

February 10, 1969

HOUSE FILE 226

Ways and Means

Res - amend pass 3-19
Ways and Means 4-2
Pass as amended 4-9

By MILLER of Jones, MILLER of Page,
WINKELMAN, FREEMAN of Clay-
Dickinson, SCHROEDER, HAMILTON,
MENDENHALL, JOHNSON of Audubon-
Guthrie, HOLDEN, NIELSEN,
CHRISTENSEN, KRUSE, CAMPBELL,
BATTLES, MIDDLESWART, STOKES,
MAYBERRY, NELSON, PETERSON,
MILLEN, McCORMICK and
STROTHMAN

Passed House, Date *3-25-69* Passed Senate, Date *5-22-69*

Vote: Ayes *103* Nays *14* Vote: Ayes *47* Nays *1*

Approved

*matia...
... withdrawn 3-26.
Passed House as
amended by Senate 5/23,
85-3*

A BILL FOR

- 1 An Act relating to the collection of sales tax on the cash
- 2 difference between the retail sales price and the trade-in
- 3 value in all transactions except in sales of motor vehicles.
- 4 *Be It Enacted by the General Assembly of the State of Iowa:*
- 5 Section 1. Section four hundred twenty-two point forty-two
- 6 (422.42), subsection six (6), Code 1966, is hereby repealed
- 7 and the following enacted in lieu thereof:
- 8 "6. 'Gross receipts' means the total amount of the sales
- 9 of retailers, valued in money, whether received in money or
- 10 otherwise; provided however,
- 11 a. That discounts for any purpose allowed and taken on
- 12 sales shall not be included if excessive sales tax is not
- 13 collected from the purchaser, nor shall the sale price of
- 14 property returned by customers when the total sale price
- 15 thereof is refunded either in cash or by credit.

1 b. That in all transactions in which tangible personal
2 property is traded toward the purchase price of tangible per-
3 sonal property of greater value, the gross receipts shall be
4 only that portion of the purchase price represented by the
5 difference between the total purchase price of such tangible
6 personal property of greater value and the amount of such
7 tangible personal property traded.”

8 Sec. 2. Section four hundred twenty-two point forty-five
9 (422.45), subsection four (4), Code 1966, is hereby amended
10 as follows:

11 1. By striking from line two (2) the words “tangible per-
12 sonal property” and inserting in lieu thereof the words
13 “motor vehicles”.

14 2. By striking from lines three (3) and four (4) the words
15 “of other property”.

16 3. By striking from line seven (7) the words “tangible per-
17 sonal property” and inserting in lieu thereof the words “motor
18 vehicles”.

19 4. By striking from lines eleven (11) and twelve (12) the
20 words “tangible personal property” and inserting in lieu
21 thereof the words “motor vehicles”.

22 5. By striking from line nineteen (19) the words “road tax
23 fund” and inserting in lieu thereof the words “general fund,
24 subject to the provisions of section three hundred twelve point
25 one (312.1), of the Code”.

26 Sec. 3. Section four hundred twenty-two point forty-eight
27 (422.48), Code 1966, is hereby amended by inserting in line
28 four (4) after the word “charge” the words “, less trade-ins
29 allowed and taken”.

30 Sec. 4. Section four hundred twenty-three point one (423.1),
31 subsection three (3), Code 1966, is hereby amended by striking
32 from lines four (4) and five (5) the words “allowed and” and
33 inserting in lieu thereof the words “and trade-in allowances”.

EXPLANATION OF HOUSE FILE 226

This bill provides that when sales of tangible personal property, except

motor vehicles, are made, only the cash difference between the total sales price of such property sold by the retailer and the value allowed on such property traded in, shall be used to ascertain the amount of sales tax due,

Section one redefines "gross receipts" so that the value of trade-ins allowed will not be considered as part of the gross receipts.

Section two specifically provides that gross receipts of used or traded-in tangible personal property, except motor vehicles, sold by a retailer shall not be exempt from the sales tax.

Section three provides that when the tax is collected by the retailer the value of the trade-in shall be deducted from the purchase price of the article sold at retail.

Section four amends the use tax provisions to make them compatible to the sales tax amendments.

