



STATE OF IOWA
IOWA STATE PRISON INDUSTRIES
OFFICE OF PURCHASING
ANAMOSA, IOWA 52205
(319)462-3706

CONTRACT AGREEMENT NO: 4158
SHORT FORM CONTRACT

CONTRACTOR:

KEEFE COMMISSARY NETWORK, L.L.C.
10880 Lin Page Place
St. Louis, MO 63132

AGENCY NAME AND ADDRESS:

IOWA STATE PRISON INDUSTRIES
406 North High Street
P O Box 430
Anamosa, IA 52205-0430

CONTRACT PERIOD: Effective: 11/23/12

Terminates: 11/22/13*

DESCRIPTION OF ITEMS CONTRACTED

This Contract which incorporates Keefe Commissary Network, LLC's response to **RFP #84** as well as the attached **Additional Clarifications** updated as of 11/15/12 is being issued to supply Iowa State Prison Industries, Central Canteen, 307 S. 60th Avenue, Newton, IA 50208 with all services and materials for an Inmate Media Service. Keefe Commissary Network, L.L.C., 10880 Lin Page Place, St. Louis, MO 63132 acknowledges that all terms and conditions of RFP #84 become a part of this contract. RFP #84 is on file at the Iowa State Prison Industries, Office of Purchasing, 406 North High St., Anamosa, IA.

Please note references to Iowa State Industries and Iowa State Prison Industries are synonymous.

*Contract is subject to renewal for five (5) one (1) year periods upon mutual agreement.

Pricing as quoted in RFP #84 as well as in the attached **Additional Clarification** document dated 11/15/12:

MP3 PLAYER PRICING				
Item		KCN PART NO.	Unit	IPI Price
Maxx MP3 Player – 4GB (includes: 2AA batteries, ear buds, and owner's manual)		1835	1	\$88.15
Maxx MP3 Player – 8GB (includes: 2AA batteries, ear buds, and owner's manual)		1836	1	\$104.15

Pricing for individual songs at \$1.75/each.

Accessory Items

All accessory items will be bought in bulk by IPI.

MP3 ACCESSORY PRICING				
Item	KCN PART NO.	Unit	IPI Price	CASE QUANTITY & PRICE
Replacement High Fidelity Ear Buds	51910	1	\$9.70	Case QTY: 50, Case Price: \$485.00
Outlet Adapter	51911	1	\$9.70	Case QTY: 50, Case Price: \$485.00
Screen Protector	51797	1	\$3.75	Case QTY: 100, Case Price: \$375.00
Armband with Cover	53031	1	\$9.00	Case QTY: 200, Case Price: \$1,800.00
External Keyboard	51926	1	\$22.00	Case QTY: 25, Case Price: \$550.00

Delivery Location: Iowa State Industries
Central Canteen
307 60th Ave W
Newton, IA 50208

Receiving Hours: 7:30 a.m. – 2:30 p.m. Monday through Friday, excluding holidays

Terms: Net 60 Days

FOB: Newton, IA

Delivery: 7 days

Packing slips and/or invoices **MUST** accompany each order when delivered

Invoices not submitted with orders shall be sent to:

Iowa Prison Industries
Central Canteen
307 South 60th Ave W
Newton, IA 50208
ATTN: Chad Squires, Supervisor

Contact for Order Placement:

John Clark
Address: 10880 Lin Page Place, St. Louis, MO 63132
Phone: 314-595-4852
Cell Phone: N/A
Fax: 314-919-4109
Email: JClark@keefegroup.com

Contact for Contracting:

Mike Manning
Address: 10880 Lin Page Place, St. Louis, MO 63132
Phone: 314-963-8707
Cell Phone: 314-704-4653
Fax: 314-919-4109
Email: MManning@keefegroup.com

Contact for Accounts Receivable: **John Shoemake**
Address: 10880 Lin Page Place, St. Louis, MO 63132
Phone: 314-301-3332
Cell Phone: N/A
Fax: 314-919-4109
Email: JShoemake@keefegroup.com

VENDOR ID#: 43-1856999

ON-SITE CONTACT: Chad Squires, Supervisor
chadsquires@iowa.gov

PLANT MANAGER: Shawn Preston, Plant Manager
shawn.preston@iowa.gov

ON-SITE TELEPHONE: 641-791-9242

ON-SITE FAX: 641-792-2845

PURCHASING CONTACTS: Cindy Reck, Purchasing Agent III
cindy.reck@iowa.gov
Pam Kray, Purchasing Agent I
pam.kray@iowa.gov
Ruthanne Mosser, Purchasing Agent I
ruthanne.mosser@iowa.gov


PURCHASING TELEPHONE: 319-462-3706

PURCHASING FAX: 319-462-2158

Claim and order forms to show reference to above contract order number.

VENDOR: Keefe Commissary Network LLC Iowa State Industries

By: _____
Authorized Signature


By: _____
Chad Squires, Supervisor

Date Signed: _____

Date Signed: 11/23/12

Additional Clarification

UPDATED: 11/15/12 FINAL

MP3 Pricing

- KCN will keep prices firm for one year; however, KCN will have the ability to raise prices if there is an increase in pricing from our Supplier. KCN will provide IPI with 30 days' notice of any such price increase.
- MP3 Player pricing listed below reflects the IPI price.

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Reporting

- KCN will provide weekly reporting on inmate prepaid balances along with song downloads.

Invoicing/Rebates

- Invoices will be sent weekly for prepaid balance transfers
- Rebate checks will be paid to IPI on a quarterly basis and will be based on media downloads for all institutions for that quarter.
- IPI requires vendor provide a 10 day grace period for offender's requesting a refund of unused music credits. If IPI requests a refund during this 10 day grace period no service charge is required. After the 10 day grace period offender is required to go directly to KCN to request refund and a service fee of \$7.50 will be applied.

