



[HF 2657](#) – Grain Handling Excise Tax, Repeal (LSB6343HV)
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Fiscal Note Version – New

Description

[House File 2657](#) repeals the grain handling excise tax of one-fourth mill per bushel (\$0.25 per 1,000 bushels) upon all grain handled. Iowa Code section [25B.7](#) (State Funding of Property Tax Credits and Exemptions) is made inapplicable to this tax change.

Background

The grain handling tax was enacted in 1947 Iowa Acts, chapter [236](#) (Excise Tax on Grain Handling Act). The tax is paid to the local property tax system and distributed to local governments, such as cities, counties, and schools, in the same proportions as the tax on real property is distributed.

Grain is defined as wheat, corn, barley, oats, rye, flaxseed, field peas, soybeans, grain sorghums, spelts, and other products that are usually stored in grain elevators. This excludes such seeds after being processed and the products of such processing when packaged or sacked.

Handling is defined as the receiving of grain at or in each elevator, warehouse, mill, processing plant, or other facility in this State in which it is received for storage, accumulation, sale, processing, or for any purpose whatsoever.

Assumptions

- The Bill is effective July 1, 2024 (FY 2025).
- Taxes based on assessments for a given assessment year (AY) are credited in the fiscal year beginning in the subsequent calendar year.
- The Department of Revenue reports that the statewide amount of grain handling tax collected for AY 2023 was \$1.2 million. The amount of grain handled is assumed to remain steady over the forecast period.

Fiscal Impact

The elimination of the grain handling tax is estimated to reduce annual local government revenue by \$1.2 million beginning with FY 2027.

Source

Iowa Department of Revenue

/s/ Jennifer Acton

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.
