

Substituted for SF 18

4-17-95

(P. 1234)

FEB 20 1995

WAYS & MEANS CALENDAR

3-9-95 Motion to R/c by:

Grubbs +

Ollie

3/23/95 Motion to R/c by Grubbs + Ollie

3/23/95 Motion R/c by Ollie

HOUSE FILE 185

BY COMMITTEE ON WAYS AND MEANS

5-4/19/95 Motion to R/c by Grubbs + Ollie

5-4/27/95 " withdrawal (p. 110)

(SUCCESSOR TO HSB 27)

Passed House, Date <sup>(p. 715)</sup> 3-9-95

Passed Senate, Date <sup>(p. 1304)</sup> 4/19/95

Vote: Ayes 95 Nays 3

Vote: Ayes 42 Nays 7

Approved May 4, 1995  
Passed 4-27-95  
Vote 96-0

A BILL FOR

1 An Act relating to the sales, services, and use tax exemption for  
2 items used by printers and publishers, limiting the amount of  
3 refunds, and providing retroactive and applicability date  
4 provisions.

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

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HF 185

1 Section 1. Section 422.45, subsection 21, Code 1995, is  
2 amended by striking the subsection and inserting in lieu  
3 thereof the following:

4 21. The gross receipts from sales or rentals to a printer  
5 or publisher of the following: acetate; anti-halation  
6 backing; anti-static spray; back lining; base material used as  
7 a carrier for light sensitive emulsions; blankets; blow-ups;  
8 bronze powder; carbon tissue; codas; color filters; color  
9 separations; contacts; continuous tone separations; creative  
10 art; custom dies and die cutting materials; dampener sleeves;  
11 dampening solution; design and styling; diazo coating; dot  
12 etching; dot etching solutions; drawings; drawsheets; driers;  
13 duplicate films or prints; electronically digitized images;  
14 electrotypes; end product of image modulation; engravings;  
15 etch solutions; film; finished art or final art; fix; fixative  
16 spray; flats; flying pasters; foils; goldenrod paper; gum;  
17 halftones; illustrations; ink; ink paste; keylines; lacquer;  
18 lasering images; layouts; lettering; line negatives and  
19 positives; linotypes; lithographic offset plates; magnesium  
20 and zinc etchings; masking paper; masks; masters; mats; mat  
21 service; metal toner; models, modeling; mylar; negatives;  
22 nonoffset spray; opaque film process paper; opaquing; padding  
23 compound; paper stock; photographic materials: acids, plastic  
24 film, desensitizer emulsion, exposure chemicals, fix,  
25 developers, paper; photography, day rate; photopolymer  
26 coating; photographs; photostats; photo-display tape;  
27 phototypesetter materials; ph-indicator sticks; positives;  
28 press pack; printing cylinders; printing plates, all types;  
29 process lettering; proof paper; proofs and proof processes,  
30 all types; pumice powder; purchased author alterations;  
31 purchased composition; purchased phototypesetting; purchased  
32 stripping and paste-ups; red litho tape; reducers; roller  
33 covering; screen tints; sketches; stepped plates; stereotypes;  
34 strip types; substrate; tints; tissue overlays; toners;  
35 transparencies; tympan; typesetting; typography; varnishes;

1 veloxes; wood mounts; and any other items used in a like  
2 capacity to any of the above enumerated items by the printer  
3 or publisher to complete a finished product for sale at  
4 retail. Expendable tools and supplies which are not  
5 enumerated in this subsection are excluded from the exemption.

6 Sec. 2. Refunds of taxes, interests, or penalties which  
7 arise from claims resulting from the enactment of the  
8 amendment to section 422.45, subsection 21, of this Act, for  
9 sales and rentals occurring between July 1, 1983, and June 30,  
10 1995, shall be limited to twenty-five thousand dollars in the  
11 aggregate and shall not be allowed unless refund claims are  
12 filed prior to October 1, 1995, notwithstanding any other  
13 provision of law. If the amount of claims totals more than  
14 twenty-five thousand dollars in the aggregate, the department  
15 of revenue and finance shall prorate the twenty-five thousand  
16 dollars among all claimants in relation to the amounts of the  
17 claimants' valid claims.

