

Senate File 174 - Introduced

SENATE FILE 174

BY LYKAM, COURNOYER, KINNEY,
KOELKER, QUIRMBACH,
BOLKCOM, PETERSEN, RAGAN,
J. SMITH, WAHLS, BOULTON,
DOTZLER, R. TAYLOR, CELSI,
and DANIELSON

A BILL FOR

1 An Act relating to the manufacturing and equipment sales and
2 use tax exemption, and including effective date provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423.3, subsection 47, paragraph d,
2 subparagraph (4), Code 2019, is amended to read as follows:

3 (4) (a) *“Manufacturer”* means a any of the following:

4 (i) A business that primarily purchases, receives, or holds
5 personal property of any description for the purpose of adding
6 to its value by a process of manufacturing with a view to
7 selling the property for gain or profit.

8 ~~(b) *“Manufacturer”* includes~~

9 (ii) A contract manufacturers manufacturer. A contract
10 manufacturer is a manufacturer that otherwise falls within the
11 definition of manufacturer, except that a contract manufacturer
12 does not sell the tangible personal property the contract
13 manufacturer processes on behalf of other manufacturers.

14 (iii) A nonprofit blood center.

15 ~~(c)~~ (b) *“Manufacturer”* does not include persons who are not
16 commonly understood as manufacturers, including but not limited
17 to persons engaged in any of the following activities:

18 (i) Construction contracting.

19 (ii) Repairing tangible personal property or real property.

20 (iii) Providing health care.

21 (iv) Farming, including cultivating agricultural products
22 and raising livestock.

23 (v) Transporting for hire.

24 ~~(d)~~ (c) For purposes of this subparagraph:

25 (i) *“Business”* means those businesses conducted for
26 profit, but excludes professions and occupations, and excludes
27 nonprofit organizations that are not nonprofit blood centers.

28 (ii) *“Manufacturing”* means those activities commonly
29 understood within the ordinary meaning of the term, and shall
30 include:

31 (A) Refining.

32 (B) Purifying.

33 (C) Combining of different materials.

34 (D) Packing of meats.

35 (E) Activities subsequent to the extractive process of

1 quarrying or mining, such as crushing, washing, sizing, or
2 blending of aggregate materials.

3 (iii) "*Manufacturing*" does not include activities occurring
4 on premises primarily used to make retail sales.

5 Sec. 2. EFFECTIVE DATE. This Act, being deemed of immediate
6 importance, takes effect upon enactment.

7 EXPLANATION

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

10 This bill relates to the manufacturing and equipment sales
11 and use tax exemption.

12 The bill amends the definition of "manufacturer" and
13 "business" in Code section 423.3(47) to include a nonprofit
14 blood center. As a result, a nonprofit blood center is
15 eligible for the manufacturing and equipment sales and use tax
16 exemption for sales described in Code section 423.3(47).

17 The bill takes effect upon enactment.