Service/Maintenance

- KCN will identify the problem within 36 hours.
- Any needed hardware replacement will be completed within 14 calendar days.
- Any needed software repair will be completed within 36 hours.

Implementation

- All kiosk locations and any kiosk needs beyond 1 kiosk per facility will be mutually agreed upon by IPI and KCN. Kiosks must be installed at all required locations so that **all offenders** will have access to a Kiosk at no charge to IPI.
- MP3 players will initially be programmed with a 90 Day Mortality Timer. Once MP3 program is fully deployed the Mortality Timer will drop down to 30 Days.
- KCN will deploy all Kiosks within 90 days of contract signing and/or within 90 days of any future deployments. The 90 day deployment timeline is contingent no weather delays, IDOC timely installation of (conduit, electrical and point of entry to the dish location) and tech clearance and facility staff scheduling to meet mutually agreeable installation schedules. If KCN doesn't meet the 90 day deployment timeline KCN will pay .50 per song download for all downloads where the MP3 program is deployed within IDOC facilities for all rebate quarters.

- KCN to supply IPI with an official letter or other legal documentation verifying KCN's statement: *Iowa is a state that does NOT tax media downloads*". **Please see below and the attached document.**



Statutes: Iowa Code § 423.3 Exemptions.

Iowa (RIA)

§ 423.3 -- Exemptions.

There is exempted from the provisions of this subchapter and from the computation of the amount of tax imposed by it the following: . . .

- 67.** The sales price of a sale at retail if the substance of the transaction is delivered to the purchaser digitally, electronically, or utilizing cable, or by radio waves, microwaves, satellites, or fiber optics.

Price Sheets – Page 5 of proposal

- KCN to provide and attach to the contract catalog pricing.

MP3 Player pricing listed below reflects the IPI price.

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External Keyboard	51926	1	\$22.00	Case QTY: 25, Case Price: \$550.00

2.1.3 Models of players available with brochures and full descriptions and projected models. Page 10 - 11 SPECIFICAIONS – MP3 PORTABLE MEDIA PLAYER:

- KCN can provide education content or rehabilitative programming that is provided by IPI. We are in development of a new player that will allow these educational videos to play. If we produce the educational content without a 3rd party provider or use material that doesn't carry a license cost we will provide the educational content at no charge to the DOC. However, this cannot be institutional specific at this time.

2.1.5 All available accessories and cost - Page 16

- KCN to provide bulk quantities, case pricing as well as KCN's part numbers for each item.

2.1.7 Return policy and procedure – Page 17

Add the following paragraph:

- Within 40 days of original purchase by IPI KCN to provide shipping call tag or shipping method at no charge to IPI of defective equipment or accessories.
- During the 40 days IPI is responsible for the return for the offender to KCN and after 40 days offender is responsible for return of equipment/accessories to KCN.
- Access Corrections MP3 players come with a limited manufacturer's warranty. We will make every effort to fix software issues and player defects covered by the warranty. Physically damaged items are not covered under the warranty, and should not be sent in for repair.
- When a player is defective, it should be returned with a Return Authorization Number. Return Authorization Numbers (RA#) can be obtained by calling Access Corrections at 1-877-760-1118, option 3, or through email at helpdesk@accesscorrections.com. We need the following information to issue an RA #: Inmate Name, Inmate Number, and a Description of the problem.
- Return Authorization numbers are unique to each and every case, and must be included with returned items. We provide FedEx shipping labels (Call Tags) to pay for the shipping costs, please utilize these and verify the address is the same as below. Should you need more call tags, please contact us. Please send the player or accessory, along with the RA # to the following address:

**Access Corrections
10880 Lin Page Place
Saint Louis, MO 63132**

Players and accessories go through a series of tests, and in some cases are reset to manufacturer settings, and updated with the latest MP3 software. The repair process may take up to 6 weeks for completion.

If the player can be repaired, it will be returned to facility with resolution letter. If the player cannot be repaired, it will be returned to facility with a letter explaining why player was unable to be repaired.

For those players outside of the manufacturer's warranty that do not display any physical damage, KCN will try all reasonable means to repair the player at no cost to IPI or the inmate. Upon resolution, KCN will send the player back to the inmate at no charge. If KCN is unable to fix the player and it is outside of the warranty, the inmate will need to purchase a new player. However, they will not lose any previously purchased music. Their music will download to the new player upon their first connection to the music kiosk.

- The typical replacement time frame for returned MP3 Players and accessories is 6 weeks.

2.1.15 Outline responsibility for running cables, outlets conduit and labor and include costs to IPI/DOC. Pages 22-23

IPI/DOC Responsibilities: (add the following)

- IPI will determine how information is distributed to offenders. IPI reserves the right to have prior approval of all marketing material distributed to offenders BEFORE it is distributed to offenders.

2.1.16 Institutional implementation – time-line as to when 9 facilities would be online. Pages 23-24

- **Dates in Project Work plan are subject to change, but will be monitored and must be prior approved by IPI.

2.1.22 Advise available reports of product and music to IPI - Page 26

ADD: KCN to provide the following reports and any other required reports as requested on a weekly basis:

- MP3 Sales Report – provides sales by facility for MP3 purchases and song downloads
- Pre-Paid Music Deposits (by inmate or facility)
- Actual Music Downloads to MP3 Players (by inmate or facility)
- Inmate's Unused Pre-paid Account Balance
- Weekly Invoicing

2.1.24 Define music ownership and rights for offenders when released – Page 27

- **Offenders have sole ownership to purchased music.**
- **After release offender will have ability to download from the MP3 to their computer or to another device.**

2.1.25 Describe product and network security features – Pages 27 – 28

Managing Theft: Fraud Lock Feature

- The offender would alert the DOC staff who would then email KCN the offender name and number whose player was stolen. KCN would then Fraud Lock the device until it is recovered.

