

HOUSE RESEARCH

Bill Summary

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Subject: Exempts used goods and used motor vehicles from sales tax

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Overview

Provides a sales tax exemption for the purchase of used tangible personal property that would otherwise be subject to the sales tax. Also provides an exemption from the motor vehicle sales tax for all used vehicles. Effective for sales and purchases made after June 30, 2015.

Section

- 1** **Used goods.** Exempts from sales tax all used goods that would otherwise be subject to the tax. Currently used goods sold by retailers, or by a person as part of the regular course of business are taxable. Used goods sold by an individual on an isolated and occasional basis (i.e., at a garage sales, or an isolated sale on Ebay) are already exempt from the tax. Sales of certain used goods and equipment sales by businesses, when not a normal part of their business (i.e., a farm auction, sales of all the assets and equipment of a business, sales of business equipment when the total sales are less than \$1,000 in a 12-month period) are also currently exempt.
- 2** **Exemptions (motor vehicles sales tax).** Exempts sales of used motor vehicles from the motor vehicle sales tax. Currently all purchases of motor vehicles, whether from a dealer or through a private transaction, are subject to this tax. If the tax is not paid at the point of sale, the tax is owed when the motor vehicle registration is transferred.