

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 9** SLS 162ES 19  
 Bill Text Version: **ENGROSSED**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> June 14, 2016 7:45 PM	<b>Author:</b> MORRELL
<b>Dept./Agy.:</b> Revenue	<b>Analyst:</b> Deborah Vivien
<b>Subject:</b> Defines isolated or occasional sales for sales tax exemption	

TAX/SALES EG INCREASE GF RV See Note Page 1 of 1  
 Provides for a definition of isolated and occasional sales for sales and use tax. (7/1/16) (Item No. 16)

Current law taxes purchases of isolated or occasional sales of tangible personal property by a person not engaged in such business at 2% until July 1, 2018, after which time they are exempt from state and local sales tax.

Proposed law further defines isolated or occasional sales to include only 6 or fewer sales annually, sales of all operating assets or a division of a business, certain related party sales, sales by non-dealers, or up to \$5,000 annual maximum receipts. Isolated or occasional sales will not include brokered or auctioned sales except online, or sales of airplanes except antique, boats, mobile homes or motor vehicles, any of which are required to be registered/licensed/titled/documentated by the state or federal government. Items no longer considered isolated or occasional sales appear to be taxed at 5% by the state until 7/1/18 and 4% thereafter.  
 Effective July 1, 2016

<b>EXPENDITURES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

**REVENUE EXPLANATION**

Restricting the definition of isolated or occasional sales will increase sales tax collections by an unknown amount as certain items previously exempt as isolated or occasional sales appear to be taxable at the full 5% state sales tax rate until 7/1/18 and 4% thereafter. Reporting associated with this exemption is included in the aggregate "other" category on the state sales tax form which does not provide specific data reflecting these particular transactions.

To the extent these transactions become taxable, revenue collections are higher than they would otherwise be, even if specific revenue increase amounts are not know. The effect of bills such as this are incorporated by utilizing forecasts at the higher end of the range of possible forecasts, and the actual higher collections history becomes the basis for future revenue forecasts.

Senate Dual Referral Rules House

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| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}                  | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}                    |
| <input checked="" type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

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