

Sen. Ways Means 5/1/87 To Pass 5/7 (p. 1170)

APR 24 1987

HOUSE FILE 675

WAYS & MEANS CALENDAR

BY COMMITTEE ON WAYS AND MEANS

(Formerly House Study Bill 317)

Passed House, Date 4/30/87 (p. 1766) Passed Senate, Date 5/9/87 (p. 1815)

Vote: Ayes 96 Nays 0 Vote: Ayes 44 Nays 2

Approved June 5, 1987

*Referred House as amended by the Senate*  
5/4/87 (p. 2305)

*Referred Senate as further amended by the House*  
5/9/87 (p. 1815)

CC-25

A BILL FOR

27.17

1 An Act relating to the determination, for purposes of the state  
2 sales, services, and use tax, of gross receipts and purchase  
3 price when tangible personal property is traded to the  
4 retailer as part of the transaction subject to the tax.

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

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HF 675

1 Section 1. Section 422.42, subsection 6, paragraph b,  
2 subparagraph (2), Code 1987, is amended to read as follows:

3 (2) The tangible personal property traded to the retailer  
4 is intended by the retailer to be ultimately sold at retail  
5 ~~and will be subject to the tax under section 422.43 when sold~~  
6 or is intended to be used by the retailer or another in the  
7 remanufacturing of a like item.

8 Sec. 2. Section 423.1, subsection 3, paragraph b,  
9 subparagraph (2), Code 1987, is amended to read as follows:

10 (2) The tangible personal property traded to the retailer  
11 is intended by the retailer to be ultimately sold at retail  
12 ~~and will be subject to the tax under section 422.43 or this~~  
13 ~~chapter when sold~~ or is intended to be used by the retailer or  
14 another in the remanufacturing of a like item.

15 EXPLANATION

16 The bill provides that in determining, for purposes of the  
17 sales and use tax, the gross receipts or purchase price where  
18 property is traded in, the value of the property traded in is  
19 not included if the retailer intends to sell it at retail.  
20 Prior law provided that in addition to the condition of  
21 intention to sell at retail, when the sale of the trade-in  
22 occurs, it would be subject to the sales or use tax.

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HOUSE FILE 675

4077

1 Amend House File 675 as passed by the House as  
2 follows:

3 1. Page 1, by inserting after line 7 the  
4 following:

5 "Sec. \_\_\_\_ . Section 422.42, subsections 9 and 10,  
6 Code 1987, are amended to read as follows:

7 9. Sales of building materials, supplies, and  
8 equipment to owners, contractors, subcontractors or  
9 builders, for the erection of buildings or the  
10 alteration, repair, or improvement of real property,  
11 are retail sales in whatever quantity sold. Where the  
12 owner, contractor, subcontractor, or builder is also a  
13 retailer holding a retail sales tax permit and  
14 transacting retail sales of building materials,  
15 supplies, and equipment, the person shall purchase  
16 such items of tangible personal property without  
17 liability for the tax if such property will be subject  
18 to the tax at the time of resale or at the time it is  
19 withdrawn from inventory for construction purposes.  
20 The sales tax shall be due in the reporting period  
21 when the materials, supplies, and equipment are  
22 withdrawn from inventory for construction purposes or  
23 when sold at retail. The tax shall not be due when  
24 materials are withdrawn from inventory for use in  
25 construction outside of Iowa and the tax shall not  
26 apply to tangible personal property purchased and  
27 consumed by the manufacturer as building materials in  
28 the performance by the manufacturer or its  
29 subcontractor of construction outside of Iowa.

30 10. The use within this state of tangible personal  
31 property by the manufacturer thereof, as building  
32 materials, supplies, or equipment, in the performance  
33 of construction contracts ~~er-for-any-other-purpose~~  
34 ~~except-for-resale-or-processing in Iowa~~, shall, for  
35 the purpose of this division, be construed as a sale  
36 at retail thereof by the manufacturer who shall be  
37 deemed to be the consumer of such tangible personal  
38 property. The tax shall be computed upon the cost to  
39 the manufacturer of the fabrication or production  
40 thereof."

41 2. Page 1, by inserting after line 14 the  
42 following:

43 "Sec. \_\_\_\_ . Section 423.1, subsection 10, Code  
44 1987, is amended to read as follows:

45 10. Definitions contained in section 422.42 shall  
46 apply to ~~the provisions of~~ this chapter according to  
47 their context. The use in this state of building  
48 materials, supplies, or equipment, the sale or use of  
49 which is not treated as a retail sale or a sale at  
50 retail under section 422.42, subsections 9 and 10,

SENATE 8  
May 9, 1987

S-4077 pg. 2

1 shall not be subject to tax under this chapter."  
2 3. Title page, line 2, by inserting after the  
3 word "of" the following: "when certain building  
4 materials are not subject to the tax and of the".

S-4077  
Filed May 8, 1987  
ADOPTED (S. 1987)

BY AL STURGEON

HOUSE FILE 675

S-4081

1 Amend House File 675, as passed by the House as  
2 follows:

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

5 "Section 1. Section 422.42, subsection 3, Code  
6 1987, is amended to read as follows:

7 3. "Retail sale" or "sale at retail" means the  
8 sale to a consumer or to any person for any purpose,  
9 other than for processing, for resale of tangible  
10 personal property or taxable services, or for resale  
11 of tangible personal property in connection with  
12 taxable services, and includes the sale of gas,  
13 electricity, water, and communication service to  
14 retail consumers or users, but does not include  
15 agricultural breeding livestock and domesticated fowl,  
16 or commercial fertilizer, agricultural limestone, or  
17 herbicide, pesticide, insecticide, food and medication  
18 and agricultural drain tile and installation thereof  
19 which are to be used in disease control, weed control,  
20 insect control, or health promotion of plants or  
21 livestock produced as part of agricultural production  
22 for market, and does not include electricity, steam or  
23 any taxable service when purchased and used in the  
24 processing of tangible personal property intended to  
25 be sold ultimately at retail. When used by a  
26 manufacturer of food products, electricity, steam, and  
27 other taxable services are sold for processing when  
28 used to produce marketable food products for human  
29 consumption, including but not limited to, treatment  
30 of material to change its form, context or condition,  
31 in order to produce the food product, maintenance of  
32 quality or integrity of the food product, changing or  
33 maintenance of temperature levels necessary to avoid  
34 spoilage or to hold the food product in marketable  
35 condition, maintenance of environmental conditions  
36 necessary for the safe or efficient use of machinery  
37 and material used to produce the food product,  
38 sanitation and quality control activities, formation  
39 of packaging, placement into shipping containers, and  
40 movement of the material or food product until  
41 shipment from the building of manufacture. Tangible  
42 personal property is sold for processing within the  
43 meaning of this subsection only when it is intended  
44 that the property will, by means of fabrication,  
45 compounding, manufacturing, or germination become an  
46 integral part of other tangible personal property  
47 intended to be sold ultimately at retail, or will be  
48 consumed as fuel in creating heat, power, or steam for  
49 processing including grain drying, for providing heat  
50 or cooling for livestock buildings or for generating

