

CHAPTER 95
TAXATION OF FREE NEWSPAPERS AND SHOPPER GUIDES

S. F. 39

AN ACT relating to the treatment of free newspapers and shoppers guides under the state sales tax.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section four hundred twenty-two point forty-two (422.42), subsection three (3), unnumbered paragraph one (1), Code 1979, is amended to read as follows:

"Retail sale" or "sale at retail" means the sale to a consumer or to any person for any purpose, other than for processing or for resale of tangible personal property or taxable services, or for resale of tangible personal property in connection with taxable services, and the sale of gas, electricity, water, and communication service to retail consumers or users, but does not include commercial fertilizer or agricultural limestone or materials, but not tools or equipment, which are to be used in disease control, weed control, insect control or health promotion of plants or livestock produced as part of agricultural production for market, or electricity or steam or any taxable service when purchased and used in the processing of tangible personal property intended to be sold ultimately at retail. Tangible personal property is sold for processing within the meaning of this subsection only when it is intended that such property shall by means of fabrication, compounding, manufacturing, or germination become an integral part of other tangible personal property intended to be sold ultimately at retail, or shall be consumed as fuel in creating heat, power, or steam for processing including grain drying or for generating electric current, or consumed in implements of husbandry engaged in agricultural production, or such property is a chemical, solvent, sorbent, or reagent, which is directly used and is consumed, dissipated, or depleted, in processing personal property which is intended to be sold ultimately at retail, and which may not become a component or integral part of the finished product. The distribution to the public of free newspapers or shoppers guides shall be deemed a retail sale for purposes of the processing exemption.

Sec. 2. Section four hundred twenty-three point one (423.1), subsection one (1), unnumbered paragraph one (1), Code 1979, is amended to read as follows:

"Use" means and includes the exercise by any person of any right or power over tangible personal property incident to the ownership of that property, except that it shall not include processing, or the sale of that property in the regular course of business. Property used in "processing" within the meaning of this subsection shall mean and include (a) any tangible personal property including containers which it is intended shall, by means of

fabrication, compounding, manufacturing, or germination, become an integral part of other tangible personal property intended to be sold ultimately at retail, (b) fuel which is consumed in creating power, heat, or steam for processing or for generating electric current, or (c) chemicals, solvents, sorbents, or reagents, which are directly used and are consumed, dissipated, or depleted in processing personal property, which is intended to be sold ultimately at retail, and which may not become a component or integral part of the finished product. The distribution to the public of free newspapers or shoppers guides shall be deemed a retail sale for purposes of the processing exemption.

Sec. 3. This Act is effective January first following its enactment.

Approved June 7, 1979

CHAPTER 96 SALES AND USE TAXES

H. F. 676

AN ACT relating to the sales, service, and use tax by imposing the service tax on all parking facilities, exempting from the tax the gross receipts from laboratory tests on human beings, envelopes for advertising, property purchased for packaging tangible personal property sold at retail, sales and services rendered, furnished, or performed by counties and cities, and transfers of vehicles subject to registration from a sole proprietorship or partnership to a corporation formed by the sole proprietorship or partnership for the purpose of continuing the business of the sole proprietorship or partnership as a corporation, providing that delinquent taxes, penalties, and interest on sales and services provided by cities and counties shall not be collected, and providing for the refund of any sales, service, and use taxes collected after January 1, 1973, from a municipal solid waste facility which have no earnings going to the benefit of an equity investor or stockholder.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section four hundred twenty-two point forty-three (422.43), unnumbered paragraph nine (9), Code 1979, is amended to read as follows:

The following enumerated services shall be subject to the tax herein imposed on gross taxable services: Alteration and garment repair; armored car; automobile repair; battery, tire and allied; investment counseling (excluding investment services of trust departments); bank service charges; barber and beauty; boat repair; car wash and wax; carpentry; roof, shingle, and glass repair; dance schools and dance studios; dry cleaning, pressing, dyeing, and laundering; electrical repair and installation; engraving, photography, and retouching; equipment rental; excavating and grading; farm