

701—250.16(321) Exemption for certain Iowa Code chapter 326 vehicles.

250.16(1) Vehicles registered or operated under Iowa Code chapter 326 and used substantially in interstate commerce are exempt from the fee for new registration under Iowa Code section 321.105A(2) “c”(5).

250.16(2) The period for substantiating the mileage to qualify for the exemption for these types of vehicles by the department is fiscal year July 1 to June 30, with an exception if the initial registration period is a short year (less than 12 months). Mileage during that period will be totaled with the first full year for substantiation purposes.

250.16(3) Whether a vehicle is registered prorate or has county plates does not determine eligibility for exemption.

250.16(4) Records from the first four years of operation of the vehicle must be kept for at least ten years to prove the vehicle has consistently been eligible for the exemption. Summary records, such as the monthly or annual records required by the International Fuel Tax Agreement (IFTA), may be kept to prove the mileage requirement was met. Records are required for power units but not for trailers or semi-trailers.

250.16(5) The exempt status of a trailer or semi-trailer is based upon to what it is attached. If attached to an exempt power unit, the trailer or semi-trailer is also exempt.

EXAMPLE A: XYZ Trucking purchased two semi-tractors two years ago. An exemption was claimed because 25 percent of the mileage for each was out-of-state mileage and they met the registered weight requirement. Two years later, XYZ Trucking decided one of the semi-tractors will be used only in Iowa. The registered weight did not change, but the 25 percent out-of-state mileage requirement was not maintained for the first four years, so the exemption no longer applies. XYZ Trucking’s book value is \$60,000, and the market value is \$75,000. The book value is less than the market value; the fee for new registration is imposed on the \$60,000 book value.

EXAMPLE B: Two years ago, XYZ Trucking purchased a power unit and a semi-trailer. The power unit was used in excess of the 25 percent mileage requirement and met the 13-ton weight requirement, so an exemption was claimed. They were originally registered prorate. This year, XYZ Trucking decided to register the power unit and semi-trailer with county plates instead of renewing the prorate registration. Although the power unit and semi-trailer will be county-plated, XYZ Trucking will still use the power unit 25 percent outside of Iowa. The registered weight did not change. Since both the 25 percent mileage factor and the 13-ton registered weight factor are met, the fee for new registration is not due.

EXAMPLE C: Two years ago, XYZ Trucking purchased a power unit and a semi-trailer. Both the power unit and semi-trailer were used in excess of the 25 percent mileage requirement and met the 13-ton weight requirement, so an exemption was claimed. The power unit and the semi-trailer were originally registered prorate. This year, XYZ Trucking decided to register the semi-trailer with county plates instead of renewing the prorate registration. The power unit will still be used 25 percent outside of Iowa. The mileage of the semi-trailer does not matter because there is no record-keeping requirement for trailers or semi-trailers. The registered weight did not change. Since both the 25 percent mileage factor and weight requirements continue to be met, the fee for new registration is not due.

This rule is intended to implement Iowa Code section 321.105A.

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