1 Amend House File 226 by adding thereto the following new
2 sections:

3 Sec. 5. Chapter three hundred forty-eight (348), section
4 nineteen (19), Acts of the Sixty-second General Assembly,
5 amending section four hundred twenty-two point forty-two
6 (422.42), Code 1966, is hereby amended by striking from lines
7 twenty-one (21) through twenty-eight (28), inclusive, the
8 words:

9 "When services are made under conditional sales contract
10 or under other contract or agreement, wherein the payment
11 of the principal sum thereunder is extended over a period
12 longer than sixty days from the date of the contract or
13 agreement, only such portion of the value of services
14 thereof shall be accounted, for the purpose of imposition
15 of the tax imposed by this division, as has actually been
16 received by the taxpayer during the quarterly period for
17 which the tax imposed by this division is due and payable."

18 Sec. 6. Section four hundred twenty-three point thirteen
19 (423.13), Code 1966, as amended by chapter three hundred
20 forty-eight (348), sections forty (40) and forty-one (41),
21 Acts of the Sixty-second General Assembly, is hereby further
22 amended by striking from lines twenty-three (23) through
23 thirty-three (33), inclusive, the words:

24 " , provided that where such tangible personal property
25 is sold under a conditional sales contract, or under any
26 other form of sale wherein the payment of the principal sum,
27 or a part thereof, is extended over a period longer than
28 sixty days from the date of the sale thereof, the retailer
29 may collect and remit each quarterly period that portion of the
30 tax equal to two percent of that portion of the purchase price
31 actually received during such quarterly period".

Filed - *Adopted as amended*
March 19, 1969 3-5

COMMITTEE ON WAYS AND MEANS
ELMER DEN HERDER, Chairman

SENATE AMENDMENT TO HOUSE FILE 226

*House
conferred
5/23*

- 1 Amend House File 226 as follows:
- 2 1. Page 2, line 3, by inserting after the word "value" the following:
- 3 "except the sale of vehicles subject to registration under the laws
- 4 of this state,".
- 5 2. Page 2, line 33, by inserting after the word "and" the following:
- 6 "except the sale of vehicles subject to registration under the laws
- 7 of this state,".
- 8 3. Page 2, line 13, by striking the words "motor vehicles" and insert-
- 9 ing in lieu thereof the following: "vehicles subject to registration
- 10 under the laws of this state".
- 11 4. Page 2, lines 17 and 18, by striking the words "motor vehicles"
- 12 and inserting in lieu thereof the following: "vehicles subject to
- 13 registration under the laws of this state".
- 14 5. Page 2, line 21, by striking the words "motor vehicles" and
- 15 inserting in lieu thereof the following: "vehicles subject to
- 16 registration under the laws of this state".
- 17 6. Page 1, line 3, by striking the words "motor vehicles" and
- 18 inserting in lieu thereof the following: "vehicles subject to
- 19 registration".

Received
May 22, 1969

- 1 Amend the committee on ways and means amendment to
- 2 House File 226, filed March 19, by striking from line
- 3 thirty (30) the word "two" and inserting in lieu thereof
- 4 the word "three".

Filed - *Adopted 3-5*
March 24, 1969

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FISCAL NOTE

HOUSE FILE 226

Date prepared April 8, 1969

Requested by Senator Ollenburg.

Prepared in regard to House File 226, a bill for an act relating to the collection of sales tax on the cash difference between the retail sales price and the trade-in value in all transactions except in sales of motor vehicles.

Following is the fiscal effect in dollars of the legislative proposal as required by Rule 47: Cost estimate not available.

Filed
April 9, 1969

GERRY D. RANKIN
Legislative Fiscal Director

Senate

- 1 Amend House File 226 as follows:
2 1. By inserting in page 2, line 3, after the word "value" the
3 following words:
4 "except the sale of vehicles subject to
5 registration under the laws of this state,".
6 2. By inserting in page 2, line 33, after the word "and" the
7 following words:
8 "except the sale of vehicles subject to
9 registration under the laws of this state,".
10 3. By striking from page 2, line 13, the words "motor vehicles"
11 and inserting in lieu thereof the words:
12 "vehicles subject to registration under the laws
13 of this state".
14 4. By striking from page 2, lines 17 and 18, the words
15 "motor vehicles" and inserting in lieu thereof the words:
16 "vehicles subject to registration under the laws
17 of this state".
18 5. By striking from page 2, line 21, the words "motor vehicles"
19 and inserting in lieu thereof the words:
20 "vehicles subject to registration under the laws
21 of this state".

Filed - *adopted 5-22*
April 9, 1969

By COMMITTEE ON WAYS AND MEANS

Amend House File 226 by striking from page 1,
line 3, the words "motor vehicles" and inserting
in lieu thereof the words "vehicles subject to
registration".

Filed and adopted
May 22, 1969

By OLLENBURG