

HOUSE RESEARCH

Bill Summary

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Subject: Sales tax exemption for certain restaurant equipment and meals

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Overview

Expands the definition of exempt capital equipment used in manufacturing to include machinery and equipment used by restaurants to prepare and serve taxable food. Also provides for the following two sales tax exemptions for certain taxable food and drink provided by restaurants:

- for complementary food and drink , including alcoholic beverages, provided to a customer; and
- for meals and drinks purchased and served to restaurant employees.

Restaurants are defined as establishments which operate from a set location for more than 21 days annually; it does not include a food cart or motorized food unit. Effective for sales and purchases made after June 30, 2013.

Section

- 1 Capital equipment.** Expands the definition of capital equipment exempt from the sales tax to include machinery and equipment used to prepare and service restaurant meals. Like other equipment exempt under this subdivision, the tax must be paid at the time of purchase and the restaurant owner must apply for a refund. Effective for sales and purchases made after June 30, 2013.
- 2 Complimentary meals and beverages.** Provides a sales tax exemption on food and beverages, including alcoholic beverages, provided to customers at no charge. Under current law, the restaurant owes use tax on this food and drink. Effective for sales and purchases made after June 30, 2013.

Section

- 3** **Employee food and drink.** Provides a sales tax exemption for prepared food and drink purchased for and served to restaurant employees. Effective for sales and purchases made after June 30, 2013.