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Dunlap, Chairman  
Egenes  
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Monroe  
Reorda

SENATE FILE 124

By COMMITTEE ON WAYS AND MEANS

Passed Senate, Date 2-9-73 (285) Passed House, Date 1-27-73 (439)

Vote: Ayes 45 Nays 1 Vote: Ayes 84 Nays 0

Approved 3-23-73

## A BILL FOR

1 An Act relating to sales tax on purchases made by contractors  
2 who are retailers.

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

4 Section 1. Section four hundred twenty-two point forty-  
5 two (422.42), subsection nine (9), Code 1973, is amended by  
6 adding the following new paragraph:

7 NEW PARAGRAPH. Where the owner, contractor, subcontractor  
8 or builder is also a retailer holding a retail sales tax per-  
9 mit and transacting retail sales of building materials,  
10 supplies, and equipment, he shall purchase such items of  
11 tangible personal property without liability for the tax if  
12 such property will be subject to the tax at the time of resale  
13 or at the time it is withdrawn from inventory for construction  
14 purposes. The sales tax shall be due in the reporting period  
15 when the materials, supplies, and equipment are withdrawn  
16 from inventory for construction purposes or when sold at  
17 retail.

### 18 EXPLANATION

19 The present statutory requirement for the prepayment of  
20 sales tax on tangible personal property by purchasing con-  
21 tractors/retailers causes an expensive bookkeeping problem  
22 when any of the purchased material is later sold at retail  
23 and subject to sales tax. This proposed legislation would  
24 expedite the preparation of periodic sales tax reports without  
25 numerous adjustments that are not necessary.

LSB 518  
bk/jw/3