interest, and penalties imposed by these sections shall
77 be collected as provided by section four hundred twenty-
78 two point sixty-two (422.62) of the Code by the state
79 department of revenue and placed in the general fund of
80 the state.

81 This tax shall be specifically imposed on the following
82 services which are not coin operated: dry cleaning and
83 laundering; automobile repairing; machinery repairing of
84 all kinds; farm implement repairing; repairing of household
85 appliances, televisions and radios.

86 D. Persons rendering, performing, or selling services
87 taxable hereunder shall as far as practicable add the

88 tax imposed under these sections or the average equivalent
89 thereof the value of services or charges showing such tax
90 as a separate and distinct item and when added such tax
91 shall constitute a part of the value of service or charge.
92 The tax shall be a debt from the user to the person
93 rendering or performing service until paid and shall be
94 recoverable at law in the same manner as other debts.

95 E. It shall be unlawful for any person rendering or
96 performing service to advertise or hold out or state to
97 the public or to any user, directly or indirectly, that
98 the tax or any part thereof imposed by these sections
99 will be assumed or absorbed by him or that it will not
100 be added to the value of service rendered, or if added
101 that it or any part thereof will be refunded.

102 F. To provide uniform methods of adding the tax
103 or the average equivalent thereof to the value of service,
104 it shall be the duty of the state department of revenue
105 to formulate and promulgate appropriate rules and
106 regulations to effectuate the purposes of these sections.

107 G. The service tax imposed under the provisions of
108 these sections shall include a payment of sales or use
109 tax, as the case may be, as a portion of the service tax.
110 The state department of revenue shall provide uniform
111 forms for the return required, and such forms shall also
112 provide for the return of any sales or use tax paid
113 upon materials or supplies involved in such service. No
114 tax shall be imposed by these sections upon any service
115 otherwise subject to taxation under the sales or use tax
116 laws, and all exemptions from taxation under the sales and
117 use tax laws shall apply to the sales of services taxable
118 under these sections. The tax imposed by these sections
119 shall be in addition to all licenses and taxes imposed by
120 law except as otherwise provided.

121 H. All services rendered to the state of Iowa or any

122 of the tax-levying political subdivisions thereof shall
123 be exempt from taxation under the provisions of these
124 sections.

125 I. The provisions of divisions four (IV) and five (V)
126 of chapter four hundred twenty-two (422) of the Code
127 relating to retail sales tax and administration thereof
128 shall apply to the collection of the tax imposed by
129 these sections insofar as practicable.

130 J. The provisions of chapter four hundred twenty-
131 three (423) of the Code shall apply to the collection and
132 administration of the tax imposed by these sections
133 insofar as they are applicable.

1 Sec. 10. Section four hundred twenty-three point two
2 (423.2), Code 1966, is hereby amended by adding thereto
3 the following:

4 "An excise tax is hereby imposed on the use in this
5 state of personal services purchased or rendered on and
6 after July 1, 1967 at the rate of three percent of the
7 purchase price of such services. Such tax is hereby
8 imposed upon every person using such services within
9 the state until such tax has been paid directly to
10 the person rendering such services or to the state
11 department of revenue. The items subject to use tax
12 on services shall be the same as those subject to a
13 service tax upon services as enumerated in chapter four
14 hundred twenty-two (422) of the Code as amended, but
15 the use tax shall only apply in such cases where the
16 services rendered are by nonresidents who do not maintain
17 a permanent place of business within the state. The
18 revenue hereunder shall be placed in the general fund of
19 the state."

1 Sec. 11. Section four hundred twenty-two point five
2 (422.5), Code 1966, is amended as follows:

3 1. Subsection one (1), lines two (2) and three (3);
4 by striking the words "three-fourths of one percent" and

5 inserting in lieu thereof the words "one percent".

6 2. Subsection two (2), lines two (2) and three (3), by
7 striking the words "one and one-half percent" and inserting
8 in lieu thereof the words "two percent".

9 3. Subsection three (3), lines two (2) and three (3), by
10 striking the words "two and one-fourth percent" and inserting
11 in lieu thereof the words "three percent".

12 4. Subsection four (4), line two (2), by striking the word
13 "three" and inserting in lieu thereof the word "four".

14 5. Strike subsection five (5) and insert the following:

15 "5. On the fifth thousand dollars of taxable income,
16 or any part thereof, five percent.

17 "6. On the sixth thousand dollars of taxable income,
18 or any part thereof, six percent, and on all taxable income
19 in excess of six thousand dollars, six percent."

20 6. Renumber the following subsection.

1 Sec. 12. Section four hundred twenty-two point thirty-
2 three (422.33), Code 1966, is hereby amended by striking
3 from line six (6) the word "four" and inserting in lieu
4 thereof the word "eight".

EXPLANATION

This bill provides for an increase in the sales and use tax to the 3% level and its extension to the services of dry cleaning and laundering; automobile repairing; machinery repairing of all kinds; farm implement repairing; repairing of household appliances, televisions and radios. The bill would also increase personal income tax rates to their former level with the addition of a new bracket of 6% on incomes in excess of five thousand dollars. The bill finally increases the corporate income tax rate to a level of 8%.

1 Amend House File 702 as follows:
2 By inserting at the end of section four (4) the
3 following as a new subsection:
4 "c. 'Property and services used by the seller in
5 the repair or conditioning of the property accepted
6 as part consideration shall not be subject to tax.'"

Filed
June 20, 1967

Senate

By KYHL

1 Amend House File 702 by striking all of Division IV and
2 inserting in lieu thereof the following:

3 1. Section four hundred twenty-two point four (422.4),
4 Code 1966, is hereby amended as follows:

5 (1). By striking subsection one (1) and inserting in
6 lieu thereof the following:

7 "The words 'taxable income' mean the net income as defined
8 in section four hundred twenty-two point seven (422.7) of the
9 Code, minus the deductions allowed by the provisions of sec-
10 tion four hundred twenty-two point nine (422.9) of the Code
11 and the personal exemption and dependency exemption allowances
12 in accordance with section four hundred twenty-two point twelve
13 (422.12) of the Code, in the case of individuals; in the case
14 of estates or trusts, the words 'taxable income' mean the tax-
15 able income as properly computed for federal income tax

16 purposes
17 in accordance with the Internal Revenue Code of 1954,
18 with the adjustments provided for in section four hundred
19 twenty-two point seven (422.7) of the Code plus the Iowa in-
20 come tax deducted in computing the taxable income in accor-
21 dance with the Internal Revenue Code of 1954 and minus the
22 federal income taxes as provided in section four hundred
23 twenty-

24 two point nine (422.9) of the Code."

25 (2). By striking from lines five (5) and six (6) of sub-
26 section nine (9) the words "the territories of Alaska and
27 Hawaii,".

28 (3). By striking subsection eleven (11) and inserting
29 in lieu thereof the following:

30 "The terms 'head of household' and 'surviving spouse' shall
31 have the same meanings as provided by the Internal Revenue
32 Code of 1954."

33 (4). By adding thereto the following new subsection:

34 "The term 'gross income' shall have the same meaning as
35 provided in the Internal Revenue Code of 1954."

36 2. Section four hundred twenty-two point five (422.5),
37 Code 1966, is hereby amended as follows:

38 (1) By striking lines twelve (12) through twenty-eight (28)
39 and inserting in lieu thereof the following:

40 "defined and determined in accordance with the following
41 tables:

42 "1. Single person not qualifying as head of household or
43 surviving spouse; married person filing separate return.

44 If the Taxable Income is: The Tax is:

45	Not Over \$500		1% of Taxable Income	
46	Over	But Not Over		Of Excess Over
	\$ 500	\$ 1,000	\$ 5.00 plus 2%	\$ 500
	1,000	1,500	15.00 plus 3%	1,000
	1,500	2,000	30.00 plus 4%	1,500

47	2,000	3,000	50.00 plus 5%	2,000
48	3,000	4,000	100.00 plus 6%	3,000
49	4,000	6,000	160.00 plus 7%	4,000
50	6,000	8,000	300.00 plus 8%	6,000
51	8,000	10,000	460.00 plus 9%	8,000
52	10,000	Over	640.00 plus 10%	10,000

53 "2. Married persons filing jointly; single person qualifying
54 as a surviving spouse.

55	If the Taxable Income is:		The Tax is:	
56	Not Over \$1,000		1% of Taxable Income	
57	Over	But Not Over		Of Excess Over
58	\$ 1,000	\$ 2,000	\$ 10.00 plus 2%	\$ 1,000
59	2,000	3,000	30.00 plus 3%	2,000
60	3,000	4,000	60.00 plus 4%	3,000
61	4,000	6,000	100.00 plus 5%	4,000
62	6,000	8,000	200.00 plus 6%	6,000
63	8,000	12,000	320.00 plus 7%	8,000
64	12,000	16,000	600.00 plus 8%	12,000
65	16,000	20,000	920.00 plus 9%	16,000
66	20,000	Over	1,280.00 plus 10%	20,000

67 "3. Heads of Households only.

68	If the Taxable Income is:		The Tax is:	
69	Not Over \$500		1% of Taxable Income	
70	Over	But Not Over		Of Excess Over
71	\$ 500	\$ 1,000	\$ 5.00 plus 1.90%	\$ 500
72	1,000	1,500	14.50 plus 2.75%	1,000
73	1,500	2,000	28.25 plus 3.50%	1,500
74	2,000	3,000	45.75 plus 4.40%	2,000
75	3,000	4,000	89.75 plus 5.00%	3,000
76	4,000	8,000	139.75 plus 5.95%	4,000
77	8,000	12,000	377.75 plus 7.00%	8,000
78	12,000	16,000	656.75 plus 8.10%	12,000
79	16,000	20,000	981.75 plus 9.50%	16,000
80	20,000	Over	1,361.75 plus 10.00%	20,000

81 (2). By inserting in line forty-six (46) after the word
82 "provided" the following:

83 ", except that amounts of less than one (1) dollar need not
84 be collected."

85 "Optional schedules provided under the terms of section
86 four hundred twenty-two point twenty-one (422.21) of the Code
87 may be utilized for determination of tax at the option of the
88 taxpayer, where applicable".

89 (3). Section four hundred twenty-two point twenty-one
90 (422.21), Code 1966 is hereby amended in line thirty-nine (39)
91 following the word "schedules" the words "on the median figure
92 of such schedule ranges of taxable income and".

93 3. Section four hundred twenty-two point nine (422.9),
94 Code 1966, is hereby repealed and the following enacted in
95 lieu thereof:

96 "Taxable income shall be computed by subtracting from the
97 net income determined under section four hundred twenty-two

98 point seven (422.7) of the Code, the sum of the amounts al-
99 lowable as personal deductions under the optional standard
100 deductions as provided herein, or the sum of the itemized
101 deductions as provided herein, and the sum of the personal
102 and dependency exemption amounts allowable under section four
103 hundred twenty-two point twelve (422.12) of the Code.

104 "1 An optional standard deduction equal to ten (10) per-
105 cent of the net income, not to exceed one thousand (1,000)
106 dollars in the case of single taxpayers, heads of households,
107 and married couples filing joint returns: and, in the case
108 of married couples where each files a separate return of in-
109 come, an optional standard deduction equal to ten (10) per-
110 cent of the net income shown on each separate return but not
111 in excess of five hundred (500) dollars on each such separate
112 return.

113 "2. The total of contributions, interest, taxes, medical
114 expense, child-care expense, losses, and miscellaneous ex-
115 penses deductible for federal income tax purposes under the
116 Internal Revenue Code of 1954, reduced to the extent of the
117 state income taxes included therein and increased to the
118 extent of the federal income tax paid on income taxed by this
119 division in the year for which the return is being prepared
120 on a cash basis, or the amount of federal income tax accrued
121 against income taxed by this division in the year for which
122 the return is being prepared on an accrual basis.

123 "3. Itemized deductions provided for in subsection two
124 (2) of this section may be utilized in computing taxable in-
125 come irrespective of whether such deductions have been itemized
126 on any return of income made pursuant to the Internal Revenue
127 Code of 1954, but if husband and wife elect to make separate
128 returns of income and either one of them employs the optional
129 standard deduction, then both must use the optional standard
130 deduction.

131 "4. A taxpayer affected by section four hundred twenty-two
132 point eight (422.8) subsection one (1) of the Code, shall be
133 entitled to compute his taxable income in the manner outlined
134 in paragraph one (1) and subsections one (1) and two (2) of
135 this section.

136 "5. A taxpayer affected by section four hundred twenty-
137 two point eight (422.8), subsection two (2) of the Code shall
138 be permitted to deduct only such portion of the itemized deduc-
139 tions provided for in subsection two (2) of this section as is
140 fairly and equitably allocable to Iowa and such allocation shall
141 be limited to that proportion of the total deductions as the
142 income within the state bears to the total income of such tax-
143 payer. The optional standard deduction of such taxpayer shall
144 be limited to ten (10) percent of the income of such taxpayer
145 allocable to Iowa subject to the limitations of subsection one
146 (1) of this section."

147 4. Section four hundred twenty-two point twelve
148 (422.12), Code 1966, is hereby repealed and the following en-
149 acted in lieu thereof:

150 "There shall be deducted from net income the following
151 amounts as exempt income:

152 "1. A personal exemption of the following amounts:

153 "a. For a single individual, head of household, and hus-
154 band and wife filing separate returns, eight hundred (800) dol-
155 lars.

156 "b. For husband and wife and qualified surviving
157 spouse filing a joint return, one thousand six hundred (1,600)
158 dollars.

159 "c. For a single individual, husband, wife, or head
160 of household, an additional exemption of eight hundred (800)
161 dollars for each of said individuals who is blind at the
162 close of the tax year. For the purpose of this subsection,
163 an individual is blind only if his central visual acuity does
164 not exceed twenty two-hundredths (20/200) in the better eye with
165 correcting lenses, or if his visual acuity is greater than
166 twenty two-hundredths (20/200) but is accompanied by a limi-
167 tation in the fields of vision such that the widest diameter
168 of the visual field subtends an angle no greater than twenty
169 (20) degrees.

170 "2. For each dependent, an additional four hundred (400)
171 dollars. As used in this section, the term 'dependent' shall
172 have the same meaning as provided by the Internal Revenue Code
173 of 1954."

174 5. Section four hundred twenty-two point thirteen
175 (422.13), Code 1966, is hereby amended by striking subsections one
176 (1) and two (2) and inserting in lieu thereof the following:

177 "1. Every individual having a gross income of three thou-
178 sand (3,000) dollars, or more, or a net income for the tax
179 year from sources taxable under this division, of eight hundred
180 (800) dollars; except that any individual who has attained the
181 age of sixty-five (65) years before the close of his tax year
182 or on the first day following the close of his tax year shall
183 be required to make a return only if he has, for the tax year,
184 a net income from sources taxable under this division of one
185 thousand six hundred (1,600) dollars, or more.

186 "2. A husband and wife may make a single joint return of
187 income under the requirements of this division, even though
188 one spouse has neither net income nor deductions, if said
189 husband and wife are eligible to file such joint return under
190 provisions of the Internal Revenue Code of 1954."

191 6. Section four hundred twenty-two point fourteen
192 (422.14), subsection one (1), Code 1966, is hereby amended as
193 follows:

194 (1). By striking from line five (5) the word "taxable"
195 and inserting in lieu thereof the word "net".

196 (2). By striking from line six (6) the word "six" and
197 inserting in lieu thereof the word "eight (8)".

198 7. Section four hundred twenty-two point fifteen
199 (422.15), subsection one (1), Code 1966, is hereby amended as
200 follows:

201 (1). By striking from lines thirteen (13) and fourteen (14)

202 the words "one thousand dollars and over" and inserting in
203 lieu thereof the following:
204 "five hundred (500) dollars or over, except in the case of
205 dividends and interest where the amount shall be ten (10)
206 dollars or more".
207 (2). By adding thereto the following new sub-
208 section:
209 "4. Irrespective of the foregoing provisions, where an
210 amount of income tax has been withheld from the income of a
211 payee or where an amount has been required by this division
212 to be withheld from the income of a payee, information returns
213 shall be filed in accordance with this section as though re-
214 quired under the provisions hereof."
215 8. Section four hundred twenty-two point twenty-one
216 (422.21), Code 1966, is hereby amended by inserting in line
217 thirty-nine (39) after the word "schedules" the words "on the
218 median figure of such schedule ranges of taxable income and".
219 9. Section four hundred twenty-two point twenty-two
220 (422.22), Code 1966, is hereby amended by adding thereto the
221 following:
222 "If a taxpayer's federal income tax returns are audited
223 and such audits result in changes which will affect the tax-
224 payer's Iowa income tax liability, then such federal findings
225 shall be reported to the Iowa income tax division within four
226 (4) months after final disposition of such federal findings
227 between the taxpayer and the Internal Revenue Service. Neglect
228 or failure to report such findings within the time specified
229 herein shall empower the tax commission, upon such discovery
230 of such fact or facts, to assess and collect the additional
231 taxes due, based upon such finding of fact, at the time of said
232 finding of fact, irrespective of limitations imposed in sec-
233 tion four hundred twenty-two point twenty-five (422.25) of the
234 Code and such additional tax, when determined, shall be sub-
235 ject to the provisions of section four hundred twenty-two point
236 twenty-five (422.25), subsection two (2), of the Code."
237 10. Section four hundred twenty-two point twenty-five
238 (422.25), subsection one (1), Code 1966, is hereby amended as
239 follows:
240 (1). By inserting in line two (2) after the word
241 "filed" the words "or due to be filed, whichever is the latter".
242 (2). By inserting in line twenty-three (23) after
243 the word "determination." the following:
244 "The date of final determination as referred to herein shall
245 be taken and considered to be that date when the factors of
246 disposition of such controversy are made available to the state
247 tax commission by the Internal Revenue Service."
248 11. Section four hundred twenty-two point twenty-five
249 (422.25), subsection five (5), Code 1966, is hereby amended
250 by adding thereto the following:
251 "Failure to supply any information, to pay any tax, or to
252 make, sign, or file any return or supplemental return, when
253 such failure continues for a period of three (3) years from

254 the date such return was required to be filed, shall be prima
255 facie evidence of a violation of this subsection.
256 12. If any provisions of this Act or the application
257 of such provision to any person or circumstance shall be held
258 invalid, the remainder of this Act or the application of such
259 provision to persons or circumstances other than those to
260 which it is held invalid shall not be affected thereby.

261

EXPLANATION

262 This amends Division II of Chapter 422 of the Code to
263 provide equal treatment of taxpayers subject to income tax
264 through the employment of appropriate scales of rates, ratios
265 of deduction, and a requirement of reporting in conformity with
266 enforcement necessity.

Filed *Jan 5-12-67*
May 5, 1967

REDFERN of Lee.

1 Amend the Redfern amendment to House File 702 filed May
2 5 by striking in lines onehundred nineteen (119) and one
3 hundred twenty-one (121) the word "in" and inserting in lieu
4 thereof, in each line the word "for".

Filed - *Adopted 5-12*
May 9, 1967

REDFERN of Lee.

1 Amend House File 610 as follows:

2 1. Section 2, by striking from line 10 the word "the"
3 and inserting the word "a".

4 Section 2, by inserting in line 14 preceding the
5 word "design" the word "planning,".

6 Section 2, by striking from lines 20 and 21 the
7 words "to the extent that" and inserting in lieu thereof the
8 the words "in which".

9 2. Section 3, by striking from line 2 the word and
10 figure "three (3)" and inserting in lieu thereof the following:
11 "five (5)".

12 Section 3, by striking from line 7 the words "or
13 eligible for registration".

14 Section 3, line 13, by inserting after the word
15 "serve" the words "more than".

16 3. Section 4, by striking from both line 4 and line 5
17 the word "another" and inserting in each line the words "two
18 members".

19 4. Section 7, by striking from lines 3 and 4 the words
20 ", open to public inspection at all reasonable times,".

21 Section 7, by inserting a period in line 4 after
22 the word "proceedings" and by striking the remainder of the
23 sentence.

24 5. Section 10, by striking from line 5 the word and
25 figures "ten (10)" and inserting in lieu thereof "thirty (30)".

26 6. Section 11, by striking all of lines 7 and 8.

27 7. Section 15, by striking from line 1 the words "As soon
28 as practicable," and inserting the words "Two weeks".

29 8. Section 19, by striking all of said section after the
30 word "required," in line 13 and inserting in lieu thereof the
31 following: "he shall be required to pay a penalty of not to

32 exceed one hundred percent (100%) of the annual fee."

33 9. Section 20, by striking all of said section.

34 10. Section 21, line 4, by striking the words "and may be
35 increased or decreased by the board".

36 Section 21, by striking from lines 11 and 12 the words
37 ", but the board may reduce the fee to not less than ten (10)
38 dollars".

39 11. Section 23, by striking from line 1 the words "of each
40 month" and inserting in lieu thereof the words "after the end
41 of each quarter".

42 12. Section 27, by striking all of subsection six (6).

43 13. Section 29, by striking all of subsection two (2) and
44 by striking from line 7 the figure "1."

45 14. Section 30, by striking from line 22 the last word
"The",

46 also all of lines 23 through 30.

47 15. Section 31, by striking therefrom all of the first
48 sentence and inserting in lieu thereof the following:

49 "Corporations shall be registered to practice landscape
50 architecture in their corporate name if two officers, owning
51 collectively more than fifty percent (50%) of the corporate
52 stock are registered landscape architects, and provided further
53 that their names shall appear as part of the corporate name."

16. Section 32, by striking from line 4 the words

"Associates

54 whose names do" and inserting in lieu thereof the words "An
55 associate whose name does"; also by striking from line 5 the
56 word "must" and inserting in lieu thereof the word "shall".
57 17. Section 33, by striking all of said section.
58 18. By renumbering sections in accordance with this amendment.
59 19. By adding the following section:
60 "If any provisions of this Act, or the application of such
61 provisions to any persons or circumstances, shall be held
62 the remainder of this Act, or the application of such provisions to
63 persons or circumstances other than those to which it is
64 shall not be thereby affected." invalid,

Filed
May 12, 1967

COMMITTEE ON JUDICIARY.

Page 1 Petersen Amendment

1 Amend House File 702 by adding to division three (III) the
2 following new sections and renumbering the remaining sections:
3 1. Chapter four hundred twenty-two (422), Code 1966, is
4 hereby amended by adding to division four (IV) thereof the
5 following new sections "A" to "J", inclusive:
6 A. For the purpose of these sections and unless other-
7 wise required by the context:
8 "1. 'Person' includes any individual, firm, copartner-
9 ship, joint venture, association, corporation, estate, trust,
10 business trust, receiver, syndicate or any other group acting
11 as a unit.
12 "2. 'Services' means all acts or services rendered,
13 furnished or performed for a valuable consideration by any
14 engaged in any business or occupation specifically enumerated.
15 The tax shall be due and collectible when the service is
16 furnished, or performed for the ultimate user thereof.
17 "3. 'User' means the person for whom or for whose
18 benefit the service is rendered or performed.
19 "4. 'Business' shall include all activities engaged
20 in or caused to be engaged in with the object of gain, benefit,
21 or advantage, direct or indirect.
22 "5. 'Taxpayer' means any person obligated to account
23 to the state department of revenue for taxes collected, to be
24 collected, or due under these sections.
25 "6. 'Tax' means the tax payable by the person procuring
26 or for whose benefit a service is rendered or performed subject
27 to tax; or the aggregate amount of taxes due from the person

28 rendering, performing, or furnishing services during the
29 period
30 for which he is required to report his collections as the
31 context may require.

32 "7. 'Value of services' means the price to the user
33 exclusive of any direct tax imposed by the federal government
34 or by this chapter.

35 "8. 'Gross taxable services' means the total amount
36 received in money, credits, property, or other consideration
37 value in money from services rendered or performed in this
38 state and embraced within the provisions of these sections.
39 However, the taxpayer may take credit in his report of gross
40 taxable services for an amount equal to the value of services
41 rendered or performed when the full value of services thereof
42 is refunded either in cash or by credit. When services are
43 made under conditional contract or under other contract or
44 agreement, where the payment of the principal sum thereunder
45 is extended over a period longer than sixty days from the date
46 of the contract or agreement, only such portion of the value of
47 services thereof shall be accounted for the purpose of imposi-
48 tion of the tax imposed by these sections as has actually been
49 received in cash by the taxpayer during the period for which
50 the tax imposed by these sections is due and payable. Taxes
51 paid on gross taxable services represented by accounts found
to be worthless and actually charged off for income tax

52 purposes
53 may be credited upon a subsequent payment of the tax herein,
54 but if any such accounts are thereafter collected by the tax-
55 payer, a tax shall be paid upon the amounts so collected."

56 B. It shall be unlawful for any person to engage in the
57 business of selling, rendering, or performing services subject
58 to taxation under these sections after July 1, 1967 without
59 first obtaining a permit under the provisions of section four
60 hundred twenty-two point fifty-three (422.53) of the Code. All
61 provisions relating to the issuance of licenses as included in
62 section four hundred twenty-two point fifty-three (422.53) of
63 the Code shall apply to permits involving the sale, rendering,
64 or performance of services. No person already holding a permit
65 under the provisions of section four hundred twenty-two point
66 fifty-three (422.53) of the Code shall be required to obtain
67 an additional permit, but shall report the tax upon services
68 provided for in these sections together with retail sales which
are reported for taxation.

69 C. There is hereby levied and imposed upon specifically
70 enumerated services rendered or performed in this state and
71 measured by the amount therefor a tax in the amount of three
72 percent, which shall be collected by the state department of
73 revenue. All fees, taxes, interest, and penalties imposed by
74 these sections shall be collected as provided by section four
75 hundred twenty-two point sixty-two (422.62) of the Code by the

76 state department of revenue and placed in the general fund of
77 the state.

78 This tax shall be specifically imposed on services rendered
79 by laundries and dry cleaners; automobile repairs and services;
80 machinery repairs of all kinds; farm implement repairs; repairs
81 to household appliances and equipment including television and
82 radio repairs.

83 D. Persons rendering, performing, or selling services
84 taxable hereunder shall as far as practicable add the tax
85 under these sections or the average equivalent thereof the
value

86 of services or charges showing such tax as a separate and dis-
87 tinct item and when added such tax shall constitute a part of
88 the value of service or charge. The tax shall be a debt from
89 the user to the person rendering or performing service until
90 paid and shall be recoverable at law in the same manner as
91 other debts.

92 E. It shall be unlawful for any person rendering or per-
93 forming service to advertise or hold out or state to the
public

94 or to any user, directly or indirectly, that the tax or any
95 part thereof imposed by these sections will be assumed or
96 absorbed by him or that it will not be added to the value of
97 service rendered, or if added that it or any part thereof will
98 be refunded.

99 F. To provide uniform methods of adding the tax or the
100 average equivalent thereof to the value of service, it shall
101 be the duty of the state department of revenue to formulate
102 and promulgate appropriate rules and regulations to effectuate
103 the purposes of these sections.

104 G. The service tax imposed under the provisions of these
105 sections shall include a payment of sales or use tax, as the
106 case may be, as a portion of the service tax. The state
107 department of revenue shall provide uniform forms for the
return

108 required, and such forms shall also provide for the return of
109 any sales or use tax paid upon materials or supplies involved
110 in such service. No tax shall be imposed by these sections
111 upon any service otherwise subject to taxation under the sales
112 or use tax laws, and all exemptions from taxation under the
113 sales and use tax laws shall apply to the sales of services
114 taxable under these sections. The tax imposed by these sec-
115 tions shall be in addition to all licenses and taxes imposed
116 by law except as otherwise provided.

117 H. All services rendered to the state of Iowa or any of
118 the tax-levying political subdivisions thereof shall be exempt
119 from taxation under the provisions of these sections.

120 I. The provisions of divisions four (IV) and five (V) of
121 chapter four hundred twenty-two (422) of the Code relating to
122 retail sales tax and administration thereof shall apply to the

123 collection of the tax imposed by these sections insofar as
124 practicable.

125 J. The provisions of chapter four hundred twenty-three
126 (423) of the Code shall apply to the collection and administra-
127 tion of the tax imposed by these sections insofar as they are
138 applicable.

129 2. Section four hundred twenty-three point two (423.2),
130 Code 1966, is hereby amended by adding thereto the following:

131 "An excise tax is hereby imposed on the use in this state
132 of personal services purchased or rendered on and after July 1,
133 1967 at the rate of three percent of the purchase price of such
134 services. Such tax is hereby imposed upon every person using
135 such services within the state until such tax has been paid
136 directly to the person rendering such services or to the state
137 department of revenue. The items subject to use tax on serv-
138 ices shall be the same as those subject to a service tax upon
139 services as enumerated in chapter four hundred twenty-two (422)
140 of the Code as amended, but the use tax shall only apply in
141 such cases where the services rendered are by nonresidents who
142 do not maintain a permanent place of business within the state.
143 The revenue hereunder shall be placed in the general fund of
144 the state.

Filed - *Adopted as amended 5-15*
May 12, 1967

PETERSEN of Dallas.
VAN NOSTRAND of Potawattamie.

1 Amend the amendment to House File 702 by Petersen
2 of Dallas and Van Nostrand, filed May 12th, by striking
3 the period at the end of line eighty-two (82) and
4 inserting the following: "all rental services excluded".

Filed - *Adopted 5-15*
May 15, 1967

VETTER of Washington.

1 Amend House File 702, the Peterson-Van Nostrand amendment
2 filed May 12, 1967 by striking from line eighty (80) the words
3 "farm
4 implement repairs,".

Filed - *Last 5-15*
May 15, 1967

MALONEY of Polk.

1 Amend the Petersen-Van Nostrand Amendment to House File
2 702 filed May 12, lines seventy-eight (78) through eighty-two
3 (82), by striking everything after the word "imposed" in
4 line seventy-eight (78) and substituting in lieu thereof the
5 following:
6 "on the following services which are not coin operated:
7 dry cleaning and laundering; automobile repairing; machinery
8 repairing of all kinds; farm implement repairing; repairing of
9 household appliances, televisions and radios."

Filed - *Adopted 5-15*
May 15, 1967

PETERSEN of Dallas.

1 Amend House File 702 as follows:

2 1. By striking sections one (1) through forty-one (41)
3 and inserting in lieu thereof the following:

4 "DIVISION I

5 "Section 1. Section three hundred twelve point one (312.1),
6 subsection four (4), Code 1966, is hereby amended by striking
7 from line two (2) the word 'ten' and inserting in lieu thereof
8 the words 'six and one-half (6 1/2)'.

9 "Sec. 2. Section four hundred twenty-two point nine (422.9),
10 subsection two (2), paragraph a, Code 1966, is hereby amended
11 by inserting in line two (2) after the word 'taxes' the follow-
12 ing:

13 "'and any sales tax credit allowed under section eight (8)
14 of this Act.'

15 "Sec. 3. Section four hundred twenty-two point twelve
16 (422.12), Code 1966, is hereby amended by inserting in line
17 four (4) after the word 'division,' the words 'the sales tax
18 credit allowed under section eight (8) of this Act and'.

19 "Sec. 4. Section four hundred twenty-two point forty-three
20 (422.43), Code 1966, is hereby amended as follows:

21 "1. By striking from lines two (2) and three (3) the words
22 ', beginning the first day of April, 1937, a tax of two' and
23 inserting in lieu thereof the words 'a tax of three (3)'.

24 "2. By striking from line seventeen (17) the word 'and'.

25 "3. By inserting in line twenty-one (21) after the word
26 'division' the following:

27 "'; and a like rate of tax upon the gross receipts from
28 laundry, dry cleaning, and pressing services and from repair
29 and maintenance services on vehicles and machinery. For
30 purposes of this division, such services shall be regarded as
31 a sale of merchandise at retail'.

