

JAN 17 1997

WAYS AND MEANS

HOUSE FILE
BY LORD

45

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

A BILL FOR

1 An Act exempting services provided by licensed massage therapists
2 from the state services tax.

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

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HF 45

1 Section 1. Section 422.43, subsection 11, Code 1997, is
2 amended to read as follows:

3 11. The following enumerated services are subject to the
4 tax imposed on gross taxable services: alteration and garment
5 repair; armored car; vehicle repair; battery, tire, and
6 allied; investment counseling; service charges of all
7 financial institutions; barber and beauty; boat repair;
8 vehicle wash and wax; carpentry; roof, shingle, and glass
9 repair; dance schools and dance studios; dating services; dry
10 cleaning, pressing, dyeing, and laundering; electrical and
11 electronic repair and installation; rental of tangible
12 personal property, except mobile homes which are tangible
13 personal property; excavating and grading; farm implement
14 repair of all kinds; flying service; furniture, rug,
15 upholstery repair and cleaning; fur storage and repair; golf
16 and country clubs and all commercial recreation; house and
17 building moving; household appliance, television, and radio
18 repair; jewelry and watch repair; limousine service, including
19 driver; machine operator; machine repair of all kinds; motor
20 repair; motorcycle, scooter, and bicycle repair; oilers and
21 lubricators; office and business machine repair; painting,
22 papering, and interior decorating; parking facilities; pipe
23 fitting and plumbing; wood preparation; licensed executive
24 search agencies; private employment agencies, excluding
25 services for placing a person in employment where the
26 principal place of employment of that person is to be located
27 outside of the state; sewage services for nonresidential
28 commercial operations; sewing and stitching; shoe repair and
29 shoeshine; sign construction and installation; storage of
30 household goods, mini-storage, and warehousing of raw
31 agricultural products; swimming pool cleaning and maintenance;
32 taxidermy services; telephone answering service; test
33 laboratories, including mobile testing laboratories and field
34 testing by testing laboratories, and excluding tests on humans
35 or animals; termite, bug, roach, and pest eradicators; tin and

1 sheet metal repair; turkish baths, massage, and reducing
2 salons, excluding services provided by massage therapists
3 licensed under chapter 152C; weighing; welding; well drilling;
4 wrapping, packing, and packaging of merchandise other than
5 processed meat, fish, fowl and vegetables; wrecking service;
6 wrecker and towing; pay television; campgrounds; carpet and
7 upholstery cleaning; gun and camera repair; janitorial and
8 building maintenance or cleaning; lawn care, landscaping and
9 tree trimming and removal; pet grooming; reflexology; security
10 and detective services; tanning beds or salons; and water
11 conditioning and softening.

12 For purposes of this subsection, gross taxable services
13 from rental includes rents, royalties, and copyright and
14 license fees. For purposes of this subsection, "financial
15 institutions" means all national banks, federally chartered
16 savings and loan associations, federally chartered savings
17 banks, federally chartered credit unions, banks organized
18 under chapter 524, savings and loan associations and savings
19 banks organized under chapter 534, and credit unions organized
20 under chapter 533.

21 EXPLANATION

22 This bill exempts from the state services tax services
23 provided by massage therapists licensed under Iowa Code
24 chapter 152C.

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**HOUSE FILE 45
FISCAL NOTE**

A fiscal note for House File 45 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 45 exempts services provided by licensed massage therapists from the State sales tax.

ASSUMPTIONS

There are approximately 900 licensed massage therapists doing business in Iowa. This estimate assumes that each therapist on average has taxable annual sales of \$20,000.

FISCAL IMPACT

House File 45 is expected to result in a decrease in revenues to the General Fund of approximately \$0.9 million in FY 1998 and subsequent fiscal years. There may also be an additional impact for local governments that levy a local option sales tax.

SOURCES

Department of Public Health

(LSB 1393hh, JAM)

FILED JANUARY 30, 1997

BY DENNIS PROUTY, FISCAL DIRECTOR