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FILED MAR 16 1984

SENATE FILE 2327

BY COMMITTEE ON WAYS AND MEANS

Approved 3/16 (y. 892)

Passed Senate, Date 4-4-84 (y. 1312) Passed House, Date 4-14-84 (p. 2264)

Vote: Ayes 45 Nays 0 Vote: Ayes 96 Nays 0

Approved May 9, 1984

A BILL FOR

1 An Act relating to what constitutes discounts on transactions
 2 occurring between January 1, 1978 and July 1, 1984
 3 involving farm equipment and related products for purposes
 4 of the state sales, services, and use tax, relating to
 5 refunds, and providing retroactive effect.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
 SENATE FILE 2327

S-5747

1 Amend Senate File 2327 as follows:
 2 1. Page 1, line 3, by striking the words and
 3 figures "January 1, 1978 and July 1, 1984" and
 4 inserting in lieu thereof the words and figures "June
 5 1, 1982 and June 1, 1984".
 6 2. Page 1, line 10, by striking the words and
 7 figures "January 1, 1978 and July 1, 1984" and
 8 inserting in lieu thereof the words and figures "June
 9 1, 1982 and June 1, 1984".
 10 3. Page 1, line 14, by striking the word and
 11 figures "January 1, 1978" and inserting in lieu thereof
 12 the word and figures "June 1, 1982".
 13 4. Title page, line 2, by striking the words and
 14 figures "January 1, 1978 and July 1, 1984" and
 15 inserting in lieu thereof the words and figures "June
 16 1, 1982 and June 1, 1984".

S-5747 FILED
APRIL 3, 1984

BY PATRICK J. DELUHERY
SENATE FILE 2327

S-5769

1 Amend Senate File 2327 as follows:
 2 1. Page 1, lines 2 and 3 by striking the words
 3 "and related products".
 4 2. Page 1, line 11 by striking the words "and
 5 related products".
 6 3. Title, line 3 by striking the words "and
 7 related products".

S-5769 FILED & ADOPTED
APRIL 4, 1984 (y. 1312)

BY JAMES V. GALLAGHER

1 Section 1. For purposes of the state sales, services,
2 and use tax, a retail sale of farm equipment and related
3 products, occurring between January 1, 1978 and July 1, 1984,
4 which is partially paid for in money shall be treated as
5 having a discount taken in the amount of the nonmonetary
6 portion of the sale. The amount of this discount is not
7 subject to the state sales, services, and use tax.

8 Sec. 2. Claims for refunds as a result of this Act for
9 sales, services, and use taxes paid on transactions occurring
10 between January 1, 1978 and July 1, 1984 involving the retail
11 sales of farm equipment and related products shall be filed
12 between July 1, 1984 and January 1, 1985, notwithstanding
13 any other provision of law.

14 Sec. 3. This Act is retroactive to January 1, 1978.

15 EXPLANATION

16 The bill provides that retail sales of farm equipment and
17 related products occurring between January 1, 1978 and July
18 1, 1984 which are partially paid in money shall be treated
19 as having a discount taken in the amount of the nonmonetary
20 portion of the sale. The amount of this nonmonetary portion
21 is not subject to the sales, services and use tax.

22 The bill is retroactive to January 1, 1978 and provides
23 that claims for refunds as a result of this bill must be filed
24 between July 1, 1984 and January 1, 1985.

25 The bill is effective July 1, 1984.

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SENATE 5
MARCH 21, 1984

SENATE FILE 2327
FISCAL NOTE

REQUESTED BY SENATOR PALMER

In compliance with a written request there is hereby submitted a Fiscal Note for Senate File 2327 pursuant to Joint Rule 17.

Senate File 2327 provides that retail sales of farm equipment and related products occurring between January 1, 1978 and July 1, 1984 which are partially paid in money shall be treated as having a discount taken in the amount of the nonmonetary portion of the sale. This would result in the value of that nonmonetary portion not being subject to the sales, services and use tax since discounts are not considered part of the gross receipts or purchase price on which the sales, services, and use taxes are imposed.

