

February 8, 1963.

**House File 208**

Tax Revision.

By CAMP, CARSTENSEN, KNOWLES, MESSERLY,  
STANLEY and VERMEER.

*Pass 2/27 Deferred 3/25*

Passed House, Date 4-1-63

Passed Senate, Date 4-22-63

Vote: Ayes 91 Nays 0

Vote: Ayes 43 Nays 3

Approved 5-10-63

*Passed on file 4/2  
Ways & Means 4/2*

*motion to  
reconsider filed 4/30  
Motion withdrawn 5/7*

**A BILL FOR**

An Act to amend section four hundred twenty-two point forty-two (422.42), and section four hundred twenty-three point one (423.1), Code 1962, relating to sales and use taxes and expendable chemicals, solvents and reagents used in processing personal property.

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

1 Section 1. Section four hundred twenty-two point forty-  
2 two (422.42), Code 1962, is amended by changing the period  
3 to a comma at the end of subsection three (3) and adding  
4 immediately thereafter the following:

5 "or such property is a chemical, solvent, sorbent, or  
6 reagent, which is used and is consumed, dissipated, or  
7 depleted, in processing personal property which is intended  
8 to be sold ultimately at retail, and which may not become a  
9 component or integral part of the finished product."

1 Sec. 2. Section four hundred twenty-three point one (423.1),  
2 Code 1962, is amended by changing the period to a comma at  
3 the end of subsection one (1) thereof, and adding immediately  
4 thereafter the following:

5 "or (d) chemicals, solvents, sorbents, or reagents, which  
6 are consumed, dissipated, or depleted in processing personal  
7 property, which is intended to be sold ultimately at retail,  
8 and which may not become a component or integral part of the  
9 finished product."

EXPLANATION OF HOUSE FILE 208

This bill excludes from the sales and use taxes chemicals, solvents and reagents which are used up or consumed or dissipated in processing personal property ultimately to be sold at retail. It originally was intended that such chemicals, solvents or reagents would not be subject to the tax, thinking that they become an integral part of the finished product, but because of the language, the commission has been taxing them. There is no reason why those consumed or dissipated chemicals, solvents or reagents should not be treated the same as properties which become an integral part of the finished product.

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HOUSE FILE 208

- 1 Amend House File 208 as follows:
- 2 1. Amend Section one (1), line six (6), by inserting
- 3 after the first word "is" the word "directly".
- 4 2. Amend Section two (2), line five (5), by inserting
- 5 after the word "which" the words "are directly used and".

Filed and adopted  
April 1, 1963.

CAMP of Clinton.