

MAR 18 1988

Reprinted

WAYS & MEANS CALENDAR

HOUSE FILE 2453
BY COMMITTEE ON WAYS AND MEANS

(Formerly House File 2380)

Passed House, Date 4/2/88 (p.1355) Passed Senate, Date 4/15/88 (p.1630)
Vote: Ayes 97 Nays 0 Vote: Ayes 49 Nays 0
Approved May 7, 1988

A BILL FOR

1 An Act relating to the sale and use of packaging products,
2 providing sales and use tax incentives for the use of
3 degradable packaging products, subjecting violators to a
4 penalty, and providing an effective date.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

HOUSE FILE 2453

H-6035

1 Amend House File 2453 as follows:
2 1. Page 2, line 21, by striking the word
3 "subsection" and inserting the following:
4 "subsections".
5 2. Page 2, line 30, by inserting after the word
6 "clothing." the following: "For the purpose of this
7 subsection and subsection 19B, "point of sale" means
8 the point at which payment is exchanged for tangible
9 personal property."
10 3. Page 2, by inserting after line 30 the
11 following:
12 "NEW SUBSECTION. 19B. The gross receipts from the
13 sale of property which is a container, carton,
14 packaging case, wrapping paper, bag, bottle, shipping
15 carton, or other similar article or receptacle sold to
16 retailers for the purpose of nonpoint-of-sale
17 packaging."

By SCHRADER of Marion

H-6035 FILED MARCH 29, 1988

Adopted 4/4 (p. 1355)

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1 Section 1. Section 455B.301, Code Supplement 1987, is
2 amended by adding the following new subsections:

3 NEW SUBSECTION. 16. "Degradable" means capable of
4 decomposing by biodegradation, photodegradation, or chemical
5 process into harmless component parts after exposure to
6 natural elements for not more than three hundred sixty-five
7 days.

8 NEW SUBSECTION. 17. "Biodegradable" means degradable
9 through a process by which fungi or bacteria secrete enzymes
10 to convert a complex molecular structure to simple gasses and
11 organic compounds.

12 NEW SUBSECTION. 18. "Photodegradable" means degradable
13 through a process in which ultraviolet radiation in sunlight
14 causes a chemical change in a material.

15 NEW SUBSECTION. 19. "Beverage" means wine as defined in
16 section 123.3, subsection 7, alcoholic liquor as defined in
17 section 123.3, subsection 8, beer as defined in section 123.3,
18 subsection 10, wine cooler or drink, tea, potable water, soda
19 water and similar carbonated soft drinks, mineral water, fruit
20 juice, vegetable juice, or fruit or vegetable drinks, which
6435 21 are intended for human consumption.

22 NEW SUBSECTION. 20. "Beverage container" means a sealed
23 glass, plastic, or metal bottle, can, jar, or carton
24 containing a beverage.

25 Sec. 2. NEW SECTION. 455B.314 BEVERAGE CONTAINER
26 CONNECTORS -- PROHIBITION.

27 1. A distributor as defined in section 455C.1, subsection
28 5, shall not sell or offer to sell any beverage container if
29 the beverage container is connected to another beverage
6435 30 container by a device constructed of a material which is not
31 biodegradable or photodegradable.

32 2. A distributor violating subsection 1 is guilty of a
33 serious misdemeanor.

34 Sec. 3. NEW SECTION. 455B.315 WASTE MANAGEMENT AUTHORITY
35 -- PACKAGING DETERMINATION -- PROMOTION.

1 The waste management authority shall do all of the
2 following:

3 1. Designate, pursuant to chapter 17A, packaging products
4 which are degradable.

5 2. Promote the use at the point of sale of designated
6 degradable packaging products by retailers.

7 3. Promote the development of markets which provide
8 degradable packaging alternatives for use at the point of sale
9 by retailers in this state.

