

FEB 12 1997  
WAYS AND MEANS

HOUSE FILE 209  
BY LARSON and MYERS

Passed House, Date \_\_\_\_\_ Passed Senate, 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 the sale of tangible personal property which is purchased for  
3 lease or rental.

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

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HF 209

1 Section 1. Section 422.45, subsection 18, Code 1997, is  
2 amended to read as follows:

3 18. Gross receipts from the sale of tangible personal  
4 property, except vehicles subject to registration, to a person  
5 regularly engaged in the business of leasing if the period of  
6 the lease is for more than one year, or a person regularly  
7 engaged in the consumer rental purchase business if the  
8 property is to be utilized in a transaction involving a  
9 consumer rental purchase agreement as defined in section  
10 537.3604, subsection 8, or a person whose intent is to lease  
11 or rent the property even if not regularly engaged in the  
12 business of leasing or renting, and the leasing, renting, or  
13 consumer rental of the property is subject to taxation under  
14 this division. If tangible personal property exempt under  
15 this subsection is made use of for any purpose other than  
16 leasing, renting, or consumer rental purchase, the person  
17 claiming the exemption under this subsection is liable for the  
18 tax that would have been due except for this subsection. The  
19 tax shall be computed upon the original purchase price. The  
20 aggregate of the tax paid on the leasing, renting, or rental  
21 purchase of such tangible personal property, not to exceed the  
22 amount of the sales tax owed, shall be credited against the  
23 tax. This sales tax is in addition to any sales or use tax  
24 that may be imposed as a result of the disposal of such  
25 tangible personal property.

26 EXPLANATION

27 The bill exempts from the sales and use taxes the sale of  
28 tangible personal property to a person who intends to lease or  
29 rent the property, even if the person is not in the business  
30 of leasing or renting the property. However, the exemption  
31 only applies if the lease or rental is subject to sales or use  
32 tax when it is leased or rented. If the property is used for  
33 other than leasing or rental, then sales or use tax is due  
34 with credit for the amount of sales or use tax paid if  
35 previously leased or rented.