18 Sec. 3. This Act, being deemed of immediate importance,  
19 takes effect upon enactment and applies retroactively to July  
20 1, 1983, for sales and rentals made on or after that date.

21 EXPLANATION

22 The bill amends the present sales and use tax exemption of  
23 sales made by trade shops to printers for use to complete a  
24 finished product. The bill makes the exemption for sales and  
25 rentals made by any business to printers and publishers who  
26 will use the items to complete a product for retail sale. The  
27 bill identifies approximately 100 specific items that are  
28 exempt.

29 The bill is effective upon enactment and applies  
30 retroactively to July 1, 1983, and allows for refunds for  
31 taxes paid for sales and rentals made between that date and  
32 June 30, 1995. However, the total amount of refunds cannot  
33 exceed \$25,000.

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**HOUSE FILE 185  
FISCAL NOTE**

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A fiscal note for House File 185 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

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House File 185 would exempt the purchase of a number of intermediate goods used in the production of printing materials from the State sales tax. The Bill would expand the processing exemption for printers and publishers. The Bill would apply retroactively to July 1, 1983, and provides for total refunds of \$25,000. The refund pool would be prorated according to approved claim amounts in the event that more than \$25,000 in refunds is due.

**FISCAL IMPACT**

The estimated fiscal effect of House File 185 is a decrease in revenues to the General Fund of an amount between \$0.5 million and \$1.0 million in FY 1996 and subsequent years. This estimate is based on an industry assessment of the amount spent each year on processing items. Because many of these items are already exempt under the processing exemption, and it is believed many printers and publishers are not currently remitting sales tax on some of the listed items, a lower figures was developed so that a range could be established. This estimate does not account for sales tax revenues that, under current law, may be remitted due to future audits. Refunds are assumed to account for \$25,000 of the impact.

**SOURCES**

Department of Revenue and Finance  
Ratio Studies, Printing Industries of America, 1992

(LSB 1577hv, JAM)

FILED FEBRUARY 21, 1995

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 185

H-3224

- 1 Amend House File 185 as follows:
- 2 1. Page 2, by striking lines 6 through 20 and
- 3 inserting the following:
- 4 "Sec. \_\_\_\_\_. If a publisher or printer notifies the
- 5 director of revenue and finance by January 1, 1996, of
- 6 the publisher's or printer's failure to pay the tax
- 7 due or delinquent from rentals, sales or services
- 8 rendered, furnished, or performed, before the
- 9 effective date of this Act if such rentals, sales or
- 10 services would be exempt to publishers or printers
- 11 under section 1 of this Act if made after the
- 12 effective date of this Act, the director shall not
- 13 collect any of the interest or penalties due."
- 14 2. Title page, by striking lines 2 through 4 and
- 15 inserting the following: "items used by printers and
- 16 publishers."
- 17 3. By renumbering as necessary.

By WEIGEL of Chickasaw

H-3224 FILED MARCH 3, 1995

(P. 714) Lost 3-9-95

HOUSE FILE 185

H-3119

- 1 Amend House File 185 as follows:
- 2 1. Page 2, by striking lines 6 through 20.
- 3 2. Title page, by striking lines 2, 3, and 4 and
- 4 inserting the following: "items used by printers and
- 5 publishers."

By WEIGEL of Chickasaw

H-3119 FILED FEBRUARY 21, 1995

(P. 714) Lost 3/9/95

HOUSE FILE 185

H-3297

- 1 Amend House File 185 as follows:
- 2 1. Page 2, by inserting after line 5 the
- 3 following:
- 4 "For purposes of this subsection, "printer" means
- 5 that portion of an entity's business that is engaged
- 6 in printing to complete or package a finished product
- 7 for ultimate sale at retail; and "publisher" means
- 8 that portion of an entity's business that publishes
- 9 for ultimate sale at retail or contracts for the
- 10 manufacture or printing for ultimate sale at retail
- 11 books, pamphlets, periodicals, brochures, magazines,
- 12 or newspapers."

