

S-4/2/98 Ways & Means  
S-4/7/98 Do Pass

MAR 25 1998  
WAYS & MEANS CALENDAR

HOUSE FILE 2541  
BY COMMITTEE ON WAYS AND MEANS  
(SUCCESSOR TO HSB 700)

Passed House, (P.1188) Date 4/2/98 Passed Senate, (P.1198) Date 4-13-98  
Vote: Ayes 97 Nays 0 Vote: Ayes 47 Nays 0  
Approved April 23, 1998

A BILL FOR

1 An Act relating to the use tax exemption for vehicles used  
2 substantially in interstate commerce.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23

HF 2541

1 Section 1. Section 423.4, subsection 10, Code Supplement  
2 1997, is amended by adding the following new unnumbered  
3 paragraph:

4 NEW UNNUMBERED PARAGRAPH. For the purposes of this  
5 subsection, if a vehicle meets the requirement that twenty-  
6 five percent of the miles operated accrues in states other  
7 than Iowa in each year of the first four-year period of  
8 operation, the exemption from use tax shall continue until the  
9 vehicle is sold or transferred. If the vehicle is found to  
10 have not met the exemption requirements or the exemption was  
11 revoked, the value of the vehicle upon which the use tax shall  
12 be imposed is the book or market value, whichever is less, at  
13 the time the exemption requirements were not met or the  
14 exemption was revoked.

15 EXPLANATION

16 Present law allows a use tax exemption for commercial  
17 vehicles which are used substantially in interstate commerce.  
18 To be used "substantially in interstate commerce", at least 25  
19 percent of the miles operated by the vehicle must be in states  
20 other than Iowa. The bill provides that if this 25 percent  
21 minimum requirement is met for each year of the first four-  
22 year period of operation, the exemption would continue until  
23 the vehicle is sold or transferred.

24 The bill also provides that if the exemption requirements  
25 are not met or the exemption is revoked, the tax is imposed on  
26 the lesser of the book value or market value at the time the  
27 requirements are not met or the exemption is revoked.

28  
29  
30  
31  
32  
33  
34  
35

Lamberti, chair  
Dinkla  
Chapman

HSB 700  
WAYS AND MEANS

Sub. 100  
01 01 75

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON DINKLA)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to the use tax exemption for vehicles used  
2 substantially in interstate commerce.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23

1 Section 1. Section 423.4, subsection 10, Code Supplement  
2 1997, is amended by adding the following new unnumbered  
3 paragraph:

4 NEW UNNUMBERED PARAGRAPH. For the purposes of this  
5 subsection, if a vehicle meets the requirement that twenty-  
6 five percent of the miles operated accrues in states other  
7 than Iowa in each year of the first four-year period of  
8 operation, the exemption from use tax shall continue until the  
9 vehicle is sold or transferred. If the vehicle is found to  
10 have not met the exemption requirements or the exemption was  
11 revoked, the value of the vehicle upon which the use tax shall  
12 be imposed is the book or market value, whichever is less, at  
13 the time the exemption requirements were not met or the  
14 exemption was revoked.

15 EXPLANATION

16 Present law allows a use tax exemption for commercial  
17 vehicles which are used substantially in interstate commerce.  
18 To be used "substantially in interstate commerce", at least 25  
19 percent of the miles operated by the vehicle must be in states  
20 other than Iowa. The bill provides that if this 25 percent  
21 minimum requirement is met for each year of the first four-  
22 year period of operation, the exemption would continue until  
23 the vehicle is sold or transferred.

24 The bill also provides that if the exemption requirements  
25 are not met or the exemption is revoked, the tax is imposed on  
26 the lesser of the book value or market value at the time the  
27 requirements are not met or the exemption is revoked.

28  
29  
30  
31  
32  
33  
34  
35

the time the exemption requirements were not met or the exemption was revoked.

HOUSE FILE 2541

AN ACT

RELATING TO THE USE TAX EXEMPTION FOR VEHICLES USED SUBSTANTIALLY  
IN INTERSTATE COMMERCE.

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

Section 1. Section 423.4, subsection 10, Code Supplement 1997, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. For the purposes of this subsection, if a vehicle meets the requirement that twenty-five percent of the miles operated accrues in states other than Iowa in each year of the first four-year period of operation, the exemption from use tax shall continue until the vehicle is sold or transferred. If the vehicle is found to have not met the exemption requirements or the exemption was revoked, the value of the vehicle upon which the use tax shall be imposed is the book or market value, whichever is less, at

---

RON J. CORBETT  
Speaker of the House

---

MARY E. KRAMER  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2541, Seventy-seventh General Assembly.

---

ELIZABETH ISAACSON  
Chief Clerk of the House

Approved April 23, 1998

---

TERRY E. BRANSTAD  
Governor