

FEB 16 2005
WAYS & MEANS CALENDAR

HOUSE FILE 310
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 101)

Passed House, Date 2-23-05 Passed Senate, Date 4-18-05
Vote: Ayes 99 Nays 0 Vote: Ayes 40 Nays 2
Approved April 28, 2005

A BILL FOR

1 An Act exempting the sale of toys to certain nonprofit
2 organizations from state sales and use taxes.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 310

1 Section 1. Section 423.3, Code 2005, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 85. The sales price from the sales of
4 toys to a nonprofit organization exempt from federal income
5 tax under section 501 of the Internal Revenue Code that
6 purchases the toys from donations collected by the nonprofit
7 organization and distributes the toys to children at no cost.

8 EXPLANATION

9 This bill exempts from the sales and use taxes the sales of
10 toys to a nonprofit section 501 organization that purchases
11 the toys from donations collected by it and distributes the
12 toys to children at no cost. An example of such an
13 organization would be the United States marine corps auxiliary
14 that operates the toys for tots program.

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**EIGHTY-FIRST GENERAL ASSEMBLY
2005 REGULAR SESSION
DAILY
HOUSE CLIP SHEET**

FEBRUARY 18, 2005

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

HF 310 - Toys for Tots Sales Tax Exemption (LSB 1508 HV)
Analyst: Jeff Robinson (Phone: (515) 281-4614) (jeff.robinson@legis.state.ia.us)
Fiscal Note Version - New
Requested by Representative Jeff Kaufmann

Description

House File 310 provides a sales tax exemption for nonprofit, federally tax exempt organizations when the organization purchases toys for distribution to children free of charge.

Assumptions

1. Assume all qualified organizations purchase less than \$1.0 million in taxable toys each year.
2. The State sales tax rate is 5.0%.
3. Statewide, local option sales tax revenue equals 22.0% of the State sales tax revenue amount.

Fiscal Impact

House File 310 would reduce net General Fund revenue by less than \$50,000 per year and local government sales tax revenue by less than \$11,000 per year.

Source

Legislative Services Agency

/s/ Holly M. Lyons

February 17, 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.

purchases the toys from donations collected by the nonprofit organization and distributes the toys to children at no cost.

CHRISTOPHER C. RANTS
Speaker of the House

JOHN P. RIBBIE
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 310, Eighty-first General Assembly.

MARGARET THOMSON
Chief Clerk of the House

Approved 4/28, 2005

THOMAS J. VILSACK
Governor

HOUSE FILE 310

AN ACT
EXEMPTING THE SALE OF TOYS TO CERTAIN NONPROFIT ORGANIZATIONS
FROM STATE SALES AND USE TAXES.

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

Section 1. Section 423.3, Code 2005, is amended by adding the following new subsection:

NEW SUBSECTION. 85. The sales price from the sales of toys to a nonprofit organization exempt from federal income tax under section 501 of the Internal Revenue Code that