

**CHAPTER 1205****USE TAX EXEMPTION***H.F. 2478*

**AN ACT** relating to the exemption from the use tax of transactions subject to the sales tax.

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

Section 1. Section 423.4, subsection 1, Code Supplement 1985, is amended to read as follows:

1. Tangible personal property, the gross receipts from the sale of which are required to be included in the measure of the tax imposed by division IV of chapter 422, and any amendments made or which may hereafter be made thereto if that tax has been paid to the department or paid to the retailer. This exemption does not include vehicles subject to registration or subject only to the issuance of a certificate of title.

Approved May 22, 1986

**CHAPTER 1206****MEMBERSHIP SALES***H.F. 2480*

**AN ACT** relating to membership sales, by exempting cooperatives organized under chapter 499 and certain mutual or cooperative telephone companies organized under chapter 491.

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

Section 1. Section 503.2, unnumbered paragraph 1, Code 1985, is amended to read as follows:

The term "association" ~~when~~ as used in this chapter means ~~any~~ a person other than building and loan associations, state and national banks, insurance companies and associations, mutual or cooperative telephone companies organized under chapter 491 which have been determined to be exempt from taxation under section 501(c)(12) of the Internal Revenue Code of 1954, and corporations and co-operative associations subject to the provisions of chapters 497, and 498, and 499, which sell or offer for sale to the public generally memberships or certificates of membership entitling the holder to purchase merchandise, materials, equipment or services on a discount or cost-plus basis.

Approved May 22, 1986

**CHAPTER 1207****ALLOCATION OF LOTTERY FUNDS***H.F. 2412*

**AN ACT** relating to the allocation of lottery funds and programs for which the funds may be used and providing an effective date.

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

Section 1. 1985 Iowa Acts, chapter 33, section 301, subsection 1, paragraphs a and b, are amended to read as follows: