



May 24, 2021

Tim Reilly
Department of Revenue
Hoover State Office Building
P.O. Box 10457
Des Moines, IA 50306

Re: Notice of Intended Action on ARC 5614C

Mr. Reilly:

The Iowa Association of Business and Industry (ABI) is pleased to have the opportunity to comment on ARC 5614C related to marketable food products for human consumption. ABI is a statewide membership organization that represents more than 1,500 member companies, employing more than 330,000 Iowans in all industries. ABI was founded in 1903 as the Iowa Manufacturing Association and the association's policies still reflect our advocacy and support of Iowa manufacturers. In review of ARC 5614C, ABI has concerns with the proposal and respectfully requests you rescind this rulemaking.

The rule, as proposed, would negatively affect the food manufacturing industry in Iowa and ultimately the Iowa economy. The statistics in Iowa are staggering when it comes to food processing and this rule goes in the wrong direction to keep Iowans employed and the country fed. According to the Iowa Economic Development Authority's website and based on information they've received from sources such as Dunn & Bradstreet and the Bureau of Economic Analysis; Iowa is home to 29 of the largest 100 food manufacturers/processors. 24% of Iowa's manufacturing GDP comes from the food processing industry. And in 2016, Iowa's food industry invested more than \$840 million in capital expenditures. More than 1,000 Iowa food processors generate more than \$35 billion worth of food products annually.

The proposed rule changes a long-standing interpretation of Iowa code. While the fiscal impact statement accompanying the rule claims there is no fiscal impact to the state; based on feedback from ABI members and the statistics provided above, ABI maintains this rule would favorably impact state revenues, while negatively affecting the companies in Iowa who employ more than 58,000 individuals in food processing according to the Bureau of Labor statistics. ABI believes it is the job of the Legislature, not the Department, to enact tax policy.

Thank you for the opportunity to comment on this rule. Please, let me know if you have any questions about the comments or would like more details on the information provided above.

Respectfully submitted,

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