

WAYS AND MEANS

Jenkins (chair)  
Boal  
Chapman

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

Succeeded By  
SF/HF

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

A BILL FOR

1 An Act exempting the sale of argon gas used in the manufacturing  
2 process from the sales and use taxes.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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

3 NEW SUBSECTION. 55. The gross receipts from the sale of  
4 argon gas to be used in the manufacturing process.

5 EXPLANATION

6 ~~The bill exempts from the sales and use taxes the sale of~~  
7 ~~argon gas to be used in the manufacturing process.~~

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MAR 1 1999

WAYS & MEANS CALENDAR

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S. 4/14/99 Do Pass

**418**

HOUSE FILE

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 23)

(P.556) Passed House, Date 3/4/99 Passed Senate, Date 4/26/99 (P.1285)  
 Vote: Ayes 92 Nays 2 Vote: Ayes 42 Nays 4  
 Approved May 24, 1999

A BILL FOR

1 An Act exempting the sale of argon and similar gases used in the  
 2 manufacturing process from the sales and use taxes, providing  
 3 limited refunds, 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 418

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

3 NEW SUBSECTION. 55. The gross receipts from the sale of  
4 argon and other similar gases to be used in the manufacturing  
5 process.

6 Sec. 2. REFUNDS. Refunds of taxes, interest, or penalties  
7 which arise from claims resulting from the enactment of  
8 section 422.45, subsection 55, in this Act, for sales  
9 occurring between January 1, 1991, and the effective date of  
10 this Act, shall be limited to twenty-five thousand dollars in  
11 the aggregate and shall not be allowed unless refund claims  
12 are filed prior to October 1, 1999, notwithstanding any other  
13 provision of law. If the amount of claims totals more than  
14 twenty-five thousand dollars in the aggregate, the department  
15 of revenue and finance shall prorate the twenty-five thousand  
16 dollars among all claimants in relation to the amounts of the  
17 claimants' valid claims.

18 Sec. 3. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY  
19 PROVISION. This Act, being deemed of immediate importance,  
20 takes effect upon enactment and applies retroactively to  
21 January 1, 1991.

22 EXPLANATION

23 The bill exempts from the sales and use taxes the sale of  
24 argon and similar gases to be used in the manufacturing  
25 process.

26 The bill applies retroactively to January 1, 1991, for  
27 sales occurring between that date and the effective date of  
28 the bill. The bill provides for a limit on the refunds as a  
29 result of the retroactivity of the bill of \$25,000. If  
30 refunds exceed that amount, each refund will be prorated.

31 The bill takes effect upon enactment.

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**HOUSE FILE 418  
FISCAL NOTE**

A fiscal note for House File 418 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 418 exempts from the sales and use taxes the sale of argon and similar gases to be used in the manufacturing process.

**ASSUMPTIONS**

1. Argon gas is the only gas covered by the provisions of HF 418, because of the existing exemption for other gases which are consumed in the manufacturing process.
2. Iowa manufacturers consume between 0.10% and 0.15% of the national total of argon gas.
3. Nationwide consumption of argon gas is approximately 16.9 billion cubic feet annually, of which approximately 75.0% is used in the manufacturing process.
4. The cost per cubic foot of argon gas is approximately \$2.50.
5. The Bill is retroactive to January 1, 1991, and contains a maximum \$25,000 cap on refunds.

**FISCAL EFFECT**

House File 418 is expected to reduce State General Fund sales and use tax revenue by \$1.8 million annually beginning in FY 2000. The estimate includes \$25,000 allocated in the Bill for refund claims arising from the retroactivity provision.

**SOURCE**

U.S. Census Bureau, Census of Manufacturing

(LSB 1605hv, LCS)

FILED MARCH 2, 1999

BY DENNIS PROUTY, FISCAL DIRECTOR

AN ACT

EXEMPTING THE SALE OF ARGON AND SIMILAR GASES USED IN THE MANUFACTURING PROCESS FROM THE SALES AND USE TAXES, PROVIDING LIMITED REFUNDS, AND INCLUDING EFFECTIVE AND RETROACTIVE APPLICABILITY DATE PROVISIONS.

takes effect upon enactment and applies retroactively to January 1, 1991.

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

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RON J. CORBETT  
Speaker of the House

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

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MARY E. KRAMER  
President of the Senate

NEW SUBSECTION. 55. The gross receipts from the sale of argon and other similar gases to be used in the manufacturing process.

I hereby certify that this bill originated in the House and is known as House File 418, Seventy-eighth General Assembly.

Sec. 2. REFUNDS. Refunds of taxes, interest, or penalties which arise from claims resulting from the enactment of section 422.45, subsection 55, in this Act, for sales occurring between January 1, 1991, and the effective date of this Act, 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, 1999, notwithstanding any other provision of law. If the amount of 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.

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ELIZABETH ISAACSON  
Chief Clerk of the House

Approved *May 24*, 1999

Sec. 3. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY PROVISION. This Act, being deemed of immediate importance,

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THOMAS J. VILSACK  
Governor