



HF 2451 – Automobile Racetrack Facility, Sales Tax Rebates (LSB 5535HV)
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Fiscal Note Version – New

Description

House File 2451 modifies requirements pertaining to the sales tax rebates for the Iowa Speedway. Changes include:

- The definition of “change of control” was modified to remove the requirement that the original owners retain 25.0% of voting equity interest.
- The definition of Iowa corporation by renaming it Iowa business and allowing a limited liability company (LLC) to qualify for the sales tax rebate.
- Elimination of the requirement that at least 25.0% of the corporation of equity interests be owned by Iowa residents.
- Extends the repeal date by 10 years (from June 30, 2016, to June 30, 2026), if the sales tax rebate cap has not been exhausted by that time.

This Bill is effective on enactment and applies retroactively to November 2013.

Background

The sales tax rebate provision was originally enacted during the 2005 Legislative Session and included a total rebate cap of \$12.5 million and an expiration date of June 30, 2016, if the rebate cap had not been reached prior to the expiration date. Through FY 2013, the rebate amount totaled approximately \$3.1 million. The Iowa Speedway was purchased by NASCAR in November 2013. Because of the ownership provision requirements specified in Iowa Code section [423.4\(5a\)](#), the owners will not be eligible to receive any sales tax rebates under current law.

Assumptions

The remaining sales tax rebate capacity totals approximately \$9.4 million and is assumed to be exhausted prior to the expiration date of June 30, 2026. The average annual rebated amount from FY 2007 through FY 2013 was approximately \$424,000. However, the specific annual amount under this proposal may vary and is currently unknown.

Fiscal Impact

The specific annual fiscal impact is unknown, but will likely be at least \$400,000 annually beginning in FY 2015. The total fiscal impact will not exceed \$9.4 million and may extend through FY 2027.

Sources

Iowa Speedway website: <http://www.iowaspeedway.com>
[LSA Fiscal Topic, Tax Increment Financing - Sales Tax](#)
LSA analysis

/s/ Holly M. Lyons

March 25, 2014

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.
