

**Senate Study Bill 1083 - Introduced**

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED DEPARTMENT OF  
REVENUE BILL)

**A BILL FOR**

- 1 An Act relating to the administration of the streamlined sales
- 2 and use tax agreement by the department of revenue.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423.3, subsection 57, paragraph f,  
2 subparagraph (3), Code 2015, is amended by adding the following  
3 new subparagraph division:

4 NEW SUBPARAGRAPH DIVISION. (e) Food sold that ordinarily  
5 requires additional cooking by the consumer prior to  
6 consumption.

7 Sec. 2. Section 423.52, Code 2015, is amended by adding the  
8 following new subsection:

9 NEW SUBSECTION. 3. a. Sellers and certified service  
10 providers are relieved from liability to this state or its  
11 local taxing jurisdictions for having charged and collected  
12 the incorrect amount of sales or use tax resulting from the  
13 seller or certified service provider relying on erroneous data  
14 provided in the state's taxability matrix.

15 b. Sellers and certified service providers that rely  
16 upon a prior version of the state's taxability matrix shall  
17 be relieved of liability to the state and its local taxing  
18 jurisdictions until the first day of the calendar month that  
19 is at least 30 days after notice of a change to the taxability  
20 matrix is submitted by the state to the governing board.

21 EXPLANATION

22 The inclusion of this explanation does not constitute agreement with  
23 the explanation's substance by the members of the general assembly.

24 This bill relates to the administration of the sales and  
25 use taxes under the streamlined sales and use tax agreement  
26 (agreement).

27 Iowa is a member of the agreement, which is an effort to  
28 administer state sales and use taxes in all participating  
29 states according to the same simplified system. Under  
30 the agreement, Iowa must periodically make changes in the  
31 administration of the sales and use taxes in order to remain  
32 in compliance.

33 Under current law, prepared food is subject to the sales and  
34 use tax. The bill amends the definition of "prepared food" to  
35 exclude food that ordinarily requires additional cooking by the

1 consumer prior to consumption.

2 The bill also provides liability relief to sellers and  
3 certified service providers that rely on erroneous or outdated  
4 information in the state's taxability matrix. A taxability  
5 matrix is a comprehensive list of items subject to and exempt  
6 from the sales and use tax that is required to be maintained by  
7 each member state of the agreement. The bill provides that if  
8 Iowa amends an existing provision of its taxability matrix, a  
9 seller or certified service provider is relieved from liability  
10 to the state and its local taxing jurisdictions for having  
11 charged and collected the incorrect amount of sales or use tax  
12 according to the prior version of the taxability matrix. The  
13 liability relief extends until the first day of the calendar  
14 month that is at least 30 days after the state submits to the  
15 governing board of the agreement the notice of change to the  
16 taxability matrix.

17 The bill also provides that sellers and certified service  
18 providers are relieved from liability to the state or its local  
19 taxing jurisdictions for having charged and collected the  
20 incorrect amount of sales or use tax after relying on erroneous  
21 data provided in the state's taxability matrix.