

CHAPTER 1
SALES, SERVICE AND USE TAX INCREASES
S.F. 184

AN ACT increasing the state sales, services, and use tax, providing for refunds under certain circumstances for contractors, and providing a penalty.

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

Section 1. Section 422.43, unnumbered paragraphs 1 and 2, Code 1983, are amended to read as follows:

There is hereby imposed a tax of ~~three~~ four percent upon the gross receipts from all sales of tangible personal property, consisting of goods, wares, or merchandise, except as otherwise provided in this division, sold at retail in the state to consumers or users; a like rate of tax upon the gross receipts from the sales, furnishing or service of gas, electricity, water, heat, and communication service, including the gross receipts from such sales by any municipal corporation furnishing gas, electricity, water, heat, and communication service to the public in its proprietary capacity, except as otherwise provided in this division, when sold at retail in the state to consumers or users; and a like rate of tax upon the gross receipts from all sales of tickets or admissions to places of amusement, fairs, and athletic events except those of elementary and secondary educational institutions; and a like rate of tax upon that part of private club membership fees or charges paid for the privilege of participating in any athletic sports provided club members.

There is hereby imposed a tax of ~~three~~ four percent upon the gross receipts derived from the operation of all forms of amusement devices and games of skill, games of chance, raffles and bingo games as defined in chapter 99B, and commercial amusement enterprises operated or conducted within the state of Iowa, ~~such~~ the tax to be collected from the operator in the same manner as is provided for the collection of taxes upon the gross receipts of tickets or admission as provided in this section.

Sec. 2. Section 422.43, unnumbered paragraph 4, Code 1983, is amended to read as follows:

There is imposed a tax of ~~three~~ four percent upon the gross receipts from the sales of optional service or warranty contracts which provide for the furnishing of labor and materials and require the furnishing of any taxable service enumerated under this section. The gross receipts are subject to tax even if some of the services furnished are not enumerated under this section. For the purpose of this division, the sale of an optional service or warranty contract is a sale of tangible personal property. ~~No additional~~ Additional sales, services or use tax shall not be levied on services, parts, or labor provided under optional service or warranty contracts which are subject to tax under this section.

Sec. 3. Section 422.43, unnumbered paragraphs 8 and 9, Code 1983, are amended to read as follows:

~~The tax herein levied shall be computed and collected as hereinafter provided. The tax herein imposed shall be at the rate of three percent.~~

There is hereby imposed, a tax of ~~three~~ four percent upon the gross receipts from the rendering, furnishing, or performing of services as defined in section 422.42.

Sec. 4. Section 422.47, Code 1983, is amended by adding the following new subsection:

NEW SUBSECTION. Construction contractors may make application to the department for a refund of the additional one percent tax paid under this division or the additional one percent tax paid under chapter 423 by reason of the increase in the tax from three to four percent for taxes paid on goods, wares, or merchandise under the following conditions:

a. The goods, wares, or merchandise are incorporated into an improvement to real estate in fulfillment of a written contract fully executed prior to March 1, 1983. The refund shall not apply to equipment transferred in fulfillment of a mixed construction contract.

b. The contractor has paid to the department or to a retailer the full four percent tax.

c. The claim is filed on forms provided by the department and is filed within one year of the date the tax is paid.

A contractor who makes an erroneous application for refund shall be liable for payment of the excess refund paid plus interest at the rate in effect under section 421.7. In addition, a contractor who willfully makes a false application for refund is guilty of a simple misdemeanor and is liable for a penalty equal to fifty percent of the excess refund claimed. Excess refunds, penalties, and interest due under this subsection may be enforced and collected in the same manner as the tax imposed by this division.

Sec. 5. Section 423.2, Code 1983, is amended to read as follows:

423.2 IMPOSITION OF TAX. An excise tax is imposed on the use in this state of tangible personal property purchased for use in this state, at the rate of ~~three~~ four percent of the purchase price of the property. The excise tax is imposed upon every person using the property within this state until the tax has been paid directly to the county treasurer or the state department of transportation, to a retailer, or to the department as ~~hereinafter provided~~. An excise tax is imposed on the use in this state of services enumerated in section 422.43 at the rate of ~~three~~ four percent. This tax is applicable where services are rendered, furnished, or performed in this state or where the product or result of the service is used in this state. This tax is imposed on every person using the services or the product of the services in this state until the user has paid the tax either to an Iowa use tax permit holder or ~~has paid the tax to the department of revenue~~.

Sec. 6. This Act, being deemed of immediate importance, takes effect March 1, 1983 from and after its publication in the Iowa City Press-Citizen, a newspaper published in Iowa City, Iowa, and in the Globe-Gazette, a newspaper published in Mason City, Iowa.

Approved February 7, 1983

I hereby certify that the foregoing Act, Senate File 184 was published in the Globe-Gazette, Mason City, Iowa on February 10, 1983 and in the Iowa City Press-Citizen, Iowa City, Iowa on February 10, 1983.

MARY JANE ODELL, *Secretary of State*