

MAR 23 2006
WAYS & MEANS CALENDAR

HOUSE FILE 2767
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 701)

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

A BILL FOR

1 An Act exempting the services, materials, and equipment sold or
2 furnished for the production of master audio, video, film, or
3 digital recordings or similar media from the sales and use
4 taxes.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

HF 2767

1 Section 1. Section 423.3, Code Supplement 2005, is amended
2 by adding the following new subsection:

3 NEW SUBSECTION. 89. The sales price from the sales or
4 furnishing of materials, equipment, and services which are
5 directly used for the production of master audio, video, film,
6 or digital recordings or similar media.

7 The exemption under this subsection does not apply to the
8 production of master audio, video, film, or digital recordings
9 or similar media that depict or describe any obscene material,
10 as defined in section 728.1.

11 EXPLANATION

12 This bill exempts from state sales and use taxes the sales
13 and furnishing of materials, equipment, and services which are
14 directly used for the production of master audio, video, film,
15 or digital recordings or similar media. The exemption does
16 not apply if the production of the media depicts or describes
17 obscene material.

18
19
20

HOUSE FILE 2767

H-8489

1 Amend House File 2767 as follows:

2 1. Page 1, by striking lines 3 through 6 and
3 inserting the following:

4 "NEW SUBSECTION. 89. The sales price of tangible
5 personal property representing services rendered,
6 furnished, or performed for the production of master
7 audio, video, film, or digital tape recordings or
8 similar media for which a business expense deduction
9 is allowable for income tax purposes."

10 2. Title page, by striking line 1 and inserting
11 the following: "An Act exempting tangible personal
12 property representing services".

By BOAL of Polk

H-8489 FILED APRIL 4, 2006

Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 2767 - Media Production Sales Tax Exemption (LSB 6479 HV)
Analyst: Jeff Robinson (Phone: [515] 281-4614) (jeff.robinson@legis.state.ia.us)
Fiscal Note Version – New, with Amendment H-8489
Requested by Representative Carmine Boal

Description

House File 2767, with Amendment H-8489, exempts certain media services from the State and local option sales tax. The exempted services relate to the services involved in production of master audio, video, film, or digital tape recordings or similar material for which a business expense deduction may be taken by the purchaser for income tax purposes. The Bill is effective July 1, 2006.

Assumptions

1. Statewide, annual taxable sales of this type of master media are estimated to equal \$59.0 million.
2. The State sales tax rate is 5.0% and the average local option sales tax rate is 1.2%

Fiscal Impact

The sales tax exemption contained in HF 2767, with Amendment H-8489, is projected to reduce net General Fund receipts by \$2.9 million and local option sales tax receipts by \$0.7 million per year, starting in FY 2007.

Source

Department of Revenue

/s/ Holly M. Lyons

April 6, 2006

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

Boal, Ch.
Tymeson
Davitt

HSB 701

WAYS AND MEANS

HOUSE FILE _____ ^{By} 02767
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON VAN FOSSEN)

Passed House, Date _____ Passed Senate, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act exempting the services furnished for the production of
2 master audio, video, film, or digital recordings or similar
3 media from the sales and use taxes.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

1 Section 1. Section 423.3, Code Supplement 2005, is amended
2 by adding the following new subsection:

3 NEW SUBSECTION. 89. The sales price of services furnished
4 for the production of master audio, video, film, or digital
5 recordings or similar media.

6 EXPLANATION

7 This bill exempts from state sales and use taxes the
8 provision of services for the production of master audio,
9 video, film, or digital recordings or similar media.

10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35