

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1281

Bill Subtitle: TO AMEND THE SALES AND USE TAX EXEMPTION FOR CERTAIN MACHINERY AND EQUIPMENT.

Basic Change :

Representatives Shepherd and Baine
Senator B. Pierce

The bill amends the existing sales and use tax exemption provisions for pollution control machinery and equipment to include machinery and equipment required by state or federal law to be used in the refining of petroleum-based products to remove sulfur pollutants from the refined product. In addition, repair parts and repair labor for this machinery and equipment would also be exempt from tax. The proposal would be effective the first day of the calendar quarter following the effective date of the act.

Revenue Impact :

FY14 Tax Decrease

Total Impact to State Revenues - \$53,333
[8 Months of Reduced Tax Collections -- 10/1/2013 Effective Date]

-\$ 35,705 --- State General Revenue (4.5%)
-\$ 6,943 --- Educational Adequacy (.875% tax)
-\$ 3,967 --- Property Tax Relief Trust Fund (.5%)
-\$ 992 --- Conservation Tax (.125%)
-\$ 3,967 --- Highway Fund (.5%)
-\$ 0 --- Educational Excellence Trust Fund
-\$ 0 --- Educational Adequacy (GR transfer)
-\$ 1,227 --- State Central Services
-\$ 533 --- Constitutional Officers

Total Impact to City and County Sales Tax - \$17,250

FY15 Tax Decrease

Total Impact to State Revenues - \$120,000

-\$ 74,840 --- State General Revenue (4.5%)
-\$ 15,621 --- Educational Adequacy (.875% tax)
-\$ 8,926 --- Property Tax Relief Trust Fund (.5%)
-\$ 2,232 --- Conservation Tax (.125%)
-\$ 8,926 --- Highway Fund (.5%)
-\$ 5,049 --- Educational Excellence Trust Fund
-\$ 446 --- Educational Adequacy (GR transfer)
-\$ 2,760 --- State Central Services
-\$ 1,200 --- Constitutional Officers

Total Impact to City and County Sales Tax -\$38,800

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Taxpayer Impact :

Purchasers of eligible pollution control machinery, replacement parts and repair services would claim the exemption at the time of purchase.

Resources Required :

None

Time Required :

None

Procedural Changes :

Modify rules to include exemption granted by the legislation.

Other Comments :

None

Legal Analysis :

This bill specifically exempts from tax sales of machinery or equipment that are required by state or federal law to be used by manufacturers to remove sulfur pollutants from refined petroleum-based products. The exemption includes any repair parts and repair labor for the machinery and equipment to which the exemption applies. The bill would become effective on the first day of the calendar quarter following the effective date of the act.