

Ways and Means
Taylor, Chairperson
Rodgers
Hester

3 1981

HOUSE FILE 468

BY COMMITTEE ON WAYS AND MEANS

(Formerly Study Bill 80)

WAYS & MEANS CALENDAR

3/18
Dr Pass 4/7/81 (9-1154)

Passed House, Date 3-12-81 (9-735) Passed Senate, Date 4-30-81 (9-1312)

Vote: Ayes 51 Nays 41 Vote: Ayes 35 Nays 8

Approved May 11, 1981

7/15/81 (9-775)

A BILL FOR

1 An Act relating to the taxation of certain optional service
2 or maintenance contracts which provide for the furnish-
3 ing of labor and materials for a fixed price.

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

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1 Section 1. Section 422.43, Code 1981, is amended by
2 inserting after unnumbered paragraph 3 the following new
3 unnumbered paragraph:

4 NEW UNNUMBERED PARAGRAPH. There is imposed a tax of three
5 percent upon the gross receipts from the sales of optional
6 service or warranty contracts which provide for the furnishing
7 of labor and materials and require the furnishing of any tax-
8 able service enumerated under this section. The gross receipts
9 are subject to tax even if some of the services furnished
10 are not enumerated under this section. For the purpose of
11 this division, the sale of an optional service or warranty
12 contract is a sale of tangible personal property. No
13 additional sales, services or use tax shall be levied on
14 services, parts, or labor provided under optional service
15 or warranty contracts which are subject to tax under this
16 section.

17 EXPLANATION

18 This bill establishes a tax on the total purchase price
19 of optional service or warranty contracts which provide for
20 the furnishing of repair parts and labor. The tax would apply
21 to any contract under which a taxable service is performed
22 and enumerated in section 422.43. Presently, there is no
23 tax imposed at the time of the purchase or acquisition of
24 such a contract because it is not an item which is listed
25 as taxable. However, the tax is imposed at the time parts
26 and labor are provided if the service performed is taxable.
27 The bill takes effect July 1 following its enactment.

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or warranty contracts which are subject to tax under this section.

HOUSE FILE 468

AN ACT

RELATING TO THE TAXATION OF CERTAIN OPTIONAL SERVICE OR MAINTENANCE CONTRACTS WHICH PROVIDE FOR THE FURNISHING OF LABOR AND MATERIALS FOR A FIXED PRICE.

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

Section 1. Section 422.43, Code 1981, is amended by inserting after unnumbered paragraph 3 the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. There is imposed a tax of three percent upon the gross receipts from the sales of optional service or warranty contracts which provide for the furnishing of labor and materials and require the furnishing of any taxable service enumerated under this section. The gross receipts are subject to tax even if some of the services furnished are not enumerated under this section. For the purpose of this division, the sale of an optional service or warranty contract is a sale of tangible personal property. No additional sales, services or use tax shall be levied on services, parts, or labor provided under optional service

DELWYN STROMER
Speaker of the House

TERRY E. BRANSTAD
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 468, Sixty-ninth General Assembly.

Approved 5/11, 1981

PAT H. HARPER
Chief Clerk of the House

ROBERT D. RAY
Governor