



HOUSE REPUBLICAN STAFF ANALYSIS

Bill: Senate File 515
Committee: Ways And Means
Date: July 31, 2011
Staff: Dustin Blythe (1-3452)
Members: Representative Vander Linden and Representative Byrnes

Streamline Sales Tax Update Bill

Senate File 515 – relates to the administration of the sales and use taxes under the streamlined sales tax agreement. Provides legislative changes recommended by the Department of Revenue to maintain Iowa’s compliance with the Streamlined Sales Tax Governing Board Agreement.

Summary of Action

Passed Senate 49-1
Passed House Ways and Means Committee 24-0
Passed House 94-0
Signed by Governor

Section by Section Analysis

Sections 1, 2, and 9

Updates Iowa’s current sourcing language for any sales tax on the shipping and handling charges for direct mail. The Governing Board has adopted new language. Iowa does NOT tax shipping and handling charges and this amendment does not change that fact. However, the Departments view is that we must have the current language in the Code in order to remain in strict compliance with the agreement.

Sections 3, 4, 7 and 8

The Streamlined Governing Board recently adopted rules for sourcing taxable services. The statutory changes proposed in these sections set the proper framework to allow the Department of Revenue to also adopt rules for sourcing taxable services.

Section 5 clarifies current law

To explicitly state that all paging services are taxable telecommunications services. Before the next certification review, the Department must revise its telecommunication rule to comply with the

Streamlined Agreement. This statutory clarification provides explicit rule authority for the Department to do so.

Section 6

Revises the definition of durable medical equipment to include all components or attachments. Durable medical equipment is NOT taxable in Iowa and this amendment does not change that fact.

Sections 10 and 11

Revises language pertaining to payment and return due dates to reflect updated terminology adopted by the Streamlined Governing Board. This section does NOT change existing payment and return due dates.