10 Sec. 4. Section 422.45, subsection 19, Code Supplement
11 1987, is amended to read as follows:

12 19. The gross receipts from the sale of property which is
13 a container, label, carton, pallet, packing case, wrapping
14 paper, twine, bag, bottle, shipping case, or other similar
15 article or receptacle sold to ~~retailers~~-~~er~~ manufacturers for
16 the purpose of packaging or facilitating the transportation of
17 tangible personal property ~~sold-at-retail~~ or transferred in
18 association with the maintenance or repair of fabric or
19 clothing.

20 Sec. 5. Section 422.45, Code Supplement 1987, is amended
21 by adding the following new subsection:

22 NEW SUBSECTION. 19A. The gross receipts from the sale of
23 degradable, as defined in section 455B.301, subsection 16,
24 property which is a container, carton, packaging case,
25 wrapping paper, bag, bottle, shipping carton, or other similar
26 article or receptacle sold to retailers for the purpose of
27 point-of-sale packaging or for facilitating the transportation
28 of tangible personal property sold at retail or transferred in
29 association with the maintenance or repair of fabric or
30 clothing.

31 Sec. 6. ^{60.55} EFFECTIVE DATE. This Act takes effect July 1,
32 1989. Sections 4 and 5 take effect when the authority
33 determines that degradable products are available to a degree
34 which makes compliance reasonably possible. The authority
35 shall establish the effective date by rule adopted under

1 chapter 17A.

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EXPLANATION

This bill applies the retail sales and use tax to nondegradable packaging products used by retailers to package merchandise at the point of sale for customers. The bill includes definitions of degradable, biodegradable, and photodegradable. The waste management authority is required to designate products which are degradable. Also, the authority is required to promote the use of designated packaging products by retailers; and promote the development of markets which provide degradable packaging alternatives.

The bill prohibits the sale of beverage containers which are packaged with the use of plastic rings. The ring material must be biodegradable or photodegradable. A violator is guilty of a serious misdemeanor which is punishable by a fine of not more than one hundred dollars or imprisonment for not more than thirty days.

This bill takes effect July 1, 1989, however, certain sections take effect following the determination of the waste management authority of degradable products and at a time when compliance is reasonably possible.

SIMILAR TO HF 2380 (LSB 8136HV)

HOUSE FILE 2453
FISCAL NOTE

In compliance with a written request received March 17, 1988, a fiscal note for HOUSE FILE 2453 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2453 applies the retail sales and use tax to nondegradable packaging products used by retailers to package merchandise at the point of sale. The bill prohibits the sale of beverages in containers connected by plastic rings that are not biodegradable or photodegradable. The tax revenue generated by the sale of packaging that is not degradable will be deposited in the general fund.

The Waste Management Authority of the Department of Natural Resources will; designate packaging products that are degradable and not degradable, promote the use of degradable products by retailers, promote the development of markets which provide degradable packaging alternatives, design forms and require their use by retailers for reporting the amount and cost of point-of-sale packaging products, and determine the effective date of several sections of the bill based upon availability of suitable degradable packaging products.

Fiscal Effect:

The amount of revenue generated by applying the retail sales and use taxes to packaging products that are not degradable cannot be determined. The Department of Revenue and Finance does not have the proper data to determine the amount and value of packaging products presently sold in the State, nor can any estimate of the level of compliance be determined. The Department of Natural Resources estimates that administering the program would cost \$5,575 per year in salary, support and benefits (0.2 FTE).

Sources:

Department of Natural Resources
Department of Revenue and Finance

(LSB 8454h, JWR)

3 Ways Means 4/c Do Pass 4/13 (p. 1481)

HOUSE FILE 2453

BY COMMITTEE ON WAYS AND MEANS

(As Amended and Passed by the House April 4, 1988)

Re Passed House, Date 4/15/88 (p. 2026) Passed Senate, Date 4/15/88 (p. 1630)

Vote: Ayes 94 Nays 0 Vote: Ayes 49 Nays 0

Approved May 7, 1988

A BILL FOR

1 An Act relating to the sale and use of packaging products,
2 providing sales and use tax incentives for the use of
3 degradable packaging products, subjecting violators to a
4 penalty, and providing an effective date.