32 "4. By striking from lines twenty-two (22) and twenty-three
33 (23) the words 'beginning with the first day of July, 1947, a
34 tax of two' and inserting in lieu thereof the words 'a tax
35 of three (3)'.

36 "Sec. 5. Section four hundred twenty-two point sixty-two
37 (422.62), Code 1966, is hereby amended by striking from line
38 fifty-three (53) the word 'ten' and inserting in lieu thereof
39 the words 'six and one-half (6 1/2)'.

40 "Sec. 6. Section four hundred twenty-three point two
41 (423.2), Code 1966, is hereby amended by striking from lines
42 three (3), four (4), and five (5) the words 'on or after April
43 16, 1937, for use in this state, at the rate of two' and
44 inserting in lieu thereof the words 'for use in this state at
45 the rate of three (3)'.

46 "Sec. 7. Section four hundred twenty-three point thirteen

47 (423.13), Code 1966, is hereby amended by striking from line
48 thirty-one (31) the word 'two' and inserting in lieu thereof
49 the word 'three (3)'.

50 "Sec. . . Chapter four hundred twenty-two (422), division
51 four (IV), Code 1966, is hereby amended by adding thereto the
52 following section:

53 "Every resident of the state who is gainfully employed or
54 who is required to file an Iowa income tax return and who has
55 an adjusted gross income for the tax year of six hundred (600)
56 dollars or more but less than six thousand (6,000) dollars as
57 computed for federal income tax purposes under the Internal
58 Revenue Code of 1954, may claim a credit for sales tax paid
59 to the state of Iowa. The credit shall be allowed as follows:

60 "1. A single resident or a married resident whose spouse
61 claims the credit shall be entitled to a credit of seven
62 dollars fifty cents (\$7.50).

63 "2. A married resident whose spouse does not claim the
64 credit or a head of household shall be entitled to a credit
65 of fifteen dollars (\$15.00).

66 "3. A married resident or head of household shall be
67 entitled to an additional seven dollars fifty cents (\$7.50)
68 for each dependent not claiming the credit. No more than one
69 (1) person shall claim the credit for such dependent.

70 "The credit allowed under this section to a husband and
71 wife whose Iowa taxable incomes are determined separately shall
72 be divided between them as they may elect. No individual

73 as a personal exemption on another individual's income tax
74 return shall be entitled to a credit or refund for himself
75 under the provisions of this section.

76 "Credits or refunds allowed by this section shall be
77 aggregated and claimed on income tax returns provided for
78 under this chapter, or if an individual is not required to
79 file an Iowa income tax return, the claim for refund shall be
80 filed on such forms as shall be prescribed by the commission
81 for that purpose.

82 "Any resident filing an Iowa income tax return shall
83 deduct the allowed credit from the computed tax after the
84 deduction of all other credits. Any resident entitled to a
85 credit in excess of a computed tax shall receive from the com-
86 mission a refund in the excess amount. The credit or refund
87 allowed under this section shall not exceed the amount of
88 the sales and use taxes actually paid by the resident taxpayer
89 filing a return or claim. All sales tax credit refunds shall
90 be paid in the same manner as state income tax refunds."

91 2. By renumbering the remaining divisions and sections in
92 accordance with this amendment.

Filed - *Withdrawn 5-15*
May 12, 1967

BOWIN of Black Hawk
VOORHEES of Black Hawk
CONKLIN of Black Hawk
STORY of Black Hawk.

1 Amend House File 702 by adding to division three (III) the
2 following new sections and renumbering the remaining sections:
3 1. Chapter four hundred twenty-two (422). Code 1966. is
4 hereby amended by adding to division four (IV) thereof the
5 following new sections "A" to "K", inclusive:
6 A. For the purpose of these sections and unless other-
7 wise required by the context:
8 "1. 'Person' includes any individual, firm, copartnership,
9 joint venture, association, corporation, estate, trust, business
10 trust, receiver, syndicate or any other group acting as a unit.
11 "2. 'Services' means all acts or services rendered, fur-
12 nished or performed for a valuable consideration by any person
13 engaged in any business or occupation not specifically exempted.
14 The tax shall be due and collectible when the service is rendered,
15 furnished, or performed for the ultimate user thereof.
16 "3. 'User' means the person for whom or for whose
17 benefit the service is rendered or performed.
18 "4. 'Business' shall include all activities engaged
19 in or caused to be engaged in with the object of gain, benefit,
20 or advantage, direct or indirect.
21 "5. 'Taxpayer' means any person obligated to account
22 to the state department of revenue for taxes collected, to be
23 collected, or due under these sections.
24 "6. 'Tax' means the tax payable by the person procuring
25 or for whose benefit a service is rendered or performed subject
26 to tax; or the aggregate amount of taxes due from the person
27 rendering, performing, or furnishing services during the period
28 for which he is required to report his collections as the
29 context may require.
30 "7. 'Value of services' means the price to the user
31 exclusive of any direct tax imposed by the federal government
32 or by this chapter.
33 "8. 'Gross taxable services' means the total amount
34 received in money, credits, property, or other consideration
35 value in money from services rendered or performed in this
36 state and embraced within the provisions of these sections.
37 However, the taxpayer may take credit in his report of gross
38 taxable services for an amount equal to the value of services
39 rendered or performed when the full value of services thereof
40 is refunded either in cash or by credit. When services are
41 made under conditional contract or under other contract or
42 agreement, where the payment of the principal sum thereunder
43 is extended over a period longer than sixty days from the date
44 of the contract or agreement, only such portion of the value of
45 services thereof shall be accounted for the purpose of imposi-
46 tion of the tax imposed by these sections as has actually been
47 received in cash by the taxpayer during the period for which
48 the tax imposed by these sections is due and payable. Taxes
49 paid on gross taxable services represented by accounts found
50 to be worthless and actually charged off for income tax purposes
51 may be credited upon a subsequent payment of the tax herein,
52 but if any such accounts are thereafter collected by the tax-
53 payer, a tax shall be paid upon the amounts so collected."
54 B. It shall be unlawful for any person to engage in the

55 business of selling, rendering, or performing services subject
56 to taxation under these sections after July 1, 1967 without
57 first obtaining a permit under the provisions of section four
58 hundred twenty-two point fifty-three (422.53) of the Code. All
59 provisions relating to the issuance of licenses as included in
60 section four hundred twenty-two point fifty-three (422.53) of
61 the Code shall apply to permits involving the sale, rendering,
62 or performance of services. No person already holding a permit
63 under the provisions of section four hundred twenty-two point
64 fifty-three (422.53) of the Code shall be required to obtain
65 an additional permit, but shall report the tax upon services
66 provided for in these sections together with retail sales which
67 are reported for taxation.

68 C. There is hereby levied and imposed upon services
69 rendered or performed in this state and measured by the amounts
70 therefor a tax in the amount of three percent, which shall be
71 collected by the state department of revenue. All fees, taxes,
72 interest, and penalties imposed by these sections shall be
73 collected and disposed of as provided by section four hundred
74 twenty-two point sixty-two (422.62) of the Code by the state
75 department of revenue in the same manner as are taxes upon
76 retail sales or use taxes.

77 "1. This tax shall be specifically imposed upon all
78 sales of newspaper and magazine advertising and advertising
79 over radio and television. In the case of a newspaper or
80 magazine, the amount of the tax shall be determined through
81 an allocation of the receipts from such advertising based upon
82 the circulation of the publication within the state of Iowa.
83 The tax shall also be imposed upon all receipts from advertis-
84 ing displayed upon billboards or other outdoor advertising.
85 There shall be deducted from the gross receipts of such adver-
86 tising any amounts paid by the taxpayer as a commission to
87 advertising agencies through which such business is received.

88 "2. This tax shall be specifically imposed upon the
89 constructing, repairing, decorating, or improving of new or
90 existing buildings or other structures under, upon, or above
91 real property including the installing or attaching of any
92 article of tangible personal property therein or thereto
93 whether or not such personal property becomes a part of the
94 realty by virtue of installation. This tax shall also be
95 imposed upon the charges made for clearing land and the moving
96 of earth for the purpose of construction or improving real
97 property.

98 "3. This tax shall be specifically imposed upon the
99 value of services rendered or performed by any person engaged
100 in business of a professional, technical, or scientific nature
101 where services are rendered or performed on a fee basis or for
102 consideration in the nature of a retainer including but not
103 limited to abstractors, accountants, architects, engineers,
104 real estate brokers, shorthand reporters, lobbyists, auction-
105 eers and any other business of a professional, technical, or
106 scientific nature in which services are rendered or performed

107 on a price or fee basis or for a consideration in the nature
108 of a retainer. The services of any one licensed under chapters
109 one hundred thirty-five B (135B), one hundred thirty-five C
110 (135C), one hundred forty-seven (147), and six hundred ten
111 (610) of the Code, nor the services of a minister, priest,
112 rabbi, or a religious organization shall not be subject to
113 the tax imposed by these sections, but anything sold by them
114 except in connection with the services performed shall be
115 subject to the tax provided.

116 "4. This tax shall be specifically imposed upon
117 intrastate services rendered by transportation agencies includ-
118 ing railroads, truck lines, air lines, bus lines, and commer-
119 cial haulers. These sections shall also apply to that portion
120 of services of this character rendered during the course of
121 interstate business which may be allocated upon the basis of
122 the receipts derived from sale of such services upon that
123 portion of the transportation performed within the state of
124 Iowa. However, all delivery services performed for retail
125 stores shall be exempt from the tax and other provisions of
126 these sections.

127 D. Persons rendering, performing, or selling services
128 shall as far as practicable add the tax imposed under these
129 sections or the average equivalent thereof to the value of
130 services or charges showing such tax as a separate and dis-
131 tinct item and when added such tax shall constitute a part of
132 the value of service or charge. The tax shall be a debt from
133 the user to the person rendering or performing service until
134 paid and shall be recoverable at law in the same manner as
135 other debts. However, persons engaged in a business of a pro-
136 fessional, technical, or scientific nature subject to taxation
137 under these sections may, if they so desire, make service return
138 upon the gross proceeds received by them and are not required
139 to include the tax in their billings to clients.

140 E. It shall be unlawful for any person rendering or per-
141 forming service to advertise or hold out or state to the public
142 or to any user, directly or indirectly, that the tax or any
143 part thereof imposed by these sections will be assumed or
144 absorbed by him or that it will not be added to the value of
145 service rendered, or if added that it or any part thereof will
146 be refunded.

147 F. To provide uniform methods of adding the tax or the
148 average equivalent thereof to the value of service, it shall
149 be the duty of the state department of revenue to formulate
150 and promulgate appropriate rules and regulations to effectuate
151 the purposes of these sections.

152 G. The service tax imposed under the provisions of these
153 sections shall include a payment of sales or use tax, as the
154 case may be, as a portion of the service tax. The state
155 department of revenue shall provide uniform forms for the return
156 required, and such forms shall also provide for the return of
157 any sales or use tax paid upon materials or supplies involved
158 in such service. No tax shall be imposed by these sections
159 upon any service otherwise subject to taxation under the sales
160 or use tax laws, and all exemptions from taxation under the

161 sales and use tax laws shall apply to the sales of services
162 taxable under these sections. The tax imposed by these sec-
163 tions shall be in addition to all licenses and taxes imposed
164 by law except as otherwise provided.

165 H. All services rendered to the state of Iowa or any of
166 the tax-levying political subdivisions thereof shall be exempt
167 from taxation under the provisions of these sections.

168 I. In computing the tax imposed by these sections,
169 there may be deducted from the measure of tax the following:

170 Amounts derived as compensation for services rendered to
171 patients by a hospital or other institution devoted to the care
172 of human beings with respect to the prevention or treatment of
173 disease, sickness, or suffering if such hospital or institution
174 is operated by the United States or any of its instrumentalities
175 or by the state or any of its political subdivisions.

176 J. The provisions of divisions four (IV) and five (V) of
177 chapter four hundred twenty-two (422) of the Code relating to
178 retail sales tax and administration thereof shall apply to the
179 collection of the tax imposed by these sections insofar as
180 practicable.

181 K. The provisions of chapter four hundred twenty-three
182 (423) of the Code shall apply to the collection and administra-
183 tion of the tax imposed by these sections insofar as they are
184 applicable.

185 2. Section four hundred twenty-three point two (423.2),
186 Code 1966, is hereby amended by adding thereto the following:

187 "An excise tax is hereby imposed on the use in this state
188 of personal services purchased or rendered on and after July 1,
189 1967 at the rate of three percent of the purchase price of such
190 services. Such tax is hereby imposed upon every person using
191 such services within the state until such tax has been paid
192 directly to the person rendering such services or to the state
193 department of revenue. The items subject to use tax on serv-
194 ices shall be the same as those subject to a sales tax upon
195 services as enumerated in chapter four hundred twenty-two (422)
196 of the Code as amended, but the use tax shall only apply in
197 such cases where the services rendered are by nonresidents who
198 do not maintain a permanent place of business within the state."

199 3. Section four hundred twenty-two point forty-five (422.45),
200 Code 1966, is amended by striking subsection two (2).

Filed - *Withdrawn 5-15*
May 5, 1967

MILLER of Page

- 1 Amend the Miller of Page amendment to House File 702,
- 2 filed May 5, 1967 as follows:
- 3 1. By striking the comma in line one hundred nine (109)
- 4 and inserting in lieu thereof the word "and".
- 5 2. By striking from lines one hundred ten (110) and one
- 6 hundred eleven (111) the following: "one hundred forty-
- 7 seven (147), and six hundred ten (610)".

Filed - *Adopted by Committee of whole 5-12-67*
May 12, 1967

STROTHMAN of Henry.

1 Amend the Miller amendment to House File 702, filed
2 May 5, 1967 as follows:
3 By adding at the end of line seventy-six (76), the
4 following sentence:
5 "This tax shall not apply in the performance of a
6 building or construction contract executed prior to
7 July 1, 1967."

Filed
May 11, 1967

MILLER of Page.

1 Amend House File 702 as follows:

2 1. Amend the title by striking all after the
3 word "Act" and inserting in lieu thereof the following:
4 "for the modification of existing use and sales
5 taxes, personal incomes and corporate incomes, to provide
6 for property tax replacement, equalization and allied
7 purposes."

8 2. Amend by striking all of Sections 1 through
9 38.

10 3. Section 39, by inserting at the end thereof
11 the following new paragraph:

12 "3. By adding thereto the following paragraph:

13 "The rate of tax on the sale of tangible personal
14 property used in the performance of a building or con-
15 struction contract executed prior to July 1, 1967, shall
16 be two (2) percent."

17 4. Section 40, by inserting at the end thereof
18 the following new paragraph:

19 "Section four hundred twenty-three point two
20 (423.2), Code 1966, is further amended by adding the
21 following new subsection:

22 "The rate of tax on the sale of tangible personal
23 property used in the performance of a building or
24 construction contract executed prior to July 1, 1967,
25 shall be two (2) percent."

26 5. Amend by inserting following Section 41 the
27 following new sections:

28 (1) Subsection four (4) of section four hundred
29 twenty-two point forty-five (422.45), Code 1966, is
30 hereby amended by adding a comma (,) after the word
31 "property" in line two (2) and inserting the following:
32 "other than implements of husbandry or household
33 appliances".

34 (2) Section four hundred twenty-two point forty-
35 five (422.45), Code 1966, is hereby amended by adding
36 thereto the following new subsections:

37 a. "That part of the gross receipts from the
38 sale of implements of husbandry which represent trade-
39 in allowances to purchasers of implements of husbandry
40 in sales in Iowa."

41 b. "That part of the gross receipts from the sale
42 of household appliances which represents trade-in
43 allowances to purchasers of household appliances in sales
44 in Iowa."

45 (3) Section four hundred twenty-two point forty-
46 two (422.42), Code 1966, is hereby amended by adding
47 thereto the following new subsections:

48 a. "'Implements of husbandry' means every device
49 which is primarily designed for agricultural purposes
50 except vehicles subject to registration under chapter
51 three hundred twenty-one (321) of the Code."

52 b. "'Household appliances' means every piece
53 of equipment ordinarily used in the home and which is
54 operated by the use of gas, oil, electricity or any
55 combination thereof."

56 (4) Section four hundred twenty-three point
57 four (423.4), subsection six (6), Code 1966, is hereby
58 amended by striking the period in line four (4) and
59 adding the following: ", except that nothing in
60 section four hundred twenty-two point forty-five
61 (422.45), Code 1966, as amended shall exempt implements
62 of husbandry or household appliances from use tax."

63 (5) Section four hundred twenty-two point sixty-
64 two (422.62), Code 1966, is amended as follows:

Page 1
Barnum
Linn

65 Insert in the seventh (7th) line from the end of
66 said section, after the word "receipts", the words
67 "from two-thirds of the sales taxes".

68 (6) Section three hundred twelve point one (312.1),
69 Code 1966, is amended as follows:

70 a. Insert at the beginning of subsection three
71 (3) the words "Two-thirds of".

72 b. Insert in subsection four (4), line three (3),
73 after the word "percent" the words "of two-thirds".

74 (7) Section four hundred twenty-three point twenty-
75 four (423.24), Code 1966, is amended as follows:

76 a. Insert at the beginning the words "Two-thirds
77 of".

78 b. Add in line seven (7) after the word "fund"
79 the words ", one-third of such revenue shall be credited
80 to the general fund of the state".

81 (8) Chapter four hundred twenty-two (422), Code
82 1966, is hereby amended by adding to division four (IV)
83 thereof the following new sections "A" to "J", inclusive:

84 A. For the purpose of these sections and unless
85 otherwise required by the context:

86 "1. 'Person' includes any individual, firm,
87 copartnership, joint venture, association, corporation,
88 estate, trust, business trust, receiver, syndicate or
89 any other group acting as a unit.

90 "2. 'Services' means all acts or services rendered,
91 furnished or performed for a valuable consideration by
92 any person engaged in any business or occupation
93 specifically enumerated. The tax shall be due and
94 collectible when the service is rendered, furnished, or
95 performed for the ultimate user thereof.

96 "3. 'User' means the person for whom or for whose
97 benefit the service is rendered or performed.

98 "4. 'Business' shall include all activities engaged
99 in or caused to be engaged in with the object of gain,
100 benefit, or advantage, direct or indirect.

101 "5. 'Taxpayer' means any person obligated to
102 account to the state department of revenue for taxes
103 collected, to be collected, or due under these sections.

104 "6. 'Tax' means the tax payable by the person pro-
105 curing or for whose benefit a service is rendered or per-
106 formed subject to tax; or the aggregate amount of taxes
107 due from the person rendering, performing, or furnishing
108 services during the period for which he is required to
109 report his collections as the context may require.

110 "7. 'Value of services' means the price to the
111 user exclusive of any direct tax imposed by the federal
112 government or by this chapter.

113 "8. 'Gross taxable services' means the total amount
114 received in money, credits, property, or other considera-
115 tion value in money from services rendered or performed in
116 this state and embraced within the provisions of these
117 sections. However, the taxpayer may take credit in his
118 report of gross taxable services for an amount equal
119 to the value of services rendered or performed when the
120 full value of services thereof is refunded either in cash
121 or by credit. When services are made under conditional
122 contract or under other contract or agreement, where the
123 payment of the principal sum thereunder is extended over
124 a period longer than sixty days from the date of the
125 contract or agreement, only such portion of the value of
126 services thereof shall be accounted for the purpose of

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127 imposition of the tax imposed by these sections as has
128 actually been received in cash by the taxpayer during the
129 period for which the tax imposed by these sections is
130 due and payable. Taxes paid on gross taxable services
131 represented by accounts found to be worthless and
132 actually charged off for income tax purposes may be
133 credited upon a subsequent payment of the tax herein,
134 but if any such accounts are thereafter collected by
135 the taxpayer, a tax shall be paid upon the amounts so
136 collected."

137 B. It shall be unlawful for any person to engage
138 in the business of selling, rendering, or performing
139 services subject to taxation under these sections after
140 July 1, 1967 without first obtaining a permit under the
141 provisions of section four hundred twenty-two point
142 fifty-three (422.53) of the Code. All provisions re-
143 lating to the issuance of licenses as included in section
144 four hundred twenty-two point fifty-three (422.53) of
145 the Code shall apply to permits involving the sale,
146 rendering, or performance of services. No person
147 already holding a permit under the provisions of section
148 four hundred twenty-two point fifty-three (422.53) of
149 the Code shall be required to obtain an additional per-
150 mit, but shall report the tax upon services provided for
151 in these sections together with retail sales which are
152 reported for taxation.

153 C. There is hereby levied and imposed upon
154 specifically enumerated services rendered or performed in
155 this state and measured by the amounts therefor a tax
156 in the amount of three percent, which shall be collected
157 by the state department of revenue. All fees, taxes,
158 interest, and penalties imposed by these sections shall
159 be collected as provided by section four hundred twenty-
160 two point sixty-two (422.62) of the Code by the state
161 department of revenue and placed in the general fund of
162 the state.

163 This tax shall be specifically imposed on the
164 following services which are not coin operated: dry
165 cleaning and laundering; automobile repairing; machinery
166 repairing of all kinds; farm implement repairing; re-
167 pairing of household appliances, televisions and radios.

168 D. Persons rendering, performing, or selling
169 services taxable hereunder shall as far as practicable
170 add the tax imposed under these sections or the average
171 equivalent thereof the value of services or charges
172 showing such tax as a separate and distinct item and
173 when added such tax shall constitute a part of the value
174 of service or charge. The tax shall be a debt from the
175 user to the person rendering or performing service until
176 paid and shall be recoverable at law in the same manner
177 as other debts.

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178 E. It shall be unlawful for any person rendering or
179 performing service to advertise or hold out or state to
180 the public or to any user, directly or indirectly, that
181 the tax or any part thereof imposed by these sections
182 will be assumed or absorbed by him or that it will not
183 be added to the value of service rendered, or if added
184 that it or any part thereof will be refunded.

185 F. To provide uniform methods of adding the tax
186 or the average equivalent thereof to the value of service,
187 it shall be the duty of the state department of revenue
188 to formulate and promulgate appropriate rules and
189 regulations to effectuate the purposes of these sections.

190 G. The service tax imposed under the provisions
191 of these sections shall include a payment of sales or
192 use tax, as the case may be, as a portion of the service
193 tax. The state department of revenue shall provide
194 uniform forms for the return required, and such forms
195 shall also provide for the return of any sales or use
196 tax paid upon materials or supplies involved in such
197 service. No tax shall be imposed by these sections upon
198 any service otherwise subject to taxation under the sales
199 or use tax laws, and all exemptions from taxation under
200 the sales and use tax laws shall apply to the sales of
201 services taxable under these sections. The tax imposed
202 by these sections shall be in addition to all licenses
203 and taxes imposed by law except as otherwise provided.

204 H. All services rendered to the state of Iowa or
205 any of the tax-levying political subdivisions thereof
206 shall be exempt from taxation under the provisions of
207 these sections.

208 I. The provisions of divisions four (IV) and
209 five (V) of chapter four hundred twenty-two (422) of
210 the Code relating to retail sales tax and administration
211 thereof shall apply to the collection of the tax imposed
212 by these sections insofar as practicable.

213 J. The provisions of chapter four hundred twenty-
214 three (423) of the Code shall apply to the collection and
215 administration of the tax imposed by these sections insofar
216 as they are applicable.

217 (9) Section four hundred twenty-three point two
218 (423.2), Code 1966, is hereby amended by adding thereto
219 the following:

220 "An excise tax is hereby imposed on the use in
221 this state of personal services purchased or rendered
222 on and after July 1, 1967 at the rate of three percent
223 of the purchase price of such services. Such tax is
224 hereby imposed upon every person using such services
225 within the state until such tax has been paid directly
226 to the person rendering such services or to the state
227 department of revenue. The items subject to use tax
228 on services shall be the same as those subject to a

229 service tax upon services as enumerated in chapter four
230 hundred twenty-two (422) of the Code as amended, but
231 the use tax shall only apply in such cases where the
232 services rendered are by nonresidents who do not maintain
233 a permanent place of business within the state. The
234 revenue hereunder shall be placed in the general fund
235 of the state."

236 6. Strike from Section 42, lines fourteen (14)
237 to nineteen (19), inclusive, and insert:

238 5. Strike subsection five (5) and insert the
239 following:

240 "5. On the fifth thousand dollars of taxable
241 income, or any part thereof, five percent.

242 "6. On the sixth thousand dollars of taxable
243 income, or any part thereof, six percent, and on all
244 taxable income in excess of six thousand dollars, six
245 percent."

246 7. Amend by striking all of Division V,
247 Sections 43 and 44, and inserting in lieu thereof the
248 following section:

249 Section four hundred twenty-two point thirty-
250 three (422.33), Code 1966, is hereby amended by
251 striking from line six (6) the word "four" and in-
252 serting in lieu thereof the word "eight".

253 8. Renumber the remaining sections of the bill
254 in accordance with these amendments.

Filed - *Adopted 5-16-67, Adopted as amended*
May 16, 1967 *5-17-67*

MAURICE E. BARINGER, CHAIRMAN
COMMITTEE OF THE WHOLE.

Amend Report of Committee of the Whole on House File 702
by striking all of paragraph one (1) thereof and substituting
in lieu thereof the following:

1. Amend the title by striking all after the word "Act"
and inserting in lieu thereof the following:

"for the modification of existing taxes on sales and
use, personal income and corporate income, to provide for
property tax replacement, equalization and allied purposes."

Further amend Report of Committee of the Whole on House
File 702 by striking from paragraph eight (8) thereof the word
"remaining".

Filed - *Adopted 5-16*
May 16, 1967

WOOD of Scott.

- 1 Amend the amendments to House File 702 proposed by
- 2 the committee of the whole as follows:
- 3 1. By striking from section (6) of amendment 5
- 4 the paragraph designated as "a".
- 5 2. By striking all of section (7) of amendment 5.

Filed *adopted 5-16*
May 16, 1967

WELDEN of Hardin.
MILLER of Page.

- 1 Amend the committee of the whole amendments to House File 702
- 2 as follows: Amendment 5, by striking from the second paragraph
- 3 of section "C" the following words: "machinery repairing of all
- 4 kinds; farm implement repairing;".

Filed - *Lost 5-17*
May 16, 1967

COCHRAN of Webster, WINKELMAN
of Calhoun, NELSON of Cherokee,
STROTHMAN of Henry, STOKES of
Plymouth, HANSON of Mitchell,
NIELSEN of Shelby, PIERSON of
Mahaska, CHRISTENSEN of Union-
Clark, and KIILSHOLM of Kossuth.

- 1 Amend Report of Committee of the Whole on House File 702
- 2 as follows:
- 3 1. By striking from Section C, line two (2), the words
- 4 "specifically enumerated" and add in lieu thereof the word
- 5 "all".
- 6 2. Further amend Section C by striking lines eleven (11),
- 7 twelve (12), thirteen (13), fourteen (14), and fifteen (15).

Filed - *Lost 5-17*
May 17, 1967

DISTELHORST of Des Moines.

April 28, 1967
Place on Calendar

By COMMITTEE ON TAX REVISION
(As Amended and Passed by the Senate)

Passed House, Date 6-29-67 Passed Senate, Date 6-28-67
Vote: Ayes 87 Nays 35 Vote: Ayes 48 Nays 0

Approved _____

Motion to reconsider filed 6-29
A BILL FOR *Motion to reconsider filed and prevailed 6-29
Passed Senate as further amended
6-29-67; 46-11.*

An Act for the modification of existing sales and use taxes, and taxes on personal income and corporate income; to provide for property tax replacement, and allied purposes.

Be It Enacted by the General Assembly of the State of Iowa:

DIVISION I

- 1 Section 1. Definitions. When used in section 1 to 9,
- 2 unless the context clearly indicates otherwise, the
- 3 following terms shall have the meanings, respectively,
- 4 ascribed to them in this section:
- 5 1. "Tobacco products" means cigars; cheroots; stogies,
- 6 periques; granulated, plug cut, crimp cut, ready rubbed,
- 7 and other smoking tobacco; snuff; snuff flour; cavendish;
- 8 plug and twist tobacco; fine-cut and other chewing
- 9 tobaccos; shorts; refuse scraps, clippings, cuttings and
- 10 sweepings to tobacco, and other kinds and forms of
- 11 tobacco, prepared in such manner as to be suitable for
- 12 chewing or smoking in a pipe or otherwise, or both for
- 13 chewing and smoking; but shall not include cigarettes
- 14 as defined in Iowa Statutes, Section 98.1, Subsection 1.
- 15 2. "Person" means any individual, firm, association,
- 16 partnership, joint stock company, joint adventure,
- 17 corporation, trustee, agency, or receiver, or any legal
- 18 representative of any of the foregoing.
- 19 3. "Manufacturer" means a person who manufactures
- 20 and sells tobacco products.

21 4. "Distributor" means any and each of the following:

22 a. Any person engaged in the business of selling
23 tobacco products in this state who brings, or causes
24 to be brought, into this state from without the state
25 any tobacco products for sale;

26 b. Any person who makes, manufactures, or fabricates
27 tobacco products in this state for sale in this state;

28 c. Any person engaged in the business of selling
29 tobacco products without this state who ships or trans-
30 ports tobacco products to retailers in this state, to
31 be sold by those retailers.

32 5. "Subjobber" means any person, other than a
33 manufacturer or distributor, who buys tobacco products
34 from a distributor and sells them to persons other
35 than the ultimate consumers.

36 6. "Retailer" means any person engaged in the business
37 of selling tobacco products to ultimate consumers.

38 7. "Sale" means any transfer, exchange, or barter,
39 in any manner or by any means whatsoever, for a consider-
40 ation, and includes and means all sales made by any
41 person. It includes a gift by a person engaged in the
42 business of selling tobacco products, for advertising,
43 as a means of evading the provisions of sections 1 to
44 9, or for any other purposes whatsoever.

45 8. "Wholesale sales price" means the established
46 price for which a manufacturer sells a tobacco product
47 to a distributor, exclusive of any discount or other
48 reduction.

49 9. "Business" means any trade, occupation, activity,
50 or enterprise engaged in for the purpose of selling or
51 distributing tobacco products in this state.

52 10. "Place of business" means any place where tobacco
53 products are sold or where tobacco products are manu-
54 factured, stored, or kept for the purpose of sale or

55 consumption, including any vessel, vehicle, airplane,
56 train, or vending machine.

57 11. "Retail outlet" means each place of business from
58 which tobacco products are sold to consumers.

59 12. "Director" means the state tax commission or
60 the director of the department of revenue.

61 13. "Consumer" means any person who has title to or
62 possession of tobacco products in storage, for use or
63 other consumption in this state.

64 14. "Storage" means any keeping or retention of
65 tobacco products for use or consumption in this state.

66 15. "Use" means the exercise of any right or power
67 incidental to the ownership of tobacco products.

1 Sec. 2. Tax on tobacco products.

2 1. A tax is hereby imposed upon all tobacco products
3 in this state and upon any person engaged in business
4 as a distributor thereof, at the rate of ten percent
5 of the wholesale sales price of such tobacco products.
6 Such tax, shall be imposed at the time the distributor
7 (1) brings, or causes to be brought, into this state
8 from without the state tobacco products for sale; (2)
9 makes, manufactures, or fabricates tobacco products
10 in this state for sale in this state; or (3) ships or
11 transports tobacco products to retailers in this state,
12 to be sold by those retailers.

13 2. A tax is hereby imposed upon the use or storage
14 by consumers of tobacco products in this state, and upon
15 such consumers, at the rate of ten percent of the cost
16 of such tobacco products.

17 The tax imposed by this subsection shall not apply
18 if the tax imposed by subsection 1 on such tobacco
19 products has been paid.