STATE NAME: IOWA

**Streamlined Sales Tax Governing Board
Section 328 Taxability Matrix
Library of Definitions**

Effective Date: 7-1-2012

Completed by: Larry Paxton
E-mail address: Larry.Paxton@iowa.gov
Phone number: 515-281-8037
Date Submitted: 9-7-2012

Each of the items listed in the chart is defined in the Library of Definitions in the Streamlined Sales and Use Tax Agreement (SSUTA) as amended through December 19, 2011. Refer to Appendix C of the SSUTA for each definition.

Place an "X" in the appropriate column under the heading "Treatment of definition" to indicate the treatment of each definition in your state. If a product definition was not adopted by your state, enter "NA" in the column under the heading "Reference" and indicate in the "Treatment of definition" columns the treatment of the product in your state. In accordance with the SSUTA, your state must adopt the definitions in the Library of Definitions that apply to your state without qualifications except for those allowed by the SSUTA. For this reason, do not enter any comments or qualifications in the two columns under the heading "Treatment of definition". If your state has adopted a definition in the Library of Definitions with a qualification not specified in the SSUTA, do not place an "X" in either column under the heading "Treatment of definition" but include a comment in the "Reference" column explaining the qualification. Enter the applicable statute/rule cite in the "Reference" column.

Sellers and certified service providers are relieved from tax liability to the member state and its local jurisdictions for having charged and collected the incorrect amount of sales and use tax resulting from the seller or certified service provider relying on erroneous data provided by the member state relative to treatment of the terms defined in the Library of Definitions.

Administrative Definitions	Treatment of definition		Reference
	Included in Sales Price	Excluded from Sales Price	
Sales price: Identify how the options listed below are treated in your state. The following options may be excluded from the definition of sales price only if they are separately stated on the bill to the purchaser.			Statute/Rule Cite/Comment
<ul style="list-style-type: none"> Charges by the seller for any services necessary to complete the sale other than delivery and installation 		X	Iowa Code § 423.1(51)"c" (Supp. 2011) *
<ul style="list-style-type: none"> Telecommunication nonrecurring charges 		X	Iowa Code § 423.1(51)"c" (Supp. 2011) *
<ul style="list-style-type: none"> Installation charges 		X	Iowa taxes certain enumerated services. Some of these services may involve installation of tangible property - Iowa Code § 423.2 (2011)

SSTGB Form F0014 (Revised May 24, 2012)

*Code citations changed due to 2011 Code Supplement update.

**Citation changed due to Rule restructuring.

1

STATE NAME: IOWAStreamlined Sales Tax Governing Board
Section 328 Taxability Matrix
Library of Definitions

Effective Date: 7-1-2012

• Value of trade-in		X	Trade-in is used to reduce the selling price if the property being traded is normally sold in the seller's business – Iowa Code § 423.3(59) (Supp. 2011) * and 701 IAC 212.5
• Delivery Charges for personal property or services other than direct mail. The following charges are included in the definition of sales price unless your state excludes them from sales price when such charges are separately stated on the bill to the purchaser. For responses below assume the charges are separately stated on the bill to the purchaser.	Included in Sales Price	Excluded from Sales Price	Statute/Rule Cite/Comment
• Handling, crating, packing, preparation for mailing or delivery, and similar charges		X	Iowa Code § 423.1(51) (Supp. 2011) *
• Transportation, shipping, postage, and similar charges		X	Iowa Code § 423.1(51) (Supp. 2011) *
• Delivery Charges for direct mail. The following charges are included in the definition of sales price unless your state excludes them from sales price when such charges are separately stated on the bill to the purchaser. For responses below assume the charges are separately stated on the bill to the purchaser.	Included in Sales Price	Excluded from Sales Price	Statute/Rule Cite/Comment
• Handling, crating, packing, preparation for mailing or delivery, and similar charges		X	Iowa Code § 423.1(51) (Supp. 2011) and 701 IAC 15.13 *
• Transportation, shipping, and similar charges		X	Iowa Code § 423.1(51) (Supp. 2011) and 701 IAC 15.13 *
• Postage		X	Iowa Code § 423.1(51) (Supp. 2011) and 701 IAC 15.13 *
State, Local and Tribal Taxes			
• State and local taxes on a retail sale that are imposed on the seller if the state statute authorizing or imposing the tax provides that the seller may, but is not required, to collect such tax from the consumer. The tax must be separately stated on the invoice, bill of sale or similar document given to the purchaser.		X	2012 Iowa Acts House File 2166, effective 07/01/2012, available on Iowa Legislative Website @ www.legis.iowa.gov . 2013 Iowa Code § 423.1(51)
Tribal taxes on a retail sale that are imposed on the seller if the Tribal law authorizing or imposing the tax provides that the seller may, but is not required, to collect such tax from the consumer.		X	2012 Iowa Acts House File 2166, effective 07/01/2012, available on Iowa Legislative Website @

SSTGB Form F0014 (Revised May 24, 2012)

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**Citation changed due to Rule restructuring.

