

HCS HB 2048 -- SALES TAX COLLECTIONS (Sutherland)

COMMITTEE OF ORIGIN: Committee on Ways and Means

This substitute changes the laws regarding sales tax collections. In its main provisions, the substitute:

(1) Requires, beginning January 1, 2012, statements of no tax due from the Department of Revenue as a prerequisite to the issuance or renewal of state and local business and occupation licenses or to the receipt of payments from the State Legal Expense Fund. The department director may enter into an agreement with any state agency responsible for issuing business and occupation licenses to provide the names and tax identification numbers of applicants for these licenses. Tax delinquencies may result in the suspension of licenses;

(2) Clarifies that certain purchases made for resale are not to be considered as retail for sales and use tax purposes when the subsequent sale is taxed in the state or another state, is for resale, is excluded from tax, is subject to tax but is exempt, or is exempt in another state where the subsequent sale occurs;

(3) Clarifies that operators of amusement parks and places of entertainment or recreation, including games or athletic events, must charge sales taxes on the amount of gross receipts charged for admission, but any subsequent sale of the admissions or seating accommodations will not be subject to the taxes and clarifies that operators of hotels, motels, taverns, restaurants, drugstores, dining cars, or tourist camps must charge sales taxes on the amount of gross receipts charged for all rooms, meals, and drinks furnished at the establishment, but any subsequent sale of those same rooms, meals, and drinks is exempt from sales and use taxes;

(4) Authorizes a state and local sales tax exemption for gratuities, whether mandatory or voluntary, provided with the receipt of property or services; and

(5) Removes the amount charged by a travel agent or an intermediary from all hotel or motel local transient guest taxes or local occupancy taxes.

The substitute contains an emergency clause for the provisions authorizing a sales tax exemption for gratuities, clarifying sales that are not to be considered as retail for sales and use tax purposes, clarifying when certain operators must charge sales taxes, and removing amounts charged by a travel agent or intermediary.

FISCAL NOTE: Estimated Effect on General Revenue Fund of a cost of More than \$237,022 to an income of More than \$100,000 in FY 2011, a cost of More than \$244,590 to an income of More than \$100,000 in FY 2012, and a cost of More than \$248,927 to an income of More than \$100,000 in FY 2013. Estimated Effect on Other State Funds of a cost of Unknown to an income of More than \$100,000 in FY 2011, FY 2012, and FY 2013.