20 This tax shall not apply to the use or storage of
21 tobacco products in quantities of:

- 22 (1.) Less than 25 cigars;
- 23 (2.) Less than 10 oz. snuff or snuff powder;
- 24 (3.) Less than 1 lb. smoking or chewing tobacco or
- 25 other tobacco products not specifically mentioned herein,
- 26 in the possession of any one consumer.

27 3. Any tobacco product with respect to which a tax
 28 has once been imposed under sections 1 to 9 shall
 29 not again be subject to tax under sections 1 to 9.

30 4. The tax imposed by this section shall not apply
 31 with respect to any tobacco product which under the
 32 constitution and laws of the United States may not be
 33 made the subject of taxation by this state.

34 5. The tax imposed by this section shall be in
 35 addition to all other occupation or privilege taxes or
 36 license fees now or hereafter imposed by any city,
 37 village, borough or township.

1 Sec. 3. Licenses; distributors, subjobbers.

2 1. From and after 12:01 o'clock a.m. on August 1, 1967,
 3 no person shall engage in the business of a distributor
 4 or subjobber of tobacco products at any place of business
 5 without first having received a license from the director
 6 to engage in that business at that place of business.

7 2.. Every application for such a license shall be
 8 made on a form prescribed by the director and shall
 9 state the name and address of the applicant; if the
 10 applicant is a firm, partnership, or association, the
 11 name and address of each of its members; if the applicant
 12 is a corporation, the name and address of each of its
 13 officers; the address of its principal place of business;
 14 the place where the business to be licensed is to be
 15 conducted; and such other information as the director
 16 may require for the purpose of the administration of
 17 sections 1 to 9.

18 3. A person without this state who ships or trans-

19 ports tobacco products to retailers in this state, to
20 be sold by those retailers, may make application for
21 license as a distributor, be granted such a license
22 by the director, and thereafter be subject to all the
23 provisions of sections 1 to 9 and entitled to act as
24 a licensed distributor, provided he files proof with h
25 his application that he has appointed the secretary
26 of state for the service of process relating to any
27 matter or issue arising under sections 1 to 9. A
28 foreign corporation applying for a distributor's
29 license need not qualify as such if it files the proof
30 of appointment of the secretary of state for service
31 of process as provided in this subdivision.

32 4. Each application for a distributor's license
33 shall be accompanied by a fee of \$25
34 , except that no applicant holding a permit pursuant to
35 chapter ninety-eight (98) of the Code shall be required
36 to pay an additional fee. The application
37 shall also be accompanied by a corporate surety bond
38 issued by a surety licensed to do business in this state,
39 in the sum of \$1,000, conditioned upon the true
40 and faithful compliance by the distributor with all the
41 provisions of sections 1 to 9 and the payment when
42 due of all taxes, penalties and accrued interest arising
43 in the ordinary course of business or by reason of any
44 delinquent money which may be due the State of Iowa.
45 This bond shall be in a form to be fixed by the director
46 and approved by the attorney general. Whenever it is
47 the opinion of the director that the bond given by a
48 licensee is inadequate in amount to fully protect the
49 state, he shall require either an increase in the amount
50 of said bond or additional bond, in such amount as he
51 deems sufficient. Any bond required by this subdivision,
52 or a reissue thereof, or a substitute therefore, shall

53 be kept in full force and effect during the entire
54 period covered by the license.

55 A separate application for license shall be made
56 for each place of business at which a distributor
57 proposes to engage in business as such under sections
58 1 to 9.

59 5. Each application for a subjobber's license shall
60 be accompanied by a fee of \$10
61 , except that no applicant holding a permit pursuant to
62 chapter ninety-eight (98) of the Code shall be required
63 to pay an additional fee.

64 6. A distributor or subjobber applying for a license
65 between January 1 and June 30 of any year shall be re-
66 quired to pay only one-half of the license fee provided
67 for herein.

68 7. The director, upon receipt of the application
69 (and bond, in the case of the distributor) in proper
70 form, and payment of the license fee required by sub-
71 section 4 or subsection 5, shall unless otherwise pro-
72 vided by sections 1 to 9, issue the applicant a
73 license in form as prescribed by him, which license
74 shall permit the applicant to whom it is issued to
75 engage in business as a distributor or subjobber at the
76 place of business shown in his application. The director
77 shall assign a permit number to each person licensed as
78 a distributor at the time of issuance of his first license,
79 which shall be inscribed upon all licenses issued to
80 that distributor.

81 8. Each license shall expire on June 30 following its
82 date of issue unless sooner revoked by the director or
83 unless the business with respect to which the license
84 was issued is transferred. In either case the holder
85 of the license shall immediately surrender it to the
86 director.

87 9. Each license shall be prominently displayed on the
88 the premises covered by the license.

89 10. No license shall be transferable to any other
90 person.

91 11. The director may revoke, cancel, or suspend the
92 license or licenses of any distributor or subjobber for
93 violation of any of the provisions of sections 1 to 9,
94 or any other act applicable to the sale of tobacco pro-
95 ducts, or any rule or regulations promulgated by the
96 director in furtherance of sections 1 to 9. No license
97 shall be revoked, cancelled, or suspended except after
98 notice and a hearing by the director as provided in
99 section 7.

100 12. No license shall be issued under section 1.
101 to 9. to any person within one year of the date of
102 final determination of a revocation of any previous
103 license held by him.

104 13. When the surety upon any bond issued pursuant
105 to the provisions of sections 1 to 9 shall have ful-
106 filled the conditions of such bond and compensated the
107 state for any loss occasioned by any act or omission
108 of the person bonded under sections 1 to 9, such
109 surety shall be subrogated to all the rights of the
110 state in connections with the transaction wherein
111 such loss occurred.

1 Sec. 4. Licensees, duties.

2 1. Every distributor shall keep at each licensed
3 place of business complete and accurate records for
4 that place of business, including itemized invoices,
5 of tobacco products held, purchased, manufactured, brought
6 in or caused to be brought in from without the state, or
7 shipped or transported to retailers in this state, and
8 of all sales of tobacco products made, except sales to
9 the ultimate consumer.

10 When a licensed distributor sells tobacco products
11 exclusively to the ultimate consumer at the address given
12 in the license, no invoice of those sales shall be re-
13 quired, but itemized invoices shall be made of all tobacco
14 products transferred to other retail outlets owned or
15 controlled by that licensed distributor. All books,
16 records and other papers and documents required by this
17 subdivision to be kept shall be preserved for a period
18 of at least one year after the date of the documents,
19 as aforesaid, or the date of the entries thereof appear-
20 ing in the records, unless the director, in writing,
21 authorized their destruction or disposal at an earlier
22 date. At any time during usual business hours, the
23 director, or his duly authorized agents or employees,
24 may enter any place of business of a distributor,
25 without a search warrant, and inspect the premises,
26 the records required to be kept under this subdivision
27 and the tobacco products contained therein, to determine
28 whether or not all the provisions of sections 1 to 9
29 are being fully complied with. If the director, or any
30 such agent or employee, is denied free access or is
31 hindered or interfered with in making such examination,
32 the license of the distributor at such premises shall
33 be subject to revocation by the director.

34 2. Every person who sells tobacco products to persons
35 other than the ultimate consumer shall render with
36 each sale itemized invoices showing the seller's name
37 and address, the purchaser's name and address, the
38 date of sale, and all prices and discounts. He shall
39 preserve legible copies of all such invoices for one
40 year from the date of sale.

41 3. Every retailer and subjobber shall procure itemized
42 invoices of all tobacco products purchased. The invoices
43 shall show the name and address of the seller and the

44 date of purchase. The retailer and subjobber shall
45 preserve a legible copy of each such invoice for one
46 year from the date of purchase. Invoices shall be
47 available for inspection by the director or his authorized
48 agents or employees at the retailer's or subjobber's
49 place of business.

50 4. Records of all deliveries or shipments of tobacco
51 products from any public warehouse of first destination
52 in this state which is subject to the provisions of and
53 licensed under Iowa Statutes, Chapter 554, shall be
54 kept by the warehouse and be available to the director
55 for inspection. They shall show the name and address
56 of the consignee, the date, the quantity of tobacco
57 products delivered, and such other information as the
58 commissioner may require. These records shall be pre-
59 served for one year from the date of delivery of the
60 tobacco products.

61 5. The transportation of tobacco products into this
62 state by means other than common carrier must be re-
63 ported to the director within 30 days with the
64 following exceptions:

65 (1) The transportation of not more than 50 cigars,
66 not more than ten ounces of snuff or snuff powder, or
67 not more than one pound of smoking or chewing tobacco
68 or other tobacco products not specifically mentioned
69 herein;

70 (2) Transportation by a person with a place of
71 business outside the state, who is licensed as a
72 distributor under section 3, or tobacco products
73 sold by such person to a retailer in this state.

74 Such report shall be made on forms provided by the
75 director.

76 Common carriers transporting tobacco products into
77 this state shall file with the director reports of all

78 such shipments other than those which are delivered to
79 public warehouses of first destination in this state
80 which are licensed under the provisions of Iowa Statutes,
81 Chapter 554. Such reports shall be filed on or before
82 the tenth day of each month and shall show with respect
83 to deliveries made in the preceding month; the date,
84 point of origin, point of delivery, name of consignee,
85 description and quantity of tobacco products delivered,
86 and such information as the director may otherwise
87 require.

88 Any person who fails or refuses to transmit to the
89 director the required reports or whoever refuses to
90 permit the examination of the records by the director
91 shall be guilty of a misdemeanor.

1 Sec. 5. Distributors, monthly returns.

2 1. On or before the twentieth day of each calendar
3 month every distributor with a place of business in
4 this state shall file a return with the director showing
5 the quantity and wholesale sales price of each tobacco
6 product (1) brought, or caused to be brought, into
7 this state for sale; and (2) made, manufactured or fab-
8 ricated in this state for sale in this state, during
9 the preceding calendar month. Every licensed distributor
10 outside this state shall in like manner file a return
11 showing the quantity and wholesale sales price of each
12 tobacco product shipped or transported to retailers in
13 this state to be sold by those retailers, during the
14 preceding calendar month. Returns shall be made upon
15 forms furnished and prescribed by the director and shall
16 contain such other information as the director may re-
17 quire. Each return shall be accompanied by a remittance
18 for the full tax liability shown therein, less a discount
19 as fixed by the director not to exceed five percent of
20 the tax.

21 2. As soon as practicable after any return is filed,
22 the director shall examine each return and correct it,
23 if necessary, according to his best judgment and in-
24 formation. If the director finds that any amount of
25 tax is due from the taxpayer and unpaid, he shall notify
26 the taxpayer of the deficiency, stating that he proposes
27 to assess the amount due together with interest and
28 penalties as hereinafter provided. If a deficiency dis-
29 closed by the director's examination cannot be allocated
30 by him to a particular month or months, he shall notify
31 the taxpayer of the deficiency, stating his intention to
32 assess the amount due for a given period without allocating
33 it to any particular month or months. If any taxpayer
34 making any return shall die or shall become incompetent
35 at any time before the
36 director issues his notice that he proposes to assess
37 an amount due, that notice shall be issued to the
38 administrator, executor, or other legal representative,
39 as such, of that taxpayer.

40 3. If, within 20 days after mailing of notice of the
41 proposed assessment, the taxpayer or his legal repre-
42 sentative shall file a protest to said proposed assess-
43 ment and request a hearing thereon, the director shall
44 give notice to that taxpayer or legal representative
45 of the time and place fixed for the hearing, shall
46 hold a hearing on such protest, and shall issue a final
47 assessment to the taxpayer or legal representative for
48 the amount found to be due as a result of the hearing.
49 This hearing shall be held within 45 days after filing
50 of the protest. If a protest is not filed within the
51 time herein prescribed, the director shall issue a
52 final assessment to the taxpayer or legal representative,
53 as such. Any such assessment made by the director shall
54 be prima facie correct and valid, and the taxpayer shall

55 have the burden of establishing its incorrectness or
56 invalidity in any action or proceedings in respect
57 thereto.

58 4. If any taxpayer required by sections 1 to 9 to
59 file any return shall fail to do so within the time
60 prescribed by sections 1 to 9, he shall, on the
61 written demand of the director, file such return within
62 20 days after the mailing of such written demand and at
63 the same time pay the tax due on the basis thereof.
64 If such taxpayer shall fail within that time to file
65 such return, the director shall make for him a return,
66 from his own knowledge and from such information as he
67 can obtain through testimony, or otherwise, and assess
68 a tax on the basis thereof, which tax shall be paid
69 within ten days after the director has mailed to such
70 taxpayer a written notice of the amount thereof and
71 demand for its payment. Any such return or assessment
72 made by the director on account of the failure of the
73 taxpayer to make a return shall be prima facie correct
74 and valid, and the taxpayer shall have the burden of
75 establishing its incorrectness or invalidity in any
76 action or proceeding in respect thereto.

77 5. All taxes shall be due and payable not later than
78 the twentieth day of the month following the calendar
79 month in which they were incurred, and thereafter shall
80 bear interest at the rate of one percent per month.

81 Where, under the provisions of subdivisions 2 and 3
82 of this section, the amount of tax due for a given
83 period is assessed without allocating it to any particu-
84 lar month or months, the interest shall commence to run
85 from the date of such assessment.

86 The director shall have power to reduce or abate
87 interest when in his opinion the facts warrant such
88 reduction or abatement. The exercise of this power shall

89 be subject to the approval of the attorney general.

90 6. The director in issuing his final assessment
91 pursuant to subdivision 3 shall add to the amount of
92 tax found due and unpaid a penalty of ten percent thereof,
93 except that, if he finds that the taxpayer has made a
94 false and fraudulent return with intent to evade the
95 tax imposed by sections 1 to 9, the penalty shall be
96 25 percent of the entire tax as shown by the return as
97 corrected. The director in assessing a tax on the
98 basis of a return made pursuant to subdivision 4 shall
99 add to the amount of tax found due and unpaid a penalty
100 of 25 percent thereof.

101 The director shall have power to abate penalties,
102 when in his opinion their enforcement would be unjust
103 and inequitable. The exercise of this power shall be
104 subject to the approval of the attorney general.

105 7. The director may recover the amount of any tax
106 due and unpaid, interest, and any penalty in a civil
107 action. The collection of such a tax, interest, or
108 penalty shall not be a bar to any prosecution under
109 sections 1 to 9.

110 8. On or before the 20th day of each calendar month,
111 every consumer who, during the preceding calendar
112 month, has acquired title to or possession of tobacco
113 products for use or storage in this state, upon which
114 tobacco products the tax imposed by section 2 has not
115 been paid, shall file a return with the director showing
116 the quantity of tobacco products so acquired. The return
117 shall be made upon a form furnished and prescribed by
118 the director, and shall contain such other information
119 as the director may require. The return shall be
120 accompanied by a remittance for the full unpaid tax
121 liability shown by it.

1 Sec. 6. Refunds, credits. Where tobacco products

2 upon which the tax imposed by sections 1 to 9 has been
3 reported and paid, are shipped or transported by the
4 distributor to consumers, to be consumed without the
5 state, or to retailers or subjobbers without the state,
6 to be sold by those retailers, or subjobbers without
7 the state, or are returned to the manufacturer by the
8 distributor or destroyed by the distributor, refund
9 of such tax or credit may be made to the distributor
10 in accordance with regulations prescribed by the
11 director. Any over-payment of the tax imposed under
12 section 2 may be made to the taxpayer in accordance
13 with regulations prescribed by the director. The
14 director shall cause any such refund of tax to be paid
15 out of the general revenue fund, and so much of said
16 fund as may be necessary is hereby appropriated for
17 that purpose.

1 Sec. 7. Investigations and hearings, testimonial
2 powers.

3 1. The director, or his duly authorized agents, may
4 conduct investigations, inquiries, and hearings for the
5 purpose of enforcing the provisions of sections 1 to 9,
6 and, in connection with such investigations, inquiries,
7 and hearings, he and his duly authorized agents shall
8 have all the powers conferred upon him and his examiners
9 by Iowa Statutes, and the provisions of such shall apply
10 to all investigations, inquiries and hearings.

11 2. Every hearing conducted under sections 1 to 9
12 shall be preceded by ten days' notice in writing of the
13 subject of the hearing, including, in the case of
14 suspension or revocation, of a license, a statement of
15 the nature of the charges against the licensee. The
16 notice shall be sent by registered mail to the last
17 known address of the licensee or other person involved
18 in the hearing, and the service shall be complete upon

19 mailing. After every hearing the director shall make his
20 findings and his order in writing. The findings and
21 order shall be filed in the office of the director,
22 and a copy sent by mail or otherwise to the person
23 to whom the notice was directed.

24 3. The director may exchange information with the
25 officers and agencies of other states administering
26 laws relating to the taxation of tobacco products.

27 4. No person shall be excused from testifying or
28 from producing, pursuant to a subpoena, any books,
29 papers, records, or memoranda in any investigation or
30 upon any hearing, upon the ground that the testimony
31 or evidence, documentary or otherwise, may tend to
32 incriminate him or subject him to a criminal penalty,
33 but no person shall be prosecuted or subjected to any
34 criminal penalty for or on account of any
35 transaction made or thing concerning which he may testify
36 or produce evidence, documentary or otherwise, before
37 the director or an employee or agent thereof; provided
38 that such immunity shall extend only to a natural person
39 who, in obedience to a subpoena, gives testimony under
40 oath or produces evidence, documentary or otherwise,
41 pursuant to a subpoena. No person so testifying shall
42 be exempt from prosecution and punishment for perjury
43 committed in so testifying.

44 5. Any person aggrieved by an order of the director
45 fixing a tax, penalty or interest under section 2 may,
46 within 30 days from the date of notice of the order,
47 appeal to the board of review in the manner provided
48 by law. Any other order of the director under sections
49 1 to 9 shall be subject to review by certiorari.

1 Sec. 8. Enforcement.

2 1. The director shall enforce the provisions of
3 sections 1 to 9. He may prescribe rules and regulations

4 not inconsistent with the provisions of sections 1 to
5 9 for its detailed and efficient administration. In
6 the enforcement of sections 1 to 9 the director may
7 call upon any county attorney or the attorney general
8 for assistance. The director may bring injunction
9 proceedings to restrain any person from acting as a
10 distributor or subjobber without complying with the
11 provisions of sections 1 to 9.

1 Sec. 9. Violations, penalties.

2 1. Any person who in any manner knowingly attempts
3 to evade the tax imposed by sections 1 to 9 or who
4 knowingly aids or abets in the evasion or attempted
5 evasion of the tax or who knowingly violates the pro-
6 visions of section 3, subsection 1, or sections 1 to 9,
7 shall be
8 imprisoned in the county jail for a term of not more
9 than one (1) year or fined not to exceed one thousand
10 (1,000) dollars, or both.

11 2. Any person who otherwise violates any provisions
12 of sections 1 to 9 shall be guilty of a misdemeanor.

DIVISION II

1 Sec. 10. Section ninety-eight point six (98.6), Code
2 of Iowa, is hereby amended by striking lines six (6) through
3 twenty-five (25) of subsection one (1) of such section and
4 inserting in lieu thereof the following:

5 "Class A. On cigarettes weighing not more than three (3)
6 pounds per thousand, five (5) mills on each such cigarette."

7 "Class B. On cigarettes weighing more than three (3)
8 pounds per thousand, six (6) mills on each such cigarette."

1 Sec. 11. Any licensed distributor, or permit holder
2 having in his possession on August 1, 1967, or thereafter,
3 any cigarettes for the purpose of distribution or sale, upon
4 which the full amount of the tax imposed by this Act has not
5 been paid, shall make a return to the state department of

6 revenue listing the entire amount of such cigarettes on
7 hand, the amount of tax which has been paid upon such
8 cigarettes under the provisions of chapter ninety-eight
9 (98) of the Code, and the amount of additional tax due upon
10 such cigarettes as provided by the provisions of the Act,
11 the state department of revenue shall have the power to
12 prescribe rules and regulations providing for the collection
13 of such additional tax, either through the affixing of
14 additional stamps or additional meter impressions or by
15 the collection of the amount due in cash.

1 Sec. 12. On and after August 31, 1967, the provisions
2 of subsection one (1) of section ninety-eight point thirty-
3 six (98.36) of the Code shall apply upon the possession of
4 any cigarette upon which the full amount of tax as provided
5 by this Act has not been paid.

DIVISION III

1 Sec. 13. Section one hundred twenty-four point twenty-
2 five (124.25), Code of Iowa, is hereby amended by striking
3 from lines eight (8) and nine (9) the words "two and forty-
4 eight hundredths" and inserting in lieu thereof the words
5 "three and seventy-two hundredths".

6 The effective date of this section shall be August 1, 1967.

DIVISION IV

1 Sec. 14. Section four hundred twenty-two point five
2 (422.5), Code of Iowa, is amended as follows:

3 1. Strike subsection five (5) and insert the following
4 subsections:

5 "a. On the fifth and sixth thousand dollars of taxable
6 income, or any part thereof, three and three-fourths per-
7 cent.

8 "b. On the seventh thousand dollars of taxable income,
9 or any part thereof, four and one-half percent, and on all
10 taxable income in excess of seven thousand dollars, four and
11 one-half percent. This additional tax shall be effectiv.

12 for all taxable years ending after January 1, 1967, except
13 that for taxable years beginning before January 1, 1967, and
14 ending thereafter, shall be collected on the basis of the
15 proportion which the number of months in any such fiscal
16 year, commencing with the month of January, 1967, bears to
17 the total year.

18 2. Strike from lines one (1) and two (2) of subsection
19 six (6) the words "in subsection 5 hereof" and insert in
20 lieu thereof the words "in the above subsections of this
21 section".

1 Sec. 15. Section four hundred twenty-two point twelve
2 (422.12), Code of Iowa, is amended by:

3 1. Striking from lines one (1) and two (2) of subsec-
4 tion three (3) the words "seven dollars fifty cents" and
5 inserting in lieu thereof the words "ten dollars"

DIVISION V

1 Sec. 16. Section four hundred twenty-two point thirty-
2 three (422.33), Code of Iowa, is hereby amended as follows:

3 1. By striking all of lines five (5) through seven (7),
4 inclusive, and insert in lieu thereof the following:

5 "This state, annually in an amount computed by applying
6 the following rates of taxation to the net income received
7 by the corporation during the income year".

8 "On the first twenty-five thousand dollars (\$25,000.00)
9 of taxable income, or any part thereof, the rate of four
10 percent (4%).

11 "On taxable income between twenty-five thousand dollars
12 (\$25,000.00) and one hundred thousand dollars (\$100,000.00)
13 or any part thereof, the rate of six percent (6%).

14 "On taxable income of one hundred thousand dollars
15 (\$100,000.00) or more, the rate of eight percent (8%)."

16 "The foregoing provisions of this section shall become
17 effective for all taxable years ending after January 1,
18 1967, except that for taxable years beginning before Jan-

19 uary 1, 1967, and ending thereafter, the tax collected
 20 shall be collected on the basis of the proportion which
 21 the number of months in any such fiscal year commencing
 22 with the month of January, 1967, bears to the total year."

1 Sec. 17. Section four hundred twenty-two point thirty-
 2 five (422.35), Code of Iowa, is hereby amended as follows:

3 1. Amend line thirty (30) by inserting after the word
 4 "subtract" the words and figures "fifty (50) percent of
 5 the"

6 2. The provisions of this section shall become effective
 7 as to returns made for the calendar year 1967, or as to
 8 any returns made for a fiscal year beginning after Jan-
 9 uary 1, 1967."

DIVISION VI

1 Sec. 18. Chapter four hundred twenty-two (422), Code of
 2 Iowa, is amended by adding the following sections:

3 "In addition to the other provisions of this chapter,
 4 every resident individual shall be entitled to a sales tax
 5 refund for each taxable year with respect to himself and
 6 each of the persons for whom he would be entitled to claim
 7 as a personal exemption for purposes of the personal income
 8 tax imposed under division two (II) of this chapter, whether
 9 or not such resident individual is required to file a
 10 personal income tax return or pay such tax.

11 The amount of refund shall be computed in accordance with
 12 the following table:

<p>13 If the taxable income of 14 the resident individual for 15 the taxable year is 16 17 18 19 Under \$1,000 20 Over \$1,000, but under \$2,000</p>	<p>The refund allowed to resident individual for himself and for each person for whom he is entitled to claim a personal exemption is: \$12. 11.</p>
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21	Over \$2,000, but under \$2,500	10.
22	Over \$2,500, but under \$3,000	9.
23	Over \$3,000, but under \$3,500	8.
24	Over \$3,500, but under \$4,000	7.
25	Over \$4,000, but under \$5,000	6.
26	Over \$5,000, but under \$5,500	5.
27	Over \$5,500, but under \$6,000	4.
28	Over \$6,000, but under \$6,500	3.
29	Over \$6,500, but under \$7,000	2.
30	Over \$7,000	0.

31 "The amount of the refund provided for in this section
32 shall be allowed as a credit against the personal income
33 tax imposed under this chapter, provided the resident
34 individual claims the refund on his income tax return re-
35 quired to be filed under section four hundred twenty-two
36 point thirteen (422.13), Code of Iowa. If the income tax
37 due a resident individual shown by his tax return is less
38 than the full amount of the refund to which he is entitled
39 under this section, the excess of the refund over the
40 income tax otherwise due shall be refunded to him by the
41 department of revenue.

42 "If any resident individual entitled to a refund under
43 this section is not otherwise required by section four hun-
44 dred twenty-two point thirteen (422.13), Code of Iowa, to
45 file an income tax return, the refund to which he is en-
46 titled shall be refunded to him upon furnishing the depart-
47 ment of revenue with proof of his taxable income and the
48 number of his personal exemptions.

49 "For the purpose of this section, the term "resident
50 individual" is defined as a person who has resided in the
51 state of Iowa for the full taxable year. The term "taxable
52 income" shall have the same meaning as defined in section
53 four hundred twenty-two point four (422.4), Code of Iowa.
54 The term "personal exemption" shall have the same meaning

55 as defined in section four hundred twenty-two point twelve
56 (422.12), Code of Iowa.

57 "The department of revenue shall make all rules and
58 regulations with respect to the refunds for this section,
59 including the manner and requirements for claiming credit
60 for or refund of the amount thereof in the same manner as
61 state income tax refunds, and in accordance with the pro-
62 visions of sections four hundred twenty-two point sixteen
63 (422.16) and four hundred twenty-two point sixty-seven
64 (422.67), Code of Iowa.

DIVISION VI

1 Sec. 19. Amend section four hundred twenty-two point
2 forty-two (422.42), Code of Iowa, by adding thereto the
3 following subsections:

4 "1. 'Services' means all acts or services rendered,
5 furnished, or performed, other than for an 'employer' as
6 defined in section four hundred twenty-two point four
7 (422.4), subsection fifteen (15), for a valuable con-
8 sideration by any person engaged in any business or occupa-
9 tion specifically enumerated in this division. The tax
10 shall be due and collectible when the service is rendered,
11 furnished, or performed for the ultimate user thereof.

12 "2. 'User' means the immediate recipient of the services
13 who is entitled to exercise a right of power over the pro-
14 duct of such services.

15 "3. 'Value of services' means the price to the user
16 exclusive of any direct tax imposed by the federal govern-
17 ment or by this division.

18 "4. 'Gross taxable services' means the total amount
19 received in money, credits, property, or other consideration,
20 valued in money, from services rendered, furnished, or
21 performed in this state and embraced within the provisions
22 of this division. However, the taxpayer may take credit in
23 his report of gross taxable services for an amount equal

24 to the value of services rendered, furnished, or performed
25 when the full value of such services thereof is refunded
26 either in cash or by credit. When services are made under
27 conditional sales contract or under other contract or agree-
28 ment, wherein the payment of the principal sum thereunder
29 is extended over a period longer than sixty (60) days from
30 the date of the contract or agreement, only such portion
31 of the value of services thereof shall be accounted, for
32 the purpose of imposition of the tax imposed by this
33 division, as has actually been received by the taxpayer
34 during the quarterly period for which the tax imposed by
35 this division is due and payable. Taxes paid on gross
36 taxable services represented by accounts found to be
37 worthless and actually charged off for income tax purposes
38 may be credited upon a subsequent payment of the tax due
39 hereunder, but if any such accounts are thereafter col-
40 lected by the taxpayer, a tax shall be paid upon the amounts
41 so collected."

1 Sec. 20. Section four hundred twenty-two point forty-
2 three (422.43), Code of Iowa, is hereby amended by adding
3 after the period "." in line eighty (80) thereof the fol-
4 lowing: "The tax herein imposed shall, on and after
5 October 1, 1967, be at the rate of three percent (3%).

6 "There is hereby imposed, beginning the first day of
7 October, 1967, a tax of three percent (3%) upon the gross
8 receipts from the rendering, furnishing, or performing of
9 services as defined in section four hundred twenty-two
10 point forty-two (422.42)."

11 The rate of tax on the sale of tangible personal property
12 used in the performance of a building or construction contract
13 executed prior to October 1, 1967 shall be two (2) percent.

14 The rate of tax on services used in the performance of a
15 building or construction contract executed prior to October
16 1, 1967 shall be zero (0) percent.

1 Sec. 21. Section four hundred twenty-two point forty-
2 four (422.44), Code of Iowa, is hereby amended by inserting,
3 after the word "property" in line two (2) thereof, the
4 expression "or services"; and by inserting, after the word
5 "consumers", in line four (4) thereof, the word "users".

1 Sec. 22. Section four hundred twenty-two point forty-
2 five (422.45), Code of Iowa, is amended, as to the various
3 subsections thereof, as follows:

4 1. Subsection one (1) is hereby amended by inserting
5 in line two (2) thereof, after the word "property", the
6 expression "services rendered, furnished, or performed".

7 2. Subsection three (3) is hereby stricken and the follow-
8 ing inserted in lieu thereof:

9 "3. The gross receipts from sales of educational, religious,
10 or charitable activities, where the entire proceeds therefrom
11 are expended for educational, religious, or charitable pur-
12 poses."

13 3. Subsection five (5) is hereby amended by inserting
14 in line one (1) thereof, after the word "receipts", the
15 expression "or from services rendered, furnished, or per-
16 formed and".

17 4. Subsection five (5) is further amended by inserting
18 in line thirteen (13) thereof, after the word "merchandise",
19 the expression "or from services rendered, furnished, or
20 performed and".

21 5. Subsection five (5) is further amended by inserting
22 in line nineteen (19) thereof, after the word "merchandise",
23 the expression "or from services rendered, furnished, or
24 performed and".

25 6. Subsection seven (7) is amended by inserting in line
26 fourteen (14) thereof, after the word "merchandise", the
27 expression "or from services rendered, furnished, or performed
28 and".

29 7. Subsection seven (7) is further amended by inserting

30 in line twenty (20) thereof, after the word "merchandise",
31 the expression "or from services rendered, furnished, or
32 performed and".

33 8. Subsection seven a. (7a.) is amended by inserting in
34 line four (4) thereof, after the word "merchandise", the
35 expression "or from services rendered, furnished, or per-
36 formed and".

37 9. Subsection seven b. (7b.) is amended by inserting
38 in line six (6) thereof, after the word "merchandise,", the
39 expression "or from services rendered, furnished, or per-
40 formed,"

1 Sec. 23. Section four hundred twenty-two point forty-
2 three (422.43), Code of Iowa, is hereby amended by striking
3 from lines nineteen (19) through twenty-one (21) the ex-
4 pression "and athletic events, except as otherwise provided
5 in this division" and inserting in lieu thereof the follow-
6 ing: ", athletic events, fairs, and educational, religious,
7 and charitable activities; and a like rate of tax upon that
8 part of private club membership fees or charges paid for
9 the privilege of participating in any athletic sports pro-
10 vided club members."

1 Sec. 24. Section four hundred twenty-two point forty-
2 six (422.46), Code of Iowa, is hereby amended by inserting
3 in line five (5) thereof, after the word "property", the
4 expression "or from services rendered, furnished, or performed".

