

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1342

Bill Subtitle: TO AMEND THE SERVICES TO WHICH SALES TAX APPLIES; AND TO EXEMPT CERTAIN STORAGE SERVICES FROM SALES TAX.

Basic Change :

Sponsor: Rep. Vaught

Under current law, § 26-52-316(a)(9) and (10), the sale of the service of storing or docking a boat and the service of furnishing camping or trailer space at a campground on a less than month-to-month basis is subject to sales tax. HB1342 amends that section to repeal the levy of sales tax on sales of those services.

HB1342 is effective on the first day of the calendar quarter following the effective date of the act. For purposes of the revenue impact below, an effective date of October 1, 2023 is assumed.

Revenue Impact :

FY2024

Total Approximate State Sales and Use Tax Loss \$ - 2,200,000

(Estimated Effective Date 10/1/23 --- 8 months reduced tax collection)

General Revenue - 4.5%	\$ - 1,475,862
Property Tax Relief - .5%	\$ - 163,985
Conservation Fund - .125%	\$ - 40,996
Educational Adequacy Fund - .875%	\$ - 286,973
Highway Fund - .5%	\$ - 169,231
Educational Excellence Trust Fund -	\$ - 0.00
Educational Adequacy (GR Transfer) -	\$ - 0.00
State Central Services -	\$ - 42,646
Constitutional Officers -	\$ - 20,308
Total Approximate Local City and County Sales and Use Tax Loss	\$ - 733,333

FY2025

Total Approximate State Sales and Use Tax Loss \$ - 3,320,000

General Revenue - 4.5%	\$ - 2,000,074
Property Tax Relief - .5%	\$ - 247,468
Conservation Fund - .125%	\$ - 61,867
Educational Adequacy Fund - .875%	\$ - 433,068
Highway Fund - .5%	\$ - 255,385
Educational Excellence Trust Fund -	\$ - 208,687
Educational Adequacy (GR Transfer) -	\$ - 18,448

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State Central Services -	\$ - 64,357
Constitutional Officers -	\$ - 30,646
Total Approximate Local City and County Sales and Use Tax Loss	\$ - 1,106,667

Taxpayer Impact :

A taxpayer renting boat storage and docking spaces would no longer pay sales or use tax. A taxpayer renting camping or trailer space on less than a month-to-month basis would no longer pay sales or use tax.

Resources Required :

None.

Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Updates to the sales tax rules will be promulgated.

Other Comments :

None.

Legal Analysis :

The service of furnishing "tourist camps" remains taxable under § 26-52-301(3)(A)(i). HB1342 may benefit from an amendment to clarify the language of § 26-52-301(3)(A)(i).