

February 5, 1969

HOUSE FILE 175

Ways and Means, *Pass 2-18*

Jan. " " 2-24, Pass or amended 4-8

By HOLDEN

Passed House, Date *2-19-69* Passed Senate, Date *5-9-69*

Vote: Ayes *129* Nays *5* Vote: Ayes *39* Nays *0*

passed 5-12-100

Approved *May 19, 1969*

A BILL FOR

- 1 An Act relating to the sales tax on propane used in drying
- 2 grain.
- 3 *Be It Enacted by the General Assembly of the State of Iowa:*
- 4 Section 1. Section four hundred twenty-two point forty-two
- 5 (422.42), subsection three (3), Code 1966, is amended by in-
- 6 serting in line twenty-three (23) after the word "fuel" the
- 7 words " , including propane used in drying grain,".

EXPLANATION OF HOUSE FILE 175

This bill will correct a confusing and inequitable application of the sales tax on propane used in drying grain. Current rules of the department of revenue require an elevator or other commercial operator to charge the sales tax on grain dried for a farmer if the grain is for the farmers own use. At the same time the sales tax is not applied if the elevator buys the grain for resale. Such sales are nontaxable whether the sale was made to a milling company, to a livestock feeder or even if subsequently sold back to the farmer who raised it. The word "processing" used in definition of "retail sales" has been narrowly construed and has not applied to the use of LP gas by a farmer in drying corn for market. Grain drying is in fact "processing" and the fuel used in this process should not be subject to sales tax whether it is owned by the farmer or the elevator.

FISCAL NOTE

HOUSE FILE 175

Date prepared April 8, 1969

Requested by Senator Shaff.

Prepared in regard to a bill for an Act relating to the sales tax on propane used in drying grain.

Following is the fiscal effect in dollars of the legislative proposal as required by Rule 47: Cost estimate not available.

Filed
April 10, 1969

GERRY D. RANKIN
Legislative Fiscal Director

- 1 Amend House File 175 as follows:
- 2 1. Amend section 1 by striking lines 6 and 7 and inserting
- 3 in lieu thereof the following:
- 4 "serting in line twenty-four (24) after the word
- 5 "processing" the words, "including grain drying".

Filed - *adopted 5-9 concurred - 5-12*

April 8, 1969

By COMMITTEE ON WAYS AND MEANS