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1 electric current, or be consumed in self-propelled  
2 implements of husbandry engaged in agricultural  
3 production, or the property is a chemical, solvent,  
4 sorbent, or reagent, which is directly used and is  
5 consumed, dissipated, or depleted, in processing  
6 personal property which is intended to be sold  
7 ultimately at retail or consumed in the maintenance or  
8 repair of fabric or clothing, and which may not become  
9 a component or integral part of the finished product.  
10 The distribution to the public of free newspapers or  
11 shoppers guides is a retail sale for purposes of the  
12 processing exemption."

13 2. Page 1, by inserting after line 7 the  
14 following:

15 "Sec. \_\_\_\_ . Section 422.45, subsection 19, Code  
16 1987, is amended to read as follows:

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

26 3. Title page, line 3, by inserting after the  
27 word "property" the words "is used in processing or".

28 4. Renumber as necessary.

S-4081

Filed May 8, 1987

*Adopted 5/9/87 (p. 1814)*

BY BILL HUTCHINS

HOUSE FILE 675

S-4082

1 Amend House File 675 as passed by the House as  
2 follows:

3 1. Page 1, by inserting after line 7 the  
4 following:

5 "Sec. \_\_\_\_ . Section 422.45, subsection 22, Code  
6 1987, is amended by adding the following new  
7 paragraph:

8 NEW PARAGRAPH. e. Community health centers as  
9 defined in 42 U.S.C.A. § 254c, migrant health centers  
10 as defined in 42 U.S.C.A. § 254b, legal services  
11 corporations as defined in 42 U.S.C.A. § 2996 et seq.,  
12 and legal aid organizations."

S-4082

Filed May 8, 1987

*Adopted 5/9/87 (p. 1814)*

BY PATRICK J. DELUHERY  
JACK RIFE  
JOY C. CORNING  
JIM LIND

## SENATE AMENDMENT TO HOUSE FILE 675

H-4353

1 Amend House File 675 as passed by the House as  
2 follows:

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

5 "Section 1. Section 422.42, subsection 3, Code  
6 1987, is amended to read as follows:

7 3. "Retail sale" or "sale at retail" means the  
8 sale to a consumer or to any person for any purpose,  
9 other than for processing, for resale of tangible  
10 personal property or taxable services, or for resale  
11 of tangible personal property in connection with  
12 taxable services, and includes the sale of gas,  
13 electricity, water, and communication service to  
14 retail consumers or users, but does not include  
15 agricultural breeding livestock and domesticated fowl,  
16 or commercial fertilizer, agricultural limestone, or  
17 herbicide, pesticide, insecticide, food and medication  
18 and agricultural drain tile and installation thereof  
19 which are to be used in disease control, weed control,  
20 insect control, or health promotion of plants or  
21 livestock produced as part of agricultural production  
22 for market, and does not include electricity, steam or  
23 any taxable service when purchased and used in the  
24 processing of tangible personal property intended to  
25 be sold ultimately at retail. When used by a  
26 manufacturer of food products, electricity, steam, and  
27 other taxable services are sold for processing when  
28 used to produce marketable food products for human  
29 consumption, including but not limited to, treatment  
30 of material to change its form, context or condition,  
31 in order to produce the food product, maintenance of  
32 quality or integrity of the food product, changing or  
33 maintenance of temperature levels necessary to avoid  
34 spoilage or to hold the food product in marketable  
35 condition, maintenance of environmental conditions  
36 necessary for the safe or efficient use of machinery  
37 and material used to produce the food product,  
38 sanitation and quality control activities, formation  
39 of packaging, placement into shipping containers, and  
40 movement of the material or food product until  
41 shipment from the building of manufacture. Tangible  
42 personal property is sold for processing within the  
43 meaning of this subsection only when it is intended  
44 that the property will, by means of fabrication,  
45 compounding, manufacturing, or germination become an  
46 integral part of other tangible personal property  
47 intended to be sold ultimately at retail, or will be  
48 consumed as fuel in creating heat, power, or steam for  
49 processing including grain drying, for providing heat  
50 or cooling for livestock buildings or for generating

H-4353

Page Two

1 electric current, or be consumed in self-propelled  
2 implements of husbandry engaged in agricultural  
3 production, or the property is a chemical, solvent,  
4 sorbent, or reagent, which is directly used and is  
5 consumed, dissipated, or depleted, in processing  
6 personal property which is intended to be sold  
7 ultimately at retail or consumed in the maintenance or  
8 repair of fabric or clothing, and which may not become  
9 a component or integral part of the finished product.  
10 The distribution to the public of free newspapers or  
11 shoppers guides is a retail sale for purposes of the  
12 processing exemption."

13 4. Page 1, by inserting after line 7 the  
14 following:

15 "Sec. \_\_\_\_ . Section 422.42, subsections 9 and 10,  
16 Code 1987, are amended to read as follows:

17 9. Sales of building materials, supplies, and  
18 equipment to owners, contractors, subcontractors or  
19 builders, for the erection of buildings or the  
20 alteration, repair, or improvement of real property,  
21 are retail sales in whatever quantity sold. Where the  
22 owner, contractor, subcontractor, or builder is also a  
23 retailer holding a retail sales tax permit and  
24 transacting retail sales of building materials,  
25 supplies, and equipment, the person shall purchase  
26 such items of tangible personal property without  
27 liability for the tax if such property will be subject  
28 to the tax at the time of resale or at the time it is  
29 withdrawn from inventory for construction purposes.  
30 The sales tax shall be due in the reporting period  
31 when the materials, supplies, and equipment are  
32 withdrawn from inventory for construction purposes or  
33 when sold at retail. The tax shall not be due when  
34 materials are withdrawn from inventory for use in  
35 construction outside of Iowa and the tax shall not  
36 apply to tangible personal property purchased and  
37 consumed by the manufacturer as building materials in  
38 the performance by the manufacturer or its  
39 subcontractor of construction outside of Iowa.