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

HOUSE FILE 2453

S-6003

1 Amend House File 2453 as amended, passed, and
2 reprinted by the House, as follows:
3 1. By striking page 1, line 34 through page 2,
4 line 2 and inserting the following:
5 "Sec. ____ . NEW SECTION. 159.30 LABORATORY
6 DIVISION -- PACKAGING DETERMINATION -- PROMOTION.
7 The laboratory division of the department shall do
8 all of the following:"
9 2. Page 2, line 4, by inserting after the word
10 "degradable" the following: "as defined pursuant to
11 section 455B.301, subsection 16."
12 3. Page 2, line 6, by inserting after the word
13 "degradable" the following: ", as defined pursuant to
14 section 455B.301, subsection 16,".
15 4. Page 2, line 8, by inserting after the word
16 "degradable" the following: ", as defined pursuant to
17 section 455B.301, subsection 16,".

S-6003

Filed April 14, 1988

Adopted 4/15 (p. 1630)

BY JAMES RIORDAN
JOHN W. JENSEN

1 Section 1. Section 455B.301, Code Supplement 1987, is
2 amended by adding the following new subsections:

3 NEW SUBSECTION. 16. "Degradable" means capable of
4 decomposing by biodegradation, photodegradation, or chemical
5 process into harmless component parts after exposure to
6 natural elements for not more than three hundred sixty-five
7 days.

8 NEW SUBSECTION. 17. "Biodegradable" means degradable
9 through a process by which fungi or bacteria secrete enzymes
10 to convert a complex molecular structure to simple gasses and
11 organic compounds.

12 NEW SUBSECTION. 18. "Photodegradable" means degradable
13 through a process in which ultraviolet radiation in sunlight
14 causes a chemical change in a material.

15 NEW SUBSECTION. 19. "Beverage" means wine as defined in
16 section 123.3, subsection 7, alcoholic liquor as defined in
17 section 123.3, subsection 8, beer as defined in section 123.3,
18 subsection 10, wine cooler or drink, tea, potable water, soda
19 water and similar carbonated soft drinks, mineral water, fruit
20 juice, vegetable juice, or fruit or vegetable drinks, which
21 are intended for human consumption.

22 NEW SUBSECTION. 20. "Beverage container" means a sealed
23 glass, plastic, or metal bottle, can, jar, or carton
24 containing a beverage.

25 Sec. 2. NEW SECTION. 455B.314 BEVERAGE CONTAINER
26 CONNECTORS -- PROHIBITION.

27 1. A distributor as defined in section 455C.1, subsection
28 5, shall not sell or offer to sell any beverage container if
29 the beverage container is connected to another beverage
30 container by a device constructed of a material which is not
31 biodegradable or photodegradable.

32 2. A distributor violating subsection 1 is guilty of a
33 serious misdemeanor.

6023 34 Sec. 3. NEW SECTION. 455B.315 WASTE MANAGEMENT AUTHORITY
35 -- PACKAGING DETERMINATION -- PROMOTION.

1 The waste management authority shall do all of the
2 following:

3 1. Designate, pursuant to chapter 17A, packaging products
4 which are degradable.

5 2. Promote the use at the point of sale of designated
6 degradable packaging products by retailers.

7 3. Promote the development of markets which provide
8 degradable packaging alternatives for use at the point of sale
9 by retailers in this state.

10 Sec. 4. Section 422.45, subsection 19, Code Supplement
11 1987, is amended to read as follows:

12 19. The gross receipts from the sale of property which is
13 a container, label, carton, pallet, packing case, wrapping
14 paper, twine, bag, bottle, shipping case, or other similar
15 article or receptacle sold to ~~retailers~~ or manufacturers for
16 the purpose of packaging or facilitating the transportation of
17 tangible personal property ~~sold-at-retail~~ or transferred in
18 association with the maintenance or repair of fabric or
19 clothing.

