

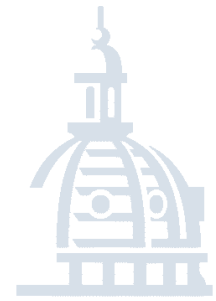


**LEGISLATIVE  
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# Fiscal Note

*Fiscal Services Division*



**SF 116** – Casual Sales Tax, Alternative Vehicles (LSB 2103SS.1)

Analyst: Shawn Snyder (Phone: 515-281-7799) ([shawn.snyder@legis.state.ia.us](mailto:shawn.snyder@legis.state.ia.us))

Fiscal Note Version – Revised

**Senate File 116** eliminates the sales tax exemption for the casual sales of all-terrain vehicles, off-road vehicles, off-road motorcycles, and snowmobiles effective July 1, 2009.

### **Assumptions**

- Based on data from the Iowa Department of Natural Resources (DNR), there were 22,500 all-terrain vehicles and off-road vehicles and 13,500 snowmobiles registered in 2008 that were from casual sales. The DNR estimates that 10.0% of this total represents sales that occurred during the year.
- Trade-in values based on information from the Kelly Blue Book website were used for average prices for the all-terrain vehicles, off-road vehicles, and snowmobiles. The average trade-in price is estimated at \$2,375 for all-terrain vehicles and off-road vehicles and \$2,710 for snowmobiles.
- The estimated total casual sales for all-terrain vehicles, off-road vehicles, and snowmobiles in 2008 was \$90.0 million.
- Based on Iowa Department of Revenue sales tax data for recreational vehicles, the growth in casual sales for the recreational vehicles specified in SF 116 is estimated to increase 1.89% annually between 2008 and 2010 and 5.03% annually between 2010 and 2012.
- Assumes the Department of Revenue, working in conjunction with the DNR and county recorders, will be able to enforce tax collections on the casual sales of vehicles specified in SF 116.
- The Iowa sales tax rate is 6.0%. The State General Fund will receive 5/6 of the State sales tax revenue and the Secure an Advanced Vision for Education (SAVE) Fund will receive 1/6 of the State Sales tax revenue.
- The statewide local option sales tax (LOST) effective rate is 0.74% in FY 2009 and is estimated to remain at the level in future years.

### **Fiscal Impact**

State sales tax revenue is estimated to increase approximately \$560,000 in FY 2010, \$570,000 in FY 2011, and \$600,000 in FY 2012. The following table provides the impact to the General Fund, the SAVE Fund, and the LOST.

#### **Estimated Fiscal Impact of SF 116**

(Dollars in millions)

<b>Fiscal Year</b>	<b>Increased Sales Tax</b>	<b>General Fund Impact</b>	<b>SAVE Fund Impact</b>	<b>LOST Impact</b>
FY 2010	\$ 555,544	\$ 462,954	\$ 92,591	\$ 68,517
FY 2011	574,848	479,040	95,808	70,898
FY 2012	603,763	503,136	100,627	74,464

SAVE = Secure an Advanced Vision for Education  
LOST = Local Option Sales Tax

**Sources**

Iowa Department of Revenue  
Iowa Department of Natural Resources  
LSA Calculations

/s/ Holly M. Lyons

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April 15, 2009

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The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to [Section 2.56](#), Code of Iowa. Data used in developing this fiscal note, including correctional and minority impact information, is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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