

FEB 1 2000
WAYS AND MEANS

HOUSE FILE **2125**
BY CORMACK

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

A BILL FOR

1 An Act relating to a temporary exemption from the state sales and
2 use taxes on an annual basis for the sale of clothing and
3 footwear and including an effective date.

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

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HF 2125

1 Section 1. Section 422.45, Code Supplement 1999, is
2 amended by adding the following new subsection:

3 NEW SUBSECTION. 57. a. The first one hundred ten dollars
4 of the gross receipts from the sale of each item of clothing,
5 each pair of shoes or other items of footwear, and each item
6 used or consumed to make or repair an item of clothing which
7 item becomes a physical component part of the item of
8 clothing, when the item of clothing, pair of shoes or other
9 items of footwear, or items that become a physical component
10 part of an item of clothing is sold at retail during the
11 period beginning at 12:01 a.m. on Saturday preceding the
12 calendar week in which the first day of school may begin
13 pursuant to section 279.10, subsection 1, and ending at
14 midnight on the following Sunday of each calendar year.

15 b. The exemption in this subsection does not apply to any
16 of the following:

17 (1) Special clothing or footwear that is primarily
18 designed for athletic activity or protective use and that is
19 not normally worn except when used for the athletic activity
20 or protective use for which it is designed.

21 (2) Accessories, including jewelry, handbags, luggage,
22 umbrellas, wallets, watches, and similar items carried on or
23 about the human body, without regard to whether worn on the
24 body in a manner characteristic of clothing.

25 (3) The rental of clothing or footwear.

26 c. The application of the exemption in this subsection to
27 a local sales and services tax imposed under chapter 422B or a
28 local sales and services tax for school infrastructure
29 purposes under chapter 422E shall be determined in the manner
30 provided in section 422B.8A or section 422E.3, subsection 2A,
31 respectively.

32 Sec. 2. NEW SECTION. 422B.8A APPLICATION OF STATE
33 EXEMPTION.

34 Notwithstanding the requirement in section 422B.8 that the
35 local sales and services tax shall not be imposed on the sale

1 of any property or on any service not taxed by the state, the
2 board of supervisors of a county where a local sales and
3 services tax is imposed may void the application of the
4 exemption provided in section 422.45, subsection 57, to the
5 local sales and services tax by passing an ordinance
6 specifying that such exemption does not apply. However, prior
7 to the voting on the ordinance, a public hearing shall be
8 held. The public hearing shall be held not later than two
9 weeks prior to the vote on the ordinance. The vote on the
10 ordinance shall be held not later than four weeks prior to the
11 first exemption period under section 422.45, subsection 57, to
12 which the ordinance will apply. Once the ordinance is passed,
13 it shall apply to the first exemption period specified in
14 section 422.45, subsection 57, following passage of the
15 ordinance and for all subsequent exemption periods until the
16 ordinance is repealed. The repeal of an ordinance shall be
17 accomplished by following the same procedure under this
18 section as provided for the original passage of the ordinance.
19 Sec. 3. Section 422E.3, Code Supplement 1999, is amended
20 by adding the following new subsection:

21 NEW SUBSECTION. 2A. Notwithstanding the requirement in
22 subsection 2 that the local sales and services tax shall not
23 be imposed on the sale of any property or on any service not
24 taxed by the state, the board of supervisors of a county where
25 a local sales and services tax is imposed may void the
26 application of the exemption provided in section 422.45,
27 subsection 57, to the local sales and services tax by passing
28 an ordinance specifying that such exemption does not apply.
29 However, prior to the voting on the ordinance, a public
30 hearing shall be held. The public hearing shall be held not
31 later than two weeks prior to the vote on the ordinance. The
32 vote on the ordinance shall be held not later than four weeks
33 prior to the first exemption period under section 422.45,
34 subsection 57, to which the ordinance will apply. Once the
35 ordinance is passed, it shall apply to the first exemption

1 period specified in section 422.45, subsection 57, following
2 passage of the ordinance and for all subsequent exemption
3 periods until the ordinance is repealed. The repeal of an
4 ordinance shall be accomplished by following the same
5 procedure under this subsection as provided for the original
6 passage of the ordinance.

7 Sec. 4. EFFECTIVE DATE. This Act, being deemed of
8 immediate importance, takes effect upon enactment.

9 EXPLANATION

10 This bill provides for an annual exemption from the state
11 sales and use taxes that applies to sales made during the last
12 weekend preceding the official opening of public school for K-
13 12 students. The exemption applies to the first \$110 of the
14 gross receipts from the sale of each item of clothing, each
15 pair of shoes or other footwear, and each item used to repair
16 clothing. The exemption does not apply to special clothing or
17 footwear designed and primarily used for athletic or
18 protective purposes, accessories such as jewelry, handbags,
19 watches, and other similar items that are carried on or about
20 the body, and rental clothing or footwear.

21 The exemption applies to the local option sales and
22 services tax imposed under Code chapters 422B and 422E unless
23 the board of supervisors enacts an ordinance specifying that
24 the temporary exemption does not apply to those local option
25 taxes.

26 The bill takes effect upon enactment.

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