

FILED MAR 1 1999

SENATE FILE 262
BY FLYNN

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

A BILL FOR

1 An Act exempting sales of personal property to persons in the
2 business of leasing or renting that type of property from the
3 sales and use tax.

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

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SF 262
WAYS & MEANS

1 Section 1. Section 422.45, subsection 18, Code 1999, is
2 amended to read as follows:

3 18. Gross receipts from the sale of tangible personal
4 property, except vehicles subject to registration, to a person
5 regularly engaged in the business of leasing ~~if-the-period-of~~
6 ~~the-lease-is-for-more-than-five-months~~ or renting, or a person
7 regularly engaged in the consumer rental purchase business if
8 the property is to be utilized in a transaction involving a
9 consumer rental purchase agreement as defined in section
10 537.3604, subsection 8, and the leasing, renting, or consumer
11 rental of the property is subject to taxation under this
12 division. If tangible personal property exempt under this
13 subsection is made use of for any purpose other than leasing,
14 renting, or consumer rental purchase, the person claiming the
15 exemption under this subsection is liable for the tax that
16 would have been due except for this subsection. The tax shall
17 be computed upon the original purchase price. The aggregate
18 of the tax paid on the leasing, renting, or rental purchase of
19 such tangible personal property, not to exceed the amount of
20 the sales tax owed, shall be credited against the tax. This
21 sales tax is in addition to any sales or use tax that may be
22 imposed as a result of the disposal of such tangible personal
23 property.

24 EXPLANATION

25 The bill exempts from the sales and use taxes the sale of
26 tangible personal property to a person regularly engaged in
27 the business of leasing or renting the property or regularly
28 engaged in the consumer rental purchase business. However,
29 the exemption only applies if the lease, rental, or consumer
30 rental is subject to sales or use tax when it is leased or
31 rented. If the property is used for other than leasing or
32 rental, then sales or use tax is due with credit for the
33 amount of sales or use tax paid if previously leased or
34 rented.

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