



[SF 604](#) – Sales Tax Holiday, Emergency Preparedness Supplies (LSB1972SV)
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Fiscal Note Version – New

Description

[Senate File 604](#) expands the Iowa sales tax holiday to include emergency preparedness supplies. An exception to the selling price limit of \$100 per item is provided for tie down kits, portable generators, transfer switches, and inverters.

Background

The State currently has an [annual sales tax holiday](#) held on the first Friday and Saturday of August. During this period, clothing and footwear that meet certain criteria are exempt from sales tax and local option sales tax. The exemption does not apply to any item selling for \$100 or more. The Department of Revenue estimates for the amount of sales tax exempted in recent years during the sales tax holiday are listed below:

- FY 2018 = \$4.1 million
- FY 2019 = \$4.4 million
- FY 2020 = \$4.6 million

Alabama, Florida, Texas, and Virginia currently have a sales tax holiday for certain emergency preparedness supplies.

Assumptions

- Current FY 2022 annual sales of emergency preparedness supplies in the State are estimated to be \$18.0 million.
- An estimated 5.0% of emergency preparedness supplies will be purchased during the sales tax holiday. Additionally, 5.0% of purchasers will use the sales tax holiday period to purchase higher-priced items than they would purchase without the holiday.
- States with a similar sales tax holiday or similar legislation were reviewed to determine the estimated fiscal impact percentage based on the total sales tax revenue collected by the state. The estimated fiscal impact percentages were in a range from 0.01% to 0.07%, with an average of 0.05%.
- Growth trends in future fiscal years are based on Consumer Price Index Urban (CPI-U) average estimated increases of 2.34% from FY 2022 to FY 2026.

Fiscal Impact

Senate File 604 would reduce revenues to the General Fund, Secure an Advanced Vision for Education (SAVE) Fund, and local option sales tax (LOST) by the estimated ranges listed below.

	Estimated Revenue Reduction of SF 604					
	Minimum General Fund	Maximum General Fund	Minimum SAVE	Maximum SAVE	Minimum LOST	Maximum LOST
FY 2022	\$ 174,400	\$ 848,500	\$ 34,900	\$ 169,700	\$ 33,800	\$ 164,600
FY 2023	178,400	868,400	35,700	173,700	34,600	168,500
FY 2024	182,600	888,700	36,500	177,700	35,400	172,400
FY 2025	186,900	909,500	37,400	181,900	36,300	176,400
FY 2026	191,300	930,800	38,300	186,200	37,100	180,600

Sources

Department of Revenue
Iowa Emergency Management Association
Arkansas Department of Finance and Administration
Florida Finance and Tax Committee
Texas Comptroller of Public Accounts
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.

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