



[HF 544](#) – Sales Tax Exemption, Goods Purchased by Hotels (LSB2263YH)
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 Fiscal Note Version – New

Description

[House File 544](#) exempts lodging supplies sold to a lodging provider from sales and use tax if the lodging supplies are consumed or used by customers.

The definition of “lodging supplies” includes toilet tissue, facial tissue, shampoo, conditioner, complimentary toiletries, running water, electrical service provided to a guest room, bottled water, towels, sheets, blankets, pillows, wrapped glasses, coffee cups, internet service, television service, pens, paper, phone service, and cleaning supplies.

Background

According to the Iowa Hotel and Lodging Association [website](#), there are 714 hotel properties in the State with more than 51,000 guest rooms.

According to the [Energy Star Hotels: An Overview of Energy Use and Energy Efficiency Opportunities](#) report, hotels spend approximately \$2,000 per available room each year on energy costs.

Assumptions

- The Bill is effective July 1, 2023 (FY 2024).
- Based on Department of Revenue research, lodging supplies as defined in the Bill comprise approximately 10.0% of sales reported on tax returns by hotels and motels.
- Growth trends in future fiscal years are based on the Consumer Price Index (CPI-U) less food and energy average estimated increases of 2.0% from FY 2024 to FY 2028.

Fiscal Impact

House File 544 would reduce revenues to the General Fund, Secure an Advanced Vision for Education (SAVE) Fund, and local option sales tax (LOST) by the estimated amounts listed below.

Table 1 — Fiscal Impact of HF 544
(in millions)

	<u>General Fund</u>	<u>SAVE</u>	<u>LOST</u>
2024	\$ -6.0	\$ -1.2	\$ -1.2
2025	-6.1	-1.2	-1.2
2026	-6.2	-1.2	-1.2
2027	-6.4	-1.3	-1.2
2028	-6.5	-1.3	-1.3

Source

Department of Revenue

/s/ Jennifer Acton

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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