



[HF 681](#) – Sales Tax Refunds, County and District Fairs (LSB1774HV)
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Fiscal Note Version – New

Description

[House File 681](#) 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.

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 which 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 105 county and district fairs in Iowa.

Assumptions

- The average cost to operate a fair in Iowa is approximately \$450,000 annually. One-third of this cost, or \$150,000, is for items subject to sales/use tax upon purchase. Across all 105 fairs, total annual costs subject to sales/use tax are estimated to be approximately \$15.8 million.
- Construction costs are not included in operating costs.
- According to the Association of Iowa Fairs' [2022 Exhibitor Summary and Statistic Report](#), there were approximately \$8.8 million in capital improvements across Iowa county fairs in 2022. It is assumed that taxable expenditures for construction materials and services were \$8.8 million in FY 2022.
- Total taxable expenditures by county fairs that would be exempt under the Bill is estimated to be approximately \$24.5 million in FY 2022.
- Growth trends in future fiscal years are based on Consumer Price Index estimated increases of 2.0% from FY 2024 to FY 2028.
- Secure an Advanced Vision for Education (SAVE) refunds are 1.0% of taxable expenditures. Local option sales tax (LOST) distributions are estimated to be 0.095% of taxable expenditures.

Fiscal Impact

House File 681 would reduce revenues to the General Fund, SAVE, and LOST by the estimated amounts listed in **Table 1** below.

Table 1 — Fiscal Impact of HF 681
(in millions)

	<u>General Fund</u>	<u>SAVE</u>	<u>LOST</u>
FY 2024	\$ -1.3	\$ -0.3	\$ -0.2
FY 2025	-1.3	-0.3	-0.2
FY 2026	-1.3	-0.3	-0.3
FY 2027	-1.4	-0.3	-0.3
FY 2028	-1.4	-0.3	-0.3

Sources

Department of Revenue
Association of Iowa Fairs [2022 Exhibitor Summary and Statistic Report](#)
LSA 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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