

House Study Bill 752

Bill Text

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1 1 Section 1. Section [422.45](#), subsection 27, Code Supplement
1 2 1995, as amended by 1996 Acts, House File 2165, section 1, if
1 3 enacted, and as amended by that section of 1996 Acts, House
1 4 File 2481, which amends section 422.45, subsection 27, if
1 5 enacted, is amended by striking the subsection and inserting
1 6 in lieu thereof the following:

1 7 27. a. The gross receipts from the sale or rental of
1 8 computers or machinery and equipment including replacement
1 9 parts if such items are any of the following:

1 10 (1) Directly and primarily used in manufacturing by a
1 11 manufacturer as defined in section 428.20.

1 12 (2) Directly and primarily used for the maintenance of
1 13 environmental or quality control conditions of the product or
1 14 other machinery and equipment used in manufacturing by a
1 15 manufacturer as defined in section 428.20.

1 16 (3) Directly and primarily used in research and
1 17 development of new products or processes of manufacturing.

1 18 (4) Computers used in processing or storage of data or
1 19 information by an insurance company, financial institution, or
1 20 commercial enterprise.

1 21 (5) Directly and primarily used in recycling or
1 22 reprocessing of waste products.

1 23 (6) Pollution control equipment.

1 24 b. However, the gross receipts from the sale or rental of
1 25 the following shall not be exempt from the tax imposed by this
1 26 division:

1 27 (1) Hand tools.

1 28 (2) Point-of-sale equipment and computers.

1 29 (3) Industrial machinery, equipment and computers,
1 30 including pollution control equipment, within the scope of
1 31 section 427A.1, subsection 1, paragraphs "h" and "i".

1 32 c. As used in this subsection:

1 33 (1) "Commercial enterprise" includes businesses and
1 34 manufacturers conducted for profit and includes centers for
1 35 data processing services to insurance companies, financial
2 1 institutions, businesses, and manufacturers but excludes
2 2 professions and occupations and nonprofit organizations.

2 3 (2) "Financial institutions" means as defined in section
2 4 527.2.

2 5 (3) "Insurance company" means an insurer organized or
2 6 operating under chapter 508, 514, 515, 518, 518A, 519, 520, or
2 7 authorized to do business in Iowa as an insurer or a licensed
2 8 insurance agent under chapter 522.

2 9 (4) "Manufacturing" shall be deemed to encompass all
2 10 activities performed by a manufacturer in a process listed in
2 11 section 428.20 commencing with the unpacking or preparation or
2 12 storage of raw materials through and including the packing,
2 13 packaging, boxing, bagging, shrink wrapping, or palletizing of
2 14 a finished product intended to be sold for gain or profit.

EXPLANATION

2 16 This bill rewrites the Code provision exempting certain
2 17 computers or machinery and equipment from the state sales tax
2 18 by defining those manufacturing activities which would give
2 19 rise to the exemption.

2 20 LSB 4438HC 76

2 21 sc/sc/14.1

