Description

House File 2582 modifies the rebate of State sales tax to the owner or operator of a baseball and softball park project. Any facility seeking the rebate may make an application to the Iowa Economic Development Authority (IEDA) Board through the Community Attraction and Tourism (CAT) Program, but an application is not required. The Bill specifies the evaluation process for the projects. The Bill changes the qualifying entity to be any baseball and softball park with construction costs of at least $75.0 million completed after July 1, 2023. A cap of $5.0 million or 10 years of rebates is applied to individual parks, whichever comes first.

With a $5.0 million program cap, multiple projects could be financed under this program if they meet the $75.0 million investment requirement. The program is repealed 30 days after a total of $5.0 million has been awarded by the Board.

Background

In 2012 Iowa Acts, chapter 1098 (Sales Tax Rebate — Baseball and Softball Tournament Facility and Movie Site), a sales tax rebate was enacted that applies to the owner or operator of a baseball and softball tournament facility and movie site. The provision provides a rebate of sales tax between January 1, 2014, and January 1, 2024, from the sales tax imposed and collected by retailers at the All-Star Ballpark Heaven facility in Dyersville, Iowa. The aggregate amount may not exceed $16.5 million. The provision is repealed June 30, 2024 (or 30 days after the $16.5 million cap is met).

In 2016 Iowa Acts, chapter 1117 (State Sales Tax — Rebate for Baseball and Softball Tournament Facility), created the Baseball and Softball Complex Sales Tax Rebate Program awarding a total of $5.0 million in State sales tax rebates. Individual projects were capped at receiving rebates of $2.5 million or 10 years of rebates, whichever came first. To qualify, the baseball and softball facility was required to have construction costs of at least $10.0 million and be completed after July 1, 2016. The program was repealed after the Board awarded sales tax rebates totaling $5.0 million. Two facilities were awarded sales tax rebates in December 2018 — Prospect Meadows located in Marion and BettPlex located in Bettendorf.

Assumptions

- At least one facility in the planning stages will likely qualify for the rebate, but a total of two projects will be awarded the rebate. The first award is assumed to be made in FY 2023, and the second award in FY 2024, each at $2.5 million.
- The recipient of the award will have 10 years after the project completion date or until the total rebate award limit of $5.0 million has been met, whichever is earlier, to make a sales/use tax refund claim. The rate of refunds under the Bill is assumed to be similar to the timing of refunds under the existing program, or 10.0% per year.
- Taxable sales by the awarded entities will be sufficient to claim the 10.0% of the entire award each year through the 10 years following the project.
• Ownership will not change for the duration of the refund period so that the entire award may be claimed.
• The IEDA will be able to evaluate applications within existing staffing capacity.

**Fiscal Impact**
The total maximum fiscal impact of House File 2582 will be a sales tax rebate amount of $5.0 million. The actual timing and specific rebate amounts by fiscal year are currently unknown. Based on the assumptions noted above, the following table provides an estimate through FY 2028 of the annual diversion and rebate of State General Fund revenues that will be deposited into the Baseball and Softball Park Sales Tax Rebate Fund.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Facility #1</th>
<th>Facility #2</th>
<th>General Fund Total Impact</th>
<th>Cumulative Impact</th>
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<tr>
<td>FY 2023</td>
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<td>-250,000</td>
<td>-250,000</td>
</tr>
<tr>
<td>FY 2024</td>
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<td>-250,000</td>
<td>-500,000</td>
<td>-750,000</td>
</tr>
<tr>
<td>FY 2025</td>
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<td>-250,000</td>
<td>-500,000</td>
<td>-1,250,000</td>
</tr>
<tr>
<td>FY 2026</td>
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<td>-500,000</td>
<td>-1,750,000</td>
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<tr>
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<tr>
<td>FY 2028</td>
<td>-250,000</td>
<td>-250,000</td>
<td>-500,000</td>
<td>-2,750,000</td>
</tr>
</tbody>
</table>

The sales tax rebate will only impact the General Fund. State sales/use tax for school infrastructure (Secure an Advanced Vision for Education — SAVE) funds are not rebated and Local Option Sales Tax revenue is not rebated.

**Sources**
Iowa Department of Revenue
Iowa Economic Development Authority
LSA analysis and calculations

/s/ Holly M. Lyons
April 1, 2022

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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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