

*Substituted for  
HF 34 4-14-97  
(P. 1191)*

*1-15-97 W. & M.  
2-6-97 Do Pass*

FILED JAN 15 1997

SENATE FILE 30  
BY IVERSON

Passed Senate, Date 3-17-97 <sup>(P. 636)</sup> Passed House, <sup>(P. 1191)</sup> Date 4-14-97  
Vote: Ayes 50 Nays 0 Vote: Ayes 88 Nays 3  
Approved April 22, 1997

A BILL FOR

1 An Act relating to the exemption from sales, services, and use  
2 taxes of adjuvants and surfactants used to enhance the  
3 application of fertilizers, limestone, herbicides, pesticides,  
4 and insecticides in agricultural production and providing  
5 effective and retroactive applicability date provisions.

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

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**SE. 30**

1 Section 1. Section 422.42, subsection 14, Code 1997, is  
2 amended to read as follows:

3 14. "Retail sale" or "sale at retail" means the sale to a  
4 consumer or to any person for any purpose, other than for  
5 processing, for resale of tangible personal property or  
6 taxable services, or for resale of tangible personal property  
7 in connection with taxable services; and includes the sale of  
8 gas, electricity, water, and communication service to retail  
9 consumers or users; but does not include agricultural breeding  
10 livestock and domesticated fowl; and does not include  
11 commercial fertilizer, agricultural limestone, herbicide,  
12 pesticide, insecticide, including adjuvants, surfactants, and  
13 other products directly related to the application enhancement  
14 of those products, and food, medication, or agricultural drain  
15 tile, including installation of agricultural drain tile, any  
16 of which are to be used in disease control, weed control,  
17 insect control, or health promotion of plants or livestock  
18 produced as part of agricultural production for market; and  
19 does not include electricity, steam, or any taxable service  
20 when purchased and used in the processing of tangible personal  
21 property intended to be sold ultimately at retail. When used  
22 by a manufacturer of food products, carbon dioxide in a  
23 liquid, solid, or gaseous form, electricity, steam, and other  
24 taxable services are sold for processing when used to produce  
25 marketable food products for human consumption, including but  
26 not limited to, treatment of material to change its form,  
27 context, or condition, in order to produce the food product,  
28 maintenance of quality or integrity of the food product,  
29 changing or maintenance of temperature levels necessary to  
30 avoid spoilage or to hold the food product in marketable  
31 condition, maintenance of environmental conditions necessary  
32 for the safe or efficient use of machinery and material used  
33 to produce the food product, sanitation and quality control  
34 activities, formation of packaging, placement into shipping  
35 containers, and movement of the material or food product until

1 shipment from the building of manufacture. Tangible personal  
2 property is sold for processing within the meaning of this  
3 subsection only when it is intended that the property will, by  
4 means of fabrication, compounding, manufacturing, or  
5 germination become an integral part of other tangible personal  
6 property intended to be sold ultimately at retail; or will be  
7 consumed as fuel in creating heat, power, or steam for  
8 processing including grain drying, or for providing heat or  
9 cooling for livestock buildings or for greenhouses or  
10 buildings or parts of buildings dedicated to the production of  
11 flowering, ornamental, or vegetable plants intended for sale  
12 in the ordinary course of business, or for generating electric  
13 current, or in implements of husbandry engaged in agricultural  
14 production; or the property is a chemical, solvent, sorbent,  
15 or reagent, which is directly used and is consumed,  
16 dissipated, or depleted, in processing personal property which  
17 is intended to be sold ultimately at retail or consumed in the  
18 maintenance or repair of fabric or clothing, and which may not  
19 become a component or integral part of the finished product.  
20 The distribution to the public of free newspapers or shoppers  
21 guides is a retail sale for purposes of the processing  
22 exemption.

23     Sec. 2. Refunds of taxes, interests, or penalties which  
24 arise from claims resulting from the enactment of the  
25 amendment to section 422.42, subsection 14, in this Act, for  
26 sales and uses occurring between April 1, 1990, and June 30,  
27 1997, shall be limited to twenty-five thousand dollars in the  
28 aggregate and shall not be allowed unless refund claims are  
29 filed prior to October 1, 1997, notwithstanding any other  
30 provision of law. If the amount of refund claims totals more  
31 than twenty-five thousand dollars in the aggregate, the  
32 department of revenue and finance shall prorate the twenty-  
33 five thousand dollars among all claimants in relation to the  
34 amounts of the claimants' valid claims.

35     Sec. 3. This Act, being deemed of immediate importance,

1 takes effect upon enactment and applies retroactively to April  
2 1, 1990, for sales made or uses occurring on or after that  
3 date.

