



**HF 2446** – Fuel Trailers and Seed Tenders Sales Tax Exemption (LSB 6002HV)  
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Fiscal Note Version – New

**Description**

**House File 2446** provides a sales tax exemption from the sales of diesel fuel trailers and seed tenders when used primarily in agricultural production. This Bill also provides definitions for fuel trailer and seed tender.

**Assumptions**

Assumptions used for this estimate include:

- Based on survey data provided by the Iowa-Nebraska Equipment Dealers Association (INEDA), it is estimated that in 2013 there were 123 diesel fuel trailers and 522 seed tenders sold in Iowa.
- The average retail price is \$10,500 for a diesel fuel trailer and \$11,500 for a seed tender.
- Based on Department of Revenue growth rates, the total sales amount of these implements are assumed to increase by 3.8% in FY 2014, 3.5% in FY 2015, 3.9% in FY 2016, 3.6% in FY 2017, 2.5% in FY 2018, and 2.5% in FY 2019.
- The statewide effective local option sales tax (LOST) rate is 0.87%.

**Fiscal Impact**

Beginning in FY 2015, State sales tax will decrease by \$470,000, including a reduction of \$392,000 to the General Fund portion and \$78,000 to the SAVE Fund portion. Additionally, the LOST will be reduced by approximately \$68,000 beginning in FY 2015. These amounts are estimated to increase in future fiscal years. The following table provides the estimated fiscal impact for FY 2015 through FY 2019.

| Sales Tax Reductions Resulting from HF 2446   |            |            |            |            |            |
|---|------------|------------|------------|------------|------------|
|   | FY 2015    | FY 2016    | FY 2017    | FY 2018    | FY 2019    |
| <b>State Sales Tax</b>                        | \$ 470,000 | \$ 489,000 | \$ 506,000 | \$ 519,000 | \$ 532,000 |
| <b>General Fund Revenue Reduction Portion</b> | 392,000    | 408,000    | 422,000    | 433,000    | 443,000    |
| <b>SAVE Fund Revenue Reduction Portion</b>    | 78,000     | 81,000     | 84,000     | 86,000     | 89,000     |
| <b>Reduction in LOST Revenues</b>             | 68,000     | 71,000     | 73,000     | 75,000     | 77,000     |

SAVE = Secure an Advanced Vision for Education  
LOST = Local Option Sales Tax

**Sources**

Iowa-Nebraska Equipment Dealers Association (INEDA)  
Iowa Department of Revenue  
LSA analysis and calculations

/s/ Holly M. Lyons

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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.

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