

Fiscal Services Division
Legislative Services Agency
Fiscal Note

SF 104 - Energy Star Appliance Sales & Use Tax (LSB 1906 SS)
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Fiscal Note Version - New
Requested by Senator Dennis Black

Description

Senate File 104 exempts purchases of clothes washing machines, refrigerators, and dishwashers meeting Energy Star requirements from State and local option sales tax.

Energy Star is a program established by the Federal Environmental Protection Agency and Department of Energy. The program identifies appliances meeting certain energy efficiency standards.

Assumptions

1. The following table provides U.S. Energy Star sales and price estimates.

Appliance	U.S. Annual Sales (Unit)	Energy Star % of U.S. Sales	Average Energy Star Price
Clothes Washer	9,060,000	40.0%	\$ 625
Dishwasher	7,424,000	25.0%	525
Refrigerator	11,040,000	25.0%	1,100

2. Iowans purchase 0.95% of appliances sold in the United States.
3. The State sales/use tax rate is 5.00%.
4. Statewide, local option sales tax revenue equals 22.0% of total State sales tax revenue.

Fiscal Impact

The sales tax exemption contained in SF 104 would reduce net General Fund revenue by \$3.0 million per year and local option sales tax revenue by \$199,000 per year.

Sources

Association of Home Appliance Manufacturers
California Energy Star sales data

/s/ Holly M. Lyons

February 24, 2005

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.
