
Finance Committee

HB 1632

Brief Description: Requiring promoters of special events to verify tax registration of vendors.

Sponsors: Representatives McIntire, Gombosky and Miloscia; by request of Department of Revenue.

Brief Summary of Bill

- Requires promoters of special events such as auto shows, garden shows, and flea markets to verify that vendors at the event are registered with the Department of Revenue.

Hearing Date: 2/13/03

Staff: Bob Longman (786-7139).

Background:

Any business that makes sales at retail is required to register with the Department of Revenue and collect Retail Sales Tax. This includes persons who sell from booths or other temporary locations at events such as auto shows, garden shows, flea markets. However, there is a low rate of compliance with registration and sales tax collection at these events.

Summary of Bill:

A promoter of a special event such as an auto show, garden show, or flea market must verify that all vendors at the event are registered with the Department of Revenue. The promoter must keep records about the date and location of the event and the vendors at the event, and provide this information to the Department on request. A promoter who fails to meet these requirements is subject to penalties of \$100 for each failure to verify that a vendor has obtained a certificate of registration from the department, \$100 for each vendor from whom the promoter fails to collect required information; and \$250 if the information is not received by the Department within twenty days of request. Total penalties cannot exceed \$2,500 per event, for first-time violations.

These requirements do not apply to:

- Events organized for the exclusive benefit of a nonprofit organization for funding raising activities that are exempt from state taxes;
- Events where the promoter does not charge more than \$100 per vendor;
- Events where the promoter charges a fee based on percentage of sales that the promoter believes in good faith will be less than \$100; or
- Persons who only provide a venue, supplies, furnishings, fixtures, equipment, or services for an event without organizing or sponsoring an event.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect ninety days after adjournment of session in which bill is passed.