40 10. The use within this state of tangible personal  
41 property by the manufacturer thereof, as building  
42 materials, supplies, or equipment, in the performance  
43 of construction contracts ~~or-for-any-ether-purpose~~  
44 ~~except-for-resale-or-processing in Iowa~~, shall, for  
45 the purpose of this division, be construed as a sale  
46 at retail thereof by the manufacturer who shall be  
47 deemed to be the consumer of such tangible personal  
48 property. The tax shall be computed upon the cost to  
49 the manufacturer of the fabrication or production  
50 thereof."



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Page Three

3. Page 1, by inserting after line 7 the following:

"Sec. \_\_\_\_ . Section 422.45, subsection 19, Code 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."

2. Page 1, by inserting after line 7 the following:

"Sec. \_\_\_\_ . Section 422.45, subsection 22, Code 1987, is amended by adding the following new paragraph:

NEW PARAGRAPH. e. Community health centers as defined in 42 U.S.C.A. § 254c, migrant health centers as defined in 42 U.S.C.A. § 254b, legal services corporations as defined in 42 U.S.C.A. § 2996 et seq., and legal aid organizations."

5. Page 1, by inserting after line 14 the following:

"Sec. \_\_\_\_ . Section 423.1, subsection 10, Code 1987, is amended to read as follows:

10. Definitions contained in section 422.42 shall apply to ~~the provisions of~~ this chapter according to their context. The use in this state of building materials, supplies, or equipment, the sale or use of which is not treated as a retail sale or a sale at retail under section 422.42, subsections 9 and 10, shall not be subject to tax under this chapter."

6. Title page, line 3, by inserting after the word "property" the words "is used in processing or".

7. Title page, line 2, by inserting after the word "of" the following: "when certain building materials are not subject to the tax and of the".

8. By renumbering, relettering, or redesignating and correcting internal references as necessary.

H-4353 FILED MAY 9, 1987

RECEIVED FROM THE SENATE

CONCURRED AS AMENDED *by 4376 4377**5/19/87 (p. 2205)*

## HOUSE FILE 675

4361

Amend the Senate amendment, H-4353, to House File  
2 675 as passed by the House as follows:

3 1. Page 2, by inserting after line 50 the  
4 following:

5 "\_\_\_\_\_. Page 1, by inserting after line 7 the  
6 following:

7 "Sec. \_\_\_\_\_. Section 422.43, subsection 11, Code  
8 1987, is amended to read as follows:

9 11. The following enumerated services are subject  
10 to the tax imposed on gross taxable services:  
11 Alteration and garment repair; armored car; automobile  
12 repair; battery, tire and allied; investment  
13 counseling, excluding investment services of trust  
14 departments; bank service charges; barber and beauty;  
15 boat repair; car wash and wax; carpentry; roof,  
16 shingle, and glass repair; dance schools and dance  
17 studios; dry cleaning, pressing, dyeing, and  
18 laundering; electrical and electronic repair and  
19 installation; rental of tangible personal property;  
20 excavating and grading; farm implement repair of all  
21 kinds; flying service; furniture, rug, upholstery  
22 repair and cleaning; fur storage and repair; golf and  
23 country clubs and all commercial recreation; house and  
24 building moving; household appliance, television, and  
25 radio repair; jewelry and watch repair; machine  
26 operator; machine repair of all kinds; motor repair;  
27 motorcycle, scooter, and bicycle repair; oilers and  
28 lubricators; office and business machine repair;  
29 painting, papering, and interior decorating; parking  
30 facilities; pipe fitting and plumbing; wood  
31 preparation; licensed executive search agencies;  
32 private employment agencies, excluding services for  
33 placing a person in employment where the principal  
34 place of employment of that person is to be located  
35 outside of the state; sewing and stitching; shoe  
36 repair and shoeshine; storage warehousing of raw  
37 agricultural products; telephone answering service;  
38 test laboratories, except tests on humans; termite,  
39 bug, roach, and pest eradicators; tin and sheet metal  
40 repair; turkish baths, massage, and reducing salons;  
41 weighing; welding; well drilling; wrapping, packing,  
42 and packaging of merchandise other than processed  
43 meat, fish, fowl and vegetables; wrecking service;  
44 wrecker and towing; cable television; campgrounds;  
45 carpet and upholstery cleaning; gun and camera repair;  
46 janitorial and building maintenance or cleaning; lawn  
47 care, landscaping and tree trimming and removal;  
48 ~~lobbying-service~~; pet grooming; reflexology; security  
49 and detective services; tanning beds or salons; and  
50 water conditioning and softening. For purposes of

H-4361

Page Two

1 this subsection, gross taxable services from rental  
 2 includes rents, royalties, and copyright and license  
 3 fees. For purposes of this subsection, "lobbying  
 4 service" means the rendering, furnishing or  
 5 performing, for a fee, salary or other compensation,  
 6 activities which are intended or used for the purpose  
 7 of encouraging the passage, defeat, or modification of  
 8 legislation or for influencing the decision of the  
 9 members of a legislative committee or subcommittee or  
 10 the representing, for a fee, salary or other  
 11 compensation, on a regular basis an organization which  
 12 has as one of its purposes the encouragement of the  
 13 passage, defeat or modification of legislation or the  
 14 influencing of the decision of the members of a  
 15 legislative committee or a subcommittee. "Lobbying  
 16 service" does not include the activities of a federal,  
 17 state, or local government official or employee acting  
 18 within the course of the official's or employee's  
 19 duties or a representative of the news media engaged  
 20 only in the reporting and dissemination of news and  
 21 editorials."

22 2. Page 3, by inserting after line 39 the  
 23 following:

24 " . Title page, line 1, by inserting after the  
 25 word "to" the following: "the taxation of certain  
 26 services and"."

H-4361 FILED MAY 9, 1987

BY DODERER of Johnson  
METCALF of PolkADOPTED (p. 2305)  
as amended by 4355 & 4361

HOUSE FILE 675

H-4355

1 Amend the Senate amendment, H-4353, to House File  
 2 675 as passed by the House as follows:

3 1. Page 3, by striking lines 14 through 23.

H-4355 FILED MAY 9, 1987

BY METCALF of Polk  
DODERER of Johnson

ADOPTED (p. 2292)

118th Day

118th Day

SATURDAY, MAY 9, 1987

2293

*Original Amendment faded  
badly - (Judy)*

the Senate amendment H-4353, filed by her and Schnekloth of Scott from the floor:

H-4367

1 Amend the Senate amendment, H-4353, to House File  
2 675 as passed by the House as follows:

3 1. Page 1, by inserting after line 2 the  
4 following:

5 " \_\_\_\_\_ Page 1, by inserting before line 1 the  
6 following:

7 "Sec. 11. NEW SECTION. 99D.16 WITHHOLDING TAX ON  
8 WINNINGS.