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STATE NAME: IOWAStreamlined Sales Tax Governing Board
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Library of Definitions

Effective Date: 7-1-2012

			www.legis.iowa.gov . 2013 Iowa Code § 423.1(51)
Sales Tax Holidays	Yes	No	Statute/Rule Cite/Comment
Sales Tax Holidays: Does your state have a sales tax holiday?	X		Iowa Code § 423.3(68) (2011)
If yes, indicate the tax treatment during your state sales tax holiday for the following products.	Amount of Threshold	Taxable	Exempt
• All Energy star qualified products		X	
• Specific energy star qualified products or energy star qualified classifications		X	
➤			
➤			
• All Disaster Preparedness Supply		X	
• Specific Disaster Preparedness Supply		X	
➤ Disaster preparedness general supply		X	
➤ Disaster preparedness safety supply		X	
➤ Disaster preparedness food-related supply		X	
➤ Disaster preparedness fastening supply		X	
• School supply		X	
• School art supply		X	
• School instructional material		X	
• School computer supply		X	
Other products defined in Part II of the Library of Definitions included in your state sales tax holiday.	Amount of Threshold	Taxable	Exempt
• Clothing	\$100		X
• Computers		X	
• Prewritten computer software		X	
•			
•			
•			
Product Definitions			
Clothing and related products	Taxable	Exempt	Statute/Rule Cite/Comment
• Clothing	X		Iowa Code § 423.2 (2011)

SSTGB Form F0014 (Revised May 24, 2012)

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STATE NAME: IOWAStreamlined Sales Tax Governing Board
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➤ Essential clothing priced below a state specific threshold	X		N/A
➤ Fur clothing	X		N/A
• Clothing accessories or equipment	X		Iowa Code § 423.2 (2011)
• Protective equipment	X		Iowa Code § 423.2 (2011)
• Sport or recreational equipment	X		Iowa Code § 423.2 (2011)
Computer related products	Taxable	Exempt	Statute/Rule Cite/Comment
• Computer	X		Iowa Code § 423.1 (2011), Computers used in processing or storage of data or information by an insurance company, financial institution, or commercial enterprise are exempt – Iowa Code § 423.3(47)"a"(4) (2011)
• Prewritten computer software	X		Iowa Code § 423.1 (2011) and 701 IAC 18.34(1)"b"(3)
• Prewritten computer software delivered electronically		X	Iowa Code § 423.3(67) (2011)
• Prewritten computer software delivered via load and leave	X		701 IAC 18.34(1)"b"(4)
• Non-prewritten (custom) computer software		X	701 IAC 18.34(1)"b"(4)
• Non-prewritten (custom) computer software delivered electronically		X	Iowa Code § 423.3(67) (2011) and 701 IAC 18.34(1)"b"(4)
• Non-prewritten (custom) computer software delivered via load and leave		X	701 IAC 18.34(1)"b"(4)
Mandatory computer software maintenance contracts	Taxable	Exempt	Statute/Rule Cite/Comment
• Mandatory computer software maintenance contracts with respect to prewritten computer software	X		Iowa Code § 423.2(1)"a"(5) (2011) and 701 IAC 18.34(2)"j"(1)
• Mandatory computer software maintenance contracts with respect to prewritten computer software which is delivered electronically		X	Iowa Code § 423.3(67) (2011) and 701 IAC 231.14
• Mandatory computer software maintenance contracts with respect to prewritten computer software which is delivered via load and leave	X		701 IAC 18.34(2)"j"(1) & 701-231.14
• Mandatory computer software maintenance contracts with respect to non-prewritten (custom) computer software		X	Iowa Code § 423.2(1)"a" (2011) Technical support only.
• Mandatory computer software maintenance contracts with respect to non-prewritten (custom) software which is delivered electronically		X	Iowa Code § 423.3(67) (2011) and 701 IAC 231.14
• Mandatory computer software maintenance contracts with respect to non-prewritten (custom) software which is delivered via load and leave		X	701 IAC 18.34(2)"j"(1) & 701-231.14 - Technical support only.
Optional computer software maintenance contracts	Taxable	Exempt	Statute/Rule Cite/Comment

SSTGB Form F0014 (Revised May 24, 2012)

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STATE NAME: IOWA

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• Optional computer software maintenance contracts with respect to prewritten computer software that only provide updates or upgrades with respect to the software	X		Iowa Code §423.2(1)"a" (2011)
• Optional computer software maintenance contracts with respect to prewritten computer software that only provide updates or upgrades delivered electronically with respect to the software		X	Iowa Code § 423.3(67) (2011) and 701 IAC 231.14
• Optional computer software maintenance contracts with respect to prewritten computer software that only provide updates or upgrades delivered via load and leave with respect to the software	X		Iowa Code §423.2(1)"a" (2011)
• Optional computer software maintenance contracts with respect to non-prewritten (custom) computer software that only provide updates or upgrades with respect to the software		X	Iowa Code §423.2(1)"a" (2011) and 701 IAC 18.34(2)"j"(3)
• Optional computer software maintenance contracts with respect to non-prewritten (custom) computer software that only provide updates or upgrades delivered electronically with respect to the software		X	Iowa Code § 423.3(67) (2011) and 701 IAC 231.14
• Optional computer software maintenance contracts with respect to non-prewritten (custom) computer software that only provide updates or upgrades delivered via load and leave with respect to the software		X	Iowa Code §423.2(1)"a" (2011) and 701 IAC 18.34(2)"j"(3)
• Optional computer software maintenance contracts with respect to non-prewritten (custom) computer software that only provide support services to the software		X	Iowa Code §423.2(1)"a" (2011)
• Optional computer software maintenance contracts with respect to non-prewritten (custom) computer software that provide updates or upgrades and support services to the software		X	Iowa Code §423.2(1)"a" (2011) 701 IAC 18.34(2)"j"(3)
• Optional computer software maintenance contracts with respect to non-prewritten (custom) computer software that provide updates or upgrades delivered electronically and support services to the software		X	Iowa Code § 423.3(67) (2011) and 701 IAC 231.14
• Optional computer software maintenance contracts with respect to non-prewritten (custom) computer software provide updates or upgrades delivered via load and leave and support services to the software		X	Iowa Code §423.2(1)"a" (2011) and 701 IAC 18.34(2)"j"(3)
Indicate your state's tax treatment for optional computer software maintenance contracts with respect to prewritten computer software sold for one non-itemized price that include updates and upgrades and/or support services. Use percentages in the taxable and exempt columns to denote tax treatment in your state. For example: if all taxable put 100% in the taxable column; if all nontaxable/exempt put 100% in the exempt column; if 50% taxable and 50% nontaxable/exempt put 50% in the taxable column and 50% in the exempt column.	Taxable Percentage	Exempt Percentage	Statute/Rule Cite/Comment

