

MAR 9 2005
WAYS AND MEANS

HOUSE FILE 690
BY JOCHUM

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the sales and use taxes on the operation of
2 bingo games.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

HF 690

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1 Section 1. Section 423.2, subsection 4, unnumbered
2 paragraph 2, Code 2005, is amended to read as follows:
3 The tax imposed under this subsection covers the total
4 amount from the operation of games of skill, games of chance,
5 and raffles, and-bingo-games as defined in chapter 99B, and
6 musical devices, weighing machines, shooting galleries,
7 billiard and pool tables, bowling alleys, pinball machines,
8 slot-operated devices selling merchandise not subject to the
9 general sales taxes and covers the total amount less amounts
10 awarded as prizes from the operation of bingo games as defined
11 in chapter 99B, on the total amount from devices or systems
12 where prizes are in any manner awarded to patrons and upon the
13 receipts from fees charged for participation in any game or
14 other form of amusement, and generally upon the sales price
15 from any source of amusement operated for profit, not
16 specified in this section, and upon the sales price from which
17 tax is not collected for tickets or admission, but tax shall
18 not be imposed upon any activity exempt from sales tax under
19 section 423.3, subsection 78. Every person receiving any
20 sales price from the sources described in this section is
21 subject to all provisions of this subchapter relating to
22 retail sales tax and other provisions of this chapter as
23 applicable.

24 Sec. 2. Section 423B.5, unnumbered paragraph 1, Code 2005,
25 is amended to read as follows:

26 A local sales and services tax at the rate of not more than
27 one percent may be imposed by a county on the sales price
28 taxed by the state under chapter 423, subchapter II. A local
29 sales and services tax shall be imposed on the same basis as
30 the state sales and services tax or in the case of the use of
31 natural gas, natural gas service, electricity, or electric
32 service on the same basis as the state use tax and shall not
33 be imposed on the sale of any property or on any service not
34 taxed by the state, except the tax shall not be imposed on the
35 sales price from the sale of motor fuel or special fuel as

1 defined in chapter 452A which is consumed for highway use or
2 in watercraft or aircraft if the fuel tax is paid on the
3 transaction and a refund has not or will not be allowed, on
4 the sales price from the rental of rooms, apartments, or
5 sleeping quarters which are taxed under chapter 423A during
6 the period the hotel and motel tax is imposed, on the sales
7 price from the sale of equipment by the state department of
8 transportation, on the sales price from the sale of self-
9 propelled building equipment, pile drivers, motorized
10 scaffolding, or attachments customarily drawn or attached to
11 self-propelled building equipment, pile drivers, and motorized
12 scaffolding, including auxiliary attachments which improve the
13 performance, safety, operation, or efficiency of the equipment
14 and replacement parts and are directly and primarily used by
15 contractors, subcontractors, and builders for new
16 construction, reconstruction, alterations, expansion, or
17 remodeling of real property or structures, and on the sales
18 price from the sale of a lottery ticket or share in a lottery
19 game conducted pursuant to chapter 99G, and on the sales price
20 derived from the operation of bingo games as defined in
21 chapter 99B, and except the tax shall not be imposed on the
22 sales price from the sale or use of natural gas, natural gas
23 service, electricity, or electric service in a city or county
24 where the sales price from the sale of natural gas or electric
25 energy are subject to a franchise fee or user fee during the
26 period the franchise or user fee is imposed. A local sales
27 and services tax is applicable to transactions within those
28 incorporated and unincorporated areas of the county where it
29 is imposed and shall be collected by all persons required to
30 collect state sales taxes. However, a person required to
31 collect state retail sales tax under chapter 423, subchapter V
32 or VI, is not required to collect local sales and services tax
33 on transactions delivered within the area where the local
34 sales and services tax is imposed unless the person has
35 physical presence in that taxing area. All cities contiguous

1 to each other shall be treated as part of one incorporated
2 area and the tax would be imposed in each of those contiguous
3 cities only if the majority of those voting in the total area
4 covered by the contiguous cities favors its imposition.

5 Sec. 3. Section 423E.3, subsection 2, Code 2005, is
6 amended to read as follows:

7 2. The tax shall be imposed on the same basis as the state
8 sales and services tax or in the case of the use of natural
9 gas, natural gas service, electricity, or electric service on
10 the same basis as the state use tax and shall not be imposed
11 on the sale of any property or on any service not taxed by the
12 state, except the tax shall not be imposed on the sales price
13 from the sale of motor fuel or special fuel as defined in
14 chapter 452A which is consumed for highway use or in
15 watercraft or aircraft if the fuel tax is paid on the
16 transaction and a refund has not or will not be allowed, on
17 the sales price from the rental of rooms, apartments, or
18 sleeping quarters which are taxed under chapter 423A during
19 the period the hotel and motel tax is imposed, on the sales
20 price from the sale of equipment by the state department of
21 transportation, on the sales price from the sale of self-
22 propelled building equipment, pile drivers, motorized
23 scaffolding, or attachments customarily drawn or attached to
24 self-propelled building equipment, pile drivers, and motorized
25 scaffolding, including auxiliary attachments which improve the
26 performance, safety, operation, or efficiency of the
27 equipment, and replacement parts and are directly and
28 primarily used by contractors, subcontractors, and builders
29 for new construction, reconstruction, alterations, expansion,
30 or remodeling of real property or structures, and on the sales
31 price from the sale of a lottery ticket or share in a lottery
32 game conducted pursuant to chapter 99G, and on the sales price
33 derived from the operation of bingo games as defined in
34 chapter 99B, and except the tax shall not be imposed on the
35 sales price from the sale or use of natural gas, natural gas

1 service, electricity, or electric service in a city or county
2 where the sales price from the sale of natural gas or electric
3 energy are subject to a franchise fee or user fee during the
4 period the franchise or user fee is imposed.

5 EXPLANATION

6 Presently, the state sales tax is imposed on the gross
7 amount derived from the operation of bingo games. This bill
8 imposes the tax only on the gross amount less the amounts
9 awarded as prizes. In addition, the bill exempts the amount
10 derived from bingo games from the local option city and county
11 sales tax and the local option school district sales tax.

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