

COMMITTEE OF ORIGIN: Special Committee on Tax Reform

This substitute changes the laws regarding various sales and use, property, and motor fuel taxes. In its main provisions, the substitute:

(1) Authorizes an exemption from state and local sales and use tax for the cost of all utilities, chemicals, machinery, equipment, and materials used directly in television or radio broadcasting or used in the manufacturing, processing, compounding, mining, or production of a product; processing recovered materials; or research and development related to manufacturing;

(2) Authorizes an exemption from sales tax on all purchases of tangible personal property, utilities, services, and other transactions made for fulfilling United States government contracts;

(3) Authorizes an exemption from sales tax for all purchases and leases of tangible personal property by any county, city, incorporated town, or village for industrial development;

(4) Authorizes an exemption from sales tax for any tangible personal property brought into this state for processing, fabrication, or other modification for use outside the state in the regular course of business;

(5) Authorizes an exemption from sales tax for all purchases made by the County Sports Complex Authority including construction materials for the purpose of constructing, repairing, or remodeling its facility;

(6) Authorizes an exemption from state and local sales tax, beginning September 1, 2007, for the cost of temporarily using coin-operated amusement devices and removes the exemption for the purchase of the devices and parts. Coin-operated amusement devices include video, pinball, table, and redemption games. Currently, amusement devices and parts for amusement devices are exempt from state and local sales tax if sales tax is paid on the gross receipts derived from the use of the devices;

(7) Authorizes a property tax credit for expenses incurred to manufacture, maintain, or improve a freight line company's qualified rolling stock up to the amount of their tax liability. Any loss in revenue from a political subdivision will be reimbursed by the state; and

(8) Authorizes an exemption from the motor fuel tax for motor fuel sold for use by an interstate transportation authority, a city transit authority, or a city utilities board to operate a public mass transportation facility. The Department of Revenue is required to simplify the motor fuel exemption process by reducing the administrative burden, reducing the time to receive a refund, and splitting the refund between the fuel wholesaler/retailer and the tax exempt entity.

FISCAL NOTE: Estimated Cost on General Revenue Fund of Unknown in FY 2008, FY 2009, and FY 2010. Estimated Cost on Other State Funds of Unknown in FY 2008, FY 2009, and FY 2010.