1 Sec. 25. Section four hundred twenty-two point forty-
2 three (422.43), Code of Iowa, is amended by adding thereto
3 the following:

4 "The following enumerated services shall be subject
5 to the tax herein imposed on gross taxable services:
6 alteration and garment repair; armored car; automobile
7 repair; battery, tire and allied; investment counseling;
8 bank service charges; barber and beauty; boat repair;
9 car wash and wax; carpentry; roof, shingle, and glass

10 repair; dance schools and dance studios; dry cleaning,
11 pressing, dyeing, and laundering; electrical repair and
12 installation; engraving, photography, and retouching;
13 equipment rental except that which was contracted for
14 prior to June 15, 1967, but in no case beyond June 15,
15 1969; excavating and grading; farm implement repair of
16 all kinds; flying service; furniture, rug, upholstery
17 repair and cleaning; fur storage and repair; golf and
18 country clubs and all commercial recreation; house and
19 building moving; household appliance, television, and
20 radio repair; jewelry and watch repair; machine operator;
21 machine repair of all kinds; meat, fish and fowl processing;
22 motor repair; motorcycle, scooter, and bicycle repair; news-
23 paper, shopper's guides and newspapers circulated free or
24 without charge to the public, magazine, radio, movie, and
25 television advertising, to include such advertisement and
26 service rendered, furnished, or performed by the state of
27 Iowa, its boards and commissions or any installation there-
28 of; outdoor and point-of-purchase advertising; oilers and
29 lubricators; office and business machine repair; painting,
30 papering, and interior decorating; parking lots; pipe
31 fitting and plumbing; wood preparation; **private employment**
32 agencies; printing and binding; promotion and direct mail;
33 sewing and stitching; sign painting; shoe repair and shoe-
34 shine; storage warehouse and storage locker; telephone
35 answering service; test laboratories; termite bug, roach,
36 and pest eradicators; tin and sheet metal repair; turkish
37 baths, massage, and reducing salons; vulcanizing, recapping,
38 and retreading; warehouses; weighing; welding; well drilling;
39 wrapping, packing, and packaging of merchandise; wrecking
40 service; wrecker and towing; buildings and structures
41 erected for the improvement of realty."

1 Sec. 26. Section four hundred twenty-two point
2 forty-seven (422.47), Code of Iowa, is hereby amended

3 as follows:

4 1. By striking from line four (4) of subsection
5 one (1) thereof the expression "or merchandise" and
6 inserting in lieu thereof the expression "merchandise,
7 or services rendered, furnished, or performed".

8 2. By striking from lines nine (9) and ten (10)
9 the expression "or merchandise" and inserting in lieu
10 thereof the expression "merchandise, or services ren-
11 dered, furnished, or performed".

1 Sec. 27. Subsection one (1) of section four hun-
2 dred twenty-two point fifty-one (422.51), Code of Iowa,
3 is hereby repealed and the following enacted in lieu
4 thereof:

5 "Each person subject to sections four hundred twenty-
6 two point fifty-two (422.52) and four hundred twenty-
7 two point fifty-three (422.53) and in accordance with
8 the provisions thereof shall, on or before the last day
9 of the month following the close of each calendar
10 quarter during which such person is or has become or
11 ceased being subject to the provisions of such sections
12 make, sign, and file a return for such calendar quarter
13 in such form as may be required. Such returns shall
14 show information relating to gross receipts including
15 goods wares, and services converted to the use of such
16 person, the amounts of gross receipts excluded and
17 exempt from the tax, the receipts subject to tax, a
18 calculation of tax due, and such other information
19 for the period covered by the return as may be re-
20 quired. Persons required to file, or committed to
21 file by reason of voluntary action or by order of
22 the department of revenue, monthly deposits of taxes
23 due under this Division shall be entitled to take
24 credit against the total quarterly amount of tax due
25 such amount as shall have been deposited by such persons

26 during such calendar quarter. The balance remaining
27 due after such credit for monthly deposits shall be
28 entered on the return; provided, however, that such
29 person may be granted an extension of time not ex-
30 ceeding thirty (30) days for filing such quarterly
31 return, upon a proper showing of necessity therefor.
32 If such extension be granted such person shall have
33 paid by the twentieth (20th) day of the month follow-
34 ing the close of such quarter ninety (90) percent of
35 the estimated tax due.

1 Sec. 28. Subsection two (2) of section four hundred
2 twenty-two point fifty two (422.52), Code of Iowa, is
3 hereby amended by striking from line one (1) thereof
4 the word "retailers" and inserting in lieu thereof
5 the phrase "permit holders".

1 Sec. 29. Section four hundred twenty-two point
2 fifty-two (422.52), Code of Iowa, is hereby amended
3 by adding thereto the following subsection:

4 "Beginning October 1, 1967, the provisions of sub-
5 section one (1) of this section, according to the
6 context, shall apply to persons having receipts from
7 rendering, furnishing, or performing services enumer-
8 ated in section twenty-five (25) of this Act."

1 Sec. 30. Section four hundred twenty-two point
2 fifty-three (422.53), Code of Iowa, is hereby amended by
3 adding thereto the following subsection:

4 "Beginning October 1, 1967, the provisions of subsection
5 one (1) of this section, dealing with lawful right of
6 a retailer to transact business, according to the
7 context, shall apply to persons having receipts from
8 rendering, furnishing, or performing services enumerated
9 in section twenty-five (25) of this Act, except that no
10 person holding a permit pursuant to subsection one (1)
11 of this section shall be required to obtain any separate

12 sales tax permit for the purpose of engaging in business
13 involving such services."

1 Sec. 31. Section four hundred twenty-two point fifty-
2 eight (422.58), Code of Iowa, is hereby amended by
3 striking from line one (1) thereof the word "retailers",
4 and inserting in lieu thereof the words "permit holders".

1 Sec. 32. Subsection two (2) of section four hundred
2 twenty-two point fifty-eight (422.58), Code of Iowa, is
3 hereby amended by inserting in line five (5), after
4 the word "retail", the expression", or engage in the
5 rendering, furnishing, or performing services enumerated
6 in section twenty-five (25) of this Act,".

1 Sec. 33. Sub-part (c) of subsection one (1) of section
2 four hundred twenty-three point one (423.1), Code of
3 Iowa, is hereby repealed.

1 Sec. 34. Subsection ten (10) of section four
2 hundred twenty-three point one (423.1), Code of Iowa,
3 is hereby repealed, and the following subsection enacted
4 in lieu thereof:

5 "10. Definitions contained in section four hundred
6 twenty-two point forty-two (422.42) shall apply to
7 the provisions of this chapter according to their
8 context."

1 Sec. 35. Section four hundred twenty-three point
2 two (423.2), Code of Iowa, is hereby amended by adding
3 thereto the following:

4 "Beginning October 1, 1967 an excise tax is hereby
5 imposed on the use in this state of services enumerated
6 in section four hundred twenty-two point forty-three
7 (422.43), Code of Iowa, as amended, at the rate of three
8 percent. Said tax shall be applicable where services are
9 rendered, furnished, or performed in this state or where
10 the product or result of
11 such service is used in this state. Such tax is imposed

12 on every person using such services or the product of
13 such services in this state until such user has paid
14 such tax either to an Iowa use tax permit holder or has
15 paid such tax to the department of revenue.

1 Sec. 36. Section four hundred twenty-three point
2 two (423.2), Code of Iowa, is hereby amended by striking
3 from line five (5) the word "two" and inserting the word
4 "three".

5 The rate of tax on the sale of tangible personal pro-
6 perty used in the performance of a building or construc-
7 tion contract executed prior to October 1, 1967 shall be
8 two (2) percent.

1 Sec. 37. Subsection five (5) of section four
2 hundred twenty-three point four (423.4), Code of Iowa,
3 is hereby repealed and the following subsection inserted
4 in lieu thereof:

5 "5. Services exempt from taxation by provisions
6 of section four hundred twenty-two point forty-five
7 (422.45)."

1 Sec. 38. Section four hundred twenty-three point
2 six (423.6), Code of Iowa, is amended by adding thereto
3 the following subsection:

4 "4. The tax on services imposed in section four
5 hundred twenty-three point two (423.2) shall be
6 collected, remitted, and paid to the department of
7 revenue of this state in the corresponding manner as
8 use tax on tangible personal property is collected,
9 remitted and paid under provisions of this chapter."

1 Sec. 39. Section four hundred twenty-three point
2 three (423.3), Code of Iowa, is hereby amended by
3 striking all of lines six (6) through thirteen (13)
4 and inserting in lieu thereof the following:

5 "Services purchased from the same source or sources
6 shall be subject to service tax imposed by this

7 chapter and apply to the user thereof."

1 Sec. 40. Section four hundred twenty-three
2 point thirteen (423.13), Code of Iowa, is hereby
3 amended by striking from line thirty-one (31) the
4 word "two" and inserting in lieu thereof the word "three".

1 Sec. 41. Section four hundred twenty-three point
2 thirteen (423.13), Code of Iowa, is hereby amended by
3 striking from lines one (1) and two (2) the word
4 "retailer" and inserting in lieu thereof the phrase
5 "permit holder".

1 Sec. 42. Section four hundred twenty-three point
2 nine (423.9), Code of Iowa, is hereby amended by
3 adding thereto the following additional paragraph:

4 "Every person rendering, furnishing, or performing
5 services enumerated in section four hundred twenty-two
6 point forty-three (422.43), Code of Iowa, as amended,
7 maintaining a place of business in this state shall be
8 subject to the provisions of the preceding paragraph."

1 Sec. 43. Section four hundred twenty-three point
2 ten (423.10), Code of Iowa, is hereby amended by adding
3 thereto the following:

4 "The discretionary power granted therein is extended
5 to apply in the case of persons rendering, furnishing
6 or performing services enumerated in section four
7 hundred twenty-two point forty-three (422.43), Code
8 of Iowa, as amended."

1 Sec. 44. Section four hundred twenty-three point
2 fourteen (423.14), Code of Iowa, is hereby amended by
3 inserting, after the word "property" in line two (2)
4 thereof, the expression "services enumerated in section
5 four hundred twenty-two point forty-three (422.43),
6 Code of Iowa, as amended."

1 Sec. 45. Section four hundred twenty-three point
2 fifteen (423.15), Code of Iowa, is hereby amended

3 by striking from line six (6) thereof, the word
4 "retailer" and inserting in lieu thereof the phrase
5 "permit holder".

1 Sec. 46. Section four hundred twenty-three point
2 twenty-one (423.21), Code of Iowa, is hereby amended
3 by adding thereto the following:

4 "The preceding requirements shall likewise apply
5 to users and persons rendering, furnishing, or
6 performing service enumerated in section four hundred
7 twenty-two point forty-three (422.43), Code of Iowa,
8 as amended".

1 Sec. 47. Section four hundred twenty-three
2 point twenty-two (423.22), Code of Iowa, is hereby
3 amended by adding thereto the following:

4 "The preceding provision shall apply to users
5 and persons supplying services enumerated in section
6 four hundred twenty-two point forty-three (422.43),
7 Code of Iowa, as amended."

1 Sec. 48. Section four hundred twenty-two point
2 forty-five (422.45), subsection seven (7) Code of
3 Iowa, is hereby amended by striking the period in
4 line twenty-four (24) thereof and adding in lieu
5 thereof the following: "; and excepting such goods,
6 wares and merchandise used in the performance of any
7 contract for a 'project' under chapter four hundred
8 nineteen (419) of the Code as defined therein other
9 than goods, wares or merchandise used in the performance
10 of any contract for any 'project' under said chapter
11 four hundred nineteen (419) of the Code for which a
12 bond issue was or will have been approved by a
13 municipality prior to July 1, 1968.

1 Sec. 49. If any section, subsection, paragraph,
2 sentence, clause or phase of this Act is for any
3 reason held to be unconstitutional or invalid, such

4 unconstitutionality or invalidity shall not affect the
5 constitutionality or validity of the remaining
6 portions of this Act. The general assembly hereby
7 declares that it would have passed this Act and each
8 section, subsection, paragraph, sentence, clause or
9 phrase hereof, irrespective of whether anyone or more
10 of the sections, subsections, paragraphs, sentences,
11 clauses or phrases be declared unconstitutional.

1 Sec. 50. Section four hundred twenty-two point sixty-
2 two (422.62), Code of Iowa, is amended by inserting in
3 line fifty-eight (58) after the word "receipts" the words
4 "from two thirds of the sales taxes".

1 Sec. 51. All of the powers, duties, responsibilities, and
2 functions reposed in the state department of revenue, department
3 of revenue, director, or director of revenue in this Act and
4 House File 686, Acts of the 62nd General Assembly shall be
5 reposed in and exercised by the Iowa Tax Commission until
6 January 1, 1968.

1 Sec. 52. This Act, being deemed of immediate
2 importance, shall be in full force and effect from
3 and after its passage and publication in the Telegraph
4 Herald, a newspaper published at
5 Dubuque, Iowa, and in the New Hampton Tribune
6 a newspaper published at New Hampton, Iowa.

1 Amend House File 702 as amended and passed by the House as
2 follows:

3 1. By striking section eleven (11) and by inserting in
4 lieu thereof the following:

5 "Sec. 11. Section four hundred twenty-two point five
6 (422.5), Code 1966, is amended as follows:

7 "1. By adding the following subsection after subsection
8 five (5) and by renumbering the remaining subsections:

9 'On the sixth thousand dollars of taxable income, or any
10 part thereof, four and one half (4 1/2) percent, and on all
11 taxable income in excess of six thousand dollars, four and
12 one half (4 1/2) percent.'

13 "2. By striking all after the word "percent" on line
14 three (3) of subsection five (5) and inserting in lieu
15 thereof a period (.)"

16 2. By striking section twelve (12) and by inserting in
17 lieu thereof the following:

18 "Sec. 12. Section four hundred twenty-two point thirty-
19 two (422.32), Code 1966, is hereby amended by adding thereto
20 the following new subsections:

21 "5. The words "business income" means income arising
22 from transactions and activity in the regular course of the
23 corporation's trade or business and includes income from
24 tangible and intangible property if the acquisition, manage-

25 ment, and disposition of the property constitute integral
26 parts of the corporation's regular trade or business opera-
27 tions.

28 "6. The words "commercial domicile" mean the principal
29 place from which the trade or business of the corporation
30 is directed or managed.

31 "7. The word "compensation" means wages, salaries,
32 commissions, and any other form of remuneration paid to em-
33 ployees for personal services.

34 "8. The words "nonbusiness income" means all income
35 other than business income.

36 "9. The word "sales" means all gross receipts of the
37 corporation not allocated under subsections three (3)
38 through seven (7) of section forty-four (44) of this Act.

39 "10. The word "state" means any state of the United
40 States, the District of Columbia, the Commonwealth of Puer-
41 to Rico, any territory or possession of the United States
42 and any foreign country or political subdivision thereof."

43 3. By adding the following sections:

44 "Sec. 13. By striking section four hundred twenty-two
45 point thirty-three (422.33), Code 1966, and by inserting in
46 lieu thereof the following:

47 'A tax is hereby imposed upon the net income of each
48 corporation organized under the laws of this state, and upon
49 every foreign corporation doing business in this state, an-
50 nually at the following rates:

51 Under \$25,000.....4%
52 \$25,000 to \$100,000.....6%
53 Over \$100,000.....8%

54 "1. Any corporation having income from business activity
55 which is taxable in this state or taxable both within and
56 without this state shall allocate and apportion its net
57 income as provided in this division.

58 "2. For purposes of allocation and apportionment of
59 income under this division, a corporation is taxable in
60 another state if:

61 "a. In that state the corporation is subject to a net
62 income tax, a franchise tax measured by net income, a
63 franchise tax for the privilege of doing business, or a
64 corporate stock tax.

65 "b. That state has jurisdiction to subject the cor-
66 poration to a net income tax regardless of whether, in
67 fact, that state does or does not.

68 "3. Rents and royalties from real or tangible personal
69 property, capital gains, interest, dividends, or patent or
70 copyright royalties, to the extent that they constitute
71 nonbusiness income, shall be allocated as provided in
72 subsections four (4) through seven (7) of this section.

73 "4. a. Net rents and royalties from real property
74 located in this state are allocable to this state.

75 "b. Net rents and royalties from tangible personal
76 property are allocable to this state:

77 "(1) If and to the extent that the property is utilized
78 in this state.

79 "(2) In their entirety if the corporation's commercial
80 domicile is in this state and the corporation is not or-
81 ganized under the laws of or taxable in the state in which the
82 property is utilized.

83 "c. The extent of utilization of tangible personal pro-
84 perty in a state is determined by multiplying the rents and
85 royalties by a fraction, the numerator of which is the num-
86 ber of days of physical location of the property in this
87 state during the rental or royalty period in the taxable
88 year and the denominator of which is the number of days of
89 physical location of the property everywhere during all ren-
90 tal or royalty periods in the taxable year. If the physical
91 location of the property during the rental or royalty period
92 is unknown or unascertainable by the corporation, then the
93 tangible personal property is utilized in the state in which
94 the property was located at the time the rental or royalty
95 payor obtained possession.

96 "5. "a. Capital gains and losses from sales of real
97 property located in this state are allocable to this state.

98 "b. Capital gains and losses from sales of tangible
99 personal property are allocable to this state if:

100 "(1) The property had a situs in this state at the time
101 of the sale.

102 "(2) The corporation's commercial domicile is in this
103 state and the corporation is not taxable in the state in
104 which the property had a situs.

105 "c. Capital gains and losses from sales of intangible
106 personal property are allocable to this state if the cor-
107 poration's commercial domicile is in this state.

108 "6. Interest and dividends are allocable to this state
109 if the corporation's commercial domicile is in this state.

110 "7. "a. Patent and copyright royalties are allocable
111 to this state:

112 "(1) If and to the extent that the patent or copyright
113 is utilized by the payor of such patent and copyright royal-
114 ties in this state.

115 "(2) If and to the extent that the patent or copy-
116 right is utilized by the payor in a state in which the cor-
117 poration is not taxable and the corporation's commercial
118 domicile is in this state.

119 "b. A patent is utilized in a state to the extent that
120 it is employed in production, fabrication, manufacturing,
121 or other processing in the state or to the extent that a
122 patented product is produced in the state. If the basis of
123 receipts from patent royalties does not permit allocation
124 to states or if the accounting procedures do not reflect
125 states of utilization, the patent is utilized in the state
126 in which the corporation's commercial domicile is located.

127 "c. A copyright is utilized in a state to the extent
128 that printing or other publication originates in the state.
129 If the basis of receipts from copyright royalties does not
130 permit allocation to states or if the accounting procedures
131 do not reflect states of utilization, the copyright is

132 utilized in the state in which the corporation's commercial
133 domicile is located.

134 "8. All business income shall be apportioned to this
135 state by multiplying the income by a fraction, the numerator
136 of which is the property factor plus the payroll factor plus
137 the sales factor, and the denominator of which is three.

138 "9. The property factor is a fraction, the numerator
139 of which is the average value of the corporation's real
140 and tangible personal property owned or rented and used in
141 this state during the tax period and the denominator of
142 which is the average value of all the corporation's real and
143 tangible personal property owned or rented and used during
144 the tax period.

145 "10. Property owned by the corporation is valued at its
146 original cost or three point seven (3.7) times the assessed
147 value, whichever is greater. Property rented by the cor-
148 poration is valued at eight (8) times the net annual rental
149 rate. Net annual rental rate is the annual rate paid by the
150 corporation less any annual rental rate received by the
151 corporation from subrentals of rented property or like or
152 similar property.

153 "11. The average value of property shall be determined
154 by averaging the values at the beginning and ending of the
155 tax period but the tax commission may require the averaging
156 of monthly values during the tax period if reasonably re-
157 quired to reflect properly the average value of the cor-
158 poration's property.

159 "12. The payroll factor is a fraction, the numerator
160 of which is the total amount paid in this state during the
161 tax period by the corporation for compensation, and the
162 denominator of which is the total compensation paid every-
163 where during the tax period.

164 "13. Compensation is paid in this state if:

165 "a. The individual's service is performed entirely
166 within the state.

167 "b. The individual's service is performed both within
168 and without the state, but the service performed without
169 the state is incidental to the individual's service within
170 the state.

Page 4

171 "c. Some of the service is performed in the state and
172 (1) the base of operations, or, if there is no base of
173 operations, the place from which the service is directed or
174 controlled is in the state, or (2) the base of operations or
175 the place from which the service is directed or controlled
176 is not in any state in which some part of the service is
177 performed, but the individual's residence is in this state.

178 "14. The sales factor is a fraction, the numerator of
179 which is the total sales of the corporation in this state
180 during the tax period, and the denominator of which is the
181 total sales of the corporation everywhere during the tax
182 period.

183 "15. Sales of tangible personal property are in this
184 state if:

185 "a. The property is delivered or shipped to a purchaser,
186 other than the United States government, within the state
187 regardless of the f.o.b. point or other conditions of the
188 sale.

189 "b. The property is shipped from an office, state,
190 warehouse, factory, or other place of storage in this state
191 and (1) the purchaser is the United States government or
192 (2) the corporation is not taxable in the state of the pur-
193 chaser.

194 "16. Sales, other than sales of tangible personal pro-
195 perty, are in this state if:

196 "a. The income-producing activity is performed in this
197 state.

198 "b. The income-producing activity is performed both in
199 and outside this state and a greater proportion of the
200 income-producing activity is performed in this state than
201 in any other state, based on costs of performance.

202 "17. If the allocation and apportionment provisions of
203 this division do not fairly represent the extent of the cor-
204 poration's business activity in this state, the corporation
205 may petition for or the Department of Revenue may require,
206 in respect to all or any part of the corporation's business
207 activity, if reasonable:

208 "a. Separate accounting.

209 "b. The exclusion of any one or more of the factors.

210 "c. The inclusion of one or more additional factors
211 which will fairly represent the corporation's business acti-
212 vity in this state.

213 "d. The employment of any other method to effectuate an
214 equitable allocation and apportionment of the corporation's
215 income.

216 "Sec. 14. By striking subsection four (4) of section
217 four hundred twenty-two point thirty-five (422.35) of the
218 1962 Code of Iowa and by inserting in lieu thereof the fol-
219 lowing:

220 "4. Subtract the percent, as hereinafter set out, of
221 federal income taxes paid or accrued, as the case may be,
222 during the tax year adjusted by federal income tax refunds
223 and add the Iowa income tax deducted in computing said
224 taxable income:

225	1967.....	75%
226	1968.....	50%
227	1969.....	25%
228	1970 and thereafter.....	0

229 "Sec. 15. Amend the 1962 Code of Iowa as follows: [REDACTED]
230 "1. By striking subsection ten (10) of section four hun-
231 dred twenty-three point one (423.1).
232 "2. By striking lines six (6) through thirteen (13) of
233 section four hundred twenty-three point three (423.3).
234 "3. By striking subsection five (5) of section four hun-
235 dred twenty-three point four (423.4)."

236

EXPLANATION

237 This amendment repeals the one factor corporation tax
238 and the increase in the individual income tax. It replaces
239 this loss of revenue by a graduated three factor income tax
240 and eliminates the deductibility of the federal income tax
241 by corporations. It also adds a new bracket on the indi-
242 vidual income tax and repeals the exemption in the use tax
243 for items not readily available.

Filed
June 15, 1967

By NEU and SHIRLEY

HOUSE FILE 702

1 Amend the Frommelt, Rigler amendment to House
2 File 702 as follows:

3 "1. By striking section 22, subsection 3 and
4 inserting in lieu thereof the following:

5 '3. Strike subsection 3 of four hundred twenty-
6 two point forty-five (422.45) and inserting in lieu
7 thereof:

8 3. The gross receipts from sales of educational,
9 religious, or charitable activities, where the entire
10 proceeds therefrom are expended for educational,
11 religious, or charitable purposes.'

12 2. Amend section 23 by striking lines six (6)
13 and seven (7) and inserting in lieu thereof "ing:
14 ", athletic events including those of educational
15 institutions, fairs; and a like rate of tax upon that".

Filed and adopted
June 28, 1967

By FROMMELT

HOUSE FILE 702

1 Amend the Frommelt, Rigler amendment to House
2 File 702 as follows:

3 "1. By striking from section 3, subsection 3,
4 line six (6) the figures "24" and "32" and inserting
5 in lieu thereof the figures "1" and "9".

6 2. By striking in section 3, subsection 12, lines
7 one (1) and two (2) the figures "24" and "32" and
8 inserting in lieu thereof the figures "1" and "9".

9 3. By striking in section 4, subsection 2, line
10 two (2) "consumer" and inserting in lieu thereof
11 "consumer".

12 4. By striking in section 4, subsection 5, line three (3)
13 words "of taxation" and inserting in lieu thereof the
14 word "director".
the

Filed and adopted
June 28, 1967

By FROMMELT

HOUSE FILE 702

1 Amend the Frommelt and Rigler amendment to House File 702
2 6-28-67 as follows: filed

3 In Division V, Section 16, strike lines 3 through 6

Senate 25

4 inclusive and insert in lieu thereof the following:
5 "1. By striking all of lines 5 through 7 inclusive
6 and inserting in lieu thereof the following:
7 'this state, annually in an amount computed by applying
8 the following rates of taxation to the net income received
9 by the corporation during the income year'".

Filed and adopted
June 28, 1967

By DeKOSTER

HOUSE FILE 702

1 Amend the Frommelt, Rigler amendment to House
2 File 702, by striking in section 22, subsection
3 5, line two (2) the word and figure "nineteen (19)"
4 and inserting in lieu thereof the word and figure
5 "thirteen (13)".

Filed and adopted
June 28, 1967

By FROMMELT

HOUSE FILE 702

1 Amend the Frommelt-Rigler amendment to House File 702
2 at Section twenty-two (22) as follows:
3 1. In subsection four (4) at line three (3) strike
4 the word "or".
5 2. In subsection seven (7) line four (4) strike the
6 word "and".
7 3. In subsection ten (10) at line two (2) strike the
8 word and figure "four (4)" and insert in lieu thereof the
9 word and figure "six (6)".

Filed and adopted
June 28, 1967

By DeKOSTER

HOUSE FILE 702

1 Amend the Senate amendment to House File 702 as follows:
2 Amend section twenty-five (25) by adding the following
3 services: optometry, safety deposit rentals, anesthetists,
4 laboratory technicians, tv repair, water softeners, baby
5 sitting, practical nursing tree services, landscapers, rubbish
6 services, and travel agents.

Filed and lost
June 28, 1967

By REPERT

Senate 26

HOUSE FILE 702

- 1 Amend the Senate amendment to House File 702 as follows:
- 2 1. Amend section twenty-five (25) by striking from line
- 3 thirty-four (34) the word "warehouse" and the semi-colon (;).

Filed and lost
June 28, 1967

By REPERT

HOUSE FILE 702

- 1 Amend House File 702 as follows:
- 2 1. By deleting the words "golf and country clubs"
- 3 from line twenty-one (21) of section twenty-five (25).

Filed and withdrawn
June 28, 1967

By BUREN

HOUSE FILE 702

- 1 Amend the Frommelt-Rigler amendment filed June 28 to House
- 2 File 702 by striking from line 7 of section 25 the words
"brokerage
- 3 and".

Filed and adopted
June 28, 1967

By FROMMELT and RIGLER

HOUSE FILE 702

- 1 Amend the Frommelt and Rigler amendment to House File 702,
- 2 filed June 28, 1967, as follows:
- 3 1. By inserting in section twenty-five (25) before the
- 4 word "alteration" in line six (6) the following:
- 5 "services rendered by teachers holding certificates of
- 6 qualification as referred to in chapter two hundred forty-nine
- 7 (249) of the Code; services rendered by instructors in all
- 8 classifications in institutions under the control of the state
- 9 board of regents;"

Filed and lost
June 28, 1967

By MURRAY

HOUSE FILE 702

1 Amend the Murray amendment, filed June 28, 1967, amending
2 the Frommelt and Rigler amendment to House File 702, filed
3 June 28, 1967, as follows:

4 1. By adding the following at the end thereof:

5 "2. By adding the following after the word 'thereof.' in
6 line eleven (11) of section nineteen (19):

7 'For the purpose of this Act teachers shall not be consid-
8 ered to be working for an employer.'"

Filed and ruled out of order
June 28, 1967

By MURRAY

HOUSE FILE 702

1 Amend the Frommelt and Rigler amendment to House File 702 as
2 follows:

3 1. By striking all of Sections fourteen (14) and fifteen (15)
4 and by inserting in lieu thereof the following:

5 "Sec. 14. Section four hundred twenty-two point four (422.4),
6 Code 1966, is hereby amended as follows:

7 1. By striking subsection one (1) of such section and insert-
8 ing
in lieu thereof the following:

9 'In the case of individuals, the words "taxable income" mean
10 the net income as defined in section four hundred twenty-two
11 point seven (422.7) minus the deductions allowed by section
12 four hundred twenty-two point nine (422.9) and the personal
13 exemption and dependency exemption allowances in accordance
14 with section four hundred twenty-two point twelve (422.12).
15 In the case of estates or trusts, the words "taxable income"
16 mean the taxable income as properly computed for federal income
17 tax purposes under the provisions of the Internal Revenue Code
18 of 1954, with the adjustments specified in section four hun-
19 dred twenty-two point seven (422.7) plus the Iowa income tax
20 deducted in computing the taxable income under the provisions
21 of the Internal Revenue Code of 1954 and minus federal income
22 taxes as provided in Section four hundred twenty-two point nine
23 (422.9).

24 2. By striking from lines five (5) and six (6) of subsection
25 nine (9) of such section the words 'the territories of Alaska
26 and Hawaii,'.

27 3. By striking all of subsection eleven (11) of such section
28 and inserting in lieu thereof the following:

29 'The following terms shall have the same meanings as provided
30 by the Internal Revenue Code of 1954.

31 'a. "Gross income".

32 'b. "Head of household".

33 'c. "Surviving spouse".

34 4. By striking from line four (4) of subsection seventeen (17)
35 of such section the figure '1964' and inserting in lieu thereof

36 the figure '1966'.

37 "Sec. 15. Section four hundred twenty-two point five (422.5),
 38 Code 1966, is hereby amended by striking lines twelve (12)

39 through
 39 thirty-one (31) and inserting in lieu thereof the following:

40 'defined and determined in accordance with the following
 41 tables and provisions:

42 '1. Single person not qualifying as head of household or sur-
 43 viving spouse; married person filing separate return.

If the taxable income is		The tax is	
not over \$500		1% of taxable income	
Over	but not over	of excess over	
46 \$ 500	\$ 1,000	\$ 5.00 plus	2% \$ 500
47 1,000	1,500	15.00 plus	3% 1,000
48 1,500	2,000	30.00 plus	4% 1,500
49 2,000	3,000	50.00 plus	5% 2,000
50 3,000	4,000	100.00 plus	6% 3,000
51 4,000	6,000	160.00 plus	7% 4,000
52 6,000	8,000	300.00 plus	8% 6,000
53 8,000	10,000	460.00 plus	9% 8,000
54 10,000	14,000	640.00 plus	10% 10,000
55 14,000	18,000	1,040.00 plus	11% 14,000
56 18,000	or over	1,480.00 plus	12% 18,000

58 '2. Married persons filing jointly; single person qualifying
 59 as

59 a surviving spouse.

