

**Fiscal Services Division**  
**Legislative Services Agency**  
**Fiscal Note**

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HF 856 - Habitat for Humanity Sales Exemption (LSB 1147 HV)  
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Fiscal Note Version - New

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**Description**

House File 856 provides a sales tax exemption for a nonprofit organization whose primary activity is the promotion of the construction and repair of one-family and two-family homes for low-income families. The exemption applies only to the materials used in construction or repair of low-income housing. The Bill would apply to Habitat for Humanity, but may not be limited to only that organization.

The exemption is effective July 1, 2005.

**Assumptions**

1. From 50 to 100 homes will be constructed and repaired each year in Iowa by a qualifying organization.
2. The average amount of taxable purchases per home will be \$30,000.
3. The State sales tax rate is 5.0% and the average local option tax rate is 1.2%.

**Fiscal Impact**

The tax exemption in HF 856 will reduce net General Fund receipts by an average of \$112,000 per year, starting in FY 2006. The exemption will also reduce average annual local option sales tax receipts by \$27,000 per year.

**Sources**

Habitat for Humanity brochures and web site  
Legislative Services Agency analysis

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April 21, 2005

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The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

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