By OLLIE of Clinton  
GRUBBS of Scott  
BRADLEY of Clinton

H-3297 FILED MARCH 14, 1995

(P. 967) out of order 3/23/95

HOUSE FILE 185

H-3287

- 1 Amend House File 185 as follows:
  - 2 1. Page 2, line 9, by inserting after the word
  - 3 "rentals" the following: "to printers".
  - 4 2. Page 2, line 20, by inserting after the word
  - 5 "rentals" the following: "to printers".
  - 6 3. Title page, line 3, by inserting after the
  - 7 word "refunds" the following: "to printers".
- By WEIGEL of Chickasaw

H-3287 FILED MARCH 10, 1995

(p. 966) *out of order*  
*3-23-95*

HOUSE FILE 185

H-3288

- 1 Amend House File 185 as follows:
- 2 1. Page 1, line 5, by striking the words "or
- 3 publisher".
- 4 2. Page 2, line 3, by striking the words "or
- 5 publisher".
- 6 3. Title page, line 2, by striking the words "and
- 7 publishers".

By WEIGEL of Chickasaw

H-3288 FILED MARCH 10, 1995

(p. 966) *out of order*  
*3/23/95*

HOUSE FILE 185

H-3302

- 1 Amend House File 185 as follows:
- 2 1. Page 2, line 4, by inserting after the word
- 3 "retail." the following: "The purchase of any item
- 4 enumerated in this subsection by a printer or
- 5 publisher for use by a contractor or subcontractor of
- 6 the printer or publisher which is used to complete a
- 7 finished product for sale at retail is included in the
- 8 exemption."
- 9 2. Page 2, by inserting after line 5 the
- 10 following:
- 11 "For purposes of this subsection, "printer" is a
- 12 person at least a portion of whose business includes
- 13 printing tangible personal property intended
- 14 ultimately to be sold at retail and includes printing
- 15 packages; and "publisher" is a person whose business
- 16 includes publishing, in any medium, books, pamphlets,
- 17 periodicals, brochures, magazines, or newspapers
- 18 intended ultimately to be sold at retail."

By OLLIE of Clinton

H-3302 FILED MARCH 14, 1995

(p. 967) *out of order*  
*3/23/95*

## HOUSE FILE 185

H-4124

- 1 Amend the Senate amendment, H-4123, to House File  
 2 185, as passed by the House, as follows:  
 3 1. Page 1, by inserting after line 11 the  
 4 following:  
 5 " . Page 2, by striking line 10 and inserting  
 6 the following: "1995,".  
 7 . Page 2, line 11, by striking the words  
 8 "aggregate and".  
 9 . Page 2, by striking lines 13 through 17 and  
 10 inserting the following: "provision of law."  
 11 . Title page, lines 2 and 3, by striking the  
 12 words "limiting the amount of refunds,".

By WEIGEL of Chickasaw

H-4124 FILED APRIL 27, 1995

*Not German 4-27-95*  
*(P. 2020)*

## HOUSE FILE 185

H-4125

- 1 Amend the Senate amendment, H-4123, to House File  
 2 185, as passed by the House, as follows:  
 3 1. Page 1, line 11, by inserting after the word  
 4 "materials." the following: "'Publisher" means a  
 5 newspaper and also means that portion of a person's  
 6 business engaged in after the effective date of this  
 7 Act that publishes for ultimate sale at wholesale or  
 8 retail or contracts for the manufacture or printing  
 9 for ultimate sale at wholesale or retail books,  
 10 pamphlets, periodicals, brochures, or magazines."

