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WAYS & MEANS CALENDAR

HOUSE FILE 2422
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 741)

Passed House, Date 4/8/96 (p. 1411) Passed Senate, Date 4/11/96 (P1326)
Vote: Ayes 94 Nays 0 Vote: Ayes 50 Nays 0
Approved _____

A BILL FOR

1 An Act relating to state sales and services tax exemption
2 certificates issued to state and county fairs.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

HOUSE FILE 2422

H-5438

1 Amend House File 2422 as follows:

2 1. By striking everything after the enacting
3 clause and inserting the following:

4 "Section 1. Section 422.45, Code Supplement 1995,
5 is amended by adding the following new subsection:

6 NEW SUBSECTION. 50. The gross receipts from sales
7 or services rendered, furnished, or performed by the
8 state fair organized under chapter 173 or a fair
9 society organized under chapter 174."

10 2. Title page, line 2, by striking the words
11 "certificates issued to" and inserting the following:
12 "for sales or services rendered, furnished, or
13 performed by".

By DISNEY of Polk

H-5438 FILED MARCH 18, 1996

Adopted 4/8/96 (p. 1411)

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HF 2422

2422
REPR

1 Section 1. Section 422.47, Code Supplement 1995, is
2 amended by adding the following new subsection:

3 NEW SUBSECTION. 5. a. The department shall issue or the
4 seller may separately provide exemption certificates in the
5 form prescribed by the director to assist retailers in
6 properly accounting for nontaxable sales of tangible personal
7 property or services to state and county fairs for their own
8 use.

9 b. The sales tax liability for all sales of tangible
10 personal property and all sales of services is upon the seller
11 and the purchaser unless the seller takes in good faith from
12 the purchaser a valid exemption certificate stating under
13 penalties for perjury that the purchase is for the use of a
14 state or county fair and is not a purchase for resale or for
15 processing or unless the seller takes a fuel exemption
16 certificate pursuant to subsection 4. If the tangible
17 personal property or services are purchased tax free pursuant
18 to a valid exemption certificate which is taken in good faith
19 by the seller, and the tangible personal property or services
20 are used or disposed of by the purchaser in a nonexempt
21 manner, the purchaser is solely liable for the taxes and shall
22 remit the taxes directly to the department and sections
23 422.50, 422.51, 422.52, 422.54, 422.55, 422.56, 422.57,
24 422.58, and 422.59 shall apply to the purchaser.

25 c. A valid exemption certificate is an exemption
26 certificate which is complete and correct according to the
27 requirements of the director.

28 d. A valid exemption certificate is taken in good faith by
29 the seller when the seller has exercised that caution and
30 diligence which honest persons of ordinary prudence would
31 exercise in handling their own business affairs, and includes
32 an honesty of intention and freedom from knowledge of
33 circumstances which ought to put one upon inquiry as to the
34 facts. In order for a seller to take a valid exemption
35 certificate in good faith, the seller must exercise reasonable

1 prudence to determine the facts supporting the valid exemption
2 certificate, and if any facts upon such certificate would lead
3 a reasonable person to further inquiry, then such inquiry must
4 be made with an honest intent to discover the facts.

5 e. If the circumstances change and the tangible personal
6 property or services are used or disposed of by the purchaser
7 in a nonexempt manner, the purchaser is liable solely for the
8 taxes and shall remit the taxes directly to the department in
9 accordance with this subsection.

10

EXPLANATION

11 The bill provides that the department of revenue and
12 finance shall issue or the seller may provide separately
13 exemption certificates for nontaxable sales made to state and
14 county fairs for purposes of the state sales and use taxes.
15 The exemption certificate would allow state and county fairs
16 to purchase property or services for its own use without
17 having to first pay the sales tax since these fairs are exempt
18 from the tax.

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HOUSE FILE 2422
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 741)

(As Amended and Passed by the House, April 8, 1996)

Passed House, Date _____ Passed Senate, Date 4/11/96 (p. 1326)
Vote: Ayes _____ Nays _____ Vote: Ayes 50 Nays 0
Approved 4-17-96

A BILL FOR

1 An Act relating to state sales and services tax exemption for
2 sales or services rendered, furnished, or performed by state
3 and county fairs.

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

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All New Language

1 Section 1. Section 422.45, Code Supplement 1995, is
2 amended by adding the following new subsection:

3 NEW SUBSECTION. 50. The gross receipts from sales or
4 services rendered, furnished, or performed by the state fair
5 organized under chapter 173 or a fair society organized under
6 chapter 174.

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**HOUSE FILE 2422
FISCAL NOTE**

A fiscal note for House File 2422 as passed by the House 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.

House File 2422 as passed by the House would exempt sales and services sold by the Iowa State Fair and other fairs organized under Chapter 174 of the Code of Iowa from the State sales tax.

FISCAL IMPACT

House File 2422 is expected to result in a decrease in revenues to the General Fund of approximately \$430,000 in FY 1997 and subsequent fiscal years. This is the amount estimated to be paid by county fairs and the Iowa State Fair in FY 1995.

SOURCES

Iowa State Fair

(LSB 4326HV, JAM)

FILED APRIL 9, 1996

BY DENNIS PROUTY, FISCAL DIRECTOR

Bankla, Chair
Gies
Wengel

HSB 741

**WAYS AND MEANS
Succeeded By**

HOUSE FILE

SF/HF 2422

BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON HALVORSON)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to state sales and services tax exemption
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10 personal property and all sales of services is upon the seller
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12 the purchaser a valid exemption certificate stating under
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10 EXPLANATION

11 The bill provides that the department of revenue and
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organized under chapter 173 or a fair society organized under chapter 174.

.....
RON J. CORBETT
Speaker of the House

.....
LEONARD L. BOSWELL
President of the Senate

HOUSE FILE 2422

AN ACT

RELATING TO STATE SALES AND SERVICES TAX EXEMPTION FOR SALES
OR SERVICES RENDERED, FURNISHED, OR PERFORMED BY STATE AND
COUNTY FAIRS.

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

Section 1. Section 422.45, Code Supplement 1995, is
amended by adding the following new subsection:

NEW SUBSECTION. 50. The gross receipts from sales or
services rendered, furnished, or performed by the state fair

I hereby certify that this bill originated in the House and
is known as House File 2422, Seventy-sixth General Assembly.

.....
ELIZABETH ISAACSON
Chief Clerk of the House

Approved 4/17, 1996

.....
TERRY E. BRANSTAD
Governor

HF 2422