9 All winnings provided in section 99D.11 are Iowa  
10 earned income and are subject to state and federal  
11 income tax laws. An amount deducted from winnings for  
12 payment of the state tax shall be remitted to the  
13 department of revenue and finance on behalf of the  
14 individual who won the wager.

15 Sec. 12. Section 422.5, subsection 2, Code 1987,  
16 is amended to read as follows:

17 2. However, ~~no~~ the tax shall not be imposed on ~~any~~  
18 a resident or nonresident whose net income, as defined  
19 in section 422.7, is five thousand dollars or less;

20 but in the event that the payment of tax under this  
21 division would reduce the net income to less than five  
22 thousand dollars, then the tax shall be reduced to  
23 that amount which would result in allowing the  
24 taxpayer to retain a net income of five thousand  
25 dollars. The preceding sentence does not apply to  
26 estates or trusts. For the purpose of this

27 subsection, the entire net income, including any part  
28 thereof of the net income not allocated to Iowa, shall  
29 be taken into account. If the combined net income of  
30 a husband and wife exceeds five thousand dollars,  
31 neither of them shall receive the benefit of this

32 subsection, and it is immaterial whether they file a  
33 joint return or separate returns. However, if a  
34 husband and wife file separate returns and have a  
35 combined net income of five thousand dollars or less,  
36 neither spouse shall receive the benefit of this

37 paragraph, if one spouse has a net operating loss and  
38 elects to carry back or carry forward the loss as  
39 provided in section 422.9, subsection 3. A person who

40 is claimed as a dependent by another person as defined  
41 in section 422.12 shall not receive the benefit of  
42 this subsection if the person claiming the dependent  
43 has net income exceeding five thousand dollars or the  
44 person claiming the dependent and the person's spouse  
45 have combined net income exceeding five thousand  
46 dollars.

47 Sec. 13. Section 422.13, Code 1987, is amended by

d unanimous consent

ment H-4355, to the  
the floor and moved

File

endment H-4367, to

48 adding the following new subsection:

49 NEW SUBSECTION. 5. Notwithstanding subsections 1  
50 through 4 and sections 422.15 and 422.36, a

Page 2

1 partnership, trust, or corporation whose stockholders  
2 are taxed on the corporations's income under the  
3 provisions of the Internal Revenue Code is entitled to  
4 request permission from the director to file a  
5 composite return for the nonresident partners,  
6 beneficiaries, or shareholders. The director may  
7 grant permission to file or require that a composite  
8 return be filed under the conditions deemed  
9 appropriate by the director. A partnership, trust, or  
10 corporation filing a composite return is liable for  
11 tax required to be shown due on the return. All  
12 powers of the director and requirements of the  
13 director apply to returns filed under this subsection  
14 including, but not limited to, the provisions of this  
15 division and division VI of this chapter.

16 Sec. 14. Section 422.16, subsection 11, paragraph  
17 a, Code 1987, is amended to read as follows:

18 a. Every person or married couple filing a return  
19 shall make estimated tax payments if the person's or  
20 couple's Iowa income tax attributable to income other  
21 than wages subject to withholding can reasonably be  
22 expected to amount to fifty dollars or more for the  
23 taxable year, except that, in the cases of farmers and  
24 ~~fishers~~ fishermen, the exceptions provided in the  
25 Internal Revenue Code of 1954 with respect to making  
26 estimated payments ~~shall apply~~ applies. The estimated  
27 tax shall be paid in quarterly installments. The  
28 first installment shall be paid on or before the last  
29 fifteenth day of the fourth month of the taxpayer's  
30 tax year for which the estimated payments apply. The  
31 other installments shall be paid on or before June ~~30~~  
32 15, September ~~30~~ 15 and January ~~31~~ 15. However, at  
33 the election of the person or married couple, any an  
34 installment of the estimated tax may be paid prior to  
35 the date prescribed for its payment. If a person or  
36 married couple filing a return has reason to believe  
37 that the person's or couple's Iowa income tax may  
38 increase or decrease, either for purposes of meeting  
39 the requirement to make estimated tax payments or for  
40 the purpose of increasing or decreasing estimated tax  
41 payments, shall increase or decrease any subsequent  
42 estimated tax payments accordingly." "

43 2. Page 3, by inserting after line 34 the  
44 following:

45 " \_\_\_\_\_ Page 1, by inserting after line 14 the  
46 following:

47 "Sec. \_\_\_\_\_ Sections 11, 12, and 13 of this Act are  
 48 retroactive to January 1, 1987 for tax years beginning  
 49 on or after that date.  
 50 Sec. \_\_\_\_\_ Section 14 of this Act is effective

Page 3

1 January 1, 1988 for tax years beginning on or after  
 2 that date."  
 3 \_\_\_\_\_ Title page, line 1, by inserting after the  
 4 word "to" the following: "taxation in regard to the  
 5 withholding on pari-mutuel winnings, application of a  
 6 net operating loss, filing of nonresident income tax  
 7 returns, due date of individual estimated tax  
 8 payments,""

*by Doderer  
 Schnekloth*

H-4367 - *filed May 9, 1987 - adopted (P. 2296)*  
 Van Camp of Scott asked for unanimous consent to defer action on House File 675.

Objection was raised.

Hermann of Scott moved that the rules be suspended to defer action on House File 675 to immediately consider House File 650.

Roll call was requested by Hermann of Scott and Kremer of Buchanan.

On the question "Shall the rules be suspended to consider House File 650?"

The ayes were, 35:

Beaman	Bennett	Branstad	Carpenter
Clark	Corbett	Corey	Daggett
De Groot	Eddie	Garman	Halvorson, R. A.
Hanson, D. R.	Hermann	Hummel	Kremer
Lageschulte	Lundby	Maulsby	McKean
Miller	Paulin	Pellett	Petersen, D. F.
Plasier	Renken	Royer	Schnekloth
Shoning	Spear	Stromer	Stueland
Swartz	Van Camp	Van Maanen	

The nays were, 57:

Adams	Arnould	Beatty	Bisignano
Blanshan	Brammer	Buhr	Chapman
Cohoon	Connolly	Connors	Cooper
Doderer	Dvorsky	Fey	Fogarty
Fuller	Groninga	Gruhn	Hammond
Hansen, S. D.	Harper	Hatch	Haverland
Hester	Holveck	Jay	Johnson
Knapp	Koenigs	May	McKinney
Metcalf	Muhlbauer	Mullins	Neuhauser
Norrgard	Ollie	Osterberg	Parker

HOUSE FILE 675

H-4374

1 Amend the Senate amendment, H-4353, to House File  
2 675 as passed by the House as follows:

- 3 1. By striking page 1, line 3 through page 2,  
4 line 12.
- 5 2. Page 3, by striking lines 1 through 13.
- 6 3. Page 3, by striking lines 35 and 36.