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STATE NAME: IOWA

**Streamlined Sales Tax Governing Board
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• Optional computer software maintenance contracts with respect to prewritten computer software that provide updates or upgrades and support services to the software	50%	50%	Iowa Code §423.2(1)"a" (2011)
• Optional computer software maintenance contracts with respect to prewritten computer software that provide updates and upgrades delivered electronically and support services to the software		100%	Iowa Code §423.3(67) (2011) and 701 IAC 18.34(2)"(3)"
• Optional computer software maintenance contracts with respect to prewritten computer software that provide updates and upgrades delivered via load and leave and support services to the software	50%	50%	Iowa Code §423.2(1)"a" (2011)
• Optional computer software maintenance contracts with respect to prewritten computer software that only provide support services to the software		100%	Iowa Code §423.2(1)"a" (2011)
Digital products(excludes telecommunications services, ancillary services and computer software)	Yes	No	Statute/Rule Cite/Comment
A state imposing tax on products "transferred electronically" is not required to adopt definitions for specified digital products. ("Specified digital products" includes the defined terms: digital audio visual works; digital audio works; and digital books.) Does your state impose tax on products transferred electronically other than digital audio visual works, digital audio works, or digital books?		X	Iowa Code § 423.3(67) (2011)
	Taxable	Exempt	Statute/Rule Cite/Comment
• Digital audio visual works sold to an end user with rights for permanent use		X	Iowa Code § 423.3(67) (2011)
• Digital audio works sold to an end user with rights for permanent use		X	Iowa Code § 423.3(67) (2011)
• Digital books sold to an end user with rights for permanent use		X	Iowa Code § 423.3(67) (2011)
For transactions other than those included above, a state must specifically impose and separately enumerate a broader imposition of the tax. Does your state impose tax on:	Yes	No	Statute/Rule Cite/Comment
• Digital audio visual works sold to users other than the end user.		X	Iowa Code § 423.3(67) (2011)
• Digital audio visual works sold with rights of use less than permanent use.		X	Iowa Code § 423.3(67) (2011)
• Digital audio visual works sold with rights of use conditioned on continued payment.		X	Iowa Code § 423.3(67) (2011)
• Digital audio works sold to users other than the end user.		X	Iowa Code § 423.3(67) (2011)
• Digital audio works sold with rights of use less than permanent.		X	Iowa Code § 423.3(67) (2011)
• Digital audio works sold with rights of use conditioned on continued payments.		X	Iowa Code § 423.3(67) (2011)
• Digital books sold to users other than the end user.		X	Iowa Code § 423.3(67) (2011)
• Digital books sold with rights of use less than permanent.		X	Iowa Code § 423.3(67) (2011)
• Digital books sold with rights of use conditioned on continued payments.		X	Iowa Code § 423.3(67) (2011)

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STATE NAME: IOWA

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Section 328 Taxability Matrix
Library of Definitions**

Effective Date: 7-1-2012

Does your state treat subscriptions to products "transferred electronically" differently than a non-subscription purchase of such product?		No	Iowa Code § 423.3(67) (2011) Iowa Code § 423.3(67) (2011)
Section 332H provides that states may have product based exemptions for specific items within specified digital products. ("Specified digital products" includes the defined terms: digital audio visual works; digital audio works; and digital books.) List product based exemptions for specific items included in specified digital products. Example: digital textbooks	Statute/Rule Cite/Comment		
• NA			
•			
•			
Food and food products	Taxable	Exempt	Statute/Rule Cite/Comment
• Food and food ingredients excluding alcoholic beverages and tobacco		X	Iowa Code § 423.3(57) (2011)
o Candy	X		Iowa Code § 423.3(57) (2011) and 701 IAC 231.4
o Dietary Supplements	X		Iowa Code § 423.3(57) (2011)
o Soft Drinks	X		Iowa Code § 423.3(57)"g" (2011)
o Bottled water		X	Iowa Code § 423.3(57) (2011) and 701 IAC 231.5
➤ Food sold through vending machines	X		Iowa Code § 423.3(57) (2011) and 701 IAC 231.3(2)"d"
➤ Prepared Food	X		Iowa Code § 423.3(57) (2011)
Prepared food options - The following food items heated, mixed or combined by the seller are included in the definition of prepared food unless a state elects to exclude them from the definition of prepared food. Such food items excluded from prepared food are taxed the same as food and food ingredients. (Indicate how the options for the following food items that otherwise meet the definition of prepared food are treated in your state.)	Included in Prepared Food	Excluded from Prepared Food	Statute/Rule Cite/Comment
➤ Food sold without eating utensils provided by the seller whose primary NAICS classification is manufacturing in sector 311, except subsector 3118 (bakeries)	X		Iowa Code § 423.3(57)"f"(3)"d" (2011)
➤ Food sold without eating utensils provided by the seller in an unheated state by weight or volume as a single item		X	Iowa Code § 423.3(57)"f"(3)"d" (2011)

