

FISCAL NOTE
HOUSE BILL NO. 1402
LC# 23.0867.01000
01/23/2023

1 - State Fiscal Effect

Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2021-2023 Biennium		2023-2025 Biennium		2025-2027 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

2 - County, City, School District, and Township Fiscal Effect

Identify the fiscal effect on the appropriate political subdivision.

	2021-2023 Biennium	2023-2025 Biennium	2025-2027 Biennium
Counties			
Cities			
School Districts			
Townships			

3 - Bill and Fiscal Impact Summary

Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).

HB 1402 creates a sales tax exemption for used clothing sold by a thrift store of a nonprofit corporation and allow delivery charges to be deducted from the total amount subject to sales tax.

4 - Fiscal Impact Sections Detail

Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.

Section 2 of HB 1402 removes delivery charges from the total amount of consideration that is subject to sales tax. This would allow delivery charges to be exempt from sales tax.

Section 3 of HB 1402 would create a sales tax exemption for used clothing sold by a thrift store of a nonprofit corporation.

5 - Revenues Detail

For information shown under state fiscal effect in 1 or 2, please explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

Section 2 of HB 1402 would allow delivery charges to be exempt from sales tax. If enacted, this will create a decrease in the state general fund and the state aid fund. The information reported to the Office of State Tax Commissioner does not include the details necessary to separate delivery charges from the total taxable sales and purchases amounts. Due to this fact, the Office of State Tax Commissioner is unable to provide a reliable estimate for the revenue reduction amount.

Section 3 of HB 1402 creates a sales tax exemption for used clothing sold by a thrift store of a nonprofit corporation. If enacted, this will create a decrease in the state general fund and the state aid fund. The total taxable sales and purchases from a thrift store of a nonprofit corporation are \$1.2 million per biennium. Under the assumption that approximately 25% to 55% of all sales sold by a thrift store of a nonprofit corporation are for used clothing, then the midpoint of this amount would be an estimated revenue reduction of \$480,000.

6 - Expenditures Detail

For information shown under state fiscal effect in 1 or 2, please explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

7 - Appropriations Detail

For information shown under state fiscal effect in 1 or 2, please explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.

Contact Information

Name: Bryan Bittner

Agency: Tax Department

Telephone: 7013283402

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