

MAR 14 1995
WAYS AND MEANS

HOUSE FILE 408
BY DRAKE

(COMPANION TO LSB 2311SS
BY SZYMONIAK)

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

A BILL FOR

1 An Act relating to the taxation of sales of residential service
2 contracts under the state sales, services, and use taxes.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 422.43, subsection 6, Code 1995, is
2 amended to read as follows:

3 6. There is imposed a tax of five percent upon the gross
4 receipts from the sales of optional service or warranty
5 contracts, except residential service contracts regulated
6 under chapter 523C, which provide for the furnishing of labor
7 and materials and require the furnishing of any taxable
8 service enumerated under this section. The gross receipts are
9 subject to tax even if some of the services furnished are not
10 enumerated under this section. For the purpose of this
11 division, the sale of an optional service or warranty
12 contract, other than a residential service contract regulated
13 under chapter 523C, is a sale of tangible personal property.
14 Additional sales, services, or use taxes shall not be levied
15 on services, parts, or labor provided under optional service
16 or warranty contracts which are subject to tax under this
17 section.

18 Sec. 2. Section 423.1, subsection 10, Code 1995, is
19 amended to read as follows:

20 10. "Tangible personal property" means tangible goods,
21 wares, merchandise, optional service or warranty contracts,
22 except residential service contracts regulated under chapter
23 523C, vulcanizing, recapping, or retreading services,
24 engraving, photography, retouching, printing, or binding
25 services, and gas, electricity, and water when furnished or
26 delivered to consumers or users within this state.

27 EXPLANATION

28 The bill provides that the sales and use taxes on optional
29 service or warranty contracts do not include a tax on
30 residential service contracts which are regulated by the
31 commissioner of insurance.

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