

**Senate Study Bill 1166 - Introduced**

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON FEENSTRA)

**A BILL FOR**

1 An Act exempting from the state sales and use tax the purchase  
2 price of tangible personal property, specified digital  
3 products, or services paid for or reimbursed by Medicaid.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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

3 NEW SUBSECTION. 107. The sales price from sales of all  
4 tangible personal property, specified digital products, or  
5 services paid for or reimbursed by Medicaid, as defined in  
6 section 249A.2.

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 exempts from the state sales and use tax the sales  
11 of all tangible personal property, specified digital products,  
12 or services paid for or reimbursed by Medicaid, as defined in  
13 Code section 249A.2(7).

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.