20 Sec. 5. Section 422.45, Code Supplement 1987, is amended
21 by adding the following new subsections:

22 NEW SUBSECTION. 19A. The gross receipts from the sale of
23 degradable, as defined in section 455B.301, subsection 16,
24 property which is a container, carton, packaging case,
25 wrapping paper, bag, bottle, shipping carton, or other similar
26 article or receptacle sold to retailers for the purpose of
27 point-of-sale packaging or for facilitating the transportation
28 of tangible personal property sold at retail or transferred in
29 association with the maintenance or repair of fabric or
30 clothing. For the purpose of this subsection and subsection
31 19B, "point-of-sale" means the point at which payment is
32 exchanged for tangible personal property.

33 NEW SUBSECTION. 19B. The gross receipts from the sale of
34 property which is a container, carton, packaging case,
35 wrapping paper, bag, bottle, shipping carton, or other similar

1 article or receptacle sold to retailers for the purpose of
2 nonpoint-of-sale packaging.

3 Sec. 6. EFFECTIVE DATE. This Act takes effect July 1,
4 1989. Sections 4 and 5 take effect when the authority
5 determines that degradable products are available to a degree
6 which makes compliance reasonably possible. The authority
7 shall establish the effective date by rule adopted under
8 chapter 17A.

9 SIMILAR TO HF 2380 (LSB 8136HV)

HOUSE FILE 2453
FISCAL NOTE

In compliance with a written request received March 17, 1988, a fiscal note for HOUSE FILE 2453 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2453 applies the retail sales and use tax to nondegradable packaging products used by retailers to package merchandise at the point of sale. The bill prohibits the sale of beverages in containers connected by plastic rings that are not biodegradable or photodegradable. The tax revenue generated by the sale of packaging that is not degradable will be deposited in the general fund.

The Waste Management Authority of the Department of Natural Resources will; designate packaging products that are degradable and not degradable, promote the use of degradable products by retailers, promote the development of markets which provide degradable packaging alternatives, design forms and require their use by retailers for reporting the amount and cost of point-of-sale packaging products, and determine the effective date of several sections of the bill based upon availability of suitable degradable packaging products.

Fiscal Effect:

The amount of revenue generated by applying the retail sales and use taxes to packaging products that are not degradable cannot be determined. The Department of Revenue and Finance does not have the proper data to determine the amount and value of packaging products presently sold in the State, nor can any estimate of the level of compliance be determined. The Department of Natural Resources estimates that administering the program would cost \$5,575 per year in salary, support and benefits (0.2 FTE).

Sources:

Department of Natural Resources
Department of Revenue and Finance

(LSB 8454h, JWR)

SENATE AMENDMENT TO HOUSE FILE 2453

H-6511

- 1 Amend House File 2453 as amended, passed, and
2 reprinted by the House, as follows:
3 1. By striking page 1, line 34 through page 2,
4 line 2 and inserting the following:
5 "Sec. ---. NEW SECTION. 159.30 LABORATORY
6 DIVISION -- PACKAGING DETERMINATION -- PROMOTION.
7 The laboratory division of the department shall do
8 all of the following:"
9 2. Page 2, line 4, by inserting after the word
10 "degradable" the following: "as defined pursuant to
11 section 455B.301, subsection 16."
12 3. Page 2, line 6, by inserting after the word
13 "degradable" the following: ", as defined pursuant to
14 section 455B.301, subsection 16,".
15 4. Page 2, line 8, by inserting after the word
16 "degradable" the following: ", as defined pursuant to
17 section 455B.301, subsection 16,".

