

HOUSE RESEARCH

Bill Summary

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Subject: Exempting certain direct mail delivery and distribution charges from sales tax

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Overview

As part of conforming to standard definitions proposed by the Streamlined Sales Tax Project (SSTP), the state, in 2001, adopted a definition of "sale price " that included delivery charges. This change had a major impact on the direct mail industry because all postage for direct mail, which was previously exempt if stated separately, was now subject to tax. A temporary exemption for delivery charges on direct mail when stated separately was enacted during the 2002 legislative session while SSTP developed a definition to be used in a permanent solution.

In November of 2002, the SSTP adopted a standard definition of direct mail. This bill adopts the SSTP definition, with one minor change, and makes the current exemption for separately stated delivery charges for direct mail permanent.

Section

- 1** **Direct mail.** Adopts the SSTP definition of direct mail, with one minor language difference. The word "identical" is inserted in front of "items" in the following sentence-""Direct Mail" does not include multiple items of printed material delivered to the same address." Effective retroactively to sales made after December 31, 2001.
- 2** **Delivery or distribution charges; direct mail.** Changes the language of the temporary exemption for delivery charges of direct mail to reflect the new definition of direct mail. Effective retroactively to sales made after December 31, 2001.
- 3** **Repealer.** Repeals the effective date of the temporary exemption, including the sunset provision, thereby replacing it with the permanent exemption in section 2.