

# HOUSE RESEARCH

## Bill Summary

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### Overview

Provides a sales tax exemption for counties, cities, and towns for purchases made for standard government services. It does not include purchases made when the government is providing a good or service generally provided by the private sector.

#### Section

- 1 Sales to local governments.** Exempts purchases by counties, cities, and towns from the sales tax provided that (1) the purchases are not used to provide services generally provided by the private sector and (2) the goods would be taxable if purchased by the private sector engaged in the same activity. The limitation would mainly apply to purchases for public service enterprises of local governments such as golf courses, liquor stores, electric and gas utilities, laundromats, and health and fitness centers. However, purchases for those enterprises would continue to get the same exemptions enjoyed by the private sector when engaged in the same activity. For example, the capital equipment exemption would apply to government-owned electric or gas utilities.