



[HF 681](#) – Sales Tax Refunds, County and District Fairs (LSB1774HV.2)
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Fiscal Note Version – As amended by Senate amendment [H-8385](#)

Description

[House File 681](#) as amended by Senate amendment [H-8385](#) exempts from the State sales and use tax the price of tangible personal property, specified digital products, or services sold to a county or district fair. The Bill as amended makes county and district fairs designated exempt entities.

Background

A fair, as defined under Iowa Code chapter [174](#), means an organization that is incorporated under the laws of this State, including as a county or district fair or as an agricultural society, for the purpose of conducting a fair event, if all of the following apply:

- The organization owns or leases at least 10 acres of fairgrounds.
- The organization owns buildings or other improvements situated on the fairgrounds that have been specially constructed for the purposes of conducting a fair event.
- The market value of the fairgrounds and buildings and other improvements located on the fairgrounds is at least \$25,000.

There are 106 county and district fairs in Iowa.

Assumptions

- The average cost to operate a fair in Iowa is approximately \$540,000 annually. One-quarter of this cost, or \$135,000, is for items subject to sales/use tax upon purchase. Across all 106 fairs, total annual costs subject to sales/use tax are estimated to be approximately \$14.3 million.
- Construction costs are not included in operating costs.
- According to the Association of Iowa Fairs [2023 Exhibitor Summary and Statistics Report](#), there were approximately \$8.6 million in capital improvements across Iowa county fairs in 2023. It is assumed that 50.0% of capital improvement costs are labor costs, which are not subject to sales/use tax.
- Total taxable expenditures by county fairs that will be exempt under the Bill as amended are estimated to be approximately \$18.6 million in FY 2023.
- Growth trends in future fiscal years are based on Consumer Price Index estimated increases of 2.0% from FY 2025 to FY 2029.
- Secure an Advanced Vision for Education (SAVE) refunds are 1.0% of taxable expenditures. Local options sales tax (LOST) distributions are estimated to be 0.97% of taxable expenditures.

Fiscal Impact

House File 681 as amended is estimated to reduce revenues to the General Fund, SAVE Fund, and LOST by the amounts in **Figure 1**.

Figure 1 — Fiscal Impact of HF 681 as Amended (in Millions)

	General Fund	SAVE	LOST
FY 2025	\$ -1.0	\$ -0.2	\$ -0.2
FY 2026	-1.0	-0.2	-0.2
FY 2027	-1.0	-0.2	-0.2
FY 2028	-1.0	-0.2	-0.2
FY 2029	-1.0	-0.2	-0.2

Sources

Iowa Department of Revenue
Association of Iowa Fairs 2023 Exhibitor Summary and Statistics Report
Legislative Service Agency analysis and calculations

/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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