



[SF 597](#) – Blood Processing Centers, Sales Tax Exemption (LSB1397SV.2)  
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Fiscal Note Version – As amended by House Amendment [S-3234](#)

### **Description**

House Amendment [S-3234](#) strikes lines 16 through 31 of [SF 597](#). This would do the following:

- Removes the addition of “nonprofit blood centers” to the definition of “commercial enterprise” in Iowa Code section [423.3\(104\)](#) for the purposes of the sales tax exemption for specified digital products when used for commercial purposes.
- Removes the provision making the Bill effective upon enactment and retroactive to May 30, 2018. The amendment also removes the section of the Bill that permits refunds for any sales taxes paid between May 30, 2018, and the effective date if the claims are filed prior to October 1, 2019.

The Bill as amended would take effect on July 1, 2019 (FY 2020). The remainder of the description, background, and assumptions can be found in the [Fiscal Note](#) for [SF 597](#).

### **Fiscal Impact**

The calendar year (CY) sales tax liability for 2019 for each nonprofit blood center is estimated in **Table 1**. Under House Amendment [S-3234](#), the digital services tax would remain in place, and the other line items listed in **Table 1** would be exempt from sales tax.

**Table 1 — CY 2019 Estimated Tax Liability for Nonprofit Blood Centers**

	<u>Mississippi Valley</u>	<u>LifeServe</u>	<u>Total</u>
Laboratory Reagents	Exempt	\$ 287,000	\$ 287,000
Blood Bags	\$ 0	214,000	214,000
Medical Supplies	271,000	131,000	402,000
Equipment Rental and Maintenance	66,000	34,000	100,000
Digital Services	117,000	163,000	280,000
<b>Total</b>	<b>\$ 454,000</b>	<b>\$ 829,000</b>	<b>\$ 1,283,000</b>

[Senate File 597](#) as amended would reduce revenue to the General Fund, Secure an Advanced Vision for Education (SAVE) Fund, and Local Option Sales Tax (LOST) by the estimates presented in **Table 2**.

**Table 2 — Revenue Reduction by Fund**

	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>General Fund</b>					
Receipts	\$ 0	\$ -734,000	\$ -697,000	\$ -662,000	\$ -629,000
Refunds	0	0	0	0	0
Total	\$ 0	\$ -734,000	\$ -697,000	\$ -662,000	\$ -629,000
<b>SAVE</b>					
Receipts	\$ 0	\$ -147,000	\$ -139,000	\$ -132,000	\$ -126,000
Refunds	0	0	0	0	0
Total	\$ 0	\$ -147,000	\$ -139,000	\$ -132,000	\$ -126,000
<b>LOST</b>					
Receipts	\$ 0	\$ -147,000	\$ -139,000	\$ -132,000	\$ -126,000
Refunds	0	0	0	0	0
Total	\$ 0	\$ -147,000	\$ -139,000	\$ -132,000	\$ -126,000

**Sources**

IRS 990 forms for Mississippi Valley Regional Blood Center, 2014-2017  
IRS 990 forms for LifeServe Blood Center, 2014-2017  
Interviews with Mississippi Valley Regional Blood Center and LifeServe Blood Center  
LSA analysis and calculations

/s/ Holly M. Lyons

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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.