

CHAPTER 195**LOCAL OPTION SALES AND SERVICES TAX***H.F. 676*

AN ACT relating to the imposition and repeal of a local option sales and services tax and providing effective dates.

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

Section 1. In any county that is required to impose a local option sales and services tax on July 1, 1987, the board of supervisors shall not impose the local option sales and services tax, notwithstanding any contrary provision of chapter 422B, in an incorporated city area in which the tax is to be imposed upon receipt of a motion adopted by the governing body of that incorporated city area requesting the tax not be imposed. The board of supervisors shall not impose the local option sales and services tax if the motion was received prior to July 1, 1987.

Sec. 2. Section 1 of this Act is repealed July 1, 1987.

Sec. 3. This Act being deemed of immediate importance is effective upon enactment.

Approved June 4, 1987

CHAPTER 196**INCOME AND SALES TAX PROCEDURES***H.F. 682*

AN ACT relating to certain state taxes by allowing composite returns to be filed for nonresidents for income tax purposes and providing for fuel exemption certificates under the state sales, services, and use tax and providing an effective date.

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

Section 1. Section 422.13, Code 1987, is amended by adding the following new subsection: **NEW SUBSECTION. 5.** Notwithstanding subsections 1 through 4 and sections 422.15 and 422.36, a partnership, trust, or corporation whose stockholders are taxed on the corporation's income under the provisions of the Internal Revenue Code is entitled to request permission from the director to file a composite return for the nonresident partners, beneficiaries, and shareholders. The director may grant permission to file or require that a composite return be filed under the conditions deemed appropriate by the director. A partnership, trust, or corporation filing a composite return is liable for tax required to be shown due on the return. All powers of the director and requirements of the director apply to returns filed under this subsection, including but not limited to, the provisions of this division and division VI of this chapter.

Sec. 2. Section 422.47, subsection 3, paragraphs a and b, Code 1987, are amended to read as follows:

a. The department shall issue or the seller may separately provide exemption certificates in the form prescribed by the director to assist retailers in properly accounting for nontaxable sales of tangible personal property or services to purchasers for purposes of resale or for processing, except fuel consumed in processing.

b. The sales tax liability for all sales of tangible personal property and all sales of services is upon the seller and the purchaser unless the seller takes in good faith from the purchaser a valid exemption certificate stating under penalties for perjury that the purchase is for resale or for processing and is not a retail sale as defined in section 422.42, subsection 3, or unless the seller takes a fuel exemption certificate pursuant to subsection 4. If the tangible personal