H-4374 FILED MAY 9, 1987  
LOST (p. 2296)

BY SHOULTZ of Black Hawk

HOUSE FILE 675

H-4375

1 Amend amendment H-4361 to the Senate amendment, H-  
2 4353, to House File 675 as passed by the House as  
3 follows:

- 4 1. Page 1, by striking lines 12 through 14 and  
5 inserting the following: "repair; battery, tire and  
6 allied; ~~investment-counseling; excluding investment~~  
7 ~~services-of-trust-departments;~~ bank service charges;  
8 barber and beauty;"

H-4375 FILED MAY 9, 1987  
LOST (p. 2305)

BY CARPENTER of Polk

HOUSE FILE 675

H-4376

1 Amend the amendment, H-4361, to the Senate  
2 amendment, H-4353, to House File 675 as passed by the  
3 House as follows:

- 4 1. Page 1, line 14, by striking the words "bank  
5 service charges" and inserting the following: "bank  
6 service charges of all financial institutions".
- 7 2. Page 2, line 3, by inserting after the word  
8 "fees." the following: "For purposes of this  
9 subsection, "financial institutions" means all  
10 national banks, federally chartered savings and loan  
11 associations, federally chartered savings banks,  
12 federally chartered credit unions, banks organized  
13 under chapter 524, savings and loan associations and  
14 savings banks organized under chapter 534, and credit  
15 unions organized under chapter 533."

H-4376 FILED MAY 9, 1987  
ADOPTED (p. 2307)

BY DODERER of Johnson  
SCHNEKLOTH of Scott

HOUSE FILE 675

H-4377

1 Amend amendment, H-4361, to Senate amendment, H-  
2 4353, to House File 675 as passed by the House as  
3 follows:

4 1. Page 1, lines 13 and 14, by striking the words  
5 "excluding investment services of trust departments"  
A 6 and inserting the following: "excluding investment  
7 services-of-trust-departments".

8 2. Page 2, line 3, by inserting after the word  
9 "fees." the following: "For purposes of this  
10 subsection, "investment counseling" means the  
11 counseling of others or the managing or controlling of  
12 property for others, for a noncommission fee, in  
B 13 regard to the investing in and disposition of real,  
14 personal, tangible, or intangible property by, but not  
15 limited to, insurance agents, stockbrokers, financial  
16 planners, estate planners, portfolio managers, and  
17 trust department managers."

H-4377 FILED MAY 9, 1987 BY GRONINGA of Cerro Gordo  
DIVISION A - ADOPTED, DIVISION B - LOST (p. 2104)



HOUSE AMENDMENT TO  
SENATE AMENDMENT TO  
HOUSE FILE 675

3-4109

1 Amend the Senate amendment, H-4353, to House File  
2 675 as passed by the House as follows:

3 1. Page 1, by inserting after line 2 the  
4 following:

5 "\_\_\_\_\_. Page 1, by inserting before line 1 the  
6 following:

7 "Sec. 11. NEW SECTION. 99D.16 WITHHOLDING TAX ON  
8 WINNINGS.

9 All winnings provided in section 99D.11 are Iowa  
10 earned income and are subject to state and federal  
11 income tax laws. An amount deducted from winnings for  
12 payment of the state tax shall be remitted to the  
13 department of revenue and finance on behalf of the  
14 individual who won the wager.

15 Sec. 12. Section 422.5, subsection 2, Code 1987,  
16 is amended to read as follows:

17 2. However, no the tax shall not be imposed on any  
18 a resident or nonresident whose net income, as defined  
19 in section 422.7, is five thousand dollars or less;  
20 but in the event that the payment of tax under this  
21 division would reduce the net income to less than five  
22 thousand dollars, then the tax shall be reduced to  
23 that amount which would result in allowing the  
24 taxpayer to retain a net income of five thousand  
25 dollars. The preceding sentence does not apply to  
26 estates or trusts. For the purpose of this  
27 subsection, the entire net income, including any part  
28 thereof of the net income not allocated to Iowa, shall  
29 be taken into account. If the combined net income of  
30 a husband and wife exceeds five thousand dollars,  
31 neither of them shall receive the benefit of this  
32 subsection, and it is immaterial whether they file a  
33 joint return or separate returns. However, if a  
34 husband and wife file separate returns and have a  
35 combined net income of five thousand dollars or less,  
36 neither spouse shall receive the benefit of this  
37 paragraph, if one spouse has a net operating loss and  
38 elects to carry back or carry forward the loss as  
39 provided in section 422.9, subsection 3. A person who  
40 is claimed as a dependent by another person as defined  
41 in section 422.12 shall not receive the benefit of  
42 this subsection if the person claiming the dependent  
43 has net income exceeding five thousand dollars or the  
44 person claiming the dependent and the person's spouse  
45 have combined net income exceeding five thousand  
46 dollars.

47 Sec. 13. Section 422.13, Code 1987, is amended by  
48 adding the following new subsection:

49 NEW SUBSECTION. 5. Notwithstanding subsections 1  
50 through 4 and sections 422.15 and 422.36, a

S-4109 pg. 2

1 partnership, trust, or corporation whose stockholders  
2 are taxed on the corporations's income under the  
3 provisions of the Internal Revenue Code is entitled to  
4 request permission from the director to file a  
5 composite return for the nonresident partners,  
6 beneficiaries, or shareholders. The director may  
7 grant permission to file or require that a composite  
8 return be filed under the conditions deemed  
9 appropriate by the director. A partnership, trust, or  
10 corporation filing a composite return is liable for  
11 tax required to be shown due on the return. All  
12 powers of the director and requirements of the  
13 director apply to returns filed under this subsection  
14 including, but not limited to, the provisions of this  
15 division and division VI of this chapter.