If the taxable income is:		The tax is:	
not over \$1,000		1% of taxable income	
Over	but not over	of excess over	
60 \$ 1,000	\$ 2,000	\$ 10.00 plus	2% \$ 1,000
61 2,000	3,000	30.00 plus	3% 2,000
62 3,000	4,000	60.00 plus	4% 3,000
63 4,000	6,000	100.00 plus	5% 4,000
64 6,000	8,000	200.00 plus	6% 6,000
65 8,000	12,000	320.00 plus	7% 8,000
66 12,000	16,000	600.00 plus	8% 12,000
67 16,000	20,000	920.00 plus	9% 16,000
68 20,000	28,000	1,280.00 plus	10% 20,000
69 28,000	36,000	2,080.00 plus	11% 28,000
70 36,000	or over	2,960.00 plus	12% 36,000

74 '3. Heads of households only.

If the taxable income is:		The tax is:	
Not over \$500		1% of taxable income	
Over	but not over	of excess over	
75 \$ 500	\$ 1,000	\$ 5.00 plus	1.90% \$ 500
76 1,000	1,500	14.50 plus	2.75% 1,000
77 1,500	2,000	28.25 plus	3.50% 1,500
78 2,000	3,000	45.75 plus	4.40% 2,000
79 3,000	4,000	89.75 plus	5.00% 3,000
80 4,000	8,000	139.75 plus	5.95% 4,000
81 8,000	12,000	377.75 plus	7.00% 8,000
82 12,000	16,000	657.75 plus	8.10% 12,000
83 16,000	20,000	981.75 plus	9.50% 16,000
84 20,000	26,000	1,361.75 plus	10.75% 20,000
85 26,000	or over	2,006.75 plus	12.00% 26,000

89 '4. Optional schedules provided under the provisions of sec-
90 tion four hundred twenty-two point twenty-one (422.21), Code
1966,
91 may be utilized for determination of tax at the option of the
tax-
92 payer, where applicable.

93 '5. In addition to the tax imposed herein above, on all tax-
94 able income in excess of nine thousand (9,000) dollars, three-
95 fourths (3/4)'.
96

97 Sec. 16. Section four hundred twenty-two point eight (422.8)
98 Code 1966, is hereby amended by adding to subsection two (2) of
99 such section the following:

100 'Distributions, earnings, or allocations from corporations
101 electing to have their income taxed in the hands of the stock-
102 holders under the provisions of subsection five (5) of section
103 four hundred twenty-two point thirty-six (422.36) of the Code
104 shall be allocated to Iowa for taxation in the hands of such
105 nonresident stockholders in the same proportion as provided in
this subsection, and such distributions, earnings, or alloca-
tions

106 of income from the corporation to the stockholders shall be sub-
107 ject to the provisions of section four hundred twenty-two point
108 sixteen (422.16), Code 1966, provided further that such alloca-
109 tions to stockholders shall retain their identity as to class
110 or type of income in the hands of the stockholders.'

111 Sec. 17. Section four hundred twenty-two point nine (422.9),
112 Code 1966, is hereby repealed and the following new section en-
113 acted in lieu thereof:

114 'Taxable income shall be computed by subtracting from the net
115 income determined under section four hundred twenty-two point
116 seven (422.7) of the Code the sum of the personal and dependency
117 exemptions amounts allowed under the provisions of section four
118 hundred twenty-two point twelve (422.12) of the Code plus the
119 sum of one (1) of the following:

120 '1. An optional standard deduction equal to ten (10) percent
121 of the net income, not to exceed one thousand (1,000) dollars
122 in the case of single taxpayers, heads of households and married
123 couples filing joint returns; and, in the case of married couples
124 where each files a separate return of income, an optional stand-
125 ard deduction equal to ten (10) percent of the net income shown
126 on each separate return but not in excess of five hundred (500)
127 dollars on each separate return.

128 '2. The total amount of contributions, interest, taxes,
medical
129 expense, child-care expense, losses and miscellaneous expenses
130 deductible for federal income tax purposes under the Internal
131 Revenue Code of 1954, reduced to the extent of the state income
132 taxes included therein and increased to the extent of the
federal
133 income tax paid on income taxed by this division in the year for
134 which the return is being prepared on a cash basis, or the amount
135 of federal income tax accrued against income taxed by this
136 division in the year for which the return is being prepared
137 on an accrual basis.

138 'Itemized deductions provided for in subsection two (2)
 139 above may be utilized in computing taxable income irrespective
 140 of whether such deductions have been itemized on any return of
 141 income made pursuant to the Internal Revenue Code of 1954, but
 142 if husband and wife elect to make separate returns of income
 143 and either one of them employs the optional standard deduction,
 144 then both must use the optional standard deduction.

145 'A taxpayer affected by subsection one (1) of section four
 146 hundred twenty-two point eight (422.8) of the Code may compute
 147 his taxable income in the manner outlined in paragraph one (1)
 148 and subsections one (1) and two (2) of this section.

149 'A taxpayer affected by subsection two (2) of section four
 150 hundred twenty-two point eight (422.8) of the Code may deduct
 151 only such portion of the itemized deductions provided for in
 152 subsection two (2) above as is fairly and equitably allocable
 153 to Iowa and such allocation shall be limited to that proportion
 154 of the total deductions as the income within the state bears to
 155 the total income of such taxpayer. The optional standard de-
 156 duction of such taxpayer shall be limited to ten (10) percent
 157 of the income of such taxpayer allocable to Iowa subject to the
 158 limitations of subsection one (1) of this section.'

159 Sec. 18. Section four hundred twenty-two point twelve (422.12),
 160 Code 1966, is hereby repealed and the following section enacted
 161 in lieu thereof:

162 'There shall be deducted from net income the following amounts
 163 as exempt income:

164 '1. A personal exemption in the following amounts:

165 'a. For a single individual, head of household and husband
 166 and wife filing separate returns, six hundred (600) dollars each.

167 'b. For husband and wife and qualified surviving spouse fil-
 168 ing joint return, twelve hundred (1,200) dollars.

169 'c. For a single individual, husband, wife, or head of house-
 170 hold, an additional exemption of six hundred (600) dollars for
 171 each said individual who has attained the age of sixty-five (65)
 172 years before the close of the tax year or on the first (1st) day
 173 following the end of the tax year.

174 'd. For a single individual, husband, wife, or head of house-
 175 hold, an additional exemption of six hundred (600) dollars for
 176 each of said individuals who is blind at the close of the tax
 177 year. For the purpose of this subsection, an individual is
 178 blind only if his central visual acuity does not exceed twenty-
 179 two-hundredths (20/200) in the better eye with correcting lenses,
 180 or if his visual acuity is greater than twenty-two hundredths
 181 (20/200) but is accompanied by a limitation in the fields of
 182 vision such that the widest diameter of the visual field subtends
 183 an angle no greater than twenty (20) degrees.

184 '2. For each dependent, an additional six hundred (600) dol-
 185 lars. As used in this section, the word "dependent" shall have
 186 the same meaning as provided by the Internal Revenue Code of
 187 1954.'

188 Sec. 19. Section four hundred twenty-two point thirteen
 (422.13),

189 Code 1966, is hereby amended by striking subsections one (1) and
 190 two (2) of such section and inserting in lieu thereof the follow-
 191 ing subsections:

192 1. 'Every individual having a net income for the tax year
 193 from sources taxable under this division of six hundred (600)
 194 dollars shall make and sign a return except that any individual

195 who has attained the age of sixty-five (65) years before the
196 of his tax year or on the first day following the close of his
197 tax year shall be required to make and sign a return only if he
198 has, for the tax year, a net income from sources taxable under
199 this division of twelve hundred (1,200) dollars, or more.'

200 2. 'A husband and wife may make a single joint return of in-
201 come under the requirements of this division, even though one
202 spouse has neither net income nor deductions, if the husband
203 and wife are eligible to file a joint return under the provisions
204 of the Internal Revenue Code of 1954.'

205 Sec. 20. Section four hundred twenty-two point fourteen
206 (422.14), Code 1966, is hereby amended by striking from line
207 five (5) of subsection one (1) of such section the word 'taxable'
208 and inserting in lieu thereof the word 'net'.

209 Sec. 21. Section four hundred twenty-two point fifteen
210 (422.15), Code 1966, is hereby amended as follows:

211 1. By striking from lines thirteen (13) and fourteen (14) of
212 subsection one (1) of such section the words 'one thousand dol-
213 lars or over' and inserting in lieu thereof the following:

214 'six hundred (600) dollars or over, except in the case of
215 dividends or interest where the amount shall be ten (10) dol-
216 lars or over'.

217 2. By adding to such section the following subsection:

218 'Irrespective of the foregoing provisions, where an amount
219 of income tax has been withheld from the income of a payee or
220 where an amount has been required by this division to be with-
221 held from the income of a payee, information returns shall be
222 filed in accordance with this section as though required under
223 the provisions hereof.'

224 Sec. 22. Section four hundred twenty-two point twenty-one
225 (422.21), Code 1966, is hereby amended by striking from line
226 twenty-two (22) the words "subsection 6" and inserting in lieu
227 thereof the words "subsection five (5)".

228 Sec. 23. Section four hundred twenty-two point twenty-two
229 (422.22), Code 1966, is hereby amended by adding thereto the
230 following:

231 'If a taxpayer's federal income tax returns are audited and
232 such audits result in changes which will affect the taxpayer's
233 Iowa income tax liability, the taxpayer shall report such fed-
234 eral findings to the Iowa income tax division within four (4)
235 months of the date of final disposition of the federal findings
236 between the taxpayer and the Internal Revenue Service. Neglect
237 or failure to report such findings within the time specified
238 shall empower the tax commission, upon such discovery of such
239 fact or facts, to assess and collect the additional taxes due,
240 based upon such finding of fact at the time of said finding
241 of fact irrespective of limitations imposed in section four hun-
242 dred twenty-two point twenty-five (422.25) of the Code, and such
243 additional tax when determined shall be subject to the provisions
244 of subsection two (2) of section four hundred twenty-two point
245 twenty-five (422.25) of the Code.'

246 Sec. 24. Section four hundred twenty-two point twenty-five
247 (422.25), Code 1966, is hereby amended as follows:

248 1. By inserting in line two (2) of subsection one (1) of such
249 section after the word 'filed' the words 'or is due to be filed,
250 whichever last occurs,'.

251 2. By inserting in line twenty-three (23) of subsection one
252 (1) after the word 'determination.' the following:

253 'The date of final determination as referred to herein shall
254 be the date when the factors of disposition of such controversy
255 are made available to the state tax commission by the Internal
256 Revenue Service.'

257 3. By adding to subsection five (5) of such section the fol-
258 lowing:

259 'Failure to pay such tax, to supply such information, or to
260 make, sign, or file such return, when such failure continues for
261 a period of three (3) years from the date such act was required
262 to be performed, shall be prima facie evidence of willful failure
263 to do such act at the time or times required by law.'

264 Sec. 25. Section four hundred twenty-two point thirty-two
265 (422.32), Code 1966, is hereby amended by striking from line
266 three (3) of subsection four (4) of such section the words 'Dec-
267 ember 31, 1964' and inserting in lieu thereof the words 'Dec-
268 ember 31, 1966.'

269 Sec. 26. Section four hundred twenty-two point sixty-two
270 (422.62), Code 1966, is hereby amended by striking from line
271 thirteen (13) the words 'subsection 6' and inserting in lieu
272 thereof the words 'subsection five (5)'.

273 2. By renumbering the remaining sections in conformity with
274 this amendment.

Filed and lost
June 28, 1967

By KLEFSTAD, FREY, and
RENO

1 Amend the Frommelt and Rigler amendment, as amended and
2 passed June 28, 1967, to House File 702 as follows:

3 1. By striking from line five (5) of section fourteen (14)
4 the words "and sixth" and by inserting in lieu thereof the
5 words ", sixth and seventh".

6 2. By striking from line eight (8) of section fourteen
7 (14) the word "seventh" and by inserting in lieu thereof the
8 word "eighth".

Filed and adopted
June 29, 1967

By FROMMELT

1 Amend the Frommelt-Rigler amendment to House
2 File 702, section 25, by striking line 36
3 and inserting in lieu thereof the following:
4 "dise; wrecking service; wrecker and towing;
5 buildings and structures erected for the
6 improvement of realty."

Filed and adopted
June 28, 1967

By FROMMELT

HOUSE FILE 702

- 1 Amend the Committee amendment to House File 702 by
- 2 striking Division I.

Filed and lost
June 28, 1967

By REPERT

HOUSE FILE 702

- 1 Amend the Senate amendment to House File 702 as follows:
- 2 Amend section twenty-five (25) by striking from lines seven
- 3 (7) and eight (8) the words "brokerage and investment counsel-
- 4 ing;".

Filed and withdrawn
June 28, 1967

By REPERT

HOUSE FILE 702

- 1 Amend the Frommelt, Rigler amendment to House File 702,
- 2 Division VI, Section twenty-five (25), line eight (8) by strik-
- 3 ing the words, "barber and".

Filed and lost
June 28, 1967

By GAUDINEER

HOUSE FILE 702

- 1 Amend the Frommelt and Rigler amendment to House File
- 2 702 filed June 28 by striking in line eight (8) of section
- 3 twenty-five (25) thereof the words "barber and beauty".

Filed and lost
June 28, 1967

By SHIRLEY and KRUCK

HOUSE FILE 702

- 1 Amend section thirteen (13) of the Frommelt-Rigler amendment
- 2 filed 6/28/67 by striking all of line five (5) and inserting
- 3 in lieu thereof the words "three and ten hundredths".

Filed and lost
June 28, 1967

By FREY

HOUSE FILE 702

1 Amend the Frommelt-Rigler amendment to House File 702,
2 Sec. 25, by inserting in line twenty-three (23) after the
3 word "radio," the word "movie,".

Filed and adopted
June 28, 1967

By KIBBIE

HOUSE FILE 702

1 Amend the Senate amendment to House File 702 as follows:
2 1. Amend section twenty-two (22) by striking subsection two
3 (2) and renumbering the following sections.
4 2. Amend section twenty-five (25) by striking all of line
5 nine (9) following the semi-colon (;) and the first word and
6 semi-colon (;) in line ten (10).
7 3. Further amend section twenty-five (25) by striking from
8 line twelve (12) the second word and semi-colon (;).
9 4. Further amend section twenty-five (25) by striking from
10 line fifteen (15) the word "hauling" and the semi-colon (;).

Filed and adopted
June 28, 1967

By REPERT

HOUSE FILE 702

1 Amend the Frommelt and Rigler amendment to House File 702,
2 filed June 28, 1967, as follows:
3 1. By adding in line twenty-four (24) of section twenty-
4 five (25) after the word "advertising;" the words "outdoor
5 and point-of-purchase advertising;".

Filed and adopted
June 28, 1967

By ELY

HOUSE FILE 702

1 Amend the Frommelt, Rigler amendment to House File 702,
2 Sec. 25 by inserting in line twenty-three (23) after the
3 word "newspaper," the words "shopper's guides and newspapers
4 circulated free or without charge to the public,".

Filed and adopted
June 28, 1967

By KIBBIE

HOUSE FILE 702

- 1 Amend the Frommelt-Rigler amendment to House File 702 as follows:
2 1. By striking from Section 25 lines twenty-three (23) and
3 twenty-four (24) the words "newspaper, magazine, radio, and
4 television advertising;"
5 2. Further amend Section 25 by striking from line twenty-
6 eight (28) the words "promotion and direct mail;"

Filed and lost
June 28, 1967

By LAMBORN, ERSKINE and
POTGETER

HOUSE FILE 702

- 1 Amend the Frommelt-Rigler amendment to House File
2 702 as follows:
3 Amend Division VI by adding the following:
4 "Section four hundred twenty-two point sixty-
5 two (422.62), Code of Iowa, is amended by inserting
6 in line fifty-eight (58) after the word "receipts"
7 the words "from two thirds of the sales taxes"."

Filed and adopted
June 28, 1967

By KIBBIE

HOUSE FILE 702

- 1 Amend the Frommelt-Rigler amendment to House File 702,
2 filed June 28, 1967, as follows:
3 In section 35, strike lines 8 and 9 and insert in lieu
4 thereof the following:
5 "percent. Said tax shall be applicable where services
6 are rendered, furnished, or performed in this state or where
7 the product or result of".

Filed and adopted
June 28, 1967

By STANLEY and FROMMELT

HOUSE FILE 702

- 1 Amend the Frommelt, Rigler amendment to House File
2 702 as follows:
3 1. By inserting after Division VII (7), Section
4 twenty (20), paragraph two (2), the following new

Senate 36

5 paragraphs:

6 "The rate of tax on the sale of tangible personal
7 property used in the performance of a building or construction
8 contract executed prior to October 1, 1967 shall be two (2)
9 percent."

10 "The rate of tax on services used in the performance
11 of a building or construction contract executed prior to
12 October 1, 1967 shall be zero (0) percent.

Filed and adopted
June 28, 1967

By KRUCK

HOUSE FILE 702

1 Amend the Frommelt, Rigler amendment to House File
2 702 as follows:

3 1. By inserting after Division VII (7), Section
4 thirty-six (36), paragraph one (1), the following new
5 paragraphs:

6 "The rate of tax on the sale of tangible personal
7 property used in the performance of a building or construction
8 contract executed prior to October 1, 1967 shall be two (2)
9 percent."

10 "The rate of tax on tangible personal property not
11 readily obtainable in Iowa used in the performance of a
12 building or construction contract executed prior to
13 October 1, 1967 shall be zero (0) percent."

Filed and division 1 adopted
Division 2 withdrawn
June 28, 1967

By KRUCK

HOUSE FILE 702

1 Amend the Frommelt-Rigler amendment to House File 702,
2 filed June 28, 1967, as follows:

3 1. Strike all of section 33.

4 2. Strike section 34 and insert in lieu thereof the
5 following:

6 "Sec. 34. Section four hundred twenty-three point one
7 (423.1), Code of Iowa, is hereby amended by adding the
8 following subsection:

9 'Definitions contained in section four hundred
10 twenty-two point forty-two (422.42) shall apply to the
11 provisions of this chapter according to their context, but
12 in event of conflict the provisions of this chapter shall
13 control.'"

Filed and lost
June 28, 1967

By RILEY, KOSEK, JEPSEN
and MESSERLY

HOUSE FILE 702

- 1 Amend the Frommelt and Rigler amendment to House File 702,
- 2 filed June 28, 1967, as follows:
- 3 1. By inserting in section twenty-five (25) before the
- 4 word "alteration" in line six (6) the following:
- 5 "legal services rendered by a licensed attorney of the
- 6 state of Iowa; medical, dental or related services rendered
- 7 by a person licensed and qualified in any of the healing arts
- 8 by the state of Iowa;".

Filed and lost
June 28, 1967

By HILL

HOUSE FILE 702

- 1 Amend the Messerly-Murray amendment to the
- 2 Frommelt-Rigler amendment to House File 702 by
- 3 inserting in line four (4) before the word "services"
- 4 the words "all licensed professional" and striking
- 5 the remainder thereof after the word "services".

Filed and ruled out of order
June 28, 1967

By JEPSEN

HOUSE FILE 702

- 1 Amend the Senate amendment to House File 702 as follows:
- 2 Amend section twenty-five (25) by striking from line twenty-
- 3 three (23) the last five (5) words and by striking from line
- 4 twenty-four (24) the first word and semi-colon (;).

Filed and ruled out of order
June 28, 1967

By REPPERT

HOUSE FILE 702

- 1 Amend section twenty-five (25) of the Frommelt-
- 2 Rigler amendment to House File 702 by striking from
- 3 line eleven (11) the following: "contractors;"

Filed and adopted
June 28, 1967

By HOUGEN

HOUSE FILE 702

1 Amend the Frommelt-Rigler Amendment to House File 702 as follows:
2 By adding to Section twenty-five (25) a new sentence at
3 the end thereof as follows: "This tax is also specifically
4 imposed on services rendered by those licensed under Chapter
5 six hundred ten (610) of the Code."

Filed and lost
June 28, 1967

By MESSERLY

HOUSE FILE 702

1 Amend the Frommelt-Rigler amendment filed June
2 28, 1967, section 3, subsection 4 by striking the
3 period (.) in line two (2) and inserting in lieu
4 thereof ", except that no applicant holding a
5 permit pursuant to Chapter 98 shall be required
6 to pay an additional fee".
7 Further amend the Frommelt-Rigler amendment,
8 section 3, subsection 5 by striking in line two
9 (2) the period (.) and inserting the following:
10 ", except that no applicant holding a permit
11 pursuant to Chapter 98 shall be required to pay
12 an additional fee".

Filed and adopted
June 28, 1967

By FROMMELT

HOUSE FILE 702

1 Amend the Frommelt and Rigler Amendment to House
2 File 702 as follows:
3 Insert in Sec. 25, line 21, after the word
4 "advertising" the following: whether published
5 or operated within or without the State of Iowa;

Filed and withdrawn
June 28, 1967

By WALSH

HOUSE FILE 702

1 Amend the Frommelt, Rigler amendment to House File 702,
2 section twenty-five (25), line twenty-four (24) by inserting
3 after the word, "advertising" the following:
4 ", to include such advertisement and service rendered,
5 furnished, or performed by the state of Iowa, its boards
6 and commissions or any installation thereof".

Filed and adopted
June 28, 1967

By GAUDINEER

HOUSE FILE 702

- 1 Amend the Frommelt Rigler amendment to House File 702
- 2 filed June 28, 1967, as follows:
- 3 By striking from section nine (9) line seven (7) the
- 4 words, "guilty of a gross misdemeanor" and by inserting in
- 5 lieu thereof the words, "imprisoned in the county jail for
- 6 a term of not more than one (1) year or fined not to ex-
- 7 ceed one thousand (1,000) dollars, or both".

Filed and adopted
June 28, 1967

By GAUDINEER

HOUSE FILE 702

- 1 Amend the Frommelt-Rigler amendment to
- 2 House File 702 as follows:
- 3 1. By inserting in section twenty-five
- 4 (25), line sixteen (16) after the word "kinds;"
- 5 the following: "auctioneering;"

Filed and lost
June 28, 1967

By COLEMAN

HOUSE FILE 702

- 1 Amend the Frommelt Rigler amendment to House File 702
- 2 filed June 28, 1967, as follows:
- 3 1. By adding the following new section thereto:
- 4 "All of the powers, duties, responsibilities, and functions
- 5 reposed in the state department of revenue, department of rev-
- 6 director, or director of revenue in this Act and House File
- 7 Acts of the 62nd General Assembly shall be reposed in and exer-
- 8 by the Iowa Tax Commission until January 1, 1968".

Filed and adopted
June 28, 1967

By GAUDINEER

HOUSE FILE 702

- 1 Amend the Frommelt and Rigler amendment to House File 702
- 2 filed June 28, 1967 as follows:

Senate 40

- 3 1. By striking from line six (6) of section ten (10) the
4 following: "five (5)" and by inserting in lieu thereof the
5 following: "four and one-half (4½)".
6 2. By striking from line eight (8) of section ten (10) the
7 following: "six" (6)" and inserting in lieu thereof the fol-
low-
8 ing: "five and one-half (5½)".

Filed and lost
June 28, 1967

By REPPERT

HOUSE FILE 702

- 1 Amend House File 702 by adding the following new
2 section thereto:
3 Section four hundred twenty-two point forty three
4 (422.43) is amended by striking from line thirty-five
5 (35) the words "bowling alleys."

Filed and withdrawn
June 28, 1967

By MURRAY and JEPSEN

HOUSE FILE 702

- 1 Amend the Frommelt-Rigler amendment to
2 House File 702, section 48, by inserting a
3 period (.) after "1968" in line 13 and
4 striking the remainder of said section."

Filed and adopted
June 28, 1967

By FROMMELT

HOUSE FILE 702

- 1 Amend the Frommelt Rigler amendment filed June 28, 1967,
2 as follows:
3 1. Strike the semi-colon (;) after "equipment rental"
4 in line fourteen (14) of section twenty-five (25) in
5 division six (6) and insert the following "except that
6 which was contracted for prior to June 15, 1967, but in
7 no case beyond June 15, 1969;".

Filed and adopted
June 28, 1967

By HEYING

SENATE CLIP SHEET

Thursday, June 29, 1967

SENATE AMENDMENT TO HOUSE FILE 702

1 Amend House File 702 as follows:

2 By striking all after the enacting clause and inserting
3 in lieu thereof the following:

4 DIVISION I

5 Sec. 1. Definitions. When used in section 1 to 9,
6 unless the context clearly indicates otherwise, the
7 following terms shall have the meanings, respectively,
8 ascribed to them in this section:

9 1. "Tobacco products" means cigars; cheroots; stogies,
10 periques; granulated, plug cut, crimp cut, ready rubbed,
11 and other smoking tobacco; snuff; snuff flour; cavendish;
12 plug and twist tobacco; fine-cut and other chewing
13 tobaccos; shorts; refuse scraps, clippings, cuttings and
14 sweepings to tobacco, and other kinds and forms of
15 tobacco, prepared in such manner as to be suitable for
16 chewing or smoking in a pipe or otherwise, or both for
17 chewing and smoking; but shall not include cigarettes
18 as defined in Iowa Statutes, Section 98.1, Subsection 1.

19 2. "Person" means any individual, firm, association,
20 partnership, joint stock company, joint adventure,
21 corporation, trustee, agency, or receiver, or any legal
22 representative of any of the foregoing.

23 3. "Manufacturer" means a person who manufactures
24 and sells tobacco products.

25 4. "Distributor" means any and each of the following:

26 a. Any person engaged in the business of selling
27 tobacco products in this state who brings, or causes
28 to be brought, into this state from without the state
29 any tobacco products for sale;

30 b. Any person who makes, manufactures, or fabricates
31 tobacco products in this state for sale in this state;

32 c. Any person engaged in the business of selling
33 tobacco products without this state who ships or trans-
34 ports tobacco products to retailers in this state, to
35 be sold by those retailers.

36 5. "Subjobber" means any person, other than a
37 manufacturer or distributor, who buys tobacco products
38 from a distributor and sells them to persons other
39 than the ultimate consumers.

40 6. "Retailer" means any person engaged in the business
41 of selling tobacco products to ultimate consumers.

42 7. "Sale" means any transfer, exchange, or barter,
43 in any manner or by any means whatsoever, for a consider-
44 ation, and includes and means all sales made by any
45 person. It includes a gift by a person engaged in the
46 business of selling tobacco products, for advertising,
47 as a means of evading the provisions of sections 1 to
48 9, or for any other purposes whatsoever.

49 8. "Wholesale sales price" means the established
50 price for which a manufacturer sells a tobacco product
51 to a distributor, exclusive of any discount or other
52 reduction.

53 9. "Business" means any trade, occupation, activity,
54 or enterprise engaged in for the purpose of selling or
55 distributing tobacco products in this state.

56 10. "Place of business" means any place where tobacco
57 products are sold or where tobacco products are manu-
58 factured, stored, or kept for the purpose of sale or
59 consumption, including any vessel, vehicle, airplane,
60 train, or vending machine.

61 11. "Retail outlet" means each place of business from
62 which tobacco products are sold to consumers.

63 12. "Director" means the state tax commission or
64 the director of the department of revenue.

65 13. "Consumer" means any person who has title to or
66 possession of tobacco products in storage, for use or
67 other consumption in this state.

68 14. "Storage" means any keeping or retention of
69 tobacco products for use or consumption in this state.

70 15. "Use" means the exercise of any right or power
71 incidental to the ownership of tobacco products.

72 Sec. 2. Tax on tobacco products.

73 1. A tax is hereby imposed upon all tobacco products
74 in this state and upon any person engaged in business
75 as a distributor thereof, at the rate of ten percent
76 of the wholesale sales price of such tobacco products.
77 Such tax, shall be imposed at the time the distributor
78 (1) brings, or causes to be brought, into this state
79 from without the state tobacco products for sale; (2)
80 makes, manufactures, or fabricates tobacco products
81 in this state for sale in this state; or (3) ships or
82 transports tobacco products to retailers in this state,
83 to be sold by those retailers.

84 2. A tax is hereby imposed upon the use of storage
85 by consumers of tobacco products in this state, and upon
86 such consumers, at the rate of ten percent of the cost
87 of such tobacco products.

88 The tax imposed by this subsection shall not apply
89 if the tax imposed by subsection 1 on such tobacco
90 products has been paid.

91 This tax shall not apply to the use or storage of
92 tobacco products in quantities of:

93 (1.) Less than 25 cigars;
94 (2.) Less than 10 oz. snuff or snuff powder;
95 (3.) Less than 1 lb. smoking or chewing tobacco or
96 other tobacco products not specifically mentioned herein,
97 in the possession of any one consumer.

98 3. Any tobacco product with respect to which a tax
99 has once been imposed under sections 1 to 9 shall
100 not again be subject to tax under sections 1 to 9.

101 4. The tax imposed by this section shall not apply
102 with respect to any tobacco product which under the
103 constitution and laws of the United States may not be
104 made the subject of taxation by this state.

105 5. The tax imposed by this section shall be in
106 addition to all other occupation or privilege taxes or
107 license fees now or hereafter imposed by any city,
108 village, borough or township.

109 Sec. 3. Licenses; distributors, subjobbers.

110 1. From and after 12:01 o'clock a.m. on August 1, 1967,
111 no person shall engage in the business of a distributor
112 or subjobber of tobacco products at any place of business
113 without first having received a license from the director
114 to engage in that business at that place of business.

115 2. Every application for such a license shall be
116 made on a form prescribed by the director and shall
117 state the name and address of the applicant; if the
118 applicant is a firm, partnership, or association, the
119 name and address of each of its members; if the applicant
120 is a corporation, the name and address of each of its
121 officers; the address of its principal place of business;
122 the place where the business to be licensed is to be
123 conducted; and such other information as the director
124 may require for the purpose of the administration of
125 sections 1 to 9.

126 3. A person without this state who ships or trans-
127 ports tobacco products to retailers in this state, to
128 be sold by those retailers, may make application for
129 license as a distributor, be granted such a license
130 by the director, and thereafter by subject to all the
131 provisions of sections 24 to 32 and entitled to act as
132 a licensed distributor, provided he files proof with
133 his application that he has appointed the secretary
134 of state for the service of process relating to any
135 matter or issue arising under sections 1 to 9. A
136 foreign corporation applying for a distributor's
137 license need not qualify as such if it files the proof
138 of appointment of the secretary of state for service
139 of process as provided in this subdivision.

140 4. Each application for a distributor's license
141 shall be accompanied by a fee of \$25. The application
142 shall also be accompanied by a corporate surety bond
143 issued by a surety licensed to do business in this
144 state, in the sum of \$1,000, conditioned upon the true
145 and faithful compliance by the distributor with all the
146 provisions of sections 1 to 9 and the payment when
147 due of all taxes, penalties and accrued interest arising
148 in the ordinary course of business or by reason of any
149 delinquent money which may be due the State of Iowa.
150 This bond shall be in a form to be fixed by the director
151 and approved by the attorney general. Whenever it is
152 the opinion of the director that the bond given by a
153 licensee is inadequate in amount to fully protect the

154 state, he shall require either an increase in the amount
155 of said bond or additional bond, in such amount as he
156 deems sufficient. Any bond required by this subdivision,
157 or a reissue thereof, or a substitute therefor, shall
158 be kept in full force and effect during the entire
159 period covered by the license.

160 A separate application for license shall be made
161 for each place of business at which a distributor
162 proposes to engage in business as such under sections
163 1 to 9.

164 5. Each application for a subjobber's license shall
165 be accompanied by a fee of \$10.

166 6. A distributor or subjobber applying for a license
167 between January 1 and June 30 of any year shall be re-
168 quired to pay only one-half of the license fee provided
169 for herein.

170 7. The director, upon receipt of the application
171 (and bond, in the case of the distributor) in proper
172 form, and payment of the license fee required by sub-
173 section 4 or subsection 5, shall unless otherwise pro-
174 vided by sections 1 to 9, issue the applicant a
175 license in form as prescribed by him, which license
176 shall permit the applicant to whom it is issued to
177 engage in business as a distributor or subjobber at the
178 place of business shown in his application. The director
179 shall assign a permit number to each person licensed as
180 a distributor at the time of issuance of his first license,
181 which shall be inscribed upon all licenses issued to
182 that distributor.

