

**Senate File 512 - Introduced**

SENATE FILE 512

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1291)

**A BILL FOR**

1 An Act relating to state revenue and finance laws by exempting  
2 certain all-terrain vehicles and off-road utility vehicles  
3 from the sales and use tax, modifying the flood mitigation  
4 program, and providing an individual income tax exemption  
5 for certain payments made to nonresident utility workers,  
6 and including effective date and retroactive applicability  
7 provisions.

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

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DIVISION I  
SALES AND USE TAXES

Section 1. Section 423.3, subsection 8, paragraph d, Code 2015, is amended to read as follows:

d. (1) For purposes of this subsection, the following items are exempt under paragraph "a" when used primarily in agricultural production:

(a) A diesel fuel trailer, regardless of the vehicle to which it is to be attached.

(b) A seed tender, regardless of the vehicle to which it is to be attached.

(c) An all-terrain vehicle.

(d) An off-road utility vehicle.

(2) For purposes of this paragraph:

(a) "All-terrain vehicle" means the same as defined in section 321I.1.

~~(a)~~ (b) "Fuel trailer" means a trailer that holds dyed diesel fuel or diesel exhaust fluid and that is used to transport such fuel or fluid to a self-propelled implement of husbandry.

(c) "Off-road utility vehicle" means the same as defined in section 321I.1.

~~(b)~~ (d) "Seed tender" means a trailer that holds seed and that is used to transport seed to an implement of husbandry and load seed into an implement of husbandry.

DIVISION II  
FLOOD MITIGATION PROGRAM

Sec. 2. Section 418.5, subsections 1 and 6, Code 2015, are amended to read as follows:

1. The flood mitigation board is established consisting of nine voting members and ~~four~~ five ex officio, nonvoting members, and is located for administrative purposes within the department. The director of the department shall provide office space, staff assistance, and necessary supplies and equipment for the board. The director shall budget funds to

1 pay the necessary expenses of the board. In performing its  
2 functions, the board is performing a public function on behalf  
3 of the state and is a public instrumentality of the state.

4 6. The board's ex officio membership shall ~~include~~ be  
5 comprised of the following:

6 a. ~~four~~ Four members of the general assembly with one  
7 each appointed by the majority leader of the senate, the  
8 minority leader of the senate, the speaker of the house of  
9 representatives, and the minority leader of the house of  
10 representatives. A legislative member serves for a term as  
11 provided in section 69.16B in an ex officio, nonvoting capacity  
12 and is eligible for per diem and expenses as provided in  
13 section 2.10.

14 b. The director of revenue or the director's designee.

15 DIVISION III

16 INDIVIDUAL INCOME TAX EXEMPTION FOR CERTAIN PAYMENTS MADE  
17 TO NONRESIDENT ELECTRIC UTILITY WORKERS

18 Sec. 3. Section 422.7, Code 2015, is amended by adding the  
19 following new subsection:

20 NEW SUBSECTION. 57. a. Subtract, to the extent included,  
21 payments received by an individual from an electric utility for  
22 the following:

23 (1) Emergency response work performed in this state for the  
24 electric utility pursuant to a mutual aid agreement between  
25 this state and any other state if such emergency response work  
26 is performed while the individual is a nonresident.

27 (2) Training received in this state from the electric  
28 utility if such training is received while the individual is  
29 a nonresident.

30 b. For purposes of this subsection, "*electric utility*" means  
31 the same as defined in section 476.22.

32 Sec. 4. Section 422.16, subsection 1, Code 2015, is amended  
33 by adding the following new paragraph:

34 NEW PARAGRAPH. f. Nonresidents engaged in emergency  
35 response work or training meeting the requirements of section

1 422.7, subsection 57, are not subject to withholding by the  
2 applicable electric utility for which such emergency response  
3 work or training is being performed if the electric utility has  
4 applied to the department for exemption from the withholding  
5 requirement and the department has determined that the payments  
6 received by the nonresidents would be exempt from taxation  
7 pursuant to section 422.7, subsection 57.

8 Sec. 5. EFFECTIVE UPON ENACTMENT. This division of this  
9 Act, being deemed of immediate importance, takes effect upon  
10 enactment.

11 Sec. 6. RETROACTIVE APPLICABILITY. This division of this  
12 Act applies retroactively to January 1, 2015, for tax years  
13 beginning on or after that date.

14 EXPLANATION

15 The inclusion of this explanation does not constitute agreement with  
16 the explanation's substance by the members of the general assembly.

17 This bill relates to state revenue and finance laws,  
18 including the sales and use tax, flood mitigation program, and  
19 individual income tax.

20 DIVISION I — SALES AND USE TAXES. Division I exempts  
21 the sales price of all-terrain vehicles and off-road utility  
22 vehicles used primarily in agricultural production from the  
23 sales and use tax. Under current law, such vehicles are not  
24 exempt from sales and use tax unless they are directly and  
25 primarily used in production of agricultural products.

26 "All-terrain vehicle" means a motorized vehicle with not  
27 less than three and not more than six nonhighway tires that  
28 is limited in engine displacement to less than 1,000 cubic  
29 centimeters and in total dry weight to less than 1,200 pounds  
30 and that has a seat or saddle designed to be straddled by the  
31 operator and handlebars for steering control.

32 "Off-road utility vehicle" means a motorized vehicle with  
33 not less than four and not more than eight nonhighway tires or  
34 rubberized tracks that has a seat that is of bucket or bench  
35 design, not intended to be straddled by the operator, and a

1 steering wheel or control levers for control.

2 By operation of Code section 423.6, an item exempt from the  
3 imposition of the sales tax is also exempt from the use tax  
4 imposed in Code section 423.5.

5 DIVISION II — FLOOD MITIGATION PROGRAM. Division II adds  
6 the director of revenue, or a designee of the director, as an  
7 ex officio, nonvoting member of the flood mitigation board  
8 created in Code chapter 418. The flood mitigation board is  
9 currently composed of nine voting members and four ex officio,  
10 nonvoting members who are members of the general assembly, and  
11 is responsible for overseeing the flood mitigation program  
12 administered by the department of homeland security and  
13 emergency management.

14 DIVISION III — INDIVIDUAL INCOME TAX. Division III  
15 provides an individual income tax exemption for payments  
16 received by a nonresident from an electric utility for  
17 emergency response work performed in Iowa for the electric  
18 utility pursuant to a mutual aid agreement or for training  
19 received in Iowa from the electric utility. The division  
20 also provides that nonresidents engaged in such emergency  
21 response work or training are not subject to individual  
22 income tax withholding requirements for the exempt payments if  
23 the electric utility for which such emergency response work  
24 or training is being performed applies for and receives a  
25 withholding exemption from the department of revenue. Division  
26 III takes effect upon enactment and applies retroactively to  
27 tax years beginning on or after January 1, 2015.