RECEIVED FROM THE SENATE

H-6511 FILED APRIL 15, 1988
CONCURRED (p. 2026)

HOUSE FILE 2453

AN ACT

RELATING TO THE SALE AND USE OF PACKAGING PRODUCTS, PROVIDING SALES AND USE TAX INCENTIVES FOR THE USE OF DEGRADABLE PACKAGING PRODUCTS, SUBJECTING VIOLATORS TO A PENALTY, AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 455B.301, Code Supplement 1987, is amended by adding the following new subsections:

NEW SUBSECTION. 16. "Degradable" means capable of decomposing by biodegradation, photodegradation, or chemical process into harmless component parts after exposure to natural elements for not more than three hundred sixty-five days.

NEW SUBSECTION. 17. "Biodegradable" means degradable through a process by which fungi or bacteria secrete enzymes to convert a complex molecular structure to simple gasses and organic compounds.

NEW SUBSECTION. 18. "Photodegradable" means degradable through a process in which ultraviolet radiation in sunlight causes a chemical change in a material.

NEW SUBSECTION. 19. "Beverage" means wine as defined in section 123.3, subsection 7, alcoholic liquor as defined in section 123.3, subsection 8, beer as defined in section 123.3, subsection 10, wine cooler or drink, tea, potable water, soda water and similar carbonated soft drinks, mineral water, fruit juice, vegetable juice, or fruit or vegetable drinks, which are intended for human consumption.

NEW SUBSECTION. 20. "Beverage container" means a sealed glass, plastic, or metal bottle, can, jar, or carton containing a beverage.

Sec. 2. NEW SECTION. 455B.314 BEVERAGE CONTAINER CONNECTORS -- PROHIBITION.

1. A distributor as defined in section 455C.1, subsection 5, shall not sell or offer to sell any beverage container if the beverage container is connected to another beverage container by a device constructed of a material which is not biodegradable or photodegradable.

2. A distributor violating subsection 1 is guilty of a serious misdemeanor.

Sec. 3. NEW SECTION. 159.30 LABORATORY DIVISION -- PACKAGING DETERMINATION -- PROMOTION.

The laboratory division of the department shall do all of the following:

1. Designate, pursuant to chapter 17A, packaging products which are degradable as defined pursuant to section 455B.301, subsection 16.

2. Promote the use at the point of sale of designated degradable, as defined pursuant to section 455B.301, subsection 16, packaging products by retailers.

HF 2453

3. Promote the development of markets which provide degradable, as defined pursuant to section 455B.301, subsection 16, packaging alternatives for use at the point of sale by retailers in this state.

Sec. 4. Section 422.45, subsection 19, Code Supplement 1987, is amended to read as follows:

19. The gross receipts from the sale of property which is a container, label, carton, pallet, packing case, wrapping paper, twine, bag, bottle, shipping case, or other similar article or receptacle sold to retailers or manufacturers for the purpose of packaging or facilitating the transportation of tangible personal property sold-at-retail or transferred in association with the maintenance or repair of fabric or clothing.

Sec. 5. Section 422.45, Code Supplement 1987, is amended by adding the following new subsections:

NEW SUBSECTION. 19A. The gross receipts from the sale of degradable, as defined in section 455B.301, subsection 16, property which is a container, carton, packaging case, wrapping paper, bag, bottle, shipping carton, or other similar article or receptacle sold to retailers for the purpose of point-of-sale packaging or for facilitating the transportation of tangible personal property sold at retail or transferred in association with the maintenance or repair of fabric or clothing. For the purpose of this subsection and subsection 19B, "point-of-sale" means the point at which payment is exchanged for tangible personal property.

NEW SUBSECTION. 19B. The gross receipts from the sale of property which is a container, carton, packaging case, wrapping paper, bag, bottle, shipping carton, or other similar article or receptacle sold to retailers for the purpose of nonpoint-of-sale packaging.

Sec. 6. EFFECTIVE DATE. This Act takes effect July 1, 1989. Sections 4 and 5 take effect when the authority determines that degradable products are available to a degree

which makes compliance reasonably possible. The authority shall establish the effective date by rule adopted under chapter 17A.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2453, Seventy-second General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved *May 7*, 1988

TERRY E. BRANSTAD
Governor