

**House Study Bill 667 - Introduced**

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON SANDS)

**A BILL FOR**

1 An Act providing for sales and use taxes collected on farm  
2 machinery and equipment.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 423.3, subsection 8, paragraph a,  
2 subparagraph (1), Code Supplement 2011, is amended to read as  
3 follows:

4 (1) The farm machinery and equipment shall be ~~directly and~~  
5 primarily used in production of agricultural products.

6 Sec. 2. ADOPTION OF RULES. The department of revenue shall  
7 adopt rules as necessary in order to administer this Act. In  
8 drafting its proposed rules as part of its notice of intended  
9 action as required in section 17A.4, the department shall  
10 consult organizations representing persons involved in the sale  
11 of farm machinery and equipment.

12 EXPLANATION

13 This bill provides for an exemption from sales and use taxes  
14 imposed on machinery and equipment sold for farm use (Code  
15 sections 423.3 and 423.6). The bill retains the requirement  
16 that the exemption applies to machinery and equipment primarily  
17 used in agricultural production, but eliminates the requirement  
18 that it also must be directly used for such production. The  
19 bill also provides that when the department of revenue drafts  
20 its proposed rules to administer the exemption revised in the  
21 bill, it must consult with organizations representing retailers  
22 who sell farm machinery and equipment.