

FILED FEB 2 2005

SENATE FILE 104  
BY BLACK and ZIEMAN

WAYS & MEANS

(COMPANION TO LSB 1906HH  
BY BELL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act providing a sales and use tax exemption for certain  
2 appliances that meet the energy efficiency rating established  
3 for the appliance by the United States environmental  
4 protection agency and providing an effective date.

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

SF 104  
WAYS & MEANS

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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 sale of a  
4 clothes washing machine, refrigerator, or dishwasher which  
5 meets or exceeds the energy efficiency rating for the  
6 applicable appliance under the energy star program established  
7 by the United States environmental protection agency in  
8 cooperation with the United States department of energy.

9 Sec. 2. INFORMATION TO PUBLIC. The department of revenue,  
10 in consultation with manufacturers and retailers, and public  
11 interest groups, shall develop public information programs and  
12 materials to identify and encourage the sales of products  
13 eligible for the tax exemption provided under section 1 of  
14 this Act.

15 Sec. 3. EFFECTIVE DATE. This Act takes effect January 1,  
16 2006.

17 EXPLANATION

18 This bill exempts from sales and use taxes the purchase of  
19 clothes washers, refrigerators, and dishwashers that meet  
20 energy efficiency standards set under the federal energy star  
21 program. This program was established through the cooperation  
22 of the United States department of energy and the United  
23 States environmental protection agency.

24 The bill takes effect January 1, 2006.

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

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SF 104 - Energy Star Appliance Sales & Use Tax (LSB 1906 SS)  
Analyst: Jeff Robinson (Phone: (515) 281-4614) (jeff.robinson@legis.state.ia.us)  
Fiscal Note Version - New  
Requested by Senator Dennis Black

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**Description**

Senate File 104 exempts purchases of clothes washing machines, refrigerators, and dishwashers meeting Energy Star requirements from State and local option sales tax.

Energy Star is a program established by the Federal Environmental Protection Agency and Department of Energy. The program identifies appliances meeting certain energy efficiency standards.

**Assumptions**

1. The following table provides U.S. Energy Star sales and price estimates.

Appliance	U.S. Annual Sales (Unit)	Energy Star % of U.S. Sales	Average Energy Star Price
Clothes Washer	9,060,000	40.0%	\$ 625
Dishwasher	7,424,000	25.0%	525
Refrigerator	11,040,000	25.0%	1,100

2. Iowans purchase 0.95% of appliances sold in the United States.
3. The State sales/use tax rate is 5.00%.
4. Statewide, local option sales tax revenue equals 22.0% of total State sales tax revenue.

**Fiscal Impact**

The sales tax exemption contained in SF 104 would reduce net General Fund revenue by \$3.0 million per year and local option sales tax revenue by \$199,000 per year.

**Sources**

Association of Home Appliance Manufacturers  
California Energy Star sales data

/s/ Holly M. Lyons

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February 24, 2005

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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.

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