

See Ways Means L. Pass 4/13 (y. 1526)

MAR 31 1988

WAYS & MEANS CALENDAR

HOUSE FILE 2460
BY COMMITTEE ON WAYS AND MEANS

(Formerly House File 2151)

Passed House, Date 4/11/88 (y. 1652) Passed Senate, Date 2/17/88 (y. 1700)
Vote: Ayes 94 Nays 0 Vote: Ayes 46 Nays 0
Approved May 11, 1988

A BILL FOR

1 An Act relating to the treatment of rebates given on the sales of
2 motor vehicles subject to registration for purposes of the
3 state sales, services, and use taxes.

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

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HF 2460

1 Section 1. Section 423.1, subsection 3, paragraph a, Code
2 Supplement 1987, is amended to read as follows:

3 a. That cash discounts taken on sales are not included. A
4 cash rebate which is provided by a motor vehicle manufacturer
5 to the purchaser of a vehicle subject to registration shall
6 not be included so long as the rebate is applied to the
7 purchase price of the vehicle.

8 EXPLANATION

9 The bill provides that a cash rebate which is provided by a
10 motor vehicle manufacturer to the purchaser of a motor vehicle
11 subject to registration and is applied to the purchase price
12 of the motor vehicle is not part of the purchase price for
13 purposes of the sales and use tax.

HOUSE FILE 2460
FISCAL NOTE

In compliance with a written request received April 1, 1988, a fiscal note for HOUSE FILE 2460 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 2460 provides that a cash rebate which is provided by a motor vehicle manufacturer to the purchaser of a motor vehicle subject to registration and is applied to the purchase price of the motor vehicle is not part of the purchase price for purposes of the use tax.

FISCAL EFFECT

The total fiscal effect of the bill is unknown since it is not known when and where motor vehicles subject to registration will be sold with a cash rebate sales incentive. Assuming it were to occur, the effect of the bill would be to reduce the amount of motor vehicle use taxes deposited in the Road Use Tax Fund. It is possible to illustrate the bill's effect on individual purchases. In the past, \$500 and \$1,000 rebates have been advertised: with this bill, the amount no longer taxed on individual purchases of vehicles with one of these rebate amounts would result in either a \$20 or \$40 reduction, depending on whether the rebate was \$500 or \$1,000.

(LSB 7764h.2, PDD)

FILED APRIL 4, 1988

BY DENNIS PROUTY, FISCAL DIRECTOR

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LSB 7764HV 72

HOUSE FILE 2460

S-6039

1 Amend House File 2460 as passed by the House as
2 follows:

3 1. Page 1, by inserting before line 1 the
4 following:

5 "Sec. ____ . Section 421.17, subsection 23,
6 paragraphs e and g, Code Supplement 1987, are amended
7 to read as follows:

8 e. Upon notice of entitlement to a refund or
9 rebate, the college aid commission or its servicer
10 shall send written notification to the defaulter, and
11 a copy of the notice to the department of revenue and
12 finance, of the commission's assertion of its rights
13 to all or a portion of the defaulter's refund or
14 rebate and the entitlement to recover the amount of
15 the default through the setoff procedure, the basis of
16 the assertion, the defaulter's opportunity to request
17 that a joint income tax refund or rebate be divided
18 between spouses, the defaulter's opportunity to give
19 written notice of intent to contest the claim, and the
20 fact that failure to contest the claim by written
21 application for a hearing before a specified date will
22 result in a waiver of the opportunity to contest the
23 claim, causing final setoff by default. Upon
24 application, the commission shall grant a hearing
25 pursuant to chapter 17A. An appeal taken from the
26 decision of a hearing officer and any subsequent
27 appeals shall be taken pursuant to chapter 17A.

28 g. The department of revenue and finance shall,
29 after notice has been sent to the defaulter by the
30 college aid commission or its servicer, set off the
31 amount of the default against the defaulter's income
32 tax refund or rebate if both the amount of the default
33 and the refund or rebate are at least fifty dollars.
34 The department shall refund any balance of the income
35 tax refund or rebate to the defaulter. The department
36 of revenue and finance shall periodically transfer the
37 amount set off to the college aid commission. If the
38 defaulter gives written notice of intent to contest
39 the claim, the commission shall hold the refund or
40 rebate until final disposition of the contested claim
41 pursuant to chapter 17A or by court judgment. The
42 commission shall notify the defaulter in writing upon
43 completion of setoff."

S-6039

Filed April 15, 1988

BY RAY TAYLOR

Billed not germane 4/11 (p. 1759)

not be included so long as the rebate is applied to the purchase price of the vehicle.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

HOUSE FILE 2460

AN ACT

RELATING TO THE TREATMENT OF REBATES GIVEN ON THE SALES OF MOTOR VEHICLES SUBJECT TO REGISTRATION FOR PURPOSES OF THE STATE SALES, SERVICES, AND USE TAXES.

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

Section 1. Section 423.1, subsection 3, paragraph a, Code Supplement 1987, is amended to read as follows:

a. That cash discounts taken on sales are not included. A cash rebate which is provided by a motor vehicle manufacturer to the purchaser of a vehicle subject to registration shall

I hereby certify that this bill originated in the House and is known as House File 2460, Seventy-second General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved May 11, 1988

TERRY E. BRANSTAD
Governor

HF 2460