

APR 19 2005
WAYS & MEANS CALENDAR

HOUSE FILE 866
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 291)

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

A BILL FOR

1 An Act relating to a sales tax holiday for purchases of certain
2 computers during certain times.

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

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HF-866

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

3 NEW SUBSECTION. 68A. The sales price from the sale of a
4 computer if all of the following apply:

5 a. The sales price of the computer is less than one
6 thousand five hundred dollars.

7 b. The sale takes place during a period beginning at 12:01
8 a.m. on the first Friday in August and ending at midnight on
9 the following Saturday.

10 EXPLANATION

11 This bill exempts the sales of computers from the sales tax
12 during the period beginning the first Friday in August and
13 ending on the following Saturday if the sales price of the
14 computer is less than \$1,500. A computer is defined for sales
15 tax purposes as an electronic device that accepts data in
16 digital or similar form and uses this data for a result based
17 upon a sequence of instructions.

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HOUSE FILE 866

H-1485

1 Amend House File 866 as follows:

2 1. Page 1, line 2, by striking the word

3 "subsection" and inserting the following:

4 "subsections".

5 2. Page 1, by inserting after line 9 the

6 following:

7 "NEW SUBSECTION. 68B. The sales price from the
8 sale of general school supplies which are intended for
9 classroom use if all of the following apply:

10 a. The sales price of each item is less than
11 twenty dollars.

12 b. The sale takes place during a period beginning
13 at 12:01 a.m. on the first Friday in August and ending
14 at midnight on the following Saturday."

15 3. Title page, line 2, by inserting after the
16 word "computers" the following: "and general school
17 supplies".

By TYMESON of Madison

UPMEYER of Hancock

KAUFMANN of Cedar

PAULSEN of Linn

H-1485 FILED APRIL 26, 2005

WITHDRAWN

Fiscal Services Division
Legislative Services Agency
Fiscal Note

HF 866 - Computer Sales Tax Exemption Period (LSB 3477 HV)
Analyst: Jeff Robinson (Phone: (515) 281-4614) (jeff.robinson@legis.state.ia.us)
Fiscal Note Version - New

Description

House File 866 creates a two-day sales tax exemption period in August for the purchase of personal computers with a sales price of less than \$1,500. The Bill is effective July 1, 2005.

Assumptions

1. Nationally, approximately 65.0 million personal computers are sold each year in the U.S.
2. Purchases by Iowa government, businesses, and residents will equal 1.0% of the U.S. amount.
3. Fifty percent of current computer purchases in Iowa are exempt from sales tax.
4. Four percent of currently taxable personal computers purchased in a year by Iowa individuals and businesses will take place during the sales tax exemption period.
5. The average sales price will be \$1,200 per unit during the tax exemption period.
6. Given assumptions 1 through 5, a total of 13,000 computer sales with a total cost of \$15.6 million will occur during the two-day exemption period.
7. The State sales tax rate is 5.0% and the average local option sales tax rate is 1.2%.

Fiscal Impact

The creation of a sales tax exemption period will reduce net General Fund revenue by \$780,000 per fiscal year, beginning in FY 2006. The exemption would also reduce local option sales tax revenue by \$187,000 per year.

Sources

ElectricNews.net, citing Gartner, Inc. research
International Data Corp.
Fiscal Notes for similar Legislation in California and Maryland
Legislative Services Agency Analysis

/s/ Holly M. Lyons

April 20, 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.

JK. Van Fossen, Ch.
Eichhorn
Shomshor

Su ^{ceded} BY
SF 866

HSB 291
WAYS AND MEANS

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON VAN FOSSEN)

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