16 Sec. 14. Section 422.16, subsection 11, paragraph  
17 a, Code 1987, is amended to read as follows:

18 a. Every person or married couple filing a return  
19 shall make estimated tax payments if the person's or  
20 couple's Iowa income tax attributable to income other  
21 than wages subject to withholding can reasonably be  
22 expected to amount to fifty dollars or more for the  
23 taxable year, except that, in the cases of farmers and  
24 ~~fishers~~ fishermen, the exceptions provided in the  
25 Internal Revenue Code of 1954 with respect to making  
26 estimated payments ~~shall apply~~ applies. The estimated  
27 tax shall be paid in quarterly installments. The  
28 first installment shall be paid on or before the last  
29 fifteenth day of the fourth month of the taxpayer's  
30 tax year for which the estimated payments apply. The  
31 other installments shall be paid on or before June 30  
32 15, September 30 15, and January 31 15. However, at  
33 the election of the person or married couple, any an  
34 installment of the estimated tax may be paid prior to  
35 the date prescribed for its payment. If a person or  
36 married couple filing a return has reason to believe  
37 that the person's or couple's Iowa income tax may  
38 increase or decrease, either for purposes of meeting  
39 the requirement to make estimated tax payments or for  
40 the purpose of increasing or decreasing estimated tax  
41 payments, shall increase or decrease any subsequent  
42 estimated tax payments accordingly."

43 2. Page 2, by inserting after line 50 the  
44 following:

45 " . Page 1, by inserting after line 7 the  
46 following:

47 "Sec. . Section 422.43, subsection 11, Code  
48 1987, is amended to read as follows:

49 11. The following enumerated services are subject  
50 to the tax imposed on gross taxable services:

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1 Alteration and garment repair; armored car; automobile  
2 repair; battery, tire and allied; investment  
3 ~~counseling; excluding investment services of trust~~  
4 ~~departments; bank service charges of all financial~~  
5 ~~institutions; barber and beauty; boat repair; car wash~~  
6 ~~and wax; carpentry; roof, shingle, and glass repair;~~  
7 ~~dance schools and dance studios; dry cleaning,~~  
8 ~~pressing, dyeing, and laundering; electrical and~~  
9 ~~electronic repair and installation; rental of tangible~~  
10 ~~personal property; excavating and grading; farm~~  
11 ~~implement repair of all kinds; flying service;~~  
12 ~~furniture, rug, upholstery repair and cleaning; fur~~  
13 ~~storage and repair; golf and country clubs and all~~  
14 ~~commercial recreation; house and building moving;~~  
15 ~~household appliance, television, and radio repair;~~  
16 ~~jewelry and watch repair; machine operator; machine~~  
17 ~~repair of all kinds; motor repair; motorcycle,~~  
18 ~~scooter, and bicycle repair; oilers and lubricators;~~  
19 ~~office and business machine repair; painting,~~  
20 ~~papering, and interior decorating; parking facilities;~~  
21 ~~pipe fitting and plumbing; wood preparation; licensed~~  
22 ~~executive search agencies; private employment~~  
23 ~~agencies, excluding services for placing a person in~~  
24 ~~employment where the principal place of employment of~~  
25 ~~that person is to be located outside of the state;~~  
26 ~~sewing and stitching; shoe repair and shoeshine;~~  
27 ~~storage warehousing of raw agricultural products;~~  
28 ~~telephone answering service; test laboratories, except~~  
29 ~~tests on humans; termite, bug, roach, and pest~~  
30 ~~eradicators; tin and sheet metal repair; turkish~~  
31 ~~baths, massage, and reducing salons; weighing;~~  
32 ~~welding; well drilling; wrapping, packing, and~~  
33 ~~packaging of merchandise other than processed meat,~~  
34 ~~fish, fowl and vegetables; wrecking service; wrecker~~  
35 ~~and towing; cable television; campgrounds; carpet and~~  
36 ~~upholstery cleaning; gun and camera repair; janitorial~~  
37 ~~and building maintenance or cleaning; lawn care,~~  
38 ~~landscaping and tree trimming and removal; lobbying~~  
39 ~~service; pet grooming; reflexology; security and~~  
40 ~~detective services; tanning beds or salons; and water~~  
41 ~~conditioning and softening. For purposes of this~~  
42 ~~subsection, gross taxable services from rental~~  
43 ~~includes rents, royalties, and copyright and license~~  
44 ~~fees. For purposes of this subsection, "financial~~  
45 ~~institutions" means all national banks, federally~~  
46 ~~chartered savings and loan associations, federally~~  
47 ~~chartered savings banks, federally chartered credit~~  
48 ~~unions, banks organized under chapter 524, savings and~~  
49 ~~loan associations and savings banks organized under~~  
50 ~~chapter 534, and credit unions organized under chapter~~

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1 533. For purposes of this subsection, "lobbying  
2 service" means the rendering, furnishing or  
3 performing, for a fee, salary or other compensation,  
4 activities which are intended or used for the purpose  
5 of encouraging the passage, defeat, or modification of  
6 legislation or for influencing the decision of the  
7 members of a legislative committee or subcommittee or  
8 the representing, for a fee, salary or other  
9 compensation, on a regular basis an organization which  
10 has as one of its purposes the encouragement of the  
11 passage, defeat or modification of legislation or the  
12 influencing of the decision of the members of a  
13 legislative committee or a subcommittee. -- "lobbying  
14 service" does not include the activities of a federal,  
15 state, or local government official or employee acting  
16 within the course of the official's or employee's  
17 duties or a representative of the news media engaged  
18 only in the reporting and dissemination of news and  
19 editorials."

20 3. Page 3, by striking lines 14 through 23.

21 4. Page 3, by inserting after line 34 the  
22 following:

23 "\_\_\_\_. Page 1, by inserting after line 14 the  
24 following:

25 "Sec. \_\_\_\_\_. Sections 11, 12, and 13 of this Act are  
26 retroactive to January 1, 1987 for tax years beginning  
27 on or after that date.

28 Sec. \_\_\_\_\_. Section 14 of this Act is effective  
29 January 1, 1988 for tax years beginning on or after  
30 that date."

31 5. Title page, line 1, by inserting after the  
32 word "to" the following: "taxation in regard to the  
33 withholding on pari-mutuel winnings, application of a  
34 net operating loss, filing of nonresident income tax  
35 returns, due date of individual estimated tax  
36 payments,."

37 6. Title page, line 1, by inserting after the  
38 word "to" the following: "the taxation of certain  
39 services and".

40 7. By renumbering, relettering, or redesignating  
41 and correcting internal references as necessary.

S-4109

Filed May 9, 1987

*Senate concurred 5/9/87 (p. 1875)*

RECEIVED FROM THE HOUSE

HSB 317

WAYS AND MEANS

*now*  
*HF 675*

HOUSE FILE \_\_\_\_\_

BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to the determination, for purposes of the state  
2 sales, services, and use tax, of gross receipts and purchase  
3 price when tangible personal property is traded to the  
4 retailer as part of the transaction subject to the tax.