By WEIGEL of Chickasaw

H-4125 FILED APRIL 27, 1995

*Lost 4-27-95*  
*(P. 2020)*

## HOUSE FILE 185

H-4126

- 1 Amend the Senate amendment, H-4123, to House File  
 2 185, as passed by the House, as follows:  
 3 1. Page 1, line 11, by inserting after the word  
 4 "materials." the following:  
 5 "'Publisher" means that portion of an entity's  
 6 business that publishes for ultimate sale at retail or  
 7 contracts for the manufacture or printing for ultimate  
 8 sale at retail books, pamphlets, periodicals,  
 9 brochures, magazines, or newspapers."

By WEIGEL of Chickasaw

H-4126 FILED APRIL 27, 1995

*Lost 4-27-95*  
*(P. 2020)*

HOUSE FILE 185

H-3308

- 1 Amend House File 185, as follows:  
2 1. Page 2, by striking line 10 and inserting the  
3 following: "1995,".  
4 2. Page 2, line 11, by striking the words  
5 "aggregate and".  
6 3. Page 2, by striking lines 13 through 17 and  
7 inserting the following: "provision of law."  
8 4. Title page, lines 2 and 3, by striking the  
9 words "limiting the amount of refunds,".  
By WEIGEL of Chickasaw

H-3308 FILED MARCH 15, 1995

*out of order 3/23/95*

SENATE AMENDMENT TO HOUSE FILE 185

H-4123

- 1 Amend House File 185, as passed by the House, as  
2 follows:  
3 1. Page 2, line 5, by inserting after the word  
4 "exemption." the following: "'Printer" means that  
5 portion of a person's business engaged in printing  
6 that completes a finished product for ultimate sale at  
7 retail or means that portion of a person's business  
8 used to complete a finished printed packaging material  
9 used to package a product for ultimate sale at retail.  
10 "Printer" does not mean an in-house printer who prints  
11 or copyrights its own materials."  
12 2. By renumbering, relettering, or redesignating  
13 and correcting internal references as necessary.

RECEIVED FROM THE SENATE

H-4123 FILED APRIL 27, 1995

*House Considered  
4-27-95  
(p. 2021)*



HOUSE FILE 185

S-3274

1 Amend House File 185, as passed by the House, as  
2 follows:  
3 1. Page 2, line 5, by inserting after the word  
4 "exemption." the following: "'Printer" means a person  
5 engaged in printing that completes a finished printed  
6 product for ultimate sale at retail or means that  
7 portion of a person's business used to complete a  
8 finished printed packaging material used to package a  
9 product for ultimate sale at retail."

WITHDRAWN

By STEWART IVERSON, Jr.

S-3274 FILED MARCH 29, 1995

HOUSE FILE 185

S-3275

1 Amend House File 185, as passed by the House, as  
2 follows:  
3 1. Page 2, by striking lines 6 through 20.  
4 2. Title page, by striking lines 2, 3, and 4, and  
5 inserting the following: "items used by printers and  
6 publishers."

By STEWART IVERSON, Jr.

S-3275 FILED MARCH 29, 1995

*Adopted 4/19/95 (P. 1301)*

*Motion to R/C 4-19-95 - Motion to R/C Prevailed  
S-3275 - ~~Adopted~~ Now Lost 4-19-95 (P. 1301)*

HOUSE FILE 185

S-3328

1 Amend House File 185, as passed by the House, as  
2 follows:  
3 1. Page 2, line 5, by inserting after the word  
4 "exemption." the following: "'Printer" means that  
5 portion of a person's business engaged in printing  
6 that completes a finished product for ultimate sale at  
7 retail or means that portion of a person's business  
8 used to complete a finished printed packaging material  
9 used to package a product for ultimate sale at retail.  
10 "Printer" does not mean an in-house printer who prints  
11 or copyrights its own materials."

By STEWART IVERSON, Jr.