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➤ Bakery items sold without eating utensils provided by the seller, including bread, rolls, buns, biscuits, bagels, croissants, pastries, donuts, Danish, cakes, tortes, pies, tarts, muffins, bars, cookies, tortillas		X	The exclusion is limited to bakery items sold by the seller which baked them. There is no mention of a sale without eating utensils. See Iowa Code § 423.3 (57)"f"(3)"c" (2011)
Health-care products	Taxable	Exempt	Statute/Rule Cite/Comment
Drugs (indicate how the options are treated in your state)			
Drugs for human use			
• Drugs for human use without a prescription	X		Iowa Code § 423.2(1) (2011)
• Drugs for human use with a prescription		X	Iowa Code § 423.3(60) (2011)
• Insulin for human use without a prescription		X	Iowa Code § 423.3(60) (2011)
• Insulin for human use with a prescription		X	Iowa Code § 423.3(60) (2011)
• Medical oxygen for human use without a prescription		X	Iowa Code § 423.3(60) (2011)
• Medical oxygen for human use with a prescription		X	Iowa Code § 423.3(60) (2011)
• Over-the-counter drugs for human use without a prescription	X		Iowa Code § 423.2(1) (2011)
• Over-the-counter drugs for human use with a prescription		X	Iowa Code § 423.3(60) (2011)
• Grooming and hygiene products for human use	X		Iowa Code §§ 423.2(1) and 423.3 (60)"a"&"g" (2011) Items exempt with prescription.
• Drugs for human use to hospitals		X	Likely exempt as a sale for resale or sale to a nonprofit hospital or other nonprofit medical facility. See Iowa Code §§ 423.3(2) (18) and (27) (2011)
• Drugs for human use to other medical facilities		X	Likely exempt as a sale for resale or sale to a nonprofit hospital or other nonprofit medical facility. See Iowa Code §§ 423.3(2) (18) and (27) (2011)
• Prescription drugs for human use to hospitals		X	Iowa Code § 423.3(60) (2011)
• Prescription drugs for human use to other medical facilities		X	Iowa Code § 423.3(60) (2011)
• Free samples of drugs for human use	X		Iowa Code § 423.2(1) (2011)
• Free samples of prescription drugs for human use		X	Iowa Code § 423.3(60) (2011)
Drugs for animal use			
• Drugs for animal use without a prescription	X		Iowa Code § 423.2(1) (2011)

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• Drugs for animal use with a prescription	X		Iowa Code § 423.2(1) (2011) and 701 IAC 231.6(2)
• Insulin for animal use without a prescription	X		Iowa Code § 423.2(1) (2011)
• Insulin for animal use with a prescription	X		Iowa Code § 423.2(1) (2011) and 701 IAC 231.6(2)
• Medical oxygen for animal use without a prescription	X		Iowa Code § 423.2(1) (2011)
• Medical oxygen for animal use with a prescription	X		Iowa Code § 423.2(1) (2011) and 701 IAC 231.6(2)
• Over-the-counter drugs for animal use without a prescription	X		Iowa Code § 423.2(1) (2011)
• Over-the-counter drugs for animal use with a prescription	X		Iowa Code § 423.2(1) (2011) and 701 IAC 231.6(2)
• Grooming and hygiene products for animal use	X		Iowa Code § 423.2(1) (2011)
• Drugs for animal use to veterinary hospitals and other animal medical facilities	X		Iowa Code § 423.2(1) (2011)
• Prescription drugs for animal use to hospitals and other animal medical facilities	X		Iowa Code § 423.2(1) (2011)
• Free samples of drugs for animal use	X		Iowa Code § 423.2(1) (2011)
• Free samples of prescription drugs for animal use	X		Iowa Code § 423.2(1) (2011)
Durable medical equipment (indicate how the options are treated in your state)	Taxable	Exempt	Statute/Rule Cite/Comment
• Durable medical equipment, not for home use, without a prescription	X		Iowa Code § 423.3(60)"b" (2011)
• Durable medical equipment, not for home use, with a prescription	X		Iowa Code § 423.3(60)"b" (2011)
• Durable medical equipment, not for home use, with a prescription paid for by Medicare	X		Iowa Code § 423.3(60)"b" (2011)
• Durable medical equipment, not for home use, with a prescription reimbursed by Medicare	X		Iowa Code § 423.3(60)"b" (2011)
• Durable medical equipment, not for home use, with a prescription paid for by Medicaid	X		Iowa Code § 423.3(60)"b" (2011)
• Durable medical equipment, not for home use, with a prescription reimbursed by Medicaid	X		Iowa Code § 423.3(60)"b" (2011)
• Durable medical equipment for home use without a prescription	X		Iowa Code § 423.3(60)"b" (2011)
• Durable medical equipment for home use with a prescription		X	Iowa Code § 423.3(60)"b" (2011)
• Durable medical equipment for home use with a prescription paid for by Medicare		X	Iowa Code § 423.3(60)"b" (2011) and 701 IAC 20.7
• Durable medical equipment for home use with a prescription reimbursed by Medicare		X	Iowa Code § 423.3(60)"b" (2011) and 701 IAC 20.7
• Durable medical equipment for home use with a prescription paid for by Medicaid		X	Iowa Code § 423.3(60)"b" (2011) and 701 IAC 20.7