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

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SUB COMMITTEE ASSIGNMENTS

CHAIR: *Mitcalf*

COMMITTEE: *Ways and means*

*4-14-87*

1 Section 1. Section 422.42, subsection 6, paragraph b,  
2 subparagraph (2), Code 1987, is amended to read as follows:

3 (2) The tangible personal property traded to the retailer  
4 is intended by the retailer to be ultimately sold at retail  
5 ~~and will be subject to the tax under section 422.43 when sold~~  
6 or is intended to be used by the retailer or another in the  
7 remanufacturing of a like item.

8 Sec. 2. Section 423.1, subsection 3, paragraph b,  
9 subparagraph (2), Code 1987, is amended to read as follows:

10 (2) The tangible personal property traded to the retailer  
11 is intended by the retailer to be ultimately sold at retail  
12 ~~and will be subject to the tax under section 422.43 or this~~  
13 ~~chapter when sold~~ or is intended to be used by the retailer or  
14 another in the remanufacturing of a like item.

15 EXPLANATION

16 The bill provides that in determining, for purposes of the  
17 sales and use tax, the gross receipts or purchase price where  
18 property is traded in, the value of the property traded in is  
19 not included if the retailer intends to sell it at retail.  
20 Prior law provided that in addition to the condition of  
21 intention to sell at retail, when the sale of the trade-in  
22 occurs, it would be subject to the sales or use tax.

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HOUSE FILE 675

AN ACT

RELATING TO TAXATION IN REGARD TO THE WITHHOLDING ON PARI-MUTUEL WINNINGS, APPLICATION OF A NET OPERATING LOSS, FILING OF NONRESIDENT INCOME TAX RETURNS, DUE DATE OF INDIVIDUAL ESTIMATED TAX PAYMENTS, THE TAXATION OF CERTAIN SERVICES AND THE DETERMINATION, FOR PURPOSES OF THE STATE SALES, SERVICES, AND USE TAX, OF WHEN CERTAIN BUILDING MATERIALS ARE NOT SUBJECT TO THE TAX AND OF THE GROSS RECEIPTS AND PURCHASE PRICE WHEN TANGIBLE PERSONAL PROPERTY IS USED IN PROCESSING OR IS TRADED TO THE RETAILER AS PART OF THE TRANSACTION SUBJECT TO THE TAX.

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

Section 1. NEW SECTION. 99D.16 WITHHOLDING TAX ON WINNINGS.

All winnings provided in section 99D.11 are Iowa earned income and are subject to state and federal income tax laws. An amount deducted from winnings for payment of the state tax shall be remitted to the department of revenue and finance on behalf of the individual who won the wager.

Sec. 2. Section 422.5, subsection 2, Code 1987, is amended to read as follows:

2. However, no the tax shall not be imposed on any a resident or nonresident whose net income, as defined in

section 422.7, is five thousand dollars or less; but in the event that the payment of tax under this division would reduce the net income to less than five thousand dollars, then the tax shall be reduced to that amount which would result in allowing the taxpayer to retain a net income of five thousand dollars. The preceding sentence does not apply to estates or trusts. For the purpose of this subsection, the entire net income, including any part thereof of the net income not allocated to Iowa, shall be taken into account. If the combined net income of a husband and wife exceeds five thousand dollars, neither of them shall receive the benefit of this subsection, and it is immaterial whether they file a joint return or separate returns. However, if a husband and wife file separate returns and have a combined net income of five thousand dollars or less, neither spouse shall receive the benefit of this paragraph, if one spouse has a net operating loss and elects to carry back or carry forward the loss as provided in section 422.9, subsection 3. A person who is claimed as a dependent by another person as defined in section 422.12 shall not receive the benefit of this subsection if the person claiming the dependent has net income exceeding five thousand dollars or the person claiming the dependent and the person's spouse have combined net income exceeding five thousand dollars.

Sec. 3. Section 422.13, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. 5. Notwithstanding subsections 1 through 4 and sections 422.15 and 422.36, a partnership, trust, or corporation whose stockholders are taxed on the corporation's income under the provisions of the Internal Revenue Code is entitled to request permission from the director to file a composite return for the nonresident partners, beneficiaries, or shareholders. The director may grant permission to file or require that a composite return be filed under the conditions deemed appropriate by the director. A partnership, trust, or

corporation filing a composite return is liable for tax required to be shown due on the return. All powers of the director and requirements of the director apply to returns filed under this subsection including, but not limited to, the provisions of this division and division VI of this chapter.

*Repealed by SF 523*  
Sec. 4. Section 422.16, subsection 11, paragraph a, Code 1987, is amended to read as follows:

a. Every person or married couple filing a return shall make estimated tax payments if the person's or couple's Iowa income tax attributable to income other than wages subject to withholding can reasonably be expected to amount to fifty dollars or more for the taxable year, except that, in the cases of farmers and fishers fishermen, the exceptions provided in the Internal Revenue Code of 1954 with respect to making estimated payments ~~shall apply~~ applies. The estimated tax shall be paid in quarterly installments. The first installment shall be paid on or before the last fifteenth day of the fourth month of the taxpayer's tax year for which the estimated payments apply. The other installments shall be paid on or before June 30 15, September 30 15, and January 31 15. However, at the election of the person or married couple, any an installment of the estimated tax may be paid prior to the date prescribed for its payment. If a person or married couple filing a return has reason to believe that the person's or couple's Iowa income tax may increase or decrease, either for purposes of meeting the requirement to make estimated tax payments or for the purpose of increasing or decreasing estimated tax payments, shall increase or decrease any subsequent estimated tax payments accordingly.

Sec. 5. Section 422.42, subsection 3, Code 1987, is amended to read as follows:

3. "Retail sale" or "sale at retail" means the sale to a consumer or to any person for any purpose, other than for processing, for resale of tangible personal property or taxable services, or for resale of tangible personal property

in connection with taxable services, and includes the sale of gas, electricity, water, and communication service to retail consumers or users, but does not include agricultural breeding livestock and domesticated fowl, or commercial fertilizer, agricultural limestone, or herbicide, pesticide, insecticide, food and medication and agricultural drain tile and installation thereof which are to be used in disease control, weed control, insect control, or health promotion of plants or livestock produced as part of agricultural production for market, and does not include electricity, steam or any taxable service when purchased and used in the processing of tangible personal property intended to be sold ultimately at retail. When used by a manufacturer of food products, electricity, steam, and other taxable services are sold for processing when used to produce marketable food products for human consumption, including but not limited to, treatment of material to change its form, context or condition, in order to produce the food product, maintenance of quality or integrity of the food product, changing or maintenance of temperature levels necessary to avoid spoilage or to hold the food product in marketable condition, maintenance of environmental conditions necessary for the safe or efficient use of machinery and material used to produce the food product, sanitation and quality control activities, formation of packaging, placement into shipping containers, and movement of the material or food product until shipment from the building of manufacture. Tangible personal property is sold for processing within the meaning of this subsection only when it is intended that the property will, by means of fabrication, compounding, manufacturing, or germination become an integral part of other tangible personal property intended to be sold ultimately at retail, or will be consumed as fuel in creating heat, power, or steam for processing including grain drying, for providing heat or cooling for livestock buildings or for generating electric current, or be consumed in self-propelled



implements of husbandry engaged in agricultural production, or the property is a chemical, solvent, sorbent, or reagent, which is directly used and is consumed, dissipated, or depleted, in processing personal property which is intended to be sold ultimately at retail or consumed in the maintenance or repair of fabric or clothing, and which may not become a component or integral part of the finished product. The distribution to the public of free newspapers or shoppers guides is a retail sale for purposes of the processing exemption.