4 EXPLANATION

5 The bill exempts from the sales and use tax ingredients and  
6 detergents which are used to enhance the application of  
7 commercial fertilizer, agricultural limestone, herbicide,  
8 pesticide, and insecticides used in agricultural production  
9 for market.

10 The bill takes effect upon enactment and applies  
11 retroactively to April 1, 1990, for sales made and uses  
12 occurring on or after that date. The bill also requires  
13 claims for refunds of taxes paid between April 1, 1990, to  
14 June 30, 1997, be made prior to October 1, 1997, and limits  
15 the aggregate amount of claims to \$25,000.

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## SENATE FILE 30

## AN ACT

RELATING TO THE EXEMPTION FROM SALES, SERVICES, AND USE TAXES OF ADJUVANTS AND SURFACTANTS USED TO ENHANCE THE APPLICATION OF FERTILIZERS, LIMESTONE, HERBICIDES, PESTICIDES, AND INSECTICIDES IN AGRICULTURAL PRODUCTION AND PROVIDING EFFECTIVE AND RETROACTIVE APPLICABILITY DATE PROVISIONS.

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

Section 1. Section 422.42, subsection 14, Code 1997, is amended to read as follows:

14. "Retail sale" or "sale at retail" means the sale to a consumer or to any person for any purpose, other than for processing, for resale of tangible personal property or taxable services, or for resale of tangible personal property in connection with taxable services; and includes the sale of gas, electricity, water, and communication service to retail consumers or users; but does not include agricultural breeding livestock and domesticated fowl; and does not include commercial fertilizer, agricultural limestone, herbicide, pesticide, insecticide, including adjuvants, surfactants, and other products directly related to the application enhancement of those products, and food, medication, or agricultural drain tile, including installation of agricultural drain tile, any of which are to be used in disease control, weed control, insect control, or health promotion of plants or livestock produced as part of agricultural production for market; and does not include electricity, steam, or any taxable service when purchased and used in the processing of tangible personal property intended to be sold ultimately at retail. When used by a manufacturer of food products, carbon dioxide in a liquid, solid, or gaseous form, electricity, steam, and other taxable services are sold for processing when used to produce marketable food products for human consumption, including but

not limited to, treatment of material to change its form, context, or condition, in order to produce the food product, maintenance of quality or integrity of the food product, changing or maintenance of temperature levels necessary to avoid spoilage or to hold the food product in marketable condition, maintenance of environmental conditions necessary for the safe or efficient use of machinery and material used to produce the food product, sanitation and quality control activities, formation of packaging, placement into shipping containers, and movement of the material or food product until shipment from the building of manufacture. Tangible personal property is sold for processing within the meaning of this subsection only when it is intended that the property will, by means of fabrication, compounding, manufacturing, or germination become an integral part of other tangible personal property intended to be sold ultimately at retail; or will be consumed as fuel in creating heat, power, or steam for processing including grain drying, or for providing heat or cooling for livestock buildings or for greenhouses or buildings or parts of buildings dedicated to the production of flowering, ornamental, or vegetable plants intended for sale in the ordinary course of business, or for generating electric current, or in implements of husbandry engaged in agricultural production; or the property is a chemical, solvent, sorbent, or reagent, which is directly used and is consumed, dissipated, or depleted, in processing personal property which is intended to be sold ultimately at retail or consumed in the maintenance or repair of fabric or clothing, and which may not become a component or integral part of the finished product. The distribution to the public of free newspapers or shoppers guides is a retail sale for purposes of the processing exemption.

Sec. 2. Refunds of taxes, interests, or penalties which arise from claims resulting from the enactment of the amendment to section 422.42, subsection 14, in this Act, for sales and uses occurring between April 1, 1990, and June 30, 1997, shall be limited to twenty-five thousand dollars in the

aggregate and shall not be allowed unless refund claims are filed prior to October 1, 1997, notwithstanding any other provision of law. If the amount of refund claims totals more than twenty-five thousand dollars in the aggregate, the department of revenue and finance shall prorate the twenty-five thousand dollars among all claimants in relation to the amounts of the claimants' valid claims.

Sec. 3. This Act, being deemed of immediate importance, takes effect upon enactment and applies retroactively to April 1, 1990, for sales made or uses occurring on or after that date.

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MARY E. KRAMER  
President of the Senate

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RON J. CORBETT  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 30, Seventy-seventh General Assembly.

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MARY PAT GUNDERSON  
Secretary of the Senate

Approved April 22, 1997

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TERRY E. BRANSTAD  
Governor