

110TH CONGRESS
2D SESSION

S. 2567

To provide Federal reimbursement to State and local governments for a limited sales, use, and retailers' occupation tax holiday.

IN THE SENATE OF THE UNITED STATES

JANUARY 29, 2008

Mr. BURR introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide Federal reimbursement to State and local governments for a limited sales, use, and retailers' occupation tax holiday.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Sales Tax Holiday Act
5 of 2008”.

6 **SEC. 2. STATE AND LOCAL SALES TAX RELIEF FOR CON-**
7 **SUMERS.**

8 (a) IN GENERAL.—The Secretary shall reimburse
9 each State for 60 percent of the amount of State and local

1 sales tax payable and not collected during the sales tax
2 holiday period.

3 (b) DETERMINATION AND TIMING OF REIMBURSE-
4 MENT.—

5 (1) PREDETERMINED AMOUNT.—Not later than
6 May 1, 2008, the Secretary shall pay to each State
7 an amount equal to the sum of—

8 (A)(i) 60 percent of the amount of State
9 and local sales tax payable and collected in such
10 State during the same period in 2007 as the
11 sales tax holiday period, times

12 (ii) an acceleration factor equal to 1.73,
13 plus

14 (B) an amount equal to 1 percent of the
15 amount determined under subparagraph (A) for
16 State administrative costs.

17 (2) RECONCILIATION AMOUNT.—Not later than
18 July 1, 2008, the Secretary shall pay to each elect-
19 ing State under subsection (c)(2) an amount equal
20 to the excess (if any) of—

21 (A) 60 percent of the amount of State and
22 local sales tax payable and not collected in such
23 State during the sales tax holiday period, over

24 (B) the amount determined under para-
25 graph (1)(A) and paid to such State.

1 (c) REQUIREMENT FOR REIMBURSEMENT.—The Sec-
2 retary may not pay a reimbursement under this section
3 unless—

4 (1) the chief executive officer of the State in-
5 forms the Secretary, not later than March 1, 2008,
6 of the intention of the State to qualify for such re-
7 imbursement by not collecting sales tax payable dur-
8 ing the sales tax holiday period,

9 (2) in the case of a State which elects to receive
10 the reimbursement of a reconciliation amount under
11 subsection (b)(2)—

12 (A) the chief executive officer of the State
13 informs the Secretary and the Director of Man-
14 agement and Budget and the retail sellers of
15 tangible property in such State, not later than
16 March 1, 2008, of the intention of the State to
17 make such an election,

18 (B) the chief executive officer of the State
19 informs the retail sellers of tangible property in
20 such State, not later than March 1, 2008, of
21 the intention of the State to make such an elec-
22 tion and the additional information (if any)
23 that will be required as an addendum to the
24 standard reports required of such retail sellers

1 with respect to the reporting periods including
2 the sales tax holiday period,

3 (C) the chief executive officer reports to
4 the Secretary and the Director of Management
5 and Budget, not later than June 1, 2008, the
6 amount determined under subsection (b)(2) in a
7 manner specified by the Secretary,

8 (D) if amount determined under subsection
9 (b)(1)(A) and paid to such State exceeds the
10 amount determined under subsection (b)(2)(A),
11 the chief executive officer agrees to remit to the
12 Secretary such excess not later than July 1,
13 2008, and

14 (E) the chief executive officer of the State
15 certifies that such State—

16 (i) in the case of any retail seller un-
17 able to identify and report sales which
18 would otherwise be taxable during the sales
19 tax holiday period, shall treat the reporting
20 by such seller of sales revenue during such
21 period, multiplied by the ratio of taxable
22 sales to total sales for the same period in
23 2008 as the sales tax holiday period, as a
24 good faith effort to comply with the re-
25 quirements under subparagraph (B), and

1 (ii) shall not treat any such retail sell-
2 er of tangible property who has made such
3 a good faith effort liable for any error
4 made as a result of such effort to comply
5 unless it is shown that the retailer acted
6 recklessly or fraudulently,

7 (3) in the case of any home rule State, the chief
8 executive officer of such State certifies that all local
9 governments that impose sales taxes in such State
10 agree to provide a sales tax holiday during the sales
11 tax holiday period,

12 (4) the chief executive officer of the State
13 agrees to pay each local government's share of the
14 reimbursement (as determined under subsection (d))
15 not later than 20 days after receipt of such reim-
16 bursement, and

17 (5) in the case of not more than 20 percent of
18 the States which elect to receive the reimbursement
19 of a reconciliation amount under subsection (b)(2),
20 the Director of Management and Budget certifies
21 the amount of the reimbursement required under
22 subsection (b)(2) based on the reports by the chief
23 executive officers of such States under paragraph
24 (2)(C).

1 (d) DETERMINATION OF REIMBURSEMENT OF LOCAL
 2 SALES TAXES.—For purposes of subsection (c)(4), a local
 3 government’s share of the reimbursement to a State under
 4 this section shall be based on the ratio of the local sales
 5 tax to the State sales tax for such State for the same time
 6 period taken into account in determining such reimburse-
 7 ment, based on data published by the Bureau of the Cen-
 8 sus.

9 (e) DEFINITIONS.—For purposes of this section—

10 (1) HOME RULE STATE.—The term “home rule
 11 State” means a State that does not control imposi-
 12 tion and administration of local taxes.

13 (2) LOCAL.—The term “local” means a city,
 14 county, or other subordinate revenue or taxing au-
 15 thority within a State.

16 (3) SALES TAX.—The term “sales tax”
 17 means—

18 (A) a tax imposed on or measured by gen-
 19 eral retail sales of taxable tangible property, or
 20 services performed incidental to the sale of tax-
 21 able tangible property, that is—

22 (i) calculated as a percentage of the
 23 price, gross receipts, or gross proceeds,
 24 and

1 (ii) can or is required to be directly
 2 collected by retail sellers from purchasers
 3 of such property,

4 (B) a use tax, or

5 (C) the Illinois Retailers' Occupation Tax,
 6 as defined under the law of the State of Illinois,
 7 but excludes any tax payable with respect to
 8 food and beverages sold for immediate con-
 9 sumption on the premises, beverages containing
 10 alcohol, and tobacco products.

11 (4) SALES TAX HOLIDAY PERIOD.—The term
 12 “sales tax holiday period” means the period begin-
 13 ning after April 3, 2008, and ending before April
 14 14, 2008.

15 (5) SECRETARY.—The term “Secretary” means
 16 the Secretary of the Treasury.

17 (6) STATE.—The term “State” means any of
 18 the several States, the District of Columbia, or the
 19 Commonwealth of Puerto Rico.

20 (7) USE TAX.—The term “use tax” means a
 21 tax imposed on the storage, use, or other consump-
 22 tion of tangible property that is not subject to sales
 23 tax.

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