

February 22, 1951.
Tax Revision.

House File 518
By COMMITTEE ON WAYS AND MEANS.

Passed House, Date

Vote: Ayes..... Nays.....

Passed Senate, Date.....

Vote: Ayes..... Nays.....

Approved

A BILL FOR

An Act to amend section four hundred twenty-three point two (423.2), Code of 1950, relating to the definition of the term "purchased for use in this state" as the same relates to the imposition of a use tax on tangible personal property purchased for use in Iowa.

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

1 Section 1. Section four hundred twenty-three point two
2 (423.2), Code of 1950, is hereby amended by adding the following
3 paragraph:

4 "Purchased for use in this state, for the purpose of this
5 section, shall mean and include all tangible personal property
6 purchased on or after April 16, 1937, which has at any time
7 thereafter actually come to rest in this state with the expressed
8 or implied consent of the owner thereof and the use of such property
9 in this state shall be subject to an excise tax of two percent of
10 the purchase price, unless excluded or exempted therefrom by the
11 provisions of other sections of this chapter."

1 Sec. 2. This act being deemed of immediate importance shall
2 be in full force and effect upon its passage and publication in
3 the, a newspaper published at

- 4 , Iowa, and in the
- 5 a newspaper published at , Iowa.

EXPLANATION OF H. F. 518

The purpose of this bill is to clarify the laws that now exist and to take care of the loss of use tax resulting from the decision in *Morrison-Knudsen Company v. State Tax Commission* appearing in 44 N.W. (2d) 449. The commission is confronted with many applications for refund because of this decision and in the future will lose considerable tax unless this statute is modified to take care of the situation pointed out by the Supreme Court. The Supreme Court held that the property must be purchased for use in the state of Iowa and this bill simply defines the meaning of the term "purchased for use in the state of Iowa." This amendment will prevent the loss of use tax and will place the outside contractor on the same basis as the contractor from Iowa. The Tax Commission approves this bill and recommends its passage.