

FEB 18 1998

WAYS AND MEANS

HOUSE FILE
BY GREIG

2323

(COMPANION TO LSB 3892SS
BY DOUGLAS)

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 taxes exemption
2 for the sales of meals by certain agricultural production
3 associations and including effective and retroactive
4 applicability date provisions.

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

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HF 2323

1 Section 1. Section 422.45, Code Supplement 1997, is
2 amended by adding the following new subsection:

3 NEW SUBSECTION. 52. The gross receipts from the sales of
4 meals or sandwiches by a nonprofit agricultural livestock or
5 fowl production association if all of the following are met:

6 a. The income of the production association is exempt from
7 income tax under this chapter.

8 b. The production association's primary purpose is the
9 promotion of an agricultural product grown or raised in the
10 state and the commodity promoted constitutes a majority of the
11 total cost of the meals or sandwiches sold.

12 c. The total gross receipts from the sales event are less
13 than five thousand dollars. For purposes of this paragraph,
14 sales made on consecutive days are considered made from the
15 same sales event.

16 Sec. 2. REFUNDS. Refunds of taxes, interest, or penalties
17 which arise from claims resulting from the enactment of
18 section 422.45, subsection 52, in this Act, occurring between
19 July 1, 1988, and June 30, 1998, shall not be allowed.

20 Sec. 3. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY
21 PROVISION. This Act, being deemed of immediate importance,
22 takes effect upon enactment and applies retroactively to July
23 1, 1988.

24 EXPLANATION

25 The bill provides an exemption from the sales and use taxes
26 of the sales of meals and sandwiches by nonprofit agricultural
27 livestock or fowl production associations if they are not
28 subject to state income tax, they have a primary purpose of
29 promotion of agricultural products grown or raised in the
30 state, this promoted product makes up a majority of the total
31 cost of the meals or sandwiches, and the total gross receipts
32 from the sales event is less than \$5,000.

33 The bill takes effect upon enactment and applies
34 retroactively to July 1, 1988. However, no refunds of sales
35 or use taxes paid shall be allowed.