

FILED FEB 09 2006

WAYS & MEANS

SENATE FILE 2187
BY KETTERING

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

A BILL FOR

1 An Act relating to the taxation of casual sales of vehicles,
2 aircraft, and watercraft under the state sales tax, providing
3 refunds, and including effective and retroactive applicability
4 date provisions.

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
23
24

WAYS & MEANS
SF 2187

1 Section 1. Section 423.3, subsection 39, Code Supplement
2 2005, is amended to read as follows:

3 39. The sales price from "casual sales".

4 "Casual sales" means:

5 a. Sales of tangible personal property, or the furnishing
6 of services, of a nonrecurring nature, by the owner, if the
7 seller, at the time of the sale, is not engaged for profit in
8 the business of selling tangible personal property or services
9 taxed under section 423.2.

10 b. The sale of all or substantially all of the tangible
11 personal property or services held or used by a seller in the
12 course of the seller's trade or business for which the seller
13 is required to hold a sales tax permit when the seller sells
14 or otherwise transfers the trade or business to another person
15 who shall engage in a similar trade or business.

16 ~~The exemption under this subsection does not apply to~~
17 ~~vehicles subject to registration, aircraft, or commercial or~~
18 ~~pleasure watercraft or water vessels.~~

19 Sec. 2. REFUNDS. Refunds of taxes, interest, or penalties
20 which arise from claims resulting from the amendment to
21 section 423.3, subsection 39, in this Act, for the casual sale
22 of vehicles subject to registration, aircraft, or commercial
23 or pleasure watercraft or water vessels occurring between July
24 1, 2005, and the effective date of the section amending
25 section 423.3, subsection 39, in this Act, shall be limited to
26 twenty-five thousand dollars in the aggregate and shall not be
27 allowed unless refund claims are filed prior to October 1,
28 2006, notwithstanding any other provision of law. If the
29 amount of claims totals more than twenty-five thousand dollars
30 in the aggregate, the department of revenue shall prorate the
31 twenty-five thousand dollars among all claimants in relation
32 to the amounts of the claimants' valid claims.

33 Sec. 3. EFFECTIVE AND RETROACTIVE APPLICABILITY DATES.
34 This Act, being deemed of immediate importance, takes effect
35 upon enactment and applies retroactively to July 1, 2005.

EXPLANATION

1
2 Current sales tax law provides for an exemption for casual
3 sales. In the 2005 Session a provision was enacted that
4 provided that the exemption for casual sales did not apply to
5 sales of vehicles subject to registration, aircraft, and
6 commercial or pleasure watercraft or water vessels. This
7 provision took effect July 1, 2005. This bill strikes that
8 new provision and makes the strike retroactive to July 1,
9 2005. The bill also limits, to \$25,000, the amount of refunds
10 as a result of the retroactive applicability date.

11 The bill takes effect upon enactment and applies
12 retroactively to July 1, 2005.

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