

**CHAPTER 1124****SALES, SERVICES, AND USE TAX EXEMPTION – STATE AND COUNTY FAIRS***H.F. 2422*

**AN ACT** relating to state sales and services tax exemption for sales or services rendered, furnished, or performed by state and county fairs.

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

Section 1. Section 422.45, Code Supplement 1995, is amended by adding the following new subsection:

**NEW SUBSECTION.** 50. The gross receipts from sales or services rendered, furnished, or performed by the state fair organized under chapter 173 or a fair society organized under chapter 174.

Approved April 17, 1996

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**CHAPTER 1125****MOTOR VEHICLE LEASE TAX***H.F. 569*

**AN ACT** relating to the motor vehicle leasing tax and providing an applicability provision.

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

Section 1. Section 331.557, subsection 3, Code 1995, is amended to read as follows:

3. Collect the use tax on vehicles subject to registration as provided in sections 423.6, ~~and 423.7,~~ and 423.7A.

Sec. 2. Section 423.2, Code 1995, 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 five percent of the purchase price of the property. An excise tax is imposed on the use of leased vehicles at the rate of five percent of the amount otherwise subject to tax as calculated pursuant to section 423.7A. 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. An excise tax is imposed on the use in this state of services enumerated in section 422.43 at the rate of five 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 to the department.

Sec. 3. Section 423.4, Code 1995, is amended by adding the following new subsection:

**NEW SUBSECTION.** 16. Vehicles subject to registration under chapter 321, with a gross vehicle weight rating of less than sixteen thousand pounds, excluding motorcycles and motorized bicycles, when purchased for lease and titled by the lessor licensed pursuant to chapter 321F and actually leased for a period of twelve months or more if the lease of the vehicle is subject to taxation under section 423.7A.

Sec. 4. Section 423.6, subsection 1, Code 1995, is amended to read as follows:

1. The tax upon the use of all vehicles subject to registration or subject only to the

issuance of a certificate of title shall be collected by the county treasurer or the state department of transportation pursuant to ~~section~~ sections 423.7 and 423.7A. The county treasurer shall retain one dollar from each tax payment collected, to be credited to the county general fund.

Sec. 5. NEW SECTION. 423.7A MOTOR VEHICLE LEASE TAX.

1. The tax imposed upon the use of leased vehicles subject to registration under chapter 321, with gross vehicle weight ratings of less than sixteen thousand pounds, excluding motorcycles and motorized bicycles, which are leased by a lessor licensed pursuant to chapter 321F for a period of twelve months or more shall be paid by the owner of the vehicle to the county treasurer or state department of transportation from whom the registration receipt or certificate of title is obtained. A registration receipt for a vehicle subject to registration or issuance of a certificate of title shall not be issued until the tax is paid in the initial instance.

2. The amount subject to tax shall be computed on each separate lease transaction by multiplying the number of months of the lease by the monthly lease payments, plus the downpayment, less any manufacturer's rebate. The county treasurer or the state department of transportation shall require every applicant for a registration receipt for a vehicle subject to tax under this section to supply information as the county treasurer or director deems necessary as to the date of the lease transaction, the lease price, and other information relative to the lease of the vehicle.

3. On or before the tenth day of each month the county treasurer or the state department of transportation shall remit to the department the amount of the taxes collected during the preceding month.

4. If the lease is terminated prior to the termination date contained in the lease agreement, no refund shall be allowed for tax previously paid on the monthly rental payments.

Sec. 6. Section 423.24, subsection 1, unnumbered paragraph 1, Code Supplement 1995, is amended to read as follows:

Eighty percent of all revenues derived from the use tax on motor vehicles, trailers, and motor vehicle accessories and equipment as collected pursuant to section 423.7 and section 423.7A shall be deposited and credited as follows:

Sec. 7. APPLICABILITY. This Act applies to leases entered into on or after January 1, 1997.

Approved April 17, 1996

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## CHAPTER 1126

### MISCELLANEOUS TRANSPORTATION PROVISIONS – RELEASE OF PUBLIC IMPROVEMENT FUNDS

*H.F. 2419*

**AN ACT** relating to transportation by granting the state department of transportation condemnation rights for utility facility replacement, requiring certain criteria be adopted by administrative rule, providing for entry onto private property for sounding and drilling, relating to the process for disposal of abandoned vehicles, and providing for release of retained funds for public improvements.

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

Section 1. Section 306.19, subsection 6, Code Supplement 1995, is amended to read as follows: