

FILED FEB 08 2006

WAYS & MEANS

SENATE FILE 2173  
BY LUNDBY

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to sales and use tax exemptions for commercial  
2 breeders of canines.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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WAYS & MEANS

SF 2173

1 Section 1. Section 423.3, Code Supplement 2005, is amended  
2 by adding the following new subsection:

3 NEW SUBSECTION. 89. The sales price from sale of the  
4 following to commercial breeders of canines licensed or  
5 registered pursuant to chapter 162 to be used in the  
6 commercial breeder's operation:

7 a. Breeding canine stock.

8 b. Food and medication used in disease control or health  
9 promotion of canines.

10 c. Tangible personal property to be consumed as fuel in  
11 creating heat, power, or steam for providing heat or cooling  
12 for buildings used to house canines.

13 d. Wood chips, sawdust, hay, straw, paper, or other  
14 materials used for bedding in the breeding and production of  
15 canines.

16 e. Gas, electricity, water, or heat to be used in  
17 implements engaged in the breeding and production of canines.

18 EXPLANATION

19 This bill exempts from taxation the sales of certain items  
20 used in the breeding and production of canines by a commercial  
21 breeder of canines that is licensed by Iowa or licensed by the  
22 federal government and registered in Iowa.

23 The items exempted are breeding canine stock; food and  
24 medication; fuel used to heat or cool buildings used to house  
25 canines; bedding materials; and gas, electricity, water, or  
26 heat used in implements engaged in the breeding and production  
27 of canines.

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**Fiscal Services Division**  
**Legislative Services Agency**  
**Fiscal Note**

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SF 2173 - Sales Tax Exemption for Canine Breeders (LSB 5899 XS)  
Analyst: Jeff Robinson (Phone: (515) 281-4614) (jeff.robinson@legis.state.ia.us)  
Fiscal Note Version - New

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**Description**

Senate File 2173 exempts from taxation the sales of certain items used in the breeding and production of canines by a commercial breeder of canines that is licensed by Iowa or licensed by the federal government and registered in Iowa.

The items exempted are breeding canine stock; food and medication; fuel used to heat or cool buildings used to house canines; bedding materials; and gas, electricity, water, or heat used in implements engaged in the breeding and production of canines.

The Bill is effective July 1, 2006.

**Assumptions**

1. There are 740 commercial canine breeders in Iowa.
2. Each canine breeder has an average of 12 fertile female dogs.
3. The annual estimated cost of breeding and care of a fertile canine is \$1,317; these estimated costs only include items subject to Iowa's sales and use tax.
4. The State sales tax rate is 5.0% and the average local option sales tax rate is 1.2%.

**Fiscal Impact**

The Bill will reduce net General Fund sales tax revenue by an estimated \$585,000 and local option sales tax revenue by an estimated \$14,000 per year, beginning FY 2007.

**Sources**

Department of Revenue  
Department of Agriculture and Land Stewardship  
Doberman Pinchers Club of America

/s/ Holly M. Lyons

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March 1, 2006

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

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