

HOUSE RESEARCH

Bill Summary

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Subject: Providing for a method of calculating the sales tax on motor vehicle paint and materials

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Overview

Provides a method for calculating the taxable paint and repair materials portion of a motor vehicle repair bill. Effective for sales made after June 30, 2013.

Section

- 1** **Retail sale.** Adds the sale of motor vehicle repair paint and materials to the definition of a taxable retail sale. Provides that the repair paint and supply portion of a bill can be calculated by multiplying the number of labor hours by an hourly consideration rate for the paint and materials. Allows the taxpayer to use another method to calculate the tax, provided that the method fairly reflects the gross receipts from the retail sale of the paint and materials. This provision does not apply to wholesale transactions at an automobile auction facility.
- 2** **Motor vehicle repair paint and materials.** Defines repair paint and materials for sales tax purposes. "Motor vehicle repair paint" includes primer, body paint, clear coat, and paint thinner. "Repair materials" include items incorporated in the repair or directly consumed in the repair process. They do not include items used to clean and maintain the shop and shop equipment.