



[HF 2103](#) – Food Bank Sales Tax Exemption (LSB5263YH)  
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 Fiscal Note Version – New

**Description**

[House File 2103](#) exempts from the sales tax and use tax the purchase price from the sale or rental of tangible personal property or specified digital products, or services furnished, to a nonprofit food bank if the property or services are to be used by the nonprofit food bank for a charitable purpose.

**Assumptions**

- There are currently six major food banks that serve Iowa. Of those six, one is based in Omaha (Food Bank for the Heartland) and is assumed to not make significant purchases subject to Iowa sales/use tax. Another (Hawkeye Area Community Action Program) already qualifies for a sales/use tax exemption as a community action agency under Iowa Code section [423.3\(79\)](#).
- The IRS 990 reports of the four remaining food banks were analyzed to identify a baseline amount of taxable purchases.
- An estimated 60 additional smaller food banks and food pantries will qualify under the Bill. These entities are estimated to represent 5.0% of total purchases of all qualifying entries.
- Growth trends in future fiscal years are based on Revenue Estimating Conference projections and 2.0% in subsequent years.

**Fiscal Impact**

House File 2103 will reduce General Fund, Secure an Advanced Vision for Education (SAVE) Fund, and local option sales tax (LOST) revenues by the following amounts.

	<u>General Fund</u>	<u>SAVE</u>	<u>LOST</u>
FY 2021	\$ 143,000	\$ 29,000	\$ 29,000
FY 2022	\$ 146,000	\$ 30,000	\$ 30,000
FY 2023	\$ 149,000	\$ 31,000	\$ 31,000
FY 2024	\$ 152,000	\$ 32,000	\$ 32,000
FY 2025	\$ 155,000	\$ 33,000	\$ 33,000

**Sources**

Department of Revenue

IRS 990 reports for Food Bank of Iowa, River Bend Foodbank, Northeast Iowa Food Bank, and Food Bank of Siouxland (2014-2017)

Interviews with the Iowa Food Bank Association and Food Bank of Iowa

LSA analysis and calculations

/s/ Holly M. Lyons

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March 9, 2020

Doc ID 1128229

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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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