



**HF 56** – Sales Tax Exemption – Veterans Organizations (LSB 1271YH)  
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Fiscal Note Version – New

**Description**

**House File 56** exempts sales by qualified veterans' organizations from State sales/use tax, including sales tax on games of skill, games of chance, raffles, and bingo games.

**Assumptions**

- Based on the Department of Revenue's (DOR) sales tax database, there were 107 veterans organizations that had \$7.8 million and \$7.4 million in taxable sales in FY 2009 and FY 2010, respectively. These totals do not include any sales tax receipts from gaming.
- Based on the DOR sales and use forecast model, taxable sales growth will increase 3.9% in FY 2011, 4.1% in FY 2012, 5.8% in FY 2013, and 5.4% in FY 2014.
- Based on Department of Inspections and Appeals (DIA) data, there are 122 qualified veterans organizations that have filed reports indicating \$2.6 million in gaming receipts for FY 2010. The DIA anticipates that an additional 18 qualified veterans organizations will file reports for FY 2010. The LSA has prorated the amount of gaming receipts for these 18 organizations for FY 2010.
- The DIA estimates that only 14.0% of eligible organizations had a license during FY 2010. The estimate does not include these organizations.
- Estimates assume a decrease in veteran organization gaming receipts of 8.1% annually.
- Estimates utilize a Statewide local option sales tax (LOST) effective rate of 0.87% for FY 2012 and future fiscal years.

**Fiscal Impact**

The following table provides the estimated fiscal impact for FY 2012 through FY 2014. General Fund tax receipts are estimated to decrease \$528,000 in FY 2012, \$541,000 in FY 2013, and \$554,000 in FY 2014. Secure an Advanced Vision for Education (SAVE) Fund receipts are estimated to decrease \$106,000 in FY 2012, \$108,000 in FY 2013, and \$111,000 in FY 2014.

	State Sales/Use Tax Exempted (not including Games of Chance/Skill)	State Sales/Use Tax Exempted - Games of Chance/Skill	Total State Sales/Use Tax Exempted	General Fund Reduction Amount	SAVE Fund Reduction Amount	LOST Reduction Amount
FY 2012	\$ 482,112	\$ 151,042	\$ 633,154	\$ 527,629	\$ 105,526	\$ 91,807
FY 2013	510,074	138,740	648,815	540,679	108,136	94,078
FY 2014	537,618	127,440	665,058	554,215	110,843	96,433

**Sources**

Iowa Department of Revenue  
Iowa Department of Inspections and Appeals  
LSA analysis and calculations

/s/ Holly M. Lyons

April 4, 2011

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