

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 575

DATE: March 10, 1999

Version: As introduced

Authors: Lenczewski and others

Subject: Reduces the sales tax rate to 6.0 percent

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Overview

The general sales and use tax rate, which is currently 6.5 percent, applies to most taxable sales in the state. The exceptions are sales of liquor and beer (taxed at 9.0 percent), and farm machinery and equipment (currently taxed at 2.0 percent, phasing out to zero). Motor vehicle rentals are taxed at the 6.5 percent rate plus an additional 6.2 percent. The motor vehicles sales tax rate under chapter 297B is defined as the same rate as the general sales tax rate.

- 1 Sales tax rate; generally.** Permanently reduces the general sales tax rate from 6.5 percent to 6.0 percent. This reduction affects all taxable sales except sales of liquor and beer and farm machinery and equipment.
- 2 Effective date.** Effective for sales beginning after June 30, 1999.