

Drake
McKibben
Hynn

SSB-3120
Ways & Means

SENATE FILE Succeeded By
BY (PROPOSED HF 2458 COMMITTEE ON WAYS
AND MEANS BILL BY CHAIRPERSON
JOHNSON)

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

A BILL FOR

1 An Act exempting the providing of environmental laboratory
2 services from the state sales and use taxes.
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 422.45, Code Supplement 1999, is
2 amended by adding the following new subsection:
3 NEW SUBSECTION. 57. The gross receipts from the
4 rendering, furnishing, or performing of environmental test
5 laboratory services including services of a mobile
6 environmental testing laboratory and field testing services by
7 an environmental test laboratory.

8 EXPLANATION

9 This bill exempts from the sales and use taxes the
10 rendering, furnishing, or performing of environmental test
11 laboratory services including field testing services and
12 mobile environmental test laboratories.

13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

FILED APR 18 '00

SENATE FILE 2458
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 3120)

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

A BILL FOR

1 An Act exempting the providing of environmental laboratory
2 services from the state sales and use taxes.
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

SF 2458

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

3 NEW SUBSECTION. 57. The gross receipts from the
4 rendering, furnishing, or performing of environmental test
5 laboratory services including services of a mobile
6 environmental testing laboratory and field testing services by
7 an environmental test laboratory.

8 EXPLANATION

9 This bill exempts from the sales and use taxes the
10 rendering, furnishing, or performing of environmental test
11 laboratory services including field testing services and
12 mobile environmental test laboratories.

13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

**SENATE FILE 2458
FISCAL NOTE**

A fiscal note for Senate File 2458 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.

Senate File 2458 provides an exemption from the State sales and use taxes and from local option sales and services taxes for services provided by environmental laboratories, including field testing services and mobile environmental test laboratories.

BACKGROUND

Types of services provided by environmental laboratories include water and soil testing, testing underground storage tank sites, testing sites involved in hazardous materials spills, and testing former industrial sites in preparation for sale or redevelopment. There are approximately 20 commercial environmental testing laboratories located in Iowa. However, six of these firms account for the vast majority of the for-hire service provided in the State. Statewide receipts from the provision of environmental testing services total about \$11.0 million per year. About half of the annual revenues of the firms providing these services come from local units of government and are already exemption from sales and use taxes.

ASSUMPTIONS

1. Annual taxable sales equals \$5.0 million.
2. The State sales and use tax rates equal 5.0%.
3. Commercial environmental testing laboratories located in jurisdictions with local option sales and services taxes account for about 50% of the statewide taxable receipts.

FISCAL IMPACTS

Senate File 2458 will result in a decrease in General Fund receipts of approximately \$250,000 per year. The Legislation will result in an estimated \$25,000 per year decrease in local option sales and services taxes.

SOURCES

University of Iowa, Hygienic Laboratory
Test America, Cedar Falls, IA
U.S. Bureau of the Census, Professional, Scientific, and Technical Services
(1997)

(LSB 5410SV, MAL)

FILED APRIL 19, 2000

BY DENNIS PROUTY, FISCAL DIRECTOR