S-3328 FILED APRIL 3, 1995

*Adopted 4/19/95 (P. 1301)*

HSB 27

WAYS AND MEANS

SENATE/HOUSE FILE 135  
BY (PROPOSED GOVERNOR'S BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to the sales, services, and use tax exemption for  
2 items used by printers and publishers, limiting the amount of  
3 refunds, and providing retroactive and applicability date  
4 provisions.

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

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S.F. \_\_\_\_\_ H.F. \_\_\_\_\_

1 Section 1. Section 422.45, subsection 21, Code 1995, is  
2 amended by striking the subsection and inserting in lieu  
3 thereof the following:

4 21. The gross receipts from sales or rentals to a printer  
5 or publisher of the following: acetate; anti-halation  
6 backing; anti-static spray; back lining; base material used as  
7 a carrier for light sensitive emulsions; blankets; blow-ups;  
8 bronze powder; carbon tissue; codas; color filters; color  
9 separations; contacts; continuous tone separations; creative  
10 art; custom dies and die cutting materials; dampener sleeves;  
11 dampening solution; design and styling; diazo coating; dot  
12 etching; dot etching solutions; drawings; drawsheets; driers;  
13 duplicate films or prints; electronically digitized images;  
14 electrotypes; end product of image modulation; engravings;  
15 etch solutions; film; finished art or final art; fix; fixative  
16 spray; flats; flying pasters; foils; goldenrod paper; gum;  
17 halftones; illustrations; ink; ink paste; keylines; lacquer;  
18 lasering images; layouts; lettering; line negatives and  
19 positives; linotypes; lithographic offset plates; magnesium  
20 and zinc etchings; masking paper; masks; masters; mats; mat  
21 service; metal toner; models, modeling; mylar; negatives;  
22 nonoffset spray; opaque film process paper; opaquing; padding  
23 compound; paper stock; photographic materials: acids, plastic  
24 film, desensitizer emulsion, exposure chemicals, fix,  
25 developers, paper; photography, day rate; photopolymer  
26 coating; photographs; photostats; photo-display tape;  
27 phototypesetter materials; ph-indicator sticks; positives;  
28 press pack; printing cylinders; printing plates, all types;  
29 process lettering; proof paper; proofs and proof processes,  
30 all types; pumice powder; purchased author alterations;  
31 purchased composition; purchased phototypesetting; purchased  
32 stripping and paste-ups; red litho tape; reducers; roller  
33 covering; screen tints; sketches; stepped plates; stereotypes;  
34 strip types; substrate; tints; tissue overlays; toners;  
35 transparencies; tympan; typesetting; typography; varnishes;

1 veloxes; wood mounts; and any other items used in a like  
2 capacity to any of the above enumerated items by the printer  
3 or publisher to complete a finished product for sale at  
4 retail. Expendable tools and supplies which are not  
5 enumerated in this subsection are excluded from the exemption.

6     Sec. 2. Refunds of taxes, interests, or penalties which  
7 arise from claims resulting from the enactment of the  
8 amendment to section 422.45, subsection 21, of this Act, for  
9 sales and rentals occurring between July 1, 1983, and June 30,  
10 1995, shall be limited to fifty thousand dollars in the  
11 aggregate and shall not be allowed unless refund claims are  
12 filed prior to October 1, 1995, notwithstanding any other  
13 provision of law. If the amount of claims totals more than  
14 fifty thousand dollars in the aggregate, the department of  
15 revenue and finance shall prorate the fifty thousand dollars  
16 among all claimants in relation to the amounts of the  
17 claimants' valid claims.

18     Sec. 3. This Act, being deemed of immediate importance,  
19 takes effect upon enactment and applies retroactively to July  
20 1, 1983, for sales and rentals made on or after that date.

21                                   EXPLANATION

22     The bill amends the present sales and use tax exemption of  
23 sales made by trade shops to printers for use to complete a  
24 finished product. The bill makes the exemption for sales and  
25 rentals made by any business to printers and publishers who  
26 will use the items to complete a product for retail sale. The  
27 bill identifies approximately 100 specific items that are  
28 exempt.