Currently, the state sales tax is imposed on a retailer's gross receipts. Gross receipts are defined to be the sales of retailers, valued in money, whether received in money. The only exception to this general rule is when a discount reduces the sale price. A discount is an abatement from the face of an account with the remainder being the actual purchase price. In a discount situation, the purchaser will never owe the total sales price of the item as a debt. A rebate is a return of part of an amount paid for a product and manufacturers' rebates are not considered to be discounts. In such rebate situations, the dealer receives the full amount of the sales price. A portion is received from the manufacturer and a portion is paid by the customer. Tax owing on the full amount as the original sale is "gross receipts" by current law.

Senate File 2327 would decrease the sale price subject to the sales, use, and services tax by the amount of the manufacturers' rebates for farm equipment and related products. The bill is retroactive to January 1, 1978 and provides that claims for refunds as a result of this bill must be filed between July 1, 1984 and January 1, 1985.

FISCAL IMPACT: No estimate of the decline in sales, use and services tax receipts is possible as data indicating the extent to which manufacturers' rebates or other qualifying marketing schemes have been used since 1978 or will be developed in response to Senate File 2103 are unavailable.

(4226S, 84-281E, CMG)

Source: Department of Revenue

FILED:
MARCH 20, 1984

BY DENNIS C. PROUTY, DIRECTOR
LEGISLATIVE FISCAL BUREAU

See Ways & Means 4/5

Senate File 2327

Ways and Means: Koenigs. Chair: Swartz and Daggett.

Amended for 6352 > D. Pass 4/17 (p. 2119)

SENATE FILE 2327

BY COMMITTEE ON WAYS AND MEANS

(AS AMENDED AND PASSED BY THE SENATE APRIL 4, 1984)

Be Passed Senate, Date 4-19-84 (p. 1696) Passed House, Date 4-19-84 (p. 2264)

Vote: Ayes 46 Nays 0 Vote: Ayes 96 Nays 0

Approved May 9, 1984

A BILL FOR

1 An Act relating to what constitutes discounts on transactions
 2 occurring between January 1, 1978 and July 1, 1984
 * 3 involving farm equipment for purposes of the state sales,
 4 services, and use tax, relating to refunds, and providing
 5 retroactive effect.

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

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* = Language Stricken
by the Senate

1 Section 1. For purposes of the state sales, services,
* 2 and use tax, a retail sale of farm equipment occurring between
3 January 1, 1978 and July 1, 1984, which is partially paid
4 for in money shall be treated as having a discount taken in
5 the amount of the nonmonetary portion of the sale. The amount
6 of this discount is not subject to the state sales, services,
7 and use tax.

8 Sec. 2. Claims for refunds as a result of this Act for
9 sales, services, and use taxes paid on transactions occurring
10 between January 1, 1978 and July 1, 1984 involving the retail
* 11 sales of farm equipment shall be filed between July 1, 1984
12 and January 1, 1985, notwithstanding any other provision of
13 law.

14 Sec. 3. This Act is retroactive to January 1, 1978.

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SF 2327
mg/slc/26c

1 Amend Senate File 2327 as amended, passed and
2 reprinted by the Senate as follows:

3 1. Page 1, line 2, by inserting after the word
4 "of" the words "farm tractors and".

5 2. Page 1, line 3, by striking the word and figures
6 "January 1, 1978" and inserting in lieu thereof the
7 word and figures "June 1, 1982".

8 3. Page 1, line 10, by striking the word and
9 figures "January 1, 1978" and inserting in lieu thereof
10 the word and figures "June 1, 1982".

11 4. Page 1, line 11, by inserting after the word
12 "of" the words "farm tractors and".

13 5. Page 1, line 13, by inserting after the word
14 "law." the following: "Notwithstanding any other
15 provision of law, the total amount of refunds that
16 shall be paid pursuant to this section shall not
17 exceed the sum of seventy-five thousand dollars.
18 If the total dollar amount of the allowable claims
19 for refunds exceeds seventy-five thousand dollars
20 the director of revenue shall prorate the seventy-
21 five thousand dollars among the claimants of the
22 allowable claims by paying each claimant a percent
23 of the amount of the claimant's allowable claim equal
24 to the percent that seventy-five thousand dollars
25 is of the total amount of all the allowable claims."

