

Reported Recommending
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Ind. Postponed
Passed House
Failed to Pass Senate

House File 59

January 21, 1947.
Ways and Means.

By McFARLANE and REDMAN.

A BILL FOR

An Act to provide for the assessment and taxation of certain grain, repealing section four hundred twenty-eight point ten (428.10), section four hundred ninety-nine point fifty-five (499.55) and amending subsection thirteen (13) of section four hundred twenty-seven point one (427.1), Code 1946.

Be It Enacted by the General Assembly of the State of Iowa:

- 1 Section 1. Section four hundred twenty-eight point ten
2 (428.10), Code 1946, is hereby repealed.
- 1 Sec. 2. Every person engaged in handling grain as
2 hereinafter defined shall on or after January first of each
3 year and not later than March first of each year, file with the
4 assessor on forms to be prescribed by the state tax commission
5 a statement giving in detail inventories of all grain handled
6 by such person during the year next preceding January first of
7 such year or during any part of such year such person was
8 engaged in handling grain in the taxing district assessed by
9 such assessor, and on demand the assessor shall have the right
10 to inspect all such person's records relating to the amount of
11 grain handled. The assessor shall, using such statement as a
12 basis and such other information as he may require from such

13 handler of grain, determine as nearly as may be the average
14 inventory of all varieties of grain held in the possession of
15 such handler of grain during the period covered by the assessment.
16 Such average inventory shall be assessed as personal property
17 at 30 percent of the actual value of such average inventory.
18 This assessment shall be based as to value upon schedules to
19 be provided all assessors by the state tax commission. The
20 state tax commission shall, not later than January fifteenth
21 of each year, determine the basis upon which grain shall be
22 assessed based on the average prices which prevailed during the
23 year covered by the return for each variety of grain to be
24 assessed. In any case where no statement is furnished as herein
25 required, section four hundred forty-one point seven (441.7),
26 Code 1946, shall be applicable.

1 Sec. 3. All other real and personal property of such
2 handler of grain shall be assessed as provided generally for the
3 assessment of real and personal property including the assessment
4 of buildings on leased land.

1 Sec. 4. "Person" as used herein means individuals,
2 corporations, firms and associations of whatever form. "Handling"
3 or "handled" as used herein means the receiving of grain at or
4 in each elevator, warehouse, mill, drying plant, processing plant
5 or other facility in this state in which it is received for
6 storage, accumulation, sale, processing, or for any purpose
7 whatsoever. "Grain" as used herein means wheat, corn, barley,
8 oats, rye, flax seed, field peas, grain sorghums, speltz,

9 popcorn, field corn, seeds in general, and any other products
10 such as are usually stored in grain elevators. Such term
11 excludes seeds after the same have been processed, and the
12 products of processing when packaged or sacked, which articles
13 shall be subject to assessment as merchandise. The term
14 "processing" shall not include hulling, cleaning, drying,
15 grading or polishing or a combination thereof.

1 Sec. 5. Subsection thirteen (13) of section four hundred
2 twenty-seven point one (427.1), Code 1946, is hereby amended by
3 adding the following: "The exemption upon agricultural products
4 herein provided shall not apply upon produce grown primarily for
5 sale as seed or upon produce grown under contract for sale
6 except as to produce grown by any tenant under agreement with
7 his landlord, in which event the landlord's share of such
8 produce shall be exempt as provided.

1 Sec. 6. Section four hundred ninety-nine point fifty-five
2 (499.55), Code 1946, is hereby repealed.

1 Sec. 7. The provisions of this act shall be effective as
2 to assessments made during the year 1947 under such regulations
3 as the tax commission shall prescribe.

1 Sec. 8. Any tax imposed, continued or revived by this act
2 shall be at the same rate as is imposed upon other property in
3 the taxing districts in which such property is taxed and shall
4 be apportioned to the funds of the taxing district involved in
5 the same manner as other general property taxes are apportioned
6 to such taxing district.

1 Sec. 9. This act being deemed of immediate importance,
 2 shall be in full force and effect from and after its passage and
 3 publication in, a newspaper published at
 4, Iowa, and the,
 5 a newspaper published at, Iowa.

EXPLANATION OF H. F. 59

This bill includes some important provisions which deal not only with clarification of present laws relating to grain handled by elevators or processors, but which also remove some of the existing exemptions on seeds, including hybrid sweet corn and agricultural produce.

The present law relating to the taxation of grain elevators is vague and no attempt is generally made to make assessments under its provisions.

The committee recommends that all grain handled by elevator operators or other dealers covered by the provisions of the law be assessed on a new basis of valuation. This basis is determined from average inventories of grain handled during the entire year, and assessing the number of bushels thus determined in the same manner as other personal property at 30 per cent of the value of such grain. Values for assessment would be determined annually by the state tax commission.

Provisions of this law would apply to hybrid sweet corn, popcorn, soy beans and other similar agricultural products. The bill recommends two important changes in present exemptions of agricultural produce.

The first of these provides that grain grown "by or for" the holder shall not include grain grown under contract for any other than a landlord, after it has passed into the possession of the processor or contractor. It also eliminates crops grown for seed from the exemption now granted.

Under the existing law no tax as personal property is imposed upon seed corn, which is the basis of a very large industry in the state. The bill also repeals the present provisions of the law which extends to cooperatives the exemptions now allowed individual producers upon agricultural crops.

This provision results in great confusion and uncertainty as to the taxation of grain. There is also widespread avoidance of taxation by purchasers who contract for the production of popcorn, soy beans and seeds, and later claim tax exemption on the ground that these products are "grown by or for" the contractor.