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• Durable medical equipment for home use with a prescription reimbursed by Medicaid		X	Iowa Code § 423.3(60)"b" (2011) and 701 IAC 20.7
• Oxygen delivery equipment, not for home use, without a prescription		X	Iowa Code § 423.3(60)"d" (2011) and 701 IAC 231.7
• Oxygen delivery equipment, not for home use, with a prescription		X	Iowa Code § 423.3(60)"d" (2011) and 701 IAC 231.7
• Oxygen delivery equipment, not for home use, with a prescription paid for by Medicare		X	Iowa Code § 423.3(60)"d" (2011) and 701 IAC 231.7
• Oxygen delivery equipment, not for home use, with a prescription reimbursed by Medicare		X	Iowa Code § 423.3(60)"d" (2011) and 701 IAC 231.7
• Oxygen delivery equipment, not for home use, with a prescription paid for by Medicaid		X	Iowa Code § 423.3(60)"d" (2011) and 701 IAC 231.7
• Oxygen delivery equipment, not for home use, with a prescription reimbursed by Medicaid		X	Iowa Code § 423.3(60)"d" (2011) and 701 IAC 231.7
• Oxygen delivery equipment for home use without a prescription		X	Iowa Code § 423.3(60)"d" (2011) and 701 IAC 231.7
• Oxygen delivery equipment for home use with a prescription		X	Iowa Code § 423.3(60)"d" (2011) and 701 IAC 231.7
• Oxygen delivery equipment for home use with a prescription paid for by Medicare		X	Iowa Code § 423.3(60)"d" (2011) and 701 IAC 231.7
• Oxygen delivery equipment for home use with a prescription reimbursed by Medicare		X	Iowa Code § 423.3(60)"d" (2011) and 701 IAC 231.7
• Oxygen delivery equipment for home use with a prescription paid for by Medicaid		X	Iowa Code § 423.3(60)"d" (2011) and 701 IAC 231.7
• Oxygen delivery equipment for home use with a prescription reimbursed by Medicaid		X	Iowa Code § 423.3(60)"d" (2011) and 701 IAC 231.7
• Kidney dialysis equipment, not for home use, without a prescription		X	Iowa Code § 423.3(60)"d" (2011) and 701 IAC 20.9
• Kidney dialysis equipment, not for home use, with a prescription		X	Iowa Code § 423.3(60)"d" (2011) and 701 IAC 20.9
• Kidney dialysis equipment, not for home use, with a prescription paid for by Medicare		X	Iowa Code § 423.3(60)"d" (2011) and 701 IAC 20.9
• Kidney dialysis equipment, not for home use, with a prescription reimbursed by Medicare		X	Iowa Code § 423.3(60)"d" (2011) and 701 IAC 20.9
• Kidney dialysis equipment, not for home use, with a prescription paid for by Medicaid		X	Iowa Code § 423.3(60)"d" (2011) and 701 IAC 20.9

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• Kidney dialysis equipment, not for home use, with a prescription reimbursed by Medicaid		X	Iowa Code § 423.3(60)"d" (2011) and 701 IAC 20.9
• Kidney dialysis equipment for home use without a prescription		X	Iowa Code § 423.3(60)"d" (2011) and 701 IAC 20.9
• Kidney dialysis equipment for home use with a prescription		X	Iowa Code § 423.3(60)"d" (2011) and 701 IAC 20.9
• Kidney dialysis equipment for home use with a prescription paid for by Medicare		X	Iowa Code § 423.3(60)"d" (2011) and 701 IAC 20.9
• Kidney dialysis equipment for home use with a prescription reimbursed by Medicare		X	Iowa Code § 423.3(60)"d" (2011) and 701 IAC 20.9
• Kidney dialysis equipment for home use with a prescription paid for by Medicaid		X	Iowa Code § 423.3(60)"d" (2011) and 701 IAC 20.9
• Kidney dialysis equipment for home use with a prescription reimbursed by Medicaid		X	Iowa Code § 423.3(60)"d" (2011) and 701 IAC 20.9
• Enteral feeding systems, not for home use, without a prescription	X		Iowa Code § 423.2(1) (2011)
• Enteral feeding systems, not for home use, with a prescription	X		Iowa Code § 423.3(60)"b" (2011)
• Enteral feeding systems, not for home use, with a prescription paid for by Medicare	X		Iowa Code § 423.3(60)"b" (2011)
• Enteral feeding systems, not for home use, with a prescription reimbursed by Medicare	X		Iowa Code § 423.3(60)"b" (2011)
• Enteral feeding systems, not for home use, with a prescription paid for by Medicaid	X		Iowa Code § 423.3(60)"b" (2011)
• Enteral feeding systems, not for home use, with a prescription reimbursed by Medicaid	X		Iowa Code § 423.3(60)"b" (2011)
• Enteral feeding systems for home use without a prescription	X		Iowa Code § 423.2(1) (2011)
• Enteral feeding systems for home use with a prescription		X	Iowa Code § 423.3(60)"b" (2011)
• Enteral feeding systems for home use with a prescription paid for by Medicare		X	Iowa Code § 423.3(60)"b" (2011)
• Enteral feeding systems for home use with a prescription reimbursed by Medicare		X	Iowa Code § 423.3(60)"b" (2011)
• Enteral feeding systems for home use with a prescription paid for by Medicaid		X	Iowa Code § 423.3(60)"b" (2011)
• Enteral feeding systems for home use with a prescription reimbursed by Medicaid		X	Iowa Code § 423.3(60)"b" (2011)
• Repair and replacement parts for durable medical equipment which are for single patient use		X	Iowa Code § 423.3(60)"b" (2011) Must be for home use and prescribed to be exempt.

