



---

[HF 2563](#) – Sales Tax Exemption, Emergency Goods (LSB5516HV)  
Staff Contact: Lora Vargason (515.725.2249) [lora.vargason@legis.iowa.gov](mailto:lora.vargason@legis.iowa.gov)  
Fiscal Note Version – New

---

### **Description**

[House File 2563](#) expands the Iowa sales tax holiday to include emergency preparedness supplies. The Bill provides an exception to the sales price limit of less than \$100 per item for tie-down kits, portable generators, transfer switches, and inverters, for which the maximum allowed sales price is increased to \$5,000. The Bill also expands the existing sales tax holiday by one additional day to include Sunday.

### **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 (LOST). The exemption does not apply to any item selling for \$100 or more. The Department of Revenue estimates the amount of sales tax exempted in FY 2023 during the current sales tax holiday will be \$4.7 million.

Alabama and Texas 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 \$18.3 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.
- Growth trends in future fiscal years are based on Consumer Price Index Urban (CPI-U) average estimated increases of 2.0% from FY 2023 to FY 2028.
- As a result of the number of days in the current sales tax holiday increasing from two to three, the estimated fiscal impact will increase proportionally by 50.0% to account for the additional day of exempted sales.

### **Fiscal Impact**

House File 2563 would reduce revenues to the General Fund, Secure an Advanced Vision for Education (SAVE) Fund, and LOST by the estimated amounts listed below.

**Fiscal Impact of Exemption for Emergency  
Preparedness Supplies Purchases and Expansion of  
Sales Tax Holiday**

In Millions

	<u>General Fund</u>	<u>SAVE</u>	<u>LOST</u>
FY 2023	\$ -2.6	\$ -0.5	\$ -0.5
FY 2024	-2.7	-0.5	-0.5
FY 2025	-2.7	-0.5	-0.5
FY 2026	-2.8	-0.6	-0.5
FY 2027	-2.8	-0.6	-0.6
FY 2028	-2.9	-0.6	-0.6

**Sources**

Department of Revenue  
Iowa Emergency Management Association  
LSA analysis and calculations

/s/ Holly M. Lyons

March 22, 2022

Doc ID 1288725

---

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.

---

www.legis.iowa.gov