

**Sales and Use Tax Exemptions
Estimate of 4% State Sales Tax**

The following 16 items were identified by the Sales Tax Review committee at the July 12, 2011, meeting as exemptions for further committee review.

This document contains the Department's estimates which are based upon information from many sources. We acknowledge that some sources of information are more accurate and helpful than others, with the accuracy of the estimates therefore of varying quality.

Please keep in mind that these are estimates. No guarantees are made that the estimates would turn into real dollars if the particular exemption would be repealed.

Some exemption repeals would necessitate the repeal of additional sections of the Code.

The figures below are estimates that must be used with caution.

Estimated 4% State Tax	Category	Laws and Exemptions	History
Agricultural Group			
1	\$4,500,000	10-45-3.4, 10-46-17.6 (1)Parts or repairs on machinery or equipment which are clearly identifiable as used primarily for agricultural purposes, including irrigation equipment, if the part replaces a farm machinery or irrigation equipment part assigned a specific or generic part number by the manufacturer of the farm machinery or irrigation equipment; and (2) Maintenance items and maintenance services used on machinery or equipment which are clearly identifiable as used primarily for agricultural purposes, including irrigation equipment.	Law passed effective July 1, 2002. Effective date changed to January 1, 2006 in 2003 session law for exempting repair parts. During the 2006 session a bill was passed exempting maintenance items. This bill had an emergency clause effective March 2, 2006.
2	\$25,000,000 Estimate includes fertilizer and pesticides (10-45-16.1, 10-46-17.5)	10-45-16 Commercial fertilizer, either liquid or solid, when sold in quantities of five hundred pounds or more in a single sale to be used exclusively for agricultural purposes.	Exempted in 1939.
Business Group			
3	\$7,000,000 Advertising Services	10-45-12.1 Exempts advertising services, which is the preparing and placement of ads. Exempts charges by media for placement of ad in that media.	Specifically exempted in tax broadening of 1979 - but was not taxable before then.
4	\$250,000 Radio & Television Broadcasting	10-45-5.2 Radio & Television Broadcasting (SIC 483) 10-45-12.1 Radio & Television Broadcasting (SIC 483) (except cable and other pay for television)	Exempted July 1, 1981 Exempted July 1, 1981

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5	\$200,000	Displays or signage	10-45-1.6, 10-46-2.7 Exempts gross receipts received by a retailer from a manufacturer, wholesaler, or distributor pursuant to a written contract that requires the retailer to display the manufacturer, wholesaler, or distributor's product or signage in a specified manner or location. Discounts or deferred payment received by a retailer from a distributor, wholesaler, or manufacturer for purchasing a product for sale at retail does not constitute gross receipts subject to tax.	Exempted July 1, 2003. SB 35. Hoghouse bill.
6	\$750,000	Attorney/Accountant Reimbursable expenses	10-45-29.1 Allows deduction from gross receipts charges to clients for tangible personal property or services purchased by the attorney or accountant on behalf of a client, provided the purchase was not a resale purchase.	Exempted July 1, 1983.
7	\$100,000	Auctions Reimbursable expenses	10-45-92, 10-46-66 Deduction allowed from auctions gross receipts for expenses for tangible personal property or services purchased by the auctioneer for that client, provided the purchase was not a resale purchase.	Exempted July 1, 1996
8	\$200,000	Funeral Service Reimbursable Expenses	10-45-5.2 Goods or services with money advanced as an accommodation are retail purchases and are not includable in gross receipts for funeral services and fees paid or donated for religious ceremonies are not includable in gross receipts for funeral services.	Exempted July 1, 1980
9	\$250,000	Lodging Membership Fees	10-45-7.1, 10-46-68 Membership fees paid to lodging house or hotel membership organization operated for the benefit of its members.	Exempted July 1, 2001
10	\$48,000,000	Lodging and Parking Sites	10-45-7 Lodging or campsites provided to any person for 28 or more consecutive days. Occasional rental of sleeping accommodations or camp sites, which is 10 or less days/year	28 days or more - Exempted July 1, 1963 10 days or less - Exempted July 1, 1997 *Dollar amount is based on taxing all rentals of apartments and houses and sleeping rooms and possibly commercial property rental.
11	\$150,000	Lawn Care Chemicals	10-45-5.5, 10-46-2.5 Chemicals purchased for use by Lawn & Garden Services	Exempted July 1, 1989
Miscellaneous Group				
12	\$32,000	Coins	10-45-110, 10-46-71 Exempts coins, currency, or bullion.	Exempted July 1, 2007
Civic & Nonprofit Association Events & Admissions & Donations				
13	\$100,000	Civic and Nonprofit Association Events- Admissions	10-45-13 These are specifically exempted from the provision of this chapter and from the computation of the amount of tax imposed by it, the gross receipts from the following: (1) Sales of tickets or admissions to the grounds and grandstand attractions of state, county, district, regional, and local fairs;	Exempted July 1, 1990

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Subject to tax/fees in another statute or chapter of the law			
14	NA Taxed under 32-3A	Boats 10-45-62, 10-46-51 Large boats subject to tax under §32-3A-50 "Large boat," any boat over twelve feet in length or a motorboat, used or capable of being used as a means of transportation on water, except canoes, inflatable boats, kayaks, sailboards and seaplanes	Excise tax rate is 3%. Possibly raise to 4% to raise an additional \$300,000 +. Revenues go into general fund. July 1, 1993
15	NA taxed under 32-5B	Motor Vehicles 10-45-5 Leases of a motor vehicle as defined by § 32-5-1 under a single contract for more than 28 days.	Exempted July 1, 1965
\$86,532,000	Total Estimated 4% Sales Tax on Above Exemptions		
Other			
16	\$1,400,000	Mini-Storage In order to tax it, legislature would need to pass a specific taxing statute.	