

Way. Means 1/15/79
Do Pass 4/3
(p. 1062)

Then Way. Means 4/26
Do Pass 5/1 (p. 1984)

SENATE FILE 51

By HOLDEN

Passed Senate, Date 4-24-79 (p. 1371) Passed House, Date 5-3-79 (p. 2051)

Vote: Ayes 33 Nays 14 Vote: Ayes 54 Nays 37

Approved 1979

made in the ... (p. 1272) ... 4/25 *... (p. 2017)*
" ... 5/8 (p. 2175)

A BILL FOR

1 An Act to repeal the chain store tax.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SENATE FILE 51
FISCAL NOTE

DATE: APRIL 10, 1979
REQUESTED BY: SENATOR RAMSEY

In compliance with a written request received February 16, 19 79, there is hereby submitted a Fiscal Note for Senate File 51 pursuant to Joint Rule 16. Background information used in developing this Fiscal Note is available from the Legislative Fiscal Bureau, to members of the Legislature upon request.

S.F. 51, An Act to repeal the chain store tax.

During fiscal 1978, approximately \$117,000 was collected from this tax. Should the tax be repealed, the annual loss for future years is anticipated to be somewhat greater due to increased enforcement and compliance.

SOURCE: DEPARTMENT OF REVENUE

FILED:
APRIL 11, 1979

BY GERRY RANKIN, DIRECTOR
LEGISLATIVE FISCAL BUREAU

1 Section 1. Chapter four hundred twenty-four (424), Code
2 1979, is repealed.
3 Sec. 2. This Act is effective on June thirtieth following
4 its enactment.

5 EXPLANATION

6 The bill repeals the chain store tax and becomes effective
7 on June 30 following its enactment.

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SENATE FILE 51
FISCAL NOTE

DATE: APRIL 16, 1979
REQUESTED BY: SENATOR HUTCHINS

In compliance with a written request received April 10,, 19 79, there is hereby submitted a Fiscal Note for Amendment S3472, SF 51 pursuant to Joint Rule 16. Background information used in developing this Fiscal Note is available from the Legislative Fiscal Bureau, to members of the Legislature upon request.

The proposed amendment would redefine what is considered to be the conducting of business by a system of chain stores. As a result of the amendment, the chain store tax would be limited to owners of two or more stores, not merely management, supervision or control of two or more stores, and to owners of franchise stores receiving some profits from the stores. Stores owned by a franchisee are precluded from being part of a franchisor's chain.

During the fiscal year ending June 30, 1978, approximately \$100,000 in tax was collected for the current tax year. Since the amendment would provide a narrower definition of what constitutes a chain store operation than the present language of Chapter 424, as interpreted by the Department, the amendment would result in a reduction in chain store tax receipts. However, a specific reduction in the amount of revenue expected to occur as the result of the amendment cannot be given.

SOURCE: DEPARTMENT OF REVENUE

FILED
APRIL 18, 1979

BY GERRY RANKIN, DIRECTOR
LEGISLATIVE FISCAL BUREAU

SENATE FILE 51

S-3472

1 Amend Senate File 51 as follows:

2 1. By striking everything after the enacting
3 clause and inserting in lieu thereof the following:

4 "Section 1. Section four hundred twenty-four point
5 two (424.2), subsection eight (8), Code 1979, is
6 amended by striking the subsection and inserting in
7 lieu thereof the following:

8 8. "Conducting a business by a system of chain
9 stores" means a person who owns two or more stores
10 where goods, wares, articles, merchandise, or
11 commodities of a similar kind are sold or offered
12 for sale at retail and where the person owning the
13 store receives the retail profit from the commodities
14 sold or a person who owns two or more stores which
15 are operated pursuant to a franchise agreement or
16 contract. For the purpose of this chapter, mere
17 operation under a common name shall not be deemed
18 to constitute a system of chain stores.

19 For purposes of this chapter, a "franchise" is
20 defined as a contractual relationship under which
21 the franchisee is granted the right to sell at retail
22 tangible personal property in a store operated under
23 the franchisor's trade name or trademark in accordance
24 with procedures and methods prescribed by the
25 franchisor and the franchisee can receive continuing
26 assistance from the franchisor in the form of such
27 management resources including, but not limited to,
28 operational guidance, coordinated advertising, research
29 and development, quality purchasing, training and
30 education, and other specialized management resources.
31 Failure of the franchisor to provide one or more of
32 such types of assistance does not necessarily exclude
33 the contractual relationship as a franchise for the
34 purposes of this rule. Franchisors typically exercise
35 quality control over their trademarks. These
36 franchises ordinarily include "traditional franchises"
37 and "business format franchises".

38 2. Amend the title, line 1, by striking the word
39 "repeal" and inserting in lieu thereof the words
40 "redefine the term conducting a business by a system
41 of chain stores for purposes of".

S-3472 FILED *Loss 4/24 (p. 1369)* BY C. W. HUTCHINS
APRIL 10, 1979 NORMAN RODGERS

SENATE FILE 51

S-3533

1 Amend the Hutchins and Rodgers amendment, S-3472,
2 to Senate File 51, as follows:

3 1. Page 1, line 34, by striking the word "rule"
4 and inserting in lieu thereof the word "section".

S-3533 FILED *Adopted 4/24 (p. 1369)* BY C. W. HUTCHINS
APRIL 18, 1979

SENATE FILE 51

S-3558

1 Amend Senate File 51 as follows:

2 1. Page 1, by striking lines 3 and 4 and inserting
3 in lieu thereof the following new section:

4 "Sec. ____ . This Act is retroactive to June 30, 1978."

5 2. Amend the title, line 1, by inserting after the
6 word "tax" the words "and making the Act retroactive".

BY EDGAR H. HOLDEN

BASS VAN GILST

ROLF V. CROFT

BOB RUSH

S-3558 FILED

APRIL 19, 1979

Adopted, reconsidered - House 4/20 (p. 127)

AN ACT
TO REPEAL THE CHAIN STORE TAX.

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

Section 1. Chapter four hundred twenty-four (424), Code 1979, is repealed.

Sec. 2. This Act is effective on June thirtieth following its enactment.

TERRY E. BRANSTAD
President of the Senate

FLOYD H. MILLEN
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 51, Sixty-eighth General Assembly.

FRANK J. STORK
Secretary of the Senate

Approved June 1, 1979

ROBERT D. RAY
Governor