183 8. Each license shall expire on June 30 following its
184 date of issue unless sooner revoked by the director or
185 unless the business with respect to which the license
186 was issued is transferred. In either case the holder
187 of the license shall immediately surrender it to the
188 director.

189 9. Each license shall be prominently displayed on
190 the premises covered by the license.

191 10. No license shall be transferable to any other
192 person.

193 11. The director may revoke, cancel, or suspend the
194 license or licenses of any distributor or subjobber for
195 violation of any of the provisions of sections 1 to 9,
196 or any other act applicable to the sale of tobacco pro-
197 ducts, or any rule or regulations promulgated by the
198 director in furtherance of sections 1 to 9. No license
199 shall be revoked, cancelled, or suspended except after
200 notice and a hearing by the director as provided in
201 section 7.

202 12. No license shall be issued under sections 24
203 to 32 to any person within one year of the date of
204 final determination of a revocation of any previous
205 license held by him.

206 13. When the surety upon any bond issued pursuant
207 to the provisions of sections 1 to 9 shall have ful-
208 filled the conditions of such bond and compensated the
209 state for any loss occasioned by any act or omission
210 of the person bonded under sections 1 to 9, such
211 surety shall be subrogated to all the rights of the
212 state in connections with the transaction wherein
213 such loss occurred.

214 Sec. 4. Licensees, duties.

215 1. Every distributor shall keep at each licensed
216 place of business complete and accurate records for
217 that place of business, including itemized invoices,
218 of tobacco products held, purchased, manufactured, brought
219 in or caused to be brought in from without the state, or
220 shipped or transported to retailers in this state, and
221 of all sales of tobacco products made, except sales to
222 the ultimate consumer.

223 When a licensed distributor sells tobacco products
224 exclusively to the ultimate consumer at the address given
225 in the license, no invoice of those sales shall be re-
226 quired, but itemized invoices shall be made of all tobacco
227 products transferred to other retail outlets owned or
228 controlled by that licensed distributor. All books,
229 records and other papers and documents required by this
230 subdivision to be kept shall be preserved for a period
231 of at least one year after the date of the documents,
232 as aforesaid, or the date of the entries thereof appear-
233 ing in the records, unless the director, in writing,
234 authorized their destruction or disposal at an earlier
235 date. At any time during usual business hours, the
236 director, or his duly authorized agents or employees,
237 may enter any place of business of a distributor,
238 without a search warrant, and inspect the premises,
239 the records required to be kept under this subdivision,
240 and the tobacco products contained therein, to determine
241 whether or not all the provisions of sections 1 to 9
242 are being fully complied with. If the director, or any
243 such agent or employee, is denied free access or is
244 hindered or interfered with in making such examination,
245 the license of the distributor at such premises shall
246 be subject to revocation by the director.

247 2. Every person who sells tobacco products to persons
248 other than the ultimate consumer shall render with
249 each sale itemized invoices showing the seller's name
250 and address, the purchaser's name and address, the
251 date of sale, and all prices and discounts. He shall
252 preserve legible copies of all such invoices for one
253 year from the date of sale.

254 3. Every retailer and subjobber shall procure itemized
255 invoices of all tobacco products purchased. The invoices
256 shall show the name and address of the seller and the
257 date of purchase. The retailer and subjobber shall
258 preserve a legible copy of each such invoice for one
259 year from the date of purchase. Invoices shall be

260 available for inspection by the director or his authorized
261 agents or employees at the retailer's or subjobber's
262 place of business.

263 4. Records of all deliveries or shipments of tobacco
264 products from any public warehouse of first destination
265 in this state which is subject to the provisions of and
266 licensed under Iowa Statutes, Chapter 554, shall be
267 kept by the warehouse and be available to the director
268 for inspection. They shall show the name and address
269 of the consignee, the date, the quantity of tobacco
270 products delivered, and such other information as the
271 commissioner may require. These records shall be pre-
272 served for one year from the date of delivery of the
273 tobacco products.

274 5. The transportation of tobacco products into this
275 state by means other than common carrier must be re-
276 ported to the of taxation within 30 days with the
277 following exceptions:

278 (1) The transportation of not more than 50 cigars,
279 not more than ten ounces of snuff or snuff powder, or
280 not more than one pound of smoking or chewing tobacco
281 or other tobacco products not specifically mentioned
282 herein;

283 (2) Transportation by a person with a place of
284 business outside the state, who is licensed as a
285 distributor under section 3, or tobacco products
286 sold by such person to a retailer in this state.

287 Such report shall be made on forms provided by the
288 director.

289 Common carriers transporting tobacco products into
290 this state shall file with the director reports of all
291 such shipments other than those which are delivered to
292 public warehouses of first destination in this state
293 which are licensed under the provisions of Iowa Statutes,
294 Chapter 554. Such reports shall be filed on or before
295 the tenth day of each month and shall show with respect
296 to deliveries made in the preceding month; the date,
297 point of origin, point of delivery, name of consignee,
298 description and quantity of tobacco products delivered,
299 and such information as the director may otherwise
300 require.

301 Any person who fails or refuses to transmit to the
302 director the required reports or whoever refuses to
303 permit the examination of the records by the director
304 shall be guilty of a misdemeanor.

305 Sec. 5. Distributors, monthly returns.

306 1. On or before the twentieth day of each calendar
307 month every distributor with a place of business in
308 this state shall file a return with the director showing
309 the quantity and wholesale sales price of each tobacco
310 product (1) brought, or caused to be brought, into
311 this state for sale; and (2) made, manufactured or fab-
312 ricated in this state for sale in this state, during
313 the preceding calendar month. Every licensed distributor
314 outside this state shall in like manner file a return

315 showing the quantity and wholesale sales price of each
316 tobacco product shipped or transported to retailers in
317 this state to be sold by those retailers, during the
318 preceding calendar month. Returns shall be made upon
319 forms furnished and prescribed by the director and shall
320 contain such other information as the director may re-
321 quire. Each return shall be accompanied by a remittance
322 for the full tax liability shown therein, less a discount
323 as fixed by the director not to exceed five percent of
324 the tax.

325 2. As soon as practicable after any return is filed,
326 the director shall examine each return and correct it,
327 if necessary, according to his best judgment and in-
328 formation. If the director finds that any amount of
329 tax is due from the taxpayer and unpaid, he shall notify
330 the taxpayer of the deficiency, stating that he proposes
331 to assess the amount due together with interest and
332 penalties as hereinafter provided. If a deficiency dis-
333 closed by the director's examination cannot be allocated
334 by him to a particular month or months, he shall notify
335 the taxpayer of the deficiency, stating his intention to
336 assess the amount due for a given period without allocating
337 it to any particular month or months. If any taxpayer
338 making any return shall die or shall become incompetent
339 at any time before the
340 director issues his notice that he proposes to assess
341 an amount due, that notice shall be issued to the
342 administrator, executor, or other legal representative,
343 as such, of that taxpayer.

344 3. If, within 20 days after mailing of notice of the
345 proposed assessment, the taxpayer or his legal repre-
346 sentative shall file a protest to said proposed assess-
347 ment and request a hearing thereon, the director shall
348 give notice to that taxpayer or legal representative
349 of the time and place fixed for the hearing, shall
350 hold a hearing on such protest, and shall issue a final
351 assessment to the taxpayer or legal representative for
352 the amount found to be due as a result of the hearing.
353 This hearing shall be held within 45 days after filing
354 of the protest. If a protest is not filed within the
355 time herein prescribed, the director shall issue a
356 final assessment to the taxpayer or legal representative,
357 as such. Any such assessment made by the director shall
358 be prima facie correct and valid, and the taxpayer shall
359 have the burden of establishing its incorrectness or
360 invalidity in any action or proceedings in respect
361 thereto.

362 4. If any taxpayer required by sections 1 to 9 to
363 file any return shall fail to do so within the time
364 prescribed by sections 1 to 9, he shall, on the
365 written demand of the director, file such return within
366 20 days after the mailing of such written demand and at
367 the same time pay the tax due on the basis thereof.
368 If such taxpayer shall fail within that time to file

369 such return, the director shall make for him a return,
370 from his own knowledge and from such information as he
371 can obtain through testimony, or otherwise, and assess
372 a tax on the basis thereof, which tax shall be paid
373 within ten days after the director has mailed to such
374 taxpayer a written notice of the amount thereof and
375 demand for its payment. Any such return or assessment
376 made by the director on account of the failure of the
377 taxpayer to make a return shall be prima facie correct
378 and valid, and the taxpayer shall have the burden of
379 establishing its incorrectness or invalidity in any
380 action or proceeding in respect thereto.

381 5. All taxes shall be due and payable not later than
382 the twentieth day of the month following the calendar
383 month in which they were incurred, and thereafter shall
384 bear interest at the rate of one percent per month.

385 Where, under the provisions of subdivisions 2 and 3
386 of this section, the amount of tax due for a given
387 period is assessed without allocating it to any particu-
388 lar month or months, the interest shall commence to run
389 from the date of such assessment.

390 The director shall have power to reduce or abate
391 interest when in his opinion the facts warrant such
392 reduction or abatement. The exercise of this power shall
393 be subject to the approval of the attorney general.

394 6. The director in issuing his final assessment
395 pursuant to subdivision 3 shall add to the amount of
396 tax found due and unpaid a penalty of ten percent thereof,
397 except that, if he finds that the taxpayer has made a
398 false and fraudulent return with intent to evade the
399 tax imposed by sections 1 to 9, the penalty shall be
400 25 percent of the entire tax as shown by the return as
401 corrected. The director in assessing a tax on the
402 basis of a return made pursuant to subdivision 4 shall
403 add to the amount of tax found due and unpaid a penalty
404 of 25 percent thereof.

405 The director shall have power to abate penalties,
406 when in his opinion their enforcement would be unjust
407 and inequitable. The exercise of this power shall be
408 subject to the approval of the attorney general.

409 7. The director may recover the amount of any tax
410 due and unpaid, interest, and any penalty in a civil
411 action. The collection of such a tax, interest, or
412 penalty shall not be a bar to any prosecution under
413 sections 1 to 9.

414 8. On or before the 20th day of each calendar month,
415 every consumer who, during the preceding calendar
416 month, has acquired title to or possession of tobacco
417 products for use or storage in this state, upon which
418 tobacco products the tax imposed by section 2 has not
419 been paid, shall file a return with the director showing
420 the quantity of tobacco products so acquired. The return
421 shall be made upon a form furnished and prescribed by

422 the director, and shall contain such other information
423 as the director may require. The return shall be
424 accompanied by a remittance for the full unpaid tax
425 liability shown by it.

426 Sec. 6. Refunds, credits. Where tobacco products
427 upon which the tax imposed by sections 1 to 9 has been
428 reported and paid, are shipped or transported by the
429 distributor to consumers, to be consumed without the
430 state, or to retailers or subjobbers without the state,
431 to be sold by those retailers, or subjobbers without
432 the state, or are returned to the manufacturer by the
433 distributor or destroyed by the distributor, refund
434 of such tax or credit may be made to the distributor
435 in accordance with regulations prescribed by the
436 director. Any over-payment of the tax imposed under
437 section 2 may be made to the taxpayer in accordance
438 with regulations prescribed by the director. The
439 director shall cause any such refund of tax to be paid
440 out of the general revenue fund, and so much of said
441 fund as may be necessary is hereby appropriated for
442 that purpose.

443 Sec. 7. Investigations and hearings, testimonial
444 powers.

445 1. The director, or his duly authorized agents, may
446 conduct investigations, inquiries, and hearings for the
447 purpose of enforcing the provisions of section 1 to 9,
448 and, in connection with such investigations, inquiries,
449 and hearings, he and his duly authorized agents shall
450 have all the powers conferred upon him and his examiners
451 by Iowa Statutes, and the provisions of such shall apply
452 to all such investigations, inquiries and hearings.

453 2. Every hearing conducted under sections 1 to 9
454 shall be preceded by ten days' notice in writing of the
455 subject of the hearing, including, in the case of
456 suspension or revocation, of a license, a statement of
457 the nature of the charges against the licensee. The
458 notice shall be sent by registered mail to the last
459 known address of the licensee or other person involved
460 in the hearing, and the service shall be complete upon
461 mailing. After every hearing the director shall make his
462 findings and his order in writing. The findings and
463 order shall be filed in the office of the director,
464 and a copy sent by mail or otherwise to the person
465 to whom the notice was directed.

466 3. The director may exchange information with the
467 officers and agencies of other states administering
468 laws relating to the taxation of tobacco products.

469 4. No person shall be excused from testifying or
470 from producing, pursuant to a subpoena, any books,
471 papers, records, or memoranda in any investigation or
472 upon any hearing, upon the ground that the testimony
473 or evidence, documentary or otherwise, may tend to
474 incriminate him or subject him to a criminal penalty,

475 but no person shall be prosecuted or subjected to any
476 criminal penalty for or on account of any
477 transaction made or thing concerning which he may testify
478 or produce evidence, documentary or otherwise, before
479 the director or an employee or agent thereof; provided
480 that such immunity shall extend only to a natural person
481 who, in obedience to a subpoena, gives testimony under
482 oath or produces evidence, documentary or otherwise,
483 pursuant to a subpoena. No person so testifying shall
484 be exempt from prosecution and punishment for perjury
485 committed in so testifying.

486 5. Any person aggrieved by an order of the director
487 fixing a tax, penalty or interest under section 2 may,
488 within 30 days from the date of notice of the order,
489 appeal to the board of review in the manner provided
490 by law. Any other order of the director under sections
491 1 to 9 shall be subject to review by certiorari.

492 Sec. 8. Enforcement.

493 1. The director shall enforce the provisions of
494 sections 1 to 9. He may prescribe rules and regulations
495 not inconsistent with the provisions of sections 1 to
496 9 for its detailed and efficient administration. In
497 the enforcement of sections 1 to 9 the director may
498 call upon any county attorney or the attorney general
499 for assistance. The director may bring injunction
500 proceedings to restrain any person from acting as a
501 distributor or subjobber without complying with the
502 provisions of sections 1 to 9.

503 Sec. 9. Violations, penalties.

504 1. Any person who in any manner knowingly attempts
505 to evade the tax imposed by sections 1 to 9 or who
506 knowingly aids or abets in the evasion or attempted
507 evasion of the tax or who knowingly violates the pro-
508 visions of section 3, subsection 1, or sections 1 to 9,
509 shall be guilty of a gross misdemeanor.

510 2. Any person who otherwise violates any provisions
511 of sections 1 to 9 shall be guilty of a misdemeanor.

512 DIVISION II

513 Sec. 10. Section ninety-eight point six (98.6), Code
514 of Iowa, is hereby amended by striking lines six (6) through
515 twenty-five (25) of subsection one (1) of such section and
516 inserting in lieu thereof the following:

517 "Class A. On cigarettes weighing not more than three (3)
518 pounds per thousand, five (5) mills on each such cigarette."

519 "Class B. On cigarettes weighing more than three (3)
520 pounds per thousand, six (6) mills on each such cigarette."

521 Sec. 11. Any licensed distributor, or permitholder
522 having in his possession on August 1, 1967, or thereafter,
523 any cigarettes for the purpose of distribution or sale, upon
524 which the full amount of the tax imposed by this Act has not
525 been paid, shall make a return to the state department of
526 revenue listing the entire amount of such cigarettes on
527 hand, the amount of tax which has been paid upon such
528 cigarettes under the provisions of chapter ninety-eight

529 (98) of the Code, and the amount of additional tax due upon
530 such cigarettes as provided by the provisions of the Act,
531 the state department of revenue shall have the power to
532 prescribe rules and regulations providing for the collection
533 of such additional tax, either through the affixing of
534 additional stamps or additional meter impressions or by
535 the collection of the amount due in cash.

536 Sec. 12. On and after August 31, 1967, the provisions
537 of subsection one (1) of section ninety-eight point thirty-
538 six (98.36) of the Code shall apply upon the possession of
539 any cigarette upon which the full amount of tax as provided
540 by this Act has not been paid.

541 DIVISION III

542 Sec. 13. Section one hundred twenty-four point twenty-
543 five (124.25), Code of Iowa, is hereby amended by striking
544 from lines eight (8) and nine (9) the words "two and forty-
545 eight hundredths" and inserting in lieu thereof the words
546 "three and seventy-two hundredths".

547 The effective date of this section shall be August 1, 1967.

548 DIVISION IV

549 Sec. 14. Section four hundred twenty-two point five
550 (422.5), Code of Iowa, is amended as follows:

551 1. Strike subsection five (5) and insert the following
552 subsections:

553 "a. On the fifth and sixth thousand dollars of taxable
554 income, or any part thereof, three and three-fourths per-
555 cent.

556 "b. On the seventh thousand dollars of taxable income,
557 or any part thereof, four and one-half percent, and on all
558 taxable income in excess of seven thousand dollars, four and
559 one-half percent. This additional tax shall be effective
560 for all taxable years ending after January 1, 1967, except
561 that for taxable years beginning before January 1, 1967, and
562 ending thereafter, shall be collected on the basis of the
563 proportion which the number of months in any such fiscal
564 year, commencing with the month of January, 1967, bears to
565 the total year.

566 2. Strike from lines one (1) and two (2) of subsection
567 six (6) the words "in subsection 5 hereof" and insert in
568 lieu thereof the words "in the above subsections of this
569 section".

570 Sec. 15. Section four hundred twenty-two point twelve
571 (422.12), Code of Iowa, is amended by:

572 1. Striking from lines one (1) and two (2) of subsec-
573 tion three (3) the words "seven dollars fifty cents" and
574 inserting in lieu thereof the words "ten dollars"

575 DIVISION V

576 Sec. 16. Section four hundred twenty-two point thirty-
577 three (422.33), Code of Iowa, is hereby amended as follows:

578 1. By striking all of lines six (6) and seven (7) and
579 inserting in lieu thereof the following:

580 "the following rates on the net income received by such
581 corporation during the income year:

582 "On the first twenty-five thousand dollars (\$25,000.00)
583 of taxable income, or any part thereof, the rate of four
584 percent (4%).

585 "On taxable income between twenty-five thousand dollars
586 (\$25,000.00) and one hundred thousand dollars (\$100,000.00)
587 or any part thereof, the rate of six percent (6%).

588 "On taxable income of one hundred thousand dollars
589 (\$100,000.00) or more, the rate of eight percent (8%)."

590 "The foregoing provisions of this section shall become
591 effective for all taxable years ending after January 1,
592 1967, except that for taxable years beginning before Jan-
593 uary 1, 1967, and ending thereafter, the tax collected
594 shall be collected on the basis of the proportion which
595 the number of months in any such fiscal year commencing
596 with the month of January, 1967, bears to the total year."

597 Sec. 17. Section four hundred twenty-two point thirty-
598 five (422.35), Code of Iowa, is hereby amended as follows:

599 1. Amend line thirty (30) by inserting after the word
600 "subtract" the words and figures "fifty (50) percent of
601 the"

602 2. The provisions of this section shall become effective
603 as to returns made for the calendar year 1967, or as to
604 any returns made for a fiscal year beginning after Jan-
605 uary 1, 1967."

606 DIVISION VI

607 Sec. 18. Chapter four hundred twenty-two (422), Code of
608 Iowa, is amended by adding the following sections:

609 "In addition to the other provisions of this chapter,
610 every resident individual shall be entitled to a sales tax
611 refund for each taxable year with respect to himself and
612 each of the persons for whom he would be entitled to claim
613 as a personal exemption for purposes of the personal income
614 tax imposed under division two (II) of this chapter, whether
615 or not such resident individual is required to file a
616 personal income tax return or pay such tax.

617 The amount of the refund shall be computed in accordance with
618 the following table:

619 If the taxable income of
620 the resident individual for
621 the taxable year is

622
623
624
625 Under \$1,000
626 Over \$1,000, but under \$2,000
627 Over \$2,000, but under \$2,500
628 Over \$2,500, but under \$3,000
629 Over \$3,000, but under \$3,500
630 Over \$3,500, but under \$4,000
631 Over \$4,000, but under \$5,000
632 Over \$5,000, but under \$5,500
633 Over \$5,500, but under \$6,000
634 Over \$6,000, but under \$6,500
635 Over \$6,500, but under \$7,000

The refund allowed to
resident individual for
himself and for each
person for whom he is
entitled to claim a
personal exemption is:

\$12.
11.
10.
9.
8.
7.
6.
5.
4.
3.
2.

636 Over \$7,000

0.

637 "The amount of the refund provided for in this section
638 shall be allowed as a credit against the personal income
639 tax imposed under this chapter, provided the resident
640 individual claims the refund on his income tax return re-
641 quired to be filed under section four hundred twenty-two
642 point thirteen (422.13), Code of Iowa. If the income tax
643 due a resident individual shown by his tax return is less
644 than the full amount of the refund to which he is entitled
645 under this section, the excess of the refund over the
646 income tax otherwise due shall be refunded to him by the
647 department of revenue.

648 "If any resident individual entitled to a refund under
649 this section is not otherwise required by section four hun-
650 dred twenty-two point thirteen (422.13), Code of Iowa, to
651 file an income tax return, the refund to which he is en-
652 titled shall be refunded to him upon furnishing the depart-
653 ment of revenue with proof of his taxable income and the
654 number of his personal exemptions.

655 "For the purposes of this section, the term "resident
656 individual" is defined as a person who has resided in the
657 state of Iowa for the full taxable year. The term "taxable
658 income" shall have the same meaning as defined in section
659 four hundred twenty-two point four (422.4), Code of Iowa.
660 The term "personal exemption" shall have the same meaning
661 as defined in section four hundred twenty-two point twelve
662 (422.12), Code of Iowa.

663 "The department of revenue shall make all rules and
664 regulations with respect to the refunds for this section,
665 including the manner and requirements for claiming credit
666 for or refund of the amount thereof in the same manner as
667 state income tax refunds, and in accordance with the pro-
668 visions of sections four hundred twenty-two point sixteen
669 (422.16) and four hundred twenty-two point sixty-seven
670 (422.67), Code of Iowa.

671 DIVISION VI

672 Sec. 19. Amend section four hundred twenty-two point
673 forty-two (422.42), Code of Iowa, by adding thereto the
674 following subsections:

675 "1. 'Services' means all acts or services rendered,
676 furnished, or performed, other than for an 'employer' as
677 defined in section four hundred twenty-two point four
678 (422.4), subsection fifteen (15), for a valuable con-
679 sideration by any person engaged in any business or occupa-
680 tion specifically enumerated in this division. The tax
681 shall be due and collectible when the service is rendered,
682 furnished, or performed for the ultimate user thereof.

683 "2. 'User' means the immediate recipient of the services
684 who is entitled to exercise a right of power over the pro-
685 duct of such services.

686 "3. 'Value of services' means the price to the user
687 exclusive of any direct tax imposed by the federal govern-
688 ment or by this division.

689 "4. 'Gross taxable services' means the total amount
690 received in money, credits, property, or other consideration,
691 valued in money, from services rendered, furnished, or
692 performed in this state and embraced within the provisions
693 of this division. However, the taxpayer may take credit in
694 his report of gross taxable services for an amount equal
695 to the value of services rendered, furnished, or performed
696 when the full value of such services thereof is refunded
697 either in cash or by credit. When services are made under
698 conditional sales contract or under other contract or agree-
699 ment, wherein the payment of the principal sum thereunder
700 is extended over a period longer than sixty (60) days from
701 the date of the contract or agreement, only such portion
702 of the value of services thereof shall be accounted, for
703 the purpose of imposition of the tax imposed by this
704 division, as has actually been received by the taxpayer
705 during the quarterly period for which the tax imposed by
706 this division is due and payable. Taxes paid on gross
707 taxable services represented by accounts found to be
708 worthless and actually charged off for income tax purposes
709 may be credited upon a subsequent payment of the tax due
710 hereunder, but if any such accounts are thereafter col-
711 lected by the taxpayer, a tax shall be paid upon the amounts
712 so collected."

713 Sec. 20. Section four hundred twenty-two point forty-
714 three (422.43), Code of Iowa, is hereby amended by adding
715 after the period "." in line eighty (80) thereof the fol-
716 lowing: "The tax herein imposed shall, on and after
717 October 1, 1967, be at the rate of three percent (3%).

718 "There is hereby imposed, beginning the first day of
719 October, 1967, a tax of three percent (3%) upon the gross
720 receipts from the rendering, furnishing, or performing of
721 services as defined in section four hundred twenty-two
722 point forty-two (422.42)."

723 Sec. 21. Section four hundred twenty-two point forty-
724 four (422.44), Code of Iowa, is hereby amended by inserting,
725 after the word "property" in line two (2) thereof, the
726 expression "or services"; and by inserting, after the word
727 "consumers", in line four (4) thereof, the word "users".

728 Sec. 22. Section four hundred twenty-two point forty-
729 five (422.45), Code of Iowa, is amended, as to the various
730 subsections thereof, as follows:

731 1. Subsection one (1) is hereby amended by inserting
732 in line two (2) thereof, after the word "property", the
733 expression "services rendered, furnished, or performed".

734 2. Subsection two (2) is hereby repealed.

735 3. Subsection three (3) is hereby repealed.

736 4. Subsection five (5) is hereby amended by inserting
737 in line one (1) thereof, after the word "receipts", the
738 expression "or from services rendered, furnished, or per-
739 formed and".

740 5. Subsection five (5) is further amended by inserting
741 in line nineteen (19) thereof, after the word "merchandise",

742 the expression "or from services rendered, furnished, or
743 performed and".

744 6. Subsection five (5) is further amended by inserting
745 in line nineteen (19) thereof, after the word "merchandise",
746 the expression "or from services rendered, furnished, or
747 performed and".

748 7. Subsection seven (7) is amended by inserting in line
749 fourteen (14) thereof, after the word "merchandise", the
750 expression "or from services rendered, furnished, or performed
751 and".

752 8. Subsection seven (7) is further amended by inserting
753 in line twenty (20) thereof, after the word "merchandise",
754 the expression "or from services rendered, furnished, or
755 performed and".

756 9. Subsection seven a. (7a.) is amended by inserting in
757 line four (4) thereof, after the word "merchandise", the
758 expression "or from services rendered, furnished, or per-
759 formed and".

760 10. Subsection seven b. (7b.) is amended by inserting
761 in line four (4) thereof, after the word "merchandise", the
762 expression "or from services rendered, furnished, or per-
763 formed,"

764 Sec. 23. Section four hundred twenty-two point forty-
765 three (422.43), Code of Iowa, is hereby amended by striking
766 from lines nineteen (19) through twenty-one (21) the ex-
767 pression "and athletic events, except as otherwise provided
768 in this division" and inserting in lieu thereof the follow-
769 ing: ", athletic events, fairs, and educational, religious,
770 and charitable activities; and a like rate of tax upon that
771 part of private club membership fees or charges paid for
772 the privilege of participating in any athletic sports pro-
773 vided club members."

774 Sec. 24. Section four hundred twenty-two point forty-
775 six (422.46), Code of Iowa, is hereby amended by inserting
776 in line five (5) thereof, after the word "property", the
777 expression "or from services rendered, furnished, or performed".

778 Sec. 25. Section four hundred twenty-two point forty-
779 three (422.43), Code of Iowa, is amended by adding thereto
780 the following:

781 "The following enumerated services shall be subject
782 to the tax herein imposed on gross taxable services:
783 alteration and garment repair; armored car; automobile
784 repair; battery, tire and allied; brokerage and invest-
785 ment counseling; bank service charges; barber and beauty;
786 boat repair; cab, bus, and intrastate commercial trans-
787 portation; car wash and wax; carpentry; roof, shingle,
788 and glass repair; contractors; dance schools and dance
789 studios; delivery; dry cleaning, pressing, dyeing, and
790 laundering; electrical repair and installation; en-
791 graving, photography, and retouching; equipment rental;
792 excavating, grading, and hauling; farm implement repair
793 of all kinds; flying service; furniture, rug, upholstery
794 repair and cleaning; fur storage and repair; golf and

795 country clubs and all commercial recreation; house and
796 building moving; household appliance, television, and
797 radio repair; jewelry and watch repair; machine opera-
798 tor; machine repair of all kinds; meat, fish and fowl
799 processing; motor repair; motorcycle, scooter, and bi-
800 cycle repair; newspaper, magazine, radio, and television
801 advertising; oilers and lubricators; office and business
802 machine repair; painting, papering, and interior decor-
803 ating; parking lots; pipe fitting and plumbing; wood
804 preparation; private employment agencies; printing and
805 binding; promotion and direct mail; sewing and stitch-
806 ing; sign painting; shoe repair and shoeshine; storage
807 warehouse and storage locker; telephone answering ser-
808 vice; test laboratories; termite, bug, roach, and pest
809 eradicators; tin and sheet metal repair; turkish baths,
810 massage, and reducing salons; vulcanizing, recapping,
811 and retreading; warehouses; weighing; welding; well
812 drilling; wrapping, packing, and packaging of merchan-
813 dise; and wrecking service.

814 Sec. 26. Section four hundred twenty-two point
815 forty-seven (422.47), Code of Iowa, is hereby amended
816 as follows:

817 1. By striking from line four (4) of subsection
818 one (1) thereof the expression "or merchandise" and
819 inserting in lieu thereof the expression "merchandise,
820 or services rendered, furnished, or performed".

821 2. By striking from lines nine (9) and ten (10)
822 the expression "or merchandise" and inserting in lieu
823 thereof the expression "merchandise, or services ren-
824 dered, furnished, or performed".

825 Sec. 27. Subsection one (1) of section four hun-
826 dred twenty-two point fifty-one (422.51), Code of Iowa,
827 is hereby repealed and the following enacted in lieu
828 thereof:

829 "Each person subject to sections four hundred twenty-
830 two point fifty-two (422.52) and four hundred twenty-
831 two point fifty-three (422.53) and in accordance with
832 the provisions thereof shall, on or before the last day
833 of the month following the close of each calendar
834 quarter during which such person is or has become or
835 ceased being subject to the provisions of such sections,
836 make, sign, and file a return for such calendar quarter
837 in such form as may be required. Such returns shall
838 show information relating to gross receipts including
839 goods wares, and services converted to the use of such
840 person, the amounts of gross receipts excluded and
841 exempt from the tax, the receipts subject to tax, a
842 calculation of tax due, and such other information
843 for the period covered by the return as may be re-
844 quired. Persons required to file, or committed to
845 file by reason of voluntary action or by order of
846 the department of revenue, monthly deposits of taxes
847 due under this Division shall be entitled to take

848 credit against the total quarterly amount of tax due
849 such amount as shall have been deposited by such persons
850 during such calendar quarter. The balance remaining
851 due after such credit for monthly deposits shall be
852 entered on the return; provided, however, that such
853 person may be granted an extension of time not ex-
854 ceeding thirty (30) days for filing such quarterly
855 return, upon a proper showing of necessity therefor.
856 If such extension be granted such person shall have
857 paid by the twentieth (20th) day of the month follow-
858 ing the close of such quarter ninety (90) percent of
859 the estimated tax due.

860 Sec. 28. Subsection two (2) of section four hundred
861 twenty-two point fifty two (422.52), Code of Iowa, is
862 hereby amended by striking from line one (1) thereof
863 the word "retailers" and inserting in lieu thereof
864 the phrase "permit holders".

865 Sec. 29. Section four hundred twenty-two point
866 fifty-two (422.52), Code of Iowa, is hereby amended
867 by adding thereto the following subsection:

868 "Beginning October 1, 1967, the provisions of sub-
869 section one (1) of this section, according to the
870 context, shall apply to persons having receipts from
871 rendering, furnishing, or performing services enumer-
872 ated in section twenty-five (25) of this Act."