26 6. Page 1, line 14, by striking the word and
27 figures "January 1, 1978" and inserting in lieu thereof
28 the word and figures "June 1, 1982".

29 7. Title page, line 2, by striking the word and
30 figures "January 1, 1978" and inserting in lieu thereof
31 the word and figures "June 1, 1982".

32 8. Title page, line 3, by inserting after the
33 word "involving" the words "farm tractors and".

H-6352 FILED APRIL 17, 1984 BY COMMITTEE ON WAYS AND MEANS

Adopted 4/19/84 (p. 2264)

HOUSE AMENDMENT TO SENATE FILE 2327

S-6014

1 Amend Senate File 2327 as amended, passed and
2 reprinted by the Senate as follows:

3 1. Page 1, line 2, by inserting after the word
4 "of" the words "farm tractors and".

5 2. Page 1, line 3, by striking the word and figures
6 "January 1, 1978" and inserting in lieu thereof the
7 word and figures "June 1, 1982".

8 3. Page 1, line 10, by striking the word and
9 figures "January 1, 1978" and inserting in lieu thereof
10 the word and figures "June 1, 1982".

11 4. Page 1, line 11, by inserting after the word
12 "of" the words "farm tractors and".

13 5. Page 1, line 13, by inserting after the word
14 "law." the following: "Notwithstanding any other
15 provision of law, the total amount of refunds that
16 shall be paid pursuant to this section shall not
17 exceed the sum of seventy-five thousand dollars.
18 If the total dollar amount of the allowable claims
19 for refunds exceeds seventy-five thousand dollars
20 the director of revenue shall prorate the seventy-
21 five thousand dollars among the claimants of the
22 allowable claims by paying each claimant a percent
23 of the amount of the claimant's allowable claim equal
24 to the percent that seventy-five thousand dollars
25 is of the total amount of all the allowable claims."

26 6. Page 1, line 14, by striking the word and
27 figures "January 1, 1978" and inserting in lieu thereof
28 the word and figures "June 1, 1982".

29 7. Title page, line 2, by striking the word and
30 figures "January 1, 1978" and inserting in lieu thereof
31 the word and figures "June 1, 1982".

32 8. Title page, line 3, by inserting after the
33 word "involving" the words "farm tractors and".

S-6014 FILED
APRIL 19, 1984

RECEIVED FROM THE HOUSE
Senate concurred 4/19 (p. 1690)

that seventy-five thousand dollars is of the total amount of all the allowable claims.

Sec. 3. This Act is retroactive to June 1, 1982.

SENATE FILE 2327

AN ACT

RELATING TO WHAT CONSTITUTES DISCOUNTS ON TRANSACTIONS OCCURRING BETWEEN JUNE 1, 1982 AND JULY 1, 1984 INVOLVING FARM TRACTORS AND FARM EQUIPMENT FOR PURPOSES OF THE STATE SALES, SERVICES, AND USE TAX, RELATING TO REFUND, AND PROVIDING RETROACTIVE EFFECT.

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

Section 1. For purposes of the state sales, services, and use tax, a retail sale of farm tractors and farm equipment occurring between June 1, 1982 and July 1, 1984, which is partially paid for in money shall be treated as having a discount taken in the amount of the nonmonetary portion of the sale. The amount of this discount is not subject to the state sales, services, and use tax.

Sec. 2. Claims for refunds as a result of this Act for sales, services, and use taxes paid on transactions occurring between June 1, 1982 and July 1, 1984 involving the retail sales of farm tractors and farm equipment shall be filed between July 1, 1984 and January 1, 1985, notwithstanding any other provision of law. Notwithstanding any other provision of law, the total amount of refunds that shall be paid pursuant to this section shall not exceed the sum of seventy-five thousand dollars. If the total dollar amount of the allowable claims for refunds exceeds seventy-five thousand dollars the director of revenue shall prorate the seventy-five thousand dollars among the claimants of the allowable claims by paying each claimant a percent of the amount of the claimant's allowable claim equal to the percent

CHARLES P. MILLER
President Pro Tempore of the
Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2327, Seventieth General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved *May 9* 1984

TERRY E. BRANSTAD
Governor

S.F. 2327