

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 108

**DATE:** February 13, 2001

**Version:** With author's technical amendment

**Authors:** Cassell and others

**Subject:** Sales tax exemption on local government purchases

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### Overview

Removes the sales tax on most local government purchases. Prior to June 1, 1992, most sales to local governments were not taxable. The exceptions were food, lodging, motor vehicles, and building materials purchases by a contractor. In 1992 the tax was imposed on most local government purchases except sales to school districts, local government hospitals and nursing homes, and certain sales to public libraries. This bill reinstates the pre-1992 exemption for local government purchases. This is effective for sales made after June 30, 2001.

**Identical bills:** H.F. 166, 188, 301, 314, 538, and 630

### Section

- 1 **Scope.** Removes language that nullified sales tax exemptions on local government purchases contained in special laws enacted prior to 1992.
- 2 **Sales to government.** Extends the local government sales tax exemption to local governments and their agencies and instrumentalities. Eliminates the enumeration of specific exemptions that are now included in the more general language.
- 3 **Sales of certain goods and services to government.** Eliminates the enumeration of specific exemptions that are now included in the more general exemption in section 2.
- 4 **Commissioner of finance to report.** Eliminates a provision requiring that the general sales tax paid by local subdivisions be reported as an intergovernmental revenue when reporting sales tax collections to the U.S. Department of Commerce.