873 Sec. 30. Section four hundred twenty-two point
874 fifty-three (422.53), Code of Iowa, is hereby amended by
875 adding thereto the following subsection:

876 "Beginning October 1, 1967, the provisions of subsection
877 one (1) of this section, dealing with lawful right of
878 a retailer to transact business, according to the
879 context, shall apply to persons having receipts from
880 rendering, furnishing, or performing services enumerated
881 in section twenty-five (25) of this Act, except that no
882 person holding a permit pursuant to subsection one (1)
883 of this section shall be required to obtain any separate
884 sales tax permit for the purpose of engaging in business
885 involving such services."

886 Sec. 31. Section four hundred twenty-two point fifty-
887 eight (422.58), Code of Iowa, is hereby amended by
888 striking from line one (1) thereof the word "retailers",
889 and inserting in lieu thereof the words "permit holders".

890 Sec. 32. Subsection two (2) of section four hundred
891 twenty-two point fifty-eight (422.58), Code of Iowa, is
892 hereby amended by inserting in line five (5), after
893 the word "retail", the expression", or engage in the
894 rendering, furnishing, or performing services enumerated
895 in section twenty-five (25) of this Act,".

896 Sec. 33. Sub-part (c) of subsection one (1) of section
897 four hundred twenty-three point one (423.1), Code of
898 Iowa, is hereby repealed.

899 Sec. 34. Subsection ten (10) of section four
900 hundred twenty-three point one (423.1), Code of Iowa,
901 is hereby repealed, and the following subsection enacted

902 in lieu thereof:

903 "10. Definitions contained in section four hundred
904 twenty-two point forty-two (422.42) shall apply to
905 the provisions of this chapter according to their
906 context."

907 Sec. 35. Section four hundred twenty-three point
908 two (423.2), Code of Iowa, is hereby amended by adding
909 thereto the following:

910 "Beginning October 1, 1967 an excise tax is hereby
911 imposed on the use in this state of services enumerated
912 in section four hundred twenty-two point forty-three
913 (422.43), Code of Iowa, as amended, at the rate of three
914 percent applicable where services rendered, furnished
915 or performed in this state and where the product of
916 such service is used in this state. Such tax is imposed
917 on every person using such services or the product of
918 such services in this state until such user has paid
919 such tax either to an Iowa use tax permit holder or has
920 paid such tax to the department of revenue.

921 Sec. 36. Section four hundred twenty-three point
922 two (423.2), Code of Iowa, is hereby amended by striking
923 from line five (5) the word "two" and inserting the word
924 "three".

925 Sec. 37. Subsection five (5) of section four
926 hundred twenty-three point four (423.4), Code of Iowa,
927 is hereby repealed and the following subsection inserted
928 in lieu thereof:

929 "5. Services exempt from taxation by provisions
930 of section four hundred twenty-two point forty-five
931 (422.45)."

932 Sec. 38. Section four hundred twenty-three point
933 six (423.6), Code of Iowa, is amended by adding thereto
934 the following subsection:

935 "4. The tax on services imposed in section four
936 hundred twenty-three point two (423.2) shall be
937 collected, remitted, and paid to the department of
938 revenue of this state in the corresponding manner as
939 use tax on tangible personal property is collected,
940 remitted and paid under provisions of this chapter."

941 Sec. 39. Section four hundred twenty-three point
942 three (423.3), Code of Iowa, is hereby amended by
943 striking all of lines six (6) through thirteen (13)
944 and inserting in lieu thereof the following:

945 "Services purchased from the same source or sources
946 shall be subject to service tax imposed by this
947 chapter and apply to the user thereof."

948 Sec. 40. Section four hundred twenty-three
949 point thirteen (423.13), Code of Iowa, is hereby
950 amended by striking from line thirty-one (31) the
951 word "two" and inserting in lieu thereof the word "three".

952 Sec. 41. Section four hundred twenty-three point
953 thirteen (423.13), Code of Iowa, is hereby amended by
954 striking from lines one (1) and two (2) the word
955 "retailer" and inserting in lieu thereof the phrase
956 "permit holder".

957 Sec. 42. Section four hundred twenty-three point
958 nine (423.9), Code of Iowa, is hereby amended by
959 adding thereto the following additional paragraph:

960 "Every person rendering, furnishing, or performing
961 services enumerated in section four hundred twenty-two
962 point forty-three (422.43), Code of Iowa, as amended,
963 maintaining a place of business in this state shall be
964 subject to the provisions of the preceding paragraph."

965 Sec. 43. Section four hundred twenty-three point
966 ten (423.10), Code of Iowa, is hereby amended by adding
967 thereto the following:

968 "The discretionary power granted therein is extended
969 to apply in the case of persons rendering, furnishing
970 or performing services enumerated in section four
971 hundred twenty-two point forty-three (422.43), Code
972 of Iowa, as amended."

973 Sec. 44. Section four hundred twenty-three point
974 fourteen (423.14), Code of Iowa, is hereby amended by
975 inserting, after the word "property" in line two (2)
976 thereof, the expression "services enumerated in section
977 four hundred twenty-two point forty-three (422.43),
978 Code of Iowa, as amended."

979 Sec. 45. Section four hundred twenty-three point
980 fifteen (423.15), Code of Iowa, is hereby amended
981 by striking from line six (6) thereof, the word
982 "retailer" and inserting in lieu thereof the phrase
983 "permit holder".

984 Sec. 46. Section four hundred twenty-three point
985 twenty-one (423.21), Code of Iowa, is hereby amended
986 by adding thereto the following:

987 "The preceding requirements shall likewise apply
988 to users and persons rendering, furnishing, or
989 performing service enumerated in section four hundred
990 twenty-two point forty-three (422.43), Code of Iowa,
991 as amended".

992 Sec. 47. Section four hundred twenty-three
993 point twenty-two (423.22), Code of Iowa, is hereby
994 amended by adding thereto the following:

995 "The preceding provision shall apply to users
996 and persons supplying services enumerated in section
997 four hundred twenty-two point forty-three (422.43),
998 Code of Iowa, as amended."

999 Sec. 48. Section four hundred twenty-two point
1000 forty-five (422.45), subsection seven (7) Code of
1001 Iowa, is hereby amended by striking the period in
1002 line twenty-four (24) thereof and adding in lieu
1003 thereof the following: "; and excepting such goods,
1004 wares and merchandise used in the performance of any
1005 contract for a 'project' under chapter four hundred
1006 nineteen (419) of the Code as defined therein other
1007 than goods, wares or merchandise used in the performance

1008 of any contract for any 'project' under said chapter
1009 four hundred nineteen (419) of the Code for which a
1010 bond issue was or will have been approved by a
1011 municipality prior to July 1, 1968, or for any
1012 subsequent 'project' commenced within three (3) years
1013 from July 1, 1968, which will constitute a part of
1014 or be operated in connection with the 'project'
1015 previously so approved."

1016 Sec. 49. If any section, subsection, paragraph,
1017 sentence, clause or phase of this Act is for any
1018 reason held to be unconstitutional or invalid, such
1019 unconstitutionality or invalidity shall not affect the
1020 constitutionality or validity of the remaining
1021 portions of this Act. The general assembly hereby
1022 declares that it would have passed this Act and each
1023 section, subsection, paragraph, sentence, clause or
1024 phrase hereof, irrespective of whether anyone or more
1025 of the sections, subsections, paragraphs, sentences,
1026 clauses or phrases be declared unconstitutional.

1027 Sec. 50. This Act, being deemed of immediate
1028 importance, shall be in full force and effect from
1029 and after its passage and publication in the Telegraph-
1030 Herald, a newspaper published at
1031 Dubuque, Iowa, and in the New Hampton Tribune,
1032 a newspaper published at New Hampton, Iowa.

Filed - *Adopted 6-28 (as amended); Reconsidered 6-29; adopted as further*
June 28, 1967 By FROMMELT and RIGLER *amended 6-29*

1 Amend the Senate Amendment to House File 702 as follows:
2 1. Strike all of section 33.
3 2. Strike section 34 and insert in lieu thereof the
4 following:
5 Sec. 34. Section four hundred twenty-three point one
6 (423.1), Code 1966, is hereby amended by adding the follow-
7 ing subsection:
8 "Definitions contained in section four hundred twenty-
9 two point forty-two (422.42) of the Code shall apply to the
10 provisions of this chapter according to their context, but
11 in event of conflict the provisions of this chapter shall
12 control."

Filed - *Last 6-29*
June 29, 1967

SHEPHERD of Lee.
LIPSKY of Linn.
CAMP of Clinton.

1 Amend the Senate Amendment to House File 702 as
2 follows:
3 1. By inserting in section twenty-five (25) before the
4 word "alteration" in line six (6) the following:
5 "legal services rendered by a licensed attorney of the
6 state of Iowa; medical, dental or related services rendered
7 by a person licensed and qualified in any of the healing arts
8 by the state of Iowa;".

Filed - *Last 6-29*
June 29, 1967

GLENN of Polk.
BENNETT of Polk.

1 Amend Senate amendment to House File 702, Section 25,
2 by striking in line eight (8) the words "barber and beauty;".
3 Further amend Section 25, by striking from line thirty-
4 eight (38) the word "warehouses;".

Filed - *Last 6-29*
June 29, 1967

RENDA of Polk.
GRASSLEY of Butler.
GLENN of Polk.
CAFFREY of Polk.
BENNETT of Polk.

1 Amend the Senate Amendment to House File 702 as follows:

2 1. Section 22 by inserting after line 12 the following
3 subsections:

4 (1.) By inserting in subsection four (4), line two (2),
5 after the word "property" the following: ", other than imple-
6 of husbandry or household appliances,". ments

7 2. Section 22, by adding thereto the following subsections:

8 a. That part of the gross receipts from the sale of imple-
9 of husbandry which represents trade-in allowances to purchasers
10 of implements of husbandry in sales in Iowa. ments

11 b. That part of the gross receipts from the sale of house-
12 hold appliances which represents trade-in allowances to pur-
13 of household appliances in sales in Iowa. chasers

14 3. By renumbering the remaining subsections of Section 22.

15 4. By inserting after Section 22 the following new sections:

16 (1.) Section four hundred twenty-two point forty-two (422.42),
17 Code 1966, is hereby amended by adding thereto the following new
18 subsections:

19 a. "Implements of husbandry" means every device which is
20 primarily designed for agricultural purposes except vehicles
21 subject to registration under chapter three hundred twenty-one
22 (321) of the Code.

23 b. "Household appliances" means every piece of equipment
24 ordinarily used in the home and which is operated by the use of
25 gas, oil, electricity or any combination thereof.

26 (2.) Section four hundred twenty-three point four (423.4),
27 subsection six (6), Code 1966, is hereby amended by striking
28 the period in line four (4) and adding the following: ", except
29 that nothing in section four hundred twenty-two point forty-five
30 (422.45), Code 1966, as amended shall exempt implements of
31 husbandry or household appliances from use tax."

32 5. By renumbering all sections following Section 22:

Filed *Last 6-29*
June 29, 1967

MILLER of Page.

1 Amend the Senate amendment to House File 702 by
2 inserting in line twenty-five (25) of section twenty-
3 five (25) after the word "advertising" the words
4 "including newspapers without the state on that part of
5 their circulation in Iowa".

Filed - *Last 6-29*
June 29, 1967

HARBOR of Fremont-Mills.
SCHROEDER of Pottawattamie.
GITTINS of Pottawattamie.
ALLEN of Pottawattamie

1 Amend Senate Amendment to HF 702 by striking all of
2 section twenty-five (25) after the word "towing" in line
3 forty (40).

Filed - *Last 6-29*
June 29, 1967

YODER of Johnson.

1 Amend Senate amendment to House File 702, Section 25,
2 line thirty-four (34) by striking the words "storage warehouse
3 and storage locker;"

Filed - *Last 6-29*
June 29, 1967

RENDA of Polk.

1 Amend the Senate amendment to House File 702 in
2 Division I, section 4, sub-section five (5), line
3 seventy-six (76) by striking the word "Common" and
4 inserting in lieu thereof the word "All".

Filed - *Last 6-29*
June 29, 1967

BENNETT of Polk.

1 Amend the Frommelt and Rigler amendment, as amended and
2 passed June 28, 1967, to House File 702 as follows:
3 1. By inserting in line seven (7) of section twenty-five
4 (25) after the word "counseling" the following: "(excluding
5 investment services of trust departments)".
6 2. By inserting in line twenty-three (23) of section
7 twenty-five (25) after the word "paper," the following:
8 "directories,".
9 3. By inserting in line twenty-three (23) of section
10 twenty-five (25) after the word "newspapers" the words
11 "whether or not".
12 4. By inserting in line twenty-eight (28) of section
13 twenty-five (25) after the word "purchase" the word "perfor-
14 mance".

Filed and adopted
June 29, 1967

By FROMMELT

Senate

1 Amend Senate Amendment to House File 702, Section 25,
2 by striking the period in line forty-one (41) and adding the
3 following, "; and all licensed professional services."

Filed - *Last 6-29*
June 29, 1967

RENDA of Polk.
GLENN of Polk.
CAFFREY of Polk.
BENNETT of Polk.

1 Amend Senate amendment to House File 702, Division
2 Six (VI) by striking all of Section 25.

Filed - *Last 6-29*
June 29, 1967

BENNETT of Polk.
RENDA of Polk.
GLENN of Polk.
CAFFREY of Polk.

1 Amend Senate Amendment to House File 702,
2 Section Twenty Five (25) by striking the word
3 "news-" in line Twenty-two (22) and lines Twenty-
4 three (23) through the word "advertising;" in line
5 Twenty-eight (28).

Filed - *Last 6-29*
June 29, 1967

PELTON of Clinton.

1 Amend the Senate amendment to House File 702, Sec. 25, by
2 from line eight (8) the words "bank service charges;" ^{striking}

Filed - *Last 6-29*
June 29, 1967

OSSIAN of Montgomery.

1 Amend the Senate Amendment to House File 702,
2 section 18, by striking from lines eight (8) and
3 nine (9) the words "whether or not" and inserting in
4 lieu thereof the word "when".

Filed - *Last 6-29*
June 29, 1967

KOCH of Woodbury.

1 Amend the Senate Amendment to House File 702 by striking
2 all of Section 17 and renumbering the remaining sections.

Filed - *Last 6-29*
June 29, 1967

SHAW of Scott.

HOUSE CLIP SHEET

Friday, June 30, 1967

SENATE AMENDMENT TO HOUSE FILE 702

1 Amend House File 702 as follows:

2 By striking all after the enacting clause and inserting
3 in lieu thereof the following:

4 DIVISION I

5 Sec. 1. Definitions. When used in section 1 to 9,
6 unless the context clearly indicates otherwise, the
7 following terms shall have the meanings, respectively,
8 ascribed to them in this section:

9 1. "Tobacco products" means cigars; cheroots; stogies,
10 periques; granulated, plug cut, crimp cut, ready rubbed,
11 and other smoking tobacco; snuff; snuff flour; cavendish;
12 plug and twist tobacco; fine-cut and other chewing
13 tobaccos; shorts; refuse scraps, clippings, cuttings and
14 sweepings to tobacco, and other kinds and forms of
15 tobacco, prepared in such manner as to be suitable for
16 chewing or smoking in a pipe or otherwise, or both for
17 chewing and smoking; but shall not include cigarettes
18 as defined in Iowa Statutes, Section 98.1, Subsection 1.

19 2. "Person" means any individual, firm, association,
20 partnership, joint stock company, joint adventure,
21 corporation, trustee, agency, or receiver, or any legal
22 representative of any of the foregoing.

23 3. "Manufacturer" means a person who manufactures
24 and sells tobacco products.

25 4. "Distributor" means any and each of the following:

26 a. Any person engaged in the business of selling
27 tobacco products in this state who brings, or causes
28 to be brought, into this state from without the state
29 any tobacco products for sale;

30 b. Any person who makes, manufactures, or fabricates
31 tobacco products in this state for sale in this state;

32 c. Any person engaged in the business of selling
33 tobacco products without this state who ships or trans-
34 ports tobacco products to retailers in this state, to
35 be sold by those retailers.

36 5. "Subjobber" means any person, other than a
37 manufacturer or distributor, who buys tobacco products
38 from a distributor and sells them to persons other
39 than the ultimate consumers.

40 6. "Retailer" means any person engaged in the business
41 of selling tobacco products to ultimate consumers.

42 7. "Sale" means any transfer, exchange, or barter,
43 in any manner or by any means whatsoever, for a consider-
44 ation, and includes and means all sales made by any
45 person. It includes a gift by a person engaged in the
46 business of selling tobacco products, for advertising,
47 as a means of evading the provisions of sections 1 to
48 9, or for any other purposes whatsoever.

49 8. "Wholesale sales price" means the established
50 price for which a manufacturer sells a tobacco product
51 to a distributor, exclusive of any discount or other
52 reduction.

53 9. "Business" means any trade, occupation, activity,
54 or enterprise engaged in for the purpose of selling or
55 distributing tobacco products in this state.

56 10. "Place of business" means any place where tobacco
57 products are sold or where tobacco products are manu-
58 factured, stored, or kept for the purpose of sale or
59 consumption, including any vessel, vehicle, airplane,
60 train, or vending machine.

61 11. "Retail outlet" means each place of business from
62 which tobacco products are sold to consumers.

63 12. "Director" means the state tax commission or
64 the director of the department of revenue.

65 13. "Consumer" means any person who has title to or
66 possession of tobacco products in storage, for use or
67 other consumption in this state.

68 14. "Storage" means any keeping or retention of
69 tobacco products for use or consumption in this state.

70 15. "Use" means the exercise of any right or power
71 incidental to the ownership of tobacco products.

72 Sec. 2. Tax on tobacco products.

73 1. A tax is hereby imposed upon all tobacco products
74 in this state and upon any person engaged in business
75 as a distributor thereof, at the rate of ten percent
76 of the wholesale sales price of such tobacco products.
77 Such tax, shall be imposed at the time the distributor
78 (1) brings, or causes to be brought, into this state
79 from without the state tobacco products for sale; (2)
80 makes, manufactures, or fabricates tobacco products
81 in this state for sale in this state; or (3) ships or
82 transports tobacco products to retailers in this state,
83 to be sold by those retailers.

84 2. A tax is hereby imposed upon the use or storage
85 by consumers of tobacco products in this state, and upon
86 such consumers, at the rate of ten percent of the cost
87 of such tobacco products.

88 The tax imposed by this subsection shall not apply
89 if the tax imposed by subsection 1 on such tobacco
90 products has been paid.

91 This tax shall not apply to the use or storage of
92 tobacco products in quantities of:

93 (1.) Less than 25 cigars;

94 (2.) Less than 10 oz. snuff or snuff powder;

95 (3.) Less than 1 lb. smoking or chewing tobacco or
96 other tobacco products not specifically mentioned herein,
97 in the possession of any one consumer.

98 3. Any tobacco product with respect to which a tax
99 has once been imposed under sections 1 to 9 shall
100 not again be subject to tax under sections 1 to 9.

101 4. The tax imposed by this section shall not apply
102 with respect to any tobacco product which under the
103 constitution and laws of the United States may not be
104 made the subject of taxation by this state.

105 5. The tax imposed by this section shall be in
106 addition to all other occupation or privilege taxes or
107 license fees now or hereafter imposed by any city,
108 village, borough or township.

109 Sec. 3. Licenses; distributors, subjobbers.

110 1. From and after 12:01 o'clock a.m. on August 1, 1967,
111 no person shall engage in the business of a distributor
112 or subjobber of tobacco products at any place of business
113 without first having received a license from the director
114 to engage in that business at that place of business.

115 2. Every application for such a license shall be
116 made on a form prescribed by the director and shall
117 state the name and address of the applicant; if the
118 applicant is a firm, partnership, or association, the
119 name and address of each of its members; if the applicant
120 is a corporation, the name and address of each of its
121 officers; the address of its principal place of business;
122 the place where the business to be licensed is to be
123 conducted; and such other information as the director
124 may require for the purpose of the administration of section
1 to 9.

125 3. A person without this state who ships or trans-
126 ports tobacco products to retailers in this state, to
127 be sold by those retailers, may make application for
128 license as a distributor, be granted such a license
129 by the director, and thereafter be subject to all the
130 provisions of sections 1 to 9 and entitled to act as
131 a licensed distributor, provided he files proof with h
132 his application that he has appointed the secretary
133 of state for the service of process relating to any
134 matter or issue arising under sections 1 to 9. A
135 foreign corporation applying for a distributor's
136 license need not qualify as such if it files the proof
137 of appointment of the secretary of state for service
138 of process as provided in this subdivision.

139 4. Each application for a distributor's license
140 shall be accompanied by a fee of \$25,
141 except that no applicant holding a permit pursuant to
142 chapter ninety-eight (98) of the Code shall be required
143 to pay an additional fee. The application
144 shall also be accompanied by a corporate surety bond
145 issued by a surety licensed to do business in this
146 state, in the sum of \$1,000, conditioned upon the true
147 and faithful compliance by the distributor with all the
148 provisions of sections 1 to 9 and the payment when
149 due of all taxes, penalties and accrued interest arising
150 in the ordinary course of business or by reason of any
151 delinquent money which may be due the State of Iowa.
152 This bond shall be in a form to be fixed by the director
153 and approved by the attorney general. Whenever it is
154 the opinion of the director that the bond given by a

155 licensee is inadequate in amount to fully protect the
156 state, he shall require either an increase in the amount
157 of said bond or additional bond, in such amount as he
158 deems sufficient. Any bond required by this subdivision,
159 or a reissue thereof, or a substitute therefor, shall
160 be kept in full force and effect during the entire
161 period covered by the license.

162 A separate application for license shall be made
163 for each place of business at which a distributor
164 proposes to engage in business as such under sections
165 1 to 9.

166 5. Each application for a subjobber's license shall
167 be accompanied by a fee of \$10,
168 except that no applicant holding a permit pursuant to
169 chapter ninety-eight (98) of the Code shall be required
170 to pay an additional fee.

171 6. A distributor or subjobber applying for a license
172 between January 1 and June 30 of any year shall be re-
173 quired to pay only one-half of the license fee provided
174 for herein.

175 7. The director, upon receipt of the application
176 (and bond, in the case of the distributor) in proper
177 form, and payment of the license fee required by sub-
178 section 4 or subsection 5, shall unless otherwise pro-
179 vided by sections 1 to 9, issue the applicant a
180 license in form as prescribed by him, which license
181 shall permit the applicant to whom it is issued to
182 engage in business as a distributor or subjobber at the
183 place of business shown in his application. The director
184 shall assign a permit number to each person licensed as
185 a distributor at the time of issuance of his first license,
186 which shall be inscribed upon all licenses issued to
187 that distributor.

188 8. Each license shall expire on June 30 following its
189 date of issue unless sooner revoked by the director or
190 unless the business with respect to which the license
191 was issued is transferred. In either case the holder
192 of the license shall immediately surrender it to the
193 director.

194 9. Each license shall be prominently displayed on
195 the premises covered by the license.

196 10. No license shall be transferable to any other
197 person.

198 11. The director may revoke, cancel, or suspend the
199 license or licenses of any distributor or subjobber for
200 violation of any of the provisions of sections 1 to 9,
201 or any other act applicable to the sale of tobacco pro-
202 ducts, or any rule or regulations promulgated by the
203 director in furtherance of sections 1 to 9. No license
204 shall be revoked, cancelled, or suspended except after
205 notice and a hearing by the director as provided in
206 section 7.

207 12. No license shall be issued under sections 1.
208 to 9. to any person within one year of the date of

209 final determination of a revocation of any previous
210 license held by him.

211 13. When the surety upon any bond issued pursuant
212 to the provisions of sections 1 to 9. shall have ful-
213 filled the conditions of such bond and compensated the
214 state for any loss occasioned by any act or omission
215 of the person bonded under sections 1 to 9, such
216 surety shall be subrogated to all the rights of the
217 state in connections with the transaction wherein
218 such loss occurred.

219 Sec. 4. Licensees, duties.

220 1. Every distributor shall keep at each licensed
221 place of business complete and accurate records for
222 that place of business, including itemized invoices,
223 of tobacco products held, purchased, manufactured, brought
224 in or caused to be brought in from without the state, or
225 shipped or transported to retailers in this state, and
226 of all sales of tobacco products made, except sales to
227 the ultimate consumer.

228 When a licensed distributor sells tobacco products
229 exclusively to the ultimate consumer at the address given
230 in the license, no invoice of those sales shall be re-
231 quired, but itemized invoices shall be made of all tobacco
232 products transferred to other retail outlets owned or
233 controlled by that licensed distributor. All books,
234 records and other papers and documents required by this
235 subdivision to be kept shall be preserved for a period
236 of at least one year after the date of the documents,
237 as aforesaid, or the date of the entries thereof appear-
238 ing in the records, unless the director, in writing,
239 authorized their destruction or disposal at an earlier
240 date. At any time during usual business hours, the
241 director, or his duly authorized agents or employees,
242 may enter any place of business of a distributor,
243 without a search warrant, and inspect the premises,
244 the records required to be kept under this subdivision,
245 and the tobacco products contained therein, to determine
246 whether or not all the provisions of sections 1 to 9
247 are being fully complied with. If the director, or any
248 such agent or employee, is denied free access or is
250 hindered or interfered with in making such examination,
251 the license of the distributor at such premises shall
252 be subject to revocation by the director.

253 2. Every person who sells tobacco products to persons
254 other than the ultimate consumer shall render with
255 each sale itemized invoices showing the seller's name
256 and address, the purchaser's name and address, the
257 date of sale, and all prices and discounts. He shall
258 preserve legible copies of all such invoices for one
259 year from the date of sale.

260 3. Every retailer and subjobber shall procure itemized
261 invoices of all tobacco products purchased. The invoices
262 shall show the name and address of the seller and the

263 date of purchase. The retailer and subjobber shall
264 preserve a legible copy of each such invoice for one
265 year from the date of purchase. Invoices shall be
266 available for inspection by the director or his authorized
267 agents or employees at the retailer's or subjobber's
268 place of business.

269 4. Records of all deliveries or shipments of tobacco
270 products from any public warehouse of first destination
271 in this state which is subject to the provisions of and
272 licensed under Iowa Statutes, Chapter 554, shall be
273 kept by the warehouse and be available to the director
274 for inspection. They shall show the name and address
275 of the consignee, the date, the quantity of tobacco
276 products delivered, and such other information as the
277 commissioner may require. These records shall be pre-
278 served for one year from the date of delivery of the
279 tobacco products.

280 5. The transportation of tobacco products into this
281 state by means other than common carrier must be re-
282 ported to the director within 30 days with the
283 following exceptions:

284 (1) The transportation of not more than 50 cigars,
285 not more than ten ounces of snuff or snuff powder, or
286 not more than one pound of smoking or chewing tobacco
287 or other tobacco products not specifically mentioned
288 herein;

289 (2) Transportation by a person with a place of
290 business outside the state, who is licensed as a
291 distributor under section 3, or tobacco products
292 sold by such person to a retailer in this state.

293 Such report shall be made on forms provided by the
294 director.

295 Common carriers transporting tobacco products into
296 this state shall file with the director reports of all
297 such shipments other than those which are delivered to
298 public warehouses of first destination in this state
299 which are licensed under the provisions of Iowa Statutes,
300 Chapter 554. Such reports shall be filed on or before
301 the tenth day of each month and shall show with respect
302 to deliveries made in the preceding month; the date,
303 point of origin, point of delivery, name of consignee,
304 description and quantity of tobacco products delivered,
305 and such information as the director may otherwise
306 require.

307 Any person who fails or refuses to transmit to the
308 director the required reports or whoever refuses to
309 permit the examination of the records by the director
310 shall be guilty of a misdemeanor.

311 Sec. 5. Distributors, monthly returns.

312 1. On or before the twentieth day of each calendar
313 month every distributor with a place of business in
314 this state shall file a return with the director showing
315 the quantity and wholesale sales price of each tobacco

316 product (1) brought, or caused to be brought, into
317 this state for sale; and (2) made, manufactured or fab-
318 ricated in this state for sale in this state, during
319 the preceding calendar month. Every licensed distributor
320 outside this state shall in like manner file a return
321 showing the quantity and wholesale sales price of each
322 tobacco product shipped or transported to retailers in
323 this state to be sold by those retailers, during the
324 preceding calendar month. Returns shall be made upon
325 forms furnished and prescribed by the director and shall
326 contain such other information as the director may re-
327 quire. Each return shall be accompanied by a remittance
328 for the full tax liability shown therein, less a discount
329 as fixed by the director not to exceed five percent of
330 the tax.

331 2. As soon as practicable after any return is filed,
332 the director shall examine each return and correct it,
333 if necessary, according to his best judgment and in-
334 formation. If the director finds that any amount of
335 tax is due from the taxpayer and unpaid, he shall notify
336 the taxpayer of the deficiency, stating that he proposes
337 to assess the amount due together with interest and
338 penalties as hereinafter provided. If a deficiency dis-
339 closed by the director's examination cannot be allocated
340 by him to a particular month or months, he shall notify
341 the taxpayer of the deficiency, stating his intention to
342 assess the amount due for a given period without allocating
343 it to any particular month or months. If any taxpayer
344 making any return shall die or shall become incompetent
345 at any time before the
346 director issues his notice that he proposes to assess
347 an amount due, that notice shall be issued to the
348 administrator, executor, or other legal representative,
349 as such, of that taxpayer.

350 3. If, within 20 days after mailing of notice of the
351 proposed assessment, the taxpayer or his legal repre-
352 sentative shall file a protest to said proposed assess-
353 ment and request a hearing thereon, the director shall
354 give notice to that taxpayer or legal representative
355 of the time and place fixed for the hearing, shall
356 hold a hearing on such protest, and shall issue a final
357 assessment to the taxpayer or legal representative for
358 the amount found to be due as a result of the hearing.
359 This hearing shall be held within 45 days after filing
360 of the protest. If a protest is not filed within the
361 time herein prescribed, the director shall issue a
362 final assessment to the taxpayer or legal representative,
363 as such. Any such assessment made by the director shall
364 be prima facie correct and valid, and the taxpayer shall
365 have the burden of establishing its incorrectness or
366 invalidity in any action or proceedings in respect
367 thereto.

368 4. If any taxpayer required by sections 1 to 9 to

369 file any return shall fail to do so within the time
370 prescribed by sections 1 to 9, he shall, on the
371 written demand of the director, file such return within
372 20 days after the mailing of such written demand and at
373 the same time pay the tax due on the basis thereof.
374 If such taxpayer shall fail within that time to file
375 such return, the director shall make for him a return,
376 from his own knowledge and from such information as he
377 can obtain through testimony, or otherwise, and assess
378 a tax on the basis thereof, which tax shall be paid
379 within ten days after the director has mailed to such
380 taxpayer a written notice of the amount thereof and
381 demand for its payment. Any such return or assessment
382 made by the director on account of the failure of the
383 taxpayer to make a return shall be prima facie correct
384 and valid, and the taxpayer shall have the burden of
385 establishing its incorrectness or invalidity in any
386 action or proceeding in respect thereto.

387 5. All taxes shall be due and payable not later than
388 the twentieth day of the month following the calendar
389 month in which they were incurred, and thereafter shall
390 bear interest at the rate of one percent per month.

391 Where, under the provisions of subdivisions 2 and 3
392 of this section, the amount of tax due for a given
393 period is assessed without allocating it to any particu-
394 lar month or months, the interest shall commence to run
395 from the date of such assessment.

396 The director shall have power to reduce or abate
397 interest when in his opinion the facts warrant such
398 reduction or abatement. The exercise of this power shall
399 be subject to the approval of the attorney general.

