

***Finance***

***HB 1203***

***Brief Description:*** Authorizing the department of revenue to modify sales tax exemption documentation and retention requirements for simplification purposes.

***Sponsors:*** Representatives Cairnes and Morris.

***Brief Summary of Bill***

- *Authorizes the department of revenue to enter into agreements for electronic sales tax exemption certificates.*

***Hearing Date:*** 1/31/01

***Staff:*** Bob Longman (786-7139).

***Background:***

*A seller must collect sales tax on each retail sale, unless the buyer provides a resale or exemption certificate. A buyer must provide the following information on a resale or exemption certificate:*

- (1) The name and address of the buyer;*
- (2) The uniform business identifier number of the buyer;*
- (3) The type of business engaged in;*
- (4) The categories of items or services to be purchased for resale or that are exempt, unless the buyer is in a business classification that may present a blanket resale certificate as provided by the department by rule;*
- (5) A statement that the items or services purchased either: (i) Are purchased for resale in the regular course of business; or (ii) are exempt from tax pursuant to statute; and*

*(6) The name and signature of the authorized individual.*

*Sellers are held liable for the tax if they are not able to produce the required exemption certificates when audited by the Department of Revenue.*

*Before disclosing information obtained from a taxpayer, the Department of Revenue must inform the taxpayer what will be disclosed.*

***Summary of Bill:***

*The Department of Revenue may enter into agreements with sellers for a project on sales and use tax exemption requirements. This project will allow the use of electronic data collection in lieu of paper certificates.*

*The object of the project is to determine whether using an electronic system provides the same level of reliability as the current system while lessening the burden on the seller.*

*A seller that wishes to participate in the project may make application to the department. To be eligible for such participation, a seller must demonstrate its capability to take part in the project and to provide data to the department in a form in which the data can be used by the department. A seller selected as a participant by the department will be relieved of other sales and use tax exemption documentation requirements provided by law as covered by the project.*

*The requirement that the Department of Revenue must notify a taxpayer before disclosing tax information does not apply to information obtained under the pilot program. Other restrictions about when and for what purpose information may be disclosed continue to apply.*

***Effective Date:*** *Ninety days after adjournment of session in which bill is passed.*

***Appropriation:*** *None.*

***Fiscal Note:*** *Available.*