

House File 2 - Introduced

HOUSE FILE 2

BY KAUFMANN

A BILL FOR

1 An Act relating to sales tax exemptions on the sale of
2 instructional materials at postsecondary institutions
3 and on sales where profits are used by or donated to such
4 institutions.

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

1 Section 1. Section 423.3, subsection 78, Code 2019, is
2 amended by adding the following new paragraph:

3 NEW PARAGRAPH. *d.* This exemption does not apply to the
4 sales price from the sale of tangible personal property or
5 services the profits from which are used by or donated to a
6 postsecondary institution or an entity under the control of a
7 postsecondary institution. For purposes of this paragraph,
8 "*postsecondary institution*" means the same as defined in
9 subsection 107.

10 Sec. 2. Section 423.3, Code 2019, is amended by adding the
11 following new subsection:

12 NEW SUBSECTION. 107. *a.* The sales price from the sale of
13 instructional materials required for a course of instruction
14 at a postsecondary institution in this state, when purchased
15 for use by a student enrolled in such course of instruction at
16 the postsecondary institution.

17 *b.* For purposes of this subsection:

18 (1) "*Instructional materials*" means books, textbooks,
19 and other written course materials, whether in printed or
20 electronic form, and classroom equipment.

21 (2) "*Postsecondary institution*" means an institution
22 of higher learning under the control of the state board of
23 regents, a community college established under chapter 260C, or
24 an accredited private institution as defined in section 261.9.

25 (3) "*Required for a course of instruction*" means integral to
26 completion of a course of instruction and uniquely identified
27 by a postsecondary institution as required for such course.
28 Instructional materials that primarily enhance or assist in the
29 facilitation of learning shall not be considered to be "*required*
30 *for a course of instruction*".

31 EXPLANATION

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

34 This bill relates to sales tax exemptions on the sale of
35 instructional materials at postsecondary institutions and

1 on the sales where profits are used by or donated to such
2 institutions.

3 The bill provides a sales tax exemption for the sale of
4 instructional materials required for a course of instruction
5 at a postsecondary institution in this state, when purchased
6 for use by a student enrolled in such course of instruction at
7 the postsecondary institution. "Postsecondary institution",
8 "instructional materials", and "required for a course of
9 instruction" are defined in the bill.

10 The bill excludes postsecondary institutions from the
11 sales tax exemption for sales where the profits are used by
12 or donated to certain nonprofit entities for educational,
13 religious, or charitable purposes.

14 By operation of Code section 423.6, an item exempt from the
15 imposition of the sales tax is also exempt from the use tax
16 imposed in Code section 423.5.