400 6. The director in issuing his final assessment
401 pursuant to subdivision 3 shall add to the amount of
402 tax found due and unpaid a penalty of ten percent thereof,
403 except that, if he finds that the taxpayer has made a
404 false and fraudulent return with intent to evade the
405 tax imposed by sections 1 to 9, the penalty shall be
406 25 percent of the entire tax as shown by the return as
407 corrected. The director in assessing a tax on the
408 basis of a return made pursuant to subdivision 4 shall
409 add to the amount of tax found due and unpaid a penalty
410 of 25 percent thereof.

411 The director shall have power to abate penalties,
412 when in his opinion their enforcement would be unjust
413 and inequitable. The exercise of this power shall be
414 subject to the approval of the attorney general.

415 7. The director may recover the amount of any tax
416 due and unpaid, interest, and any penalty in a civil
417 action. The collection of such a tax, interest, or
418 penalty shall not be a bar to any prosecution under
419 sections 1 to 9.

420 8. On or before the 20th day of each calendar month,
421 every consumer who, during the preceding calendar

422 month, has acquired title to or possession of tobacco
423 products for use or storage in this state, upon which
424 tobacco products the tax imposed by section 2 has not
425 been paid, shall file a return with the director showing
426 the quantity of tobacco products so acquired. The return
427 shall be made upon a form furnished and prescribed by
428 the director, and shall contain such other information
429 as the director may require. The return shall be
430 accompanied by a remittance for the full unpaid tax
431 liability shown by it.

432 Sec. 6. R funds, credits. Where tobacco products
433 upon which the tax imposed by sections 1 to 9 has been
434 reported and paid, are shipped or transported by the
435 distributor to consumers, to be consumed without the
436 state, or to retailers or subjobbers without the state,
437 to be sold by those retailers, or subjobbers without
438 the state, or are returned to the manufacturer by the
439 distributor or destroyed by the distributor, refund
440 of such tax or credit may be made to the distributor
441 in accordance with regulations prescribed by the
442 director. Any over-payment of the tax imposed under
443 section 2 may be made to the taxpayer in accordance
444 with regulations prescribed by the director. The
445 director shall cause any such refund of tax to be paid
446 out of the general revenue fund, and so much of said
447 fund as may be necessary is hereby appropriated for
448 that purpose.

449 Sec. 7. Investigations and hearings, testimonial
450 powers.

451 1. The director, or his duly authorized agents, may
452 conduct investigations, inquiries, and hearings for the
453 purpose of enforcing the provisions of sections 1 to 9,
454 and, in connection with such investigations, inquiries,
455 and hearings, he and his duly authorized agents shall
456 have all the powers conferred upon him and his examiners
457 by Iowa Statutes, and the provisions of such shall apply
458 to all such investigations, inquiries and hearings.

459 2. Every hearing conducted under sections 1 to 9
460 shall be preceded by ten days' notice in writing of the
461 subject of the hearing, including, in the case of
462 suspension or revocation, of a license, a statement of
463 the nature of the charges against the licensee. The
464 notice shall be sent by registered mail to the last
465 known address of the licensee or other person involved
466 in the hearing, and the service shall be complete upon
467 mailing. After every hearing the director shall make his
468 findings and his order in writing. The findings and
469 order shall be filed in the office of the director,
470 and a copy sent by mail or otherwise to the person
471 to whom the notice was directed.

472 3. The director may exchange information with the
473 officers and agencies of other states administering
474 laws relating to the taxation of tobacco products.

475 4. No person shall be excused from testifying or
476 from producing, pursuant to a subpoena, any books,
477 papers, records, or memoranda in any investigation or
478 upon any hearing, upon the ground that the testimony
479 or evidence, documentary or otherwise, may tend to
480 incriminate him or subject him to a criminal penalty,
481 but no person shall be prosecuted or subjected to any
482 criminal penalty for or on account of any
483 transaction made or thing concerning which he may testify
484 or produce evidence, documentary or otherwise, before
485 the director or an employee or agent thereof; provided
486 that such immunity shall extend only to a natural person
487 who, in obedience to a subpoena, gives testimony under
488 oath or produces evidence, documentary or otherwise,
489 pursuant to a subpoena. No person so testifying shall
490 be exempt from prosecution and punishment for perjury
491 committed in so testifying.

492 5. Any person aggrieved by an order of the director
493 fixing a tax, penalty or interest under section 2 may,
494 within 30 days from the date of notice of the order,
495 appeal to the board of review in the manner provided
496 by law. Any other order of the director under sections
497 1 to 9 shall be subject to review by certiorari.

498 Sec. 8. Enforcement.

499 1. The director shall enforce the provisions of
500 sections 1 to 9. He may prescribe rules and regulations
501 not inconsistent with the provisions of sections 1 to
502 9 for its detailed and efficient administration. In
503 the enforcement of sections 1 to 9 the director may
504 call upon any county attorney or the attorney general
505 for assistance. The director may bring injunction
506 proceedings to restrain any person from acting as a
507 distributor or subjobber without complying with the
508 provisions of sections 1 to 9.

509 Sec. 9. Violations, penalties.

510 1. Any person who in any manner knowingly attempts
511 to evade the tax imposed by sections 1 to 9 or who
512 knowingly aids or abets in the evasion or attempted
513 evasion of the tax or who knowingly violates the pro-
514 visions of section 3, subsection 1, or sections 1 to 9,
515 shall be

516 imprisoned in the county jail for a term of not more
517 than one (1) year or fined not to exceed one thousand
518 (1,000) dollars, or both.

519 2. Any person who otherwise violates any provisions
520 of sections 1 to 9 shall be guilty of a misdemeanor.

521 DIVISION II

522 Sec. 10. Section ninety-eight point six (98.6), Code
523 of Iowa, is hereby amended by striking lines six (6) through
524 twenty-five (25) of subsection one (1) of such section and
525 inserting in lieu thereof the following:

526 "Class A. On cigarettes weighing not more than three (3)
527 pounds per thousand, five (5) mills on each such cigarette."
528

529 "Class B. On cigarettes weighing more than three (3)
530 pounds per thousand, six (6) mills on each such cigarette."

531 Sec. 11. Any licensed distributor, or permit holder
532 having in his possession on August 1, 1967, or thereafter,
533 any cigarettes for the purpose of distribution or sale, upon
534 which the full amount of the tax imposed by this Act has not
535 been paid, shall make a return to the state department of
536 revenue listing the entire amount of such cigarettes on
537 hand, the amount of tax which has been paid upon such
538 cigarettes under the provisions of chapter ninety-eight
539 (98) of the Code, and the amount of additional tax due upon
540 such cigarettes as provided by the provisions of the Act,
541 the state department of revenue shall have the power to
542 prescribe rules and regulations providing for the collection
543 of such additional tax, either through the affixing of
544 additional stamps or additional meter impressions or by
545 the collections of the amount due in cash.

546 Sec. 12. On and after August 31, 1967, the provisions
547 of subsection one (1) of section ninety-eight point thirty-
548 six (98.36) of the Code shall apply upon the possession of
549 any cigarette upon which the full amount of tax as provided
550 by this Act has not been paid.

551 DIVISION III

552 Sec. 13. Section one hundred twenty-four point twenty-
553 five (124.25), Code of Iowa, is hereby amended by striking
554 from lines eight (8) and nine (9) the words "two and forty-
555 eight hundredths" and inserting in lieu thereof the words
556 "three and seventy-two hundredths".

557 The effective date of this section shall be August 1, 1967.

558 DIVISION IV

559 Sec. 14. Section four hundred twenty-two point five
560 (422.5), Code of Iowa, is amended as follows:

561 1. Strike subsection five (5) and insert the following
562 subsections:

563 "a. On the fifth, sixth and seventh thousand dollars of taxable
564 income, or any part thereof, three and three-fourths per-
565 cent.

566 "b. On the eighth thousand dollars of taxable income,
567 or any part thereof, four and one-half percent, and on all
568 taxable income in excess of seven thousand dollars, four and
569 one-half percent. This additional tax shall be effective
570 for all taxable years ending after January 1, 1967, except
571 that for taxable years beginning before January 1, 1967, and
572 ending thereafter, shall be collected on the basis of the
573 proportion which the number of months in any such fiscal
574 year, commencing with the month of January, 1967, bears to
575 the total year.

576 2. Strike from lines one (1) and two (2) of subsection
577 six (6) the words "in subsection 5 hereof" and insert in
578 lieu thereof the words "in the above subsections of this
579 section".

580 Sec. 15. Section four hundred twenty-two point twelve
581 (422.12), Code of Iowa, is amended by:

582 1. Striking from lines one (1) and two (2) of subsec-
583 tion three (3) the words "seven dollars fifty cents" and
584 inserting in lieu thereof the words "ten dollars"

586 DIVISION V

587 Sec. 16. Section four hundred twenty-two point thirty-
588 three (422.33), Code of Iowa, is hereby amended as follows:

589 1. By striking all of lines five (5) through seven (7),
590 inclusive, and insert in lieu thereof the following:

591 "this state, annually in an amount computed by applying
592 the following rates of taxation to the net income received
593 by the corporation during the income year".

594 "On the first twenty-five thousand dollars (\$25,000.00)
595 of taxable income, or any part thereof, the rate of four
596 percent (4%).

597 "On taxable income between twenty-five thousand dollars
598 (\$25,000.00) and one hundred thousand dollars (\$100,000.00)
599 or any part thereof, the rate of six percent (6%).

600 "On taxable income of one hundred thousand dollars
601 (\$100,000.00) or more, the rate of eight percent (8%)."

602 "The foregoing provisions of this section shall become
603 effective for all taxable years ending after January 1,
604 1967, except that for taxable years beginning before Jan-
605 uary 1, 1967, and ending thereafter, the tax collected
606 shall be collected on the basis of the proportion which
607 the number of months in any such fiscal year commencing
608 with the month of January, 1967, bears to the total year."

609 Sec. 17. Section four hundred twenty-two point thirty-
610 five (422.35), Code of Iowa, is hereby amended as follows:

611 1. Amend line thirty (30) by inserting after the word
612 "subtract" the words and figures "fifty (50) percent of
613 the"

614 2. The provisions of this section shall become effective
615 as to returns made for the calendar year 1967, or as to
616 any returns made for a fiscal year beginning after Jan-
617 uary 1, 1967."

618 DIVISION VI

619 Sec. 18. Chapter four hundred twenty-two (422), Code of
620 Iowa, is amended by adding the following sections:

621 "In addition to the other provisions of this chapter,
622 every resident individual shall be entitled to a sales tax
623 refund for each taxable year with respect to himself and
624 each of the persons for whom he would be entitled to claim
625 as a personal exemption for purposes of the personal income
626 tax imposed under division two (II) of this chapter, whether
627 or not such resident individual is required to file a
628 personal income tax return or pay such tax.

629 The amount of refund shall be computed in accordance with
630 the following table:

631 If the taxable income of
632 the resident individual for
633 the taxable year is

The refund allowed to
resident individual for
himself and for each
person for whom he is
entitled to claim a

	personal exemption is:
636 Under \$1,000	\$12.
637 Over \$1,000, but under \$2,000	11.
638 Over \$2,000, but under \$2,500	10.
639 Over \$2,500, but under \$3,000	9.
640 Over \$3,000, but under \$3,500	8.
641 Over \$3,500, but under \$4,000	7.
642 Over \$4,000, but under \$5,000	6.
643 Over \$5,000, but under \$5,500	5.
644 Over \$5,500, but under \$6,000	4.
645 Over \$6,000, but under \$6,500	3.
646 Over \$6,500, but under \$7,000	2.
647 Over \$7,000	0.

648 "The amount of the refund provided for in this section
649 shall be allowed as a credit against the personal income
650 tax imposed under this chapter, provided the resident
651 individual claims the refund on his income tax return re-
652 quired to be filed under section four hundred twenty-two
653 point thirteen (422.13), Code of Iowa. If the income tax
654 due a resident individual shown by his tax return is less
655 than the full amount of the refund to which he is entitled
656 under this section, the excess of the refund over the
657 income tax otherwise due shall be refunded to him by the
658 department of revenue.

659 "If any resident individual entitled to a refund under
660 this section is not otherwise required by section four hun-
661 dred twenty-two point thirteen (422.13), Code of Iowa, to
662 file an income tax return, the refund to which he is en-
663 titled shall be refunded to him upon furnishing the depart-
664 ment of revenue with proof of his taxable income and the
665 number of his personal exemptions.

666 "For the purposes of this section, the term "resident
667 individual" is defined as a person who has resided in the
668 state of Iowa for the full taxable year. The term "taxable
669 income" shall have the same meaning as defined in section
670 four hundred twenty-two point four (422.4), Code of Iowa.
671 The term "personal exemption" shall have the same meaning
672 as defined in section four hundred twenty-two point twelve
673 (422.12), Code of Iowa.

674 "The department of revenue shall make all rules and
675 regulations with respect to the refunds for this section,
676 including the manner and requirements for claiming credit
677 for or refund of the amount thereof in the same manner as
678 state income tax refunds, and in accordance with the pro-
679 visions of sections four hundred twenty-two point sixteen
680 (422.16) and four hundred twenty-two point sixty-seven
681 (422.67), Code of Iowa.

682 DIVISION VI

683 Sec. 19. Amend section four hundred twenty-two point
684 forty-two (422.42), Code of Iowa, by adding thereto the
685 following subsections:

686 "1. 'Services' means all acts or services rendered,
687 furnished, or performed, other than for an 'employer' as

688 defined in section four hundred twenty-two point four
689 (422.4), subsection fifteen (15), for a valuable con-
690 sideration by any person engaged in any business or occupa-
691 tion specifically enumerated in this division. The tax
692 shall be due and collectible when the service is rendered,
693 furnished, or performed for the ultimate user thereof.

694 "2. 'User' means the immediate recipient of the services
695 who is entitled to exercise a right of power over the pro-
696 duct of such services.

697 "3. 'Value of services' means the price to the user
698 exclusive of any direct tax imposed by the federal govern-
699 ment or by this division.

700 "4. 'Gross taxable services' means the total amount
701 received in money, credits, property, or other consideration,
702 valued in money, from services rendered, furnished, or
703 performed in this state and embraced within the provisions
704 of this division. However, the taxpayer may take credit in
705 his report of gross taxable services for an amount equal
706 to the value of services rendered, furnished, or performed
707 when the full value of such services thereof is refunded
708 either in cash or by credit. When services are made under
709 conditional sales contract or under other contract or agree-
710 ment, wherein the payment of the principal sum thereunder
711 is extended over a period longer than sixty (60) days from
712 the date of the contract or agreement, only such portion
713 of the value of services thereof shall be accounted, for
714 the purpose of imposition of the tax imposed by this
715 division, as has actually been received by the taxpayer
716 during the quarterly period for which the tax imposed by
717 this division is due and payable. Taxes paid on gross
718 taxable services represented by accounts found to be
719 worthless and actually charged off for income tax purposes
720 may be credited upon a subsequent payment of the tax due
721 hereunder, but if any such accounts are thereafter col-
722 lected by the taxpayer, a tax shall be paid upon the amounts
723 so collected."

724 Sec. 20. Section four hundred twenty-two point forty-
725 three (422.43), Code of Iowa, is hereby amended by adding
726 after the period "." in line eighty (80) thereof the fol-
727 lowing: "The tax herein imposed shall, on and after
728 October 1, 1967, be at the rate of three percent (3%).

729 "There is hereby imposed, beginning the first day of
730 October, 1967, a tax of three percent (3%) upon the gross
731 receipts from the rendering, furnishing, or performing of
732 services as defined in section four hundred twenty-two
733 point forty-two (422.42)."

734 The rate of tax on the sale of tangible personal property
735 used in the performance of a building or construction contract
736 executed prior to October 1, 1967 shall be two (2) percent.

737 The rate of tax on services used in the performance of a
738 building or construction contract executed prior to October
739 1, 1967 shall be zero (0) percent.

740 Sec. 21. Section four hundred twenty-two point forty-
741 four (422.44), Code of Iowa, is hereby amended by inserting,
742 after the word "property" in line two (2) thereof, the
743 expression "or services"; and by inserting, after the word
744 "consumers", in line four (4) thereof, the word "users".

745 Sec. 22. Section four hundred twenty-two point forty-
746 five (422.45), Code of Iowa, is amended, as to the various
747 subsections thereof, as follows:

748 1. Subsection one (1) is hereby amended by inserting
749 in line two (2) thereof, after the word "property", the
750 expression "services rendered, furnished, or performed".

751 2. Subsection three (3) is hereby stricken and the follow-
752 ing inserted in lieu thereof:

753 "3. The gross receipts from sales of educational, religious,
754 or charitable activities, where the entire proceeds therefrom
755 are expended for educational, religious, or charitable pur-
756 poses."

757 3. Subsection five (5) is hereby amended by inserting
758 in line one (1) thereof, after the word "receipts", the
759 expression "or from services rendered, furnished, or per-
760 formed and".

761 4. Subsection five (5) is further amended by inserting
762 in line thirteen (13) thereof, after the word "merchandise",
763 the expression "from services rendered, furnished, or
764 performed and".

765 5. Subsection five (5) is further amended by inserting
766 in line nineteen (19) thereof, after the word "merchandise",
767 the expression "or from services rendered, furnished, or
768 performed and".

769 6. Subsection seven (7) is amended by inserting in line
770 fourteen (14) thereof, after the word "merchandise", the
771 expression "or from services rendered, furnished, or performed
772 and".

773 7. Subsection seven (7) is further amended by inserting
774 in line twenty (20) thereof, after the word "merchandise",
775 the expression "or from services rendered, furnished, or
776 performed".

777 8. Subsection seven a. (7a.) is amended by inserting in
778 line four (4) thereof, after the word "merchandise", the
779 expression "or from services rendered, furnished, or per-
780 formed and".

781 9. Subsection seven b. (7b.) is amended by inserting
782 in line six (6) thereof, after the word "merchandise,", the
783 expression "or from services rendered, furnished, or per-
784 formed,"

785 Sec. 23. Section four hundred twenty-two point forty-
786 three (422.43), Code of Iowa, is hereby amended by striking
787 from lines nineteen (19) through twenty-one (21) the ex-
788 pression "and athletic events, except as otherwise provided
789 in this division" and inserting in lieu thereof the follow-
790 ing: ", athletic events including those of educational institutio
791 fairs; and a like rate of tax upon that
792 part of private club membership fees or charges paid for

793 the privilege of participating in any athletic sports pro-
794 vided club members."

795 Sec. 24. Section four hundred twenty-two point forty-
796 six (422.46), Code of Iowa, is hereby amended by inserting
797 in line five (5) thereof, after the word "property", the
798 expression or from services rendered, furnished, or performed".

799 Sec. 25. Section four hundred twenty-two point forty-
800 three (422.43), Code of Iowa, is amended by adding thereto
801 the following:

802 "The following enumerated services shall be subject
803 to the tax herein imposed on gross taxable services:
804 alteration and garment repair; armored car; automobile
805 repair; battery, tire and allied; investment counseling
806 (excluding investment services of trust departments);
807 bank service charges; barber and beauty; boat repair;
808 car wash and wax; carpentry; roof, shingle, and glass
809 repair; dance schools and dance studios; dry cleaning,
810 pressing, dyeing, and laundering; electrical repair and
811 installation; engraving, photography, and retouching;
812 equipment rental except that which was contracted for
813 prior to June 15, 1967, but in no case beyond June 15,
814 1969; excavating and grading; farm implement repair of
815 all kinds; flying service; furniture, rug, upholstery
816 repair and cleaning; fur storage and repair; golf and
817 country clubs and all commercial recreation; house and
818 building moving; household appliance, television, and
819 radio repair; jewelry and watch repair; machine operator;
820 machine repair of all kinds; meat, fish and fowl processing;
821 motor repair; motorcycle, scooter, and bicycle repair; news-
822 paper, directories, shopper's guides and newspapers
823 whether or not circulated free or
824 without charge to the public, magazine, radio, movie, and
825 television advertising, to include such advertisement and
826 service rendered, furnished, or performed by the state of
827 Iowa, its boards and commissions or any installation there-
828 of; outdoor and point-of-purchase performance advertising;
oilers and
829 lubricators; office and business machine repair; painting,
830 papering, and interior decorating; parking lots; pipe
831 fitting and plumbing; wood preparation; private employment
832 agencies; printing and binding; promotion and direct mail;
833 sewing and stitching; sign painting; shoe repair and shoe-
834 shine; storage warehouse and storage locker; telephone
835 answering service; test laboratories; termite, bug, roach,
836 and pest eradicators; tin and sheet metal repair; turkish
837 baths, massage, and reducing salons; vulcanizing, recapping,
838 and retreading; warehouses; weighing; welding; well drilling;
839 wrapping, packing, and packaging of merchandise; wrecking
840 service; wrecker and towing; buildings and structures
841 erected for the improvement of realty."

842 Sec. 26. Section four hundred twenty-two point
843 forty-seven (422.47), Code of Iowa, is hereby amended
844 as follows:

845 1. By striking from line four (4) of subsection
846 one (1) thereof the expression "or merchandise" and
847 inserting in lieu thereof the expression "merchandise,
848 or services rendered, furnished, or performed".

849 2. By striking from lines nine (9) and ten (10)
850 the expression "or merchandise" and inserting in lieu
851 thereof the expression "merchandise, or services ren-
852 dered, furnished, or performed".

853 Sec. 27. Subsection one (1) of section four hun-
854 dred twenty-two point fifty-one (422.51), Code of Iowa,
855 is hereby repealed and the following enacted in lieu
856 thereof:

857 "Each person subject to sections four hundred twenty-
858 two point fifty-two (422.52) and four hundred twenty-
859 two point fifty-three (422.53) and in accordance with
860 the provisions thereof shall, on or before the last day
861 of the month following the close of each calendar
862 quarter during which such person is or has become or
863 ceased being subject to the provisions of such sections,
864 make, sign, and file a return for such calendar quarter
865 in such form as may be required. Such returns shall
866 show information relating to gross receipts including
867 goods wares, and services converted to the use of such
868 person, the amounts of gross receipts excluded and
869 exempt from the tax, the receipts subject to tax, a
870 calculation of tax due, and such other information
871 for the period covered by the return as may be re-
872 quired. Persons required to file, or committed to
873 file by reason of voluntary action or by order of
874 the department of revenue, monthly deposits of taxes
875 due under this Division shall be entitled to take
876 credit against the total quarterly amount of tax due
877 such amount as shall have been deposited by such persons
878 during such calendar quarter. The balance remaining
879 due after such credit for monthly deposits shall be
880 entered on the return; provided, however, that such
881 person may be granted an extension of time not ex-
882 ceeding thirty (30) days for filing such quarterly
883 return, upon a proper showing of necessity therefor.
884 If such extension be granted such person shall have
885 paid by the twentieth (20th) day of the month follow-
886 ing the close of such quarter ninety (90) percent of
887 the estimated tax due.

888 Sec. 28. Subsection two (2) of section four hundred
889 twenty-two point fifty two (422.52), Code of Iowa, is
890 hereby amended by striking from line one (1) thereof
891 the word "retailers" and inserting in lieu thereof
892 the phrase "permit holders".

893 Sec. 29. Section four hundred twenty-two point
894 fifty-two (422.52), Code of Iowa, is hereby amended
895 by adding thereto the following subsection:

896 "Beginning October 1, 1967, the provisions of sub-
897 section one (1) of this section, according to the

898 context, shall apply to persons having receipts from
899 rendering, furnishing, or performing services enumer-
900 ated in section twenty-five (25) of this Act."

901 Sec. 30. Section four hundred twenty-two point
902 fifty-three (422.53), Code of Iowa, is hereby amended by
903 adding thereto the following subsection:

904 "Beginning October 1, 1967, the provisions of subsection
905 one (1) of this section, dealing with lawful right of
906 a retailer to transact business, according to the
907 context, shall apply to persons having receipts from
908 rendering, furnishing, or performing services enumerated
909 in section twenty-five (25) of this Act, except that no
910 person holding a permit pursuant to subsection one (1)
911 of this section shall be required to obtain any separate
912 sales tax permit for the purpose of engaging in business
913 involving such services."

914 Sec. 31. Section four hundred twenty-two point fifty-
915 eight (422.58), Code of Iowa, is hereby amended by
916 striking from line one (1) thereof the word "retailers",
917 and inserting in lieu thereof the words "permit holders".

918 Sec. 32. Subsection two (2) of section four hundred
919 twenty-two point fifty-eight (422.58), Code of Iowa, is
920 hereby amended by inserting in line five (5), after
921 the word "retail", the expression ", or engage in the
922 rendering, furnishing, or performing services enumerated
923 in section twenty-five (25) of this Act,".

924 Sec. 33. Sub-part (c) of subsection one (1) of section
925 four hundred twenty-three point one (423.1), Code of
926 Iowa, is hereby repealed.

927 Sec. 34. Subsection ten (10) of section four
928 hundred twenty-three point one (423.1), Code of Iowa,
929 is hereby repealed, and the following subsection enacted
930 in lieu thereof:

931 "10. Definitions contained in section four hundred
932 twenty-two point forty-two (422.42) shall apply to
933 the provisions of this chapter according to their
934 context."

935 Sec. 35. Section four hundred twenty-three point
936 two (423.2), Code of Iowa, is hereby amended by adding
937 thereto the following:

938 "Beginning October 1, 1967 an excise tax is hereby
939 imposed on the use in this state of services enumerated
940 in section four hundred twenty-two point forty-three
941 (422.43), Code of Iowa, as amended, at the rate of three
942 percent. Said tax shall be applicable where services are
943 rendered, furnished, or performed in this state or where
944 the product or result of
945 such service is used in this state. Such tax is imposed
946 on every person using such services or the product of
947 such services in this state until such user has paid
948 such tax either to an Iowa use tax permit holder or has
949 paid such tax to the department of revenue.

950 Sec. 36. Section four hundred twenty-three point
951 two (423.2), Code of Iowa, is hereby amended by striking
952 from line five (5) the word "two" and inserting the word
953 "three".

954 The rate of tax on the sale of tangible personal pro-
955 perty used in the performance of a building or construc-
956 tion contract excuted prior to October 1, 1967 shall be
957 two (2) percent.

958 Sec. 37. Subsection five (5) of section four
959 hundred twenty-three point four (423.4), Code of Iowa,
960 is hereby repealed and the following subsection inserted
961 in lieu thereof:

962 "5. Services exempt from taxation by provisions
963 of section four hundred twenty-two point forty-five
964 (422.45)."

965 Sec. 38. Section four hundred twenty-three point
966 six (423.6), Code of Iowa, is amended by adding thereto
967 the following subsection:

968 "4. The tax on services imposed in section four
969 hundred twenty-three point two (423.2) shall be
970 collected, remitted, and paid to the department of
971 revenue of this state in the corresponding manner as
972 use tax on tangible personal property is collected,
973 remitted and paid under provisions of this chapter."

974 Sec. 39. Section four hundred twenty-three point
975 three (423.3), Code of Iowa, is hereby amended by
976 striking all of lines six (6) through thirteen (13)
977 and inserting in lieu thereof the following:

978 "Services purchased from the same source or sources
979 shall be subject to service tax imposed by this
980 chapter and apply to the user thereof."

981 Sec. 40. Section four hundred twenty-three
982 point thirteen (423.13), Code of Iowa, is hereby
983 amended by striking from line thirty-one (31) the
984 word "two" and inserting in lieu thereof the word "three".

985 Sec. 41. Section four hundred twenty-three point
986 thirteen (423.13), Code of Iowa, is hereby amended by
987 striking from lines one (1) and two (2) the word
988 "retailer" and inserting in lieu thereof the phrase
989 "permit holder".

990 Sec. 42. Section four hundred twenty-three point
991 nine (423.9), Code of Iowa, is hereby amended by
992 adding thereto the following additional paragraph:

993 "Every person rendering, furnishing, or performing
994 services enumerated in section four hundred twenty-two
995 point forty-three (422.43), Code of Iowa, as amended,
996 maintaining a place of business in this state shall be
997 subject to the provisions of the preceding paragraph."

998 Sec. 43. Section four hundred twenty-three point
999 ten (423.10), Code of Iowa, is hereby amended by adding
1000 thereto the following:

1001 "The discretionary power granted therein is extended
1002 to apply in the case of persons rendering, furnishing
1003 or performing services enumerated in section four
1004 hundred twenty-two point forty-three (422.43), Code
1005 of Iowa, as amended."

1006 Sec. 44. Section four hundred twenty-three point
1007 fourteen (423.14), Code of Iowa, is hereby amended by
1008 inserting, after the word "property" in line two (2)
1009 thereof, the expression "services enumerated in section
1010 four hundred twenty-two point forty-three (422.43),
1011 Code of Iowa, as amended."

1012 Sec. 45. Section four hundred twenty-three point
1013 fifteen (423.15), Code of Iowa, is hereby amended
1014 by striking from line six (6) thereof, the word
1015 "retailer" and inserting in lieu thereof the phrase
1016 "permit holder".

1017 Sec. 46. Section four hundred twenty-three point
1018 twenty-one (423.21), Code of Iowa, is hereby amended
1019 by adding thereto the following:

1020 "The preceding requirements shall likewise apply
1021 to users and persons rendering, furnishing, or
1022 performing service enumerated in section four hundred
1023 twenty-two point forty-three (422.43), Code of Iowa,
1024 as amended".

1025 Sec. 47. Section four hundred twenty-three
1026 point twenty-two (423.22), Code of Iowa, is hereby
1027 amended by adding thereto the following:

1028 "The preceding provision shall apply to users
1029 and persons supplying services enumerated in section
1030 four hundred twenty-two point forty-three (422.43),
1031 Code of Iowa, as amended."

1032 Sec. 48. Section four hundred twenty-two point
1033 forty-five (422.45), subsection seven (7) Code of
1034 Iowa, is hereby amended by striking the period in
1035 line twenty-four (24) thereof and adding in lieu
1036 thereof the following: "; and excepting such goods,
1037 wares and merchandise used in the performance of any
1038 contract for a 'project' under chapter four hundred
1039 nineteen (419) of the Code as defined therein other
1040 than goods, wares or merchandise used in the performance
1041 of any contract for any 'project' under said chapter
1042 four hundred nineteen (419) of the Code for which a
1043 bond issue was or will have been approved by a
1044 municipality prior to July 1, 1968.

1045 Sec. 49. If any section, subsection, paragraph,
1046 sentence, clause or phase of this Act is for any
1047 reason held to be unconstitutional or invalid, such
1048 unconstitutionality or invalidity shall not affect the
1049 constitutionality or validity of the remaining
1050 portions of this Act. The general assembly hereby
1051 declares that it would have passed this Act and each
1052 section, subsection, paragraph, sentence, clause or
1053 phrase hereof, irrespective of whether anyone or more
1054 of the sections, subsections, paragraphs, sentences,

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1055 clauses or phrases be declared unconstitutional.

1056 Sec. 50. Section four hundred twenty-two point sixty-
1057 two (422.62), Code of Iowa, is amended by inserting in
1058 line fifty-eight (58) after the word "receipts" the words
1059 "from two thirds of the sales taxes".

1060 Sec. 51. All of the powers, duties, responsibilities, and
1061 functions reposed in the state department of revenue, department
1062 of revenue, director, or director of revenue in this Act and
1063 House File 686, Acts of the 62nd General Assembly shall be
1064 reposed in and exercised by the Iowa Tax Commission until
1065 January 1, 1968.

1066 Sec. 52. This Act, being deemed of immediate
1067 importance, shall be in full force and effect from
1068 and after its passage and publication in the Telegraph
1069 Herald, a newspaper published at
1070 Dubuque, Iowa, and in the New Hampton Tribune
1071 a newspaper published at New Hampton, Iowa.

As Adopted by the Senate - *House concurred 6-29*