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Mobility enhancing equipment (indicate how the options are treated in your state)	Taxable	Exempt	Statute/Rule Cite/Comment
• Mobility enhancing equipment without a prescription	X		Iowa Code § 423.3 (60)"c" (2011)
• Mobility enhancing equipment with a prescription		X	Iowa Code § 423.3 (60)"c" (2011)
• Mobility enhancing equipment with a prescription paid for by Medicare		X	Iowa Code § 423.3 (60)"c" (2011)
• Mobility enhancing equipment with a prescription reimbursed by Medicare		X	Iowa Code § 423.3 (60)"c" (2011)
• Mobility enhancing equipment with a prescription paid for by Medicaid		X	Iowa Code § 423.3 (60)"c" (2011)
• Mobility enhancing equipment with a prescription reimbursed by Medicaid		X	Iowa Code § 423.3 (60)"c" (2011)
Prosthetic devices (indicate how the options are treated in your state)	Taxable	Exempt	Statute/Rule Cite/Comment
• Prosthetic devices without a prescription		X	Iowa Code § 423.3(60)"h" (2011)
• Prosthetic devices with a prescription		X	Iowa Code § 423.3(60)"h" (2011)
• Prosthetic devices with a prescription paid for by Medicare		X	Iowa Code § 423.3(60)"h" (2011)
• Prosthetic devices with a prescription reimbursed by Medicare		X	Iowa Code § 423.3(60)"h" (2011)
• Prosthetic devices with a prescription paid for by Medicaid		X	Iowa Code § 423.3(60)"h" (2011)
• Prosthetic devices with a prescription reimbursed by Medicaid		X	Iowa Code § 423.3(60)"h" (2011)
• Corrective eyeglasses without a prescription		X	Iowa Code § 423.3(60)"h" (2011)
• Corrective eyeglasses with a prescription		X	Iowa Code § 423.3(60)"h" (2011)
• Corrective eyeglasses with a prescription paid for by Medicare		X	Iowa Code § 423.3(60)"h" (2011)
• Corrective eyeglasses with a prescription reimbursed by Medicare		X	Iowa Code § 423.3(60)"h" (2011)
• Corrective eyeglasses with a prescription paid for by Medicaid		X	Iowa Code § 423.3(60)"h" (2011)
• Corrective eyeglasses with a prescription reimbursed by Medicaid		X	Iowa Code § 423.3(60)"h" (2011)
• Contact lenses without a prescription		X	Iowa Code § 423.3(60)"h" (2011)
• Contact lenses with a prescription		X	Iowa Code § 423.3(60)"h" (2011)
• Contact lenses with a prescription paid for by Medicare		X	Iowa Code § 423.3(60)"h" (2011)
• Contact lenses with a prescription reimbursed by Medicare		X	Iowa Code § 423.3(60)"h" (2011)
• Contact lenses with a prescription paid for by Medicaid		X	Iowa Code § 423.3(60)"h" (2011)
• Contact lenses with a prescription reimbursed by Medicaid		X	Iowa Code § 423.3(60)"h" (2011)
• Hearing aids without a prescription		X	Iowa Code § 423.3(60)"h" (2011)
• Hearing aids with a prescription		X	Iowa Code § 423.3(60)"h" (2011)
• Hearing aids with a prescription paid for by Medicare		X	Iowa Code § 423.3(60)"h" (2011)
• Hearing aids with a prescription reimbursed by Medicare		X	Iowa Code § 423.3(60)"h" (2011)
• Hearing aids with a prescription paid for by Medicaid		X	Iowa Code § 423.3(60)"h" (2011)
• Hearing aids with a prescription reimbursed by Medicaid		X	Iowa Code § 423.3(60)"h" (2011)
• Dental prosthesis without a prescription		X	Iowa Code § 423.3(60)"h" (2011)

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• Dental prosthesis with a prescription		X	Iowa Code § 423.3(60)"h" (2011)
• Dental prosthesis with a prescription paid for by Medicare		X	Iowa Code § 423.3(60)"h" (2011)
• Dental prosthesis with a prescription reimbursed by Medicare		X	Iowa Code § 423.3(60)"h" (2011)
• Dental prosthesis with a prescription paid for by Medicaid		X	Iowa Code § 423.3(60)"h" (2011)
• Dental prosthesis with a prescription reimbursed by Medicaid		X	Iowa Code § 423.3(60)"h" (2011)
Telecommunications & related products	Taxable	Exempt	Statute/Rule Cite/Comment
• Ancillary Services			
➢ Conference bridging service	X		701 IAC 224.3 **
➢ Detailed telecommunications billing service		X	701 IAC 224.4 **
➢ Directory assistance	X		701 IAC 224.3 **
➢ Vertical service	X		701 IAC 224.3 **
➢ Voice mail service	X		701 IAC 224.3 **
Telecommunications (Indicate how the options are treated in your state)	Taxable	Exempt	Statute/Rule Cite/Comment
• Intrastate Telecommunications Service	X		701 IAC 224.3 **
• Interstate Telecommunications Service		X	701 IAC 224.4 **
• International Telecommunications Service		X	701 IAC 224.4 **
• International 800 service		X	701 IAC 224.4 **
• International 900 service		X	701 IAC 224.4 **
• International fixed wireless service		X	701 IAC 224.4 **
• International mobile wireless service		X	701 IAC 224.4 **
• International prepaid calling service		X	701 IAC 224.4 **
• International prepaid wireless calling service		X	701 IAC 224.4 **
• International private communications service		X	701 IAC 224.4 **
• International value-added non-voice data service		X	701 IAC 224.4 **
• International residential telecommunications service		X	701 IAC 224.4 **
• Interstate 800 service		X	701 IAC 224.4 **
• Interstate 900 service		X	701 IAC 224.4 **
• Interstate fixed wireless service		X	701 IAC 224.4 **
• Interstate mobile wireless service		X	701 IAC 224.4 **
• Interstate prepaid calling service		X	701 IAC 224.4 **
• Interstate prepaid wireless calling service		X	701 IAC 224.4 **
• Interstate private communications service		X	701 IAC 224.4 **
• Interstate value-added non-voice data service		X	701 IAC 224.4 **

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• Interstate residential telecommunications service		X	701 IAC 224.4 **
• Intrastate 800 service	X		701 IAC 224.3 **
• Intrastate 900 service	X		701 IAC 224.3 **
• Intrastate fixed wireless service	X		701 IAC 224.3 **
• Intrastate mobile wireless service	X		701 IAC 224.3 **
• Intrastate prepaid calling service	X		701 IAC 224.3 **
• Intrastate prepaid wireless calling service	X		701 IAC 224.3 **
• Intrastate private communications service	X		701 IAC 224.3 **
• Intrastate value-added non-voice data service		X	701 IAC 224.4 **
• Intrastate residential telecommunications service	X		701 IAC 224.3 **
• Paging service	X		Iowa Code §423.2(9) (2011) 701 IAC 224.3 **
• Coin-operated telephone service	X		701 IAC 224.3 **
• Pay telephone service	X		701 IAC 224.3 **
• Local Service as defined by <u>Iowa</u> (state)	X		701 IAC 224.3 **

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