Sec. 6. Section 422.42, subsection 6, paragraph b, subparagraph (2), Code 1987, is amended to read as follows:

(2) The tangible personal property traded to the retailer is intended by the retailer to be ultimately sold at retail ~~and will be subject to the tax under section 422.43 when sold~~ or is intended to be used by the retailer or another in the remanufacturing of a like item.

Sec. 7. Section 422.42, subsections 9 and 10, Code 1987, are amended to read as follows:

9. Sales of building materials, supplies, and equipment to owners, contractors, subcontractors or builders, for the erection of buildings or the alteration, repair, or improvement of real property, are retail sales in whatever quantity sold. Where the owner, contractor, subcontractor, or builder is also a retailer holding a retail sales tax permit and transacting retail sales of building materials, supplies, and equipment, the person shall purchase such items of tangible personal property without liability for the tax if such property will be subject to the tax at the time of resale or at the time it is withdrawn from inventory for construction purposes. The sales tax shall be due in the reporting period when the materials, supplies, and equipment are withdrawn from inventory for construction purposes or when sold at retail. The tax shall not be due when materials are withdrawn from inventory for use in construction outside of Iowa and the tax

shall not apply to tangible personal property purchased and consumed by the manufacturer as building materials in the performance by the manufacturer or its subcontractor of construction outside of Iowa.

10. The use within this state of tangible personal property by the manufacturer thereof, as building materials, supplies, or equipment, in the performance of construction contracts ~~or for any other purpose except for resale or processing in Iowa~~, shall, for the purpose of this division, be construed as a sale at retail thereof by the manufacturer who shall be deemed to be the consumer of such tangible personal property. The tax shall be computed upon the cost to the manufacturer of the fabrication or production thereof.

Sec. 8. Section 422.43, subsection 11, Code 1987, is amended to read as follows:

11. The following enumerated services are subject to the tax imposed on gross taxable services: Alteration and garment repair; armored car; automobile repair; battery, tire and allied; investment counseling; ~~excluding investment services of trust departments~~; bank service charges of all financial institutions; barber and beauty; boat repair; car wash and wax; carpentry; roof, shingle, and glass repair; dance schools and dance studios; dry cleaning, pressing, dyeing, and laundering; electrical and electronic repair and installation; rental of tangible personal property; excavating and grading; farm implement repair of all kinds; flying service; furniture, rug, upholstery repair and cleaning; fur storage and repair; golf and country clubs and all commercial recreation; house and building moving; household appliance, television, and radio repair; jewelry and watch repair; machine operator; machine repair of all kinds; motor repair; motorcycle, scooter, and bicycle repair; oilers and lubricators; office and business machine repair; painting, papering, and interior decorating; parking facilities; pipe fitting and plumbing; wood preparation; licensed executive search agencies; private

employment agencies, excluding services for placing a person in employment where the principal place of employment of that person is to be located outside of the state; sewing and stitching; shoe repair and shoeshine; storage warehousing of raw agricultural products; telephone answering service; test laboratories, except tests on humans; termite, bug, roach, and pest eradicators; tin and sheet metal repair; turkish baths, massage, and reducing salons; weighing; welding; well drilling; wrapping, packing, and packaging of merchandise other than processed meat, fish, fowl and vegetables; wrecking service; wrecker and towing; cable television; campgrounds; carpet and upholstery cleaning; gun and camera repair; janitorial and building maintenance or cleaning; lawn care, landscaping and tree trimming and removal; ~~lobbying services;~~ pet grooming; reflexology; security and detective services; tanning beds or salons; and water conditioning and softening. For purposes of this subsection, gross taxable services from rental includes rents, royalties, and copyright and license fees. For purposes of this subsection, "financial institutions" means all national banks, federally chartered savings and loan associations, federally chartered savings banks, federally chartered credit unions, banks organized under chapter 524, savings and loan associations and savings banks organized under chapter 534, and credit unions organized under chapter 533. ~~For purposes of this subsection, "lobbying services" means the rendering, furnishing or performing, for a fee, salary or other compensation, activities which are intended or used for the purpose of encouraging the passage, defeat, or modification of legislation or for influencing the decision of the members of a legislative committee or subcommittee or the representing, for a fee, salary or other compensation, on a regular basis an organization which has as one of its purposes the encouragement of the passage, defeat or modification of legislation or the influencing of the decision of the members of a legislative committee or a~~

~~subcommittee--"lobbying service" does not include the activities of a federal, state or local government official or employee acting within the course of the official's or employee's duties or a representative of the news media engaged only in the reporting and dissemination of news and editorials.~~

Sec. 9. Section 422.45, subsection 19, Code 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. 10. Section 423.1, subsection 3, paragraph b, subparagraph (2), Code 1987, is amended to read as follows:

(2) The tangible personal property traded to the retailer is intended by the retailer to be ultimately sold at retail ~~and will be subject to the tax under section 422.43 or this chapter when sold~~ or is intended to be used by the retailer or another in the remanufacturing of a like item.

Sec. 11. Section 423.1, subsection 10, Code 1987, is amended to read as follows:

10. Definitions contained in section 422.42 shall apply to the provisions of this chapter according to their context. The use in this state of building materials, supplies, or equipment, the sale or use of which is not treated as a retail sale or a sale at retail under section 422.42, subsections 9 and 10, shall not be subject to tax under this chapter.

Sec. 12. Sections 1, 2, and 3 of the Act are retroactive to January 1, 1987 for tax years beginning on or after that date.

*Reprinted SF 523*

Sec. 13. Section 4 of this Act is effective January 1, 1988 for tax years beginning on or after that date.

---

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 675, Seventy-second General Assembly.

Approved June 5, 1987

---

JOSEPH O'HERN  
Chief Clerk of the House

---

TERRY E. BRANSTAD  
Governor

**H. F. 675**