29     The bill is effective upon enactment and applies  
30 retroactively to July 1, 1983, and allows for refunds for  
31 taxes paid for sales and rentals made between that date and  
32 June 30, 1995. However, the total amount of refunds cannot  
33 exceed \$50,000.

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HOUSE FILE 185

AN ACT

RELATING TO THE SALES, SERVICES, AND USE TAX EXEMPTION FOR ITEMS USED BY PRINTERS AND PUBLISHERS, LIMITING THE AMOUNT OF REFUNDS, AND PROVIDING RETROACTIVE AND APPLICABILITY DATE PROVISIONS.

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

Section 1. Section 422.45, subsection 21, Code 1995, is amended by striking the subsection and inserting in lieu thereof the following:

21. The gross receipts from sales or rentals to a printer or publisher of the following: acetate; anti-halation backing; anti-static spray; back lining; base material used as a carrier for light sensitive emulsions; blankets; blow-ups; bronze powder; carbon tissue; codas; color filters; color separations; contacts; continuous tone separations; creative art; custom dies and die cutting materials; dampener sleeves; dampening solution; design and styling; diazo coating; dot etching; dot etching solutions; drawings; drawsheets; driers; duplicate films or prints; electronically digitized images; electrotypes; end product of image modulation; engravings; etch solutions; film; finished art or final art; fix; fixative spray; flats; flying pasters; foils; goldenrod paper; gum; halftones; illustrations; ink; ink paste; keylines; lacquer; lasering images; layouts; lettering; line negatives and positives; linotypes; lithographic offset plates; magnesium and zinc etchings; masking paper; masks; masters; mats; mat service; metal toner; models, modeling; mylar; negatives; nonoffset spray; opaque film process paper; opaquing; padding compound; paper stock; photographic materials: acids, plastic film, desensitizer emulsion, exposure chemicals, fix, developers, paper; photography, day rate; photopolymer

coating; photographs; photostats; photo-display tape; phototypesetter materials; ph-indicator sticks; positives; press pack; printing cylinders; printing plates, all types; process lettering; proof paper; proofs and proof processes, all types; pumice powder; purchased author alterations; purchased composition; purchased phototypesetting; purchased stripping and paste-ups; red litho tape; reducers; roller covering; screen tints; sketches; stepped plates; stereotypes; strip types; substrate; tints; tissue overlays; toners; transparencies; tympan; typesetting; typography; varnishes; veloxes; wood mounts; and any other items used in a like capacity to any of the above enumerated items by the printer or publisher to complete a finished product for sale at retail. Expendable tools and supplies which are not enumerated in this subsection are excluded from the exemption. "Printer" means that portion of a person's business engaged in printing that completes a finished product for ultimate sale at retail or means that portion of a person's business used to complete a finished printed packaging material used to package a product for ultimate sale at retail. "Printer" does not mean an in-house printer who prints or copyrights its own materials.

Sec. 2. Refunds of taxes, interests, or penalties which arise from claims resulting from the enactment of the amendment to section 422.45, subsection 21, of this Act, for sales and rentals occurring between July 1, 1983, and June 30, 1995, shall be limited to twenty-five thousand dollars in the aggregate and shall not be allowed unless refund claims are filed prior to October 1, 1995, notwithstanding any other provision of law. If the amount of claims totals more than twenty-five thousand dollars in the aggregate, the department of revenue and finance shall prorate the twenty-five thousand dollars among all claimants in relation to the amounts of the claimants' valid claims.

Sec. 3. This Act, being deemed of immediate importance, takes effect upon enactment and applies retroactively to July 1, 1983, for sales and rentals made on or after that date.

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RON J. CORBETT  
Speaker of the House

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LEONARD L. BOSWELL  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 185, Seventy-sixth General Assembly.

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ELIZABETH ISAACSON  
Chief Clerk of the House

Approved May 4, 1995

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TERRY E. BRANSTAD  
Governor