

ONE-TIME FEE EXEMPTION FOR RENTAL TRAILERS

Prior Law

Iowa Code section 321.105A(2)(c)(6) exempts from the fee for new registration vehicles subject to registration purchased by a licensed motor vehicle dealer for rental that are held for rental for 120 days or more, actually rented for 60 days or less, and subject to taxation under chapter 423C, Automobile Rental Excise Tax. Under Iowa Code chapter 423C, the vehicle must be an automobile, which is defined as a motor vehicle designed primarily for carrying nine passengers or less, excluding motorcycles and motorized bicycles. In addition to the automobile rental excise tax, the rental of an automobile must also be subject to sales tax under Iowa Code section 423. There was no corresponding exemption for purchases of trailers that are held for rental.

New Provisions

Division II of this Act exempts vehicles subject to registration from the fee for new registration when the rental of those vehicles, including trailers, is subject to tax under 423.2 by clarifying that the term “vehicle” includes all vehicles subject to taxation under Iowa Code section 423.2 or chapter 423C. The term “vehicle” does not include motorcycles and motorized bikes for purposes of this exemption. This provision does not change the taxation of the rental of automobiles, motorcycles, or motorized bikes.

Sections Amended

Section 3 of 2014 Iowa Acts House File 2273 amends Iowa Code section 321.105A, subsection 2, paragraph c, subparagraph 6, Code 2014. Section 4 of 2014 Iowa Acts House File 2273 amends Iowa Code section 423.2, subsection 6, paragraph a, Code 2014.

Effective Date

July 1, 2014