

Jan. 24/87 3/3/87 Do. 4/3/87 (A. 1080)

House File 266

WAYS AND MEANS Riordan, Chair; Soerholtz and Murphy

FEB 16 1987

WAYS & MEANS CALENDAR

HOUSE FILE 266

BY COMMITTEE ON WAYS AND MEANS

(Formerly House Study Bill 64)

Passed Senate, Date 2-25-87 (p. 450) Passed House, Date 4-26-87 (p. 1305)

Vote: Ayes 90 Nays 7 Vote: Ayes 46 Nays 0

Approved June 5, 1987

A BILL FOR

1 An Act relating to the exemption from the state sales, services
2 and use tax of the gross receipts from the sale of foods
3 purchased with federal food stamps and providing an effective
4 date.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 266

1 Section 1. Section 422.45, Code 1987, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. The gross receipts from the sale of foods
4 purchased with coupons issued under the federal Food Stamp Act
5 of 1977, 7 U.S.C. § 2011, et seq.

6 Sec. 2. This Act is effective October 1, 1987.

7 EXPLANATION

8 The bill exempts from the sales and use tax the sales of
9 food purchased by food stamps issued under the federal Food
10 Stamp Act of 1977. The federal law requires the state to
11 specifically exempt the purchase of food with the stamps from
12 the state sales and use tax in order for food stamps to be
13 issued to Iowans.

14 The bill is effective October 1, 1987.

HOUSE FILE 266

FISCAL NOTE

REQUESTED BY REPRESENTATIVE JOHNSON

In compliance with a written request received February 11, 1987, a fiscal note for HOUSE FILE 266 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 266 exempts the sales of food purchased with food stamps under the federal Food Stamp Act of 1977 from the sales and use tax. The Food Security Act (P. L. 99-198) prohibits state participation in the food stamp program if state or local sales taxes are collected on purchases of food made with coupons issued under the food stamp program.

The bill is effective October 1, 1987.

FISCAL EFFECT: Currently, Iowa collects sales tax on a limited number of items which may be purchased with food stamps (e.g., candy and pop). It is estimated that \$5 million in sales tax receipts is generated from these items annually, and that 10 percent of Iowa's population receives food stamps. Total food stamp benefits are expected to be \$114 million in federal dollars during FY 1988. Thus, the estimated annual revenue loss to the General Fund as a result of House File 266 is \$500,000.

SOURCES: Department of Human Services, Department of Revenue and Finance
(LSB 1702H, RJH)

FILED FEBRUARY 18, 1987

BY DENNIS PROUTY, FISCAL DIRECTOR

WAYS AND MEANS

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HOUSE FILE _____

BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

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SUB COMMITTEE ASSIGNMENTS
Charles Johnson
COMMITTEE: *Ways + means*

1-22-87

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Sec. 2. This Act is effective October 1, 1987.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

HOUSE FILE 266

AN ACT
RELATING TO THE EXEMPTION FROM THE STATE SALES, SERVICES AND
USE TAX OF THE GROSS RECEIPTS FROM THE SALE OF FOODS PUR-
CHASED WITH FEDERAL FOOD STAMPS AND PROVIDING AN EFFECTIVE
DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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the following new subsection:

NEW SUBSECTION. The gross receipts from the sale of foods
purchased with coupons issued under the federal Food Stamp Act
of 1977, 7 U.S.C. § 2011, et seq.

I hereby certify that this bill originated in the House and
is known as House File 266, Seventy-second General Assembly.

JOSEPH O'HEARN
Chief Clerk of the House

Approved July 5, 1987

TERRY E. BRANSTAD
Governor

HF 266