



Exemption of sales tax on certain uses of utilities and fuel

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Certain uses of utilities and fuel are exempt from Iowa sales tax. The purchase of water, electricity, liquefied petroleum gas or other forms of energy used for agriculture production may be exempt from Iowa sales tax.

To claim these exemptions complete forms 31-113, Iowa Sales Tax Exemption Certificate/Energy Used in Processing/Agriculture, and give it to your supplier. This will only take care of future sales tax. If you have been paying sales tax and shouldn't have, you need to file IA 843, Claim for Refund. Claims for refund on current purchases are due within three years of the quarterly due date for the period in which the tax was charged. Formerly, taxpayers could file a claim for refund for sales tax within four or five years of that date. The change was made by the 1999 Legislature to gradually adjust the refund periods to conform to those allowed for other taxes.

Fuels used in heating or cooling of livestock buildings on the farm are exempt from sales and use tax. Fuel used in grain drying is exempt because it is used in processing an agriculture product.

Water used in watering livestock is exempt, as is water used by greenhouses for agriculture purposes.

Electricity used in cooling or heating livestock buildings or grain drying is exempt, but keeping the lights on does not qualify.

Proper documentation must be provided to the utility company to receive the exemption for electric energy or gas used in agriculture production. Separate meters would be ideal, but not always practical. Form 31-113 will help to calculate the percentage of the electricity or gas used for agriculture production.

Each farmer applying for utility sales tax exemption should calculate both the exempt and nonexempt percentages of utility use. Your utility company should be able to help with this calculation, if help is needed.

Depending on the type of operation a farmer has, the sales tax could amount to several hundred dollars a year.



ARC/PLC decisions: a three-step process

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A few months ago, the USDA Farm Service Agency (FSA) mailed letters to farmland owners and their producers with a summary of covered commodities. This was actually the start of a 3-step process for the new commodity crop program.

Now, farmland owners by FSA farm number have a one-time opportunity to: (1) maintain the farm's

2013 base acres of covered commodities through 2018; or (2) reallocate base acres among those covered commodities planted on the farm during the 2009 to 2012 crop years.

There are important decisions coming up this fall and winter for both landowners as well as current producers on the farm.

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Here's a summary of the three-step process:

1) **UPDATE:** The first step is whether you want to update base acres and yields. The landowner makes that final decision and signs the appropriate FSA form. The landowner has between Sept. 29, 2014 to Feb. 27, 2015 to update base acres and/or yields by FSA farm number.

The second and third steps involve the current producer(s) on the farm. The second step is the determination of whether or not to elect ARC or PLC. ARC is a revenue-based program. PLC is a price-loss program.

2) **ELECTION:** Current producer can make a 5-year election by FSA farm number for ARC-CO, ARC-IC, or the PLC program. This decision has to be made Nov. 17, 2014 to March 31, 2015.

3) **ENROLLMENT:** The third step is enrollment. Producers enroll the farm for the program elected. They can do this from mid-April through summer 2015. They will then enroll for 2014 and 2015 crop years concurrently.

For more information, plan to attend one of more than 100 scheduled Farm Bill meetings. Additional meetings and additional farm bill related information are posted on the ISU Ag Decision Maker farm bill web page (www.extension.iastate.edu/agdm/info/farmbill.html). Consider contacting your local county Extension office if you are interested in attending one of these meetings. Also, visit Farm Service Agency ARC PLC Programs (www.fsa.usda.gov/FSA/webapp?area=home&subject=arpl&topic=landing) for more information.

Updates, continued from page 1

Internet Updates

The following Information Files and Decision Tools have been updated on www.extension.iastate.edu/agdm.

- Organic Crop Production Enterprise Budgets – A1-18 (7 pages)
- Organic Crop Production Enterprise Budgets – A1-18 (Decision Tools)
- 2014 Farm Bill Analyzer: Data and Methods – A1-33 (3 pages)
- Corn Drying and Shrink Comparison – A2-32 (3 pages)
- Managing Farm Family Finances – C3-51 (5 pages)
- Managing Farm Business and Family Stress – C6-51 (2 pages)

Current Profitability

The following tools have been updated on www.extension.iastate.edu/agdm/info/outlook.html.

- Corn Profitability – A1-85
- Soybean Profitability – A1-86
- Iowa Cash Corn and Soybean Prices – A2-11
- Season Average Price Calculator – A2-15
- Ethanol Profitability – D1-10
- Biodiesel Profitability – D1-15

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