

HB 2038

All estimates assume a July 1, 2013 effective date with 11 months of collections for FY 2014

(\$ Millions)

Part	Brief Description	Additional Information	2013-15				2015-17	
			FY 2014	FY 2015	Biennium	FY 2016	FY 2017	Biennium
Revenues								
Part 1	Permanently extend B&O surtax on service businesses	Service B&O rate of 1.5% was increased to 1.8% from 7/1/10 - 7/1/13. This would permanently extend the 0.3 percent surtax. The proposal continues to exclude hospitals and scientific R&D activities from the increased service rate.	\$248.0	\$286.0	\$534.0	\$302.0	\$318.0	\$620.0
Part 2	Eliminate the preferential rate for Travel Agents and Tour Operators	Currently, a 0.275% rate applies. The 1.8% B&O rate would apply under this bill.	\$6.8	\$7.8	\$14.6	\$8.1	\$8.5	\$16.6
Part 3	Eliminate the sales/use tax exemption for bottled water	Exemptions in the form of a refund are provided for bottled water dispensed by a prescription and for persons whose primary source of drinking water is unsafe. Requires refund requests be a minimum of \$25 or more of taxes paid.	\$24.4	\$27.1	\$51.5	\$27.5	\$27.9	\$55.4
Part 4	Repeal the nonresident sales/use tax exemption - refund for \$25 or more in sales taxes paid	This proposal does not repeal the exemption for nonresidents purchasing motor vehicles.	\$20.6	\$22.4	\$43.0	\$24.3	\$25.3	\$49.6
Part 5	Modify the tax credit for high tech R&D	Only businesses with annual gross income of \$10 million or less may qualify for the credit. The incentive expires January 1, 2015; therefore, the 2015 estimate reflects 6 months of revenues.	\$11.2	\$12.0	\$23.2	\$0	\$0	\$0
Part 5	Repeal the high tech R&D sales tax deferral program	The issuance of new sales/use tax deferral certificates would not be allowed after 7/1/13. Businesses already in the deferral program are grandfathered in.	\$33.5	\$22.0	\$55.5	\$0.0	\$0.0	\$0.0
Part 6	Eliminate the PUT deduction on interstate transportation, instate portion	Current law provides an exemption from the public utility tax for truck hauls if any portion involves interstate transportation. The PUT rate for these businesses is 1.926 percent.	\$29.6	\$33.6	\$63.2	\$34.9	\$36.4	\$71.3
Part 7	Narrow the B&O and sales tax exemptions for import commerce	This proposal disallows the B&O exemption for import commerce, except for aerospace products.	\$7.4	\$16.7	\$24.1	\$25.7	\$35.3	\$61.0
Part 8	Repeal the preferential rate for warehousemen and resellers of prescription drugs	The current preferential rate is 0.138%. The general wholesaling rate of 0.484% would apply.	\$13.4	\$15.6	\$29.0	\$16.6	\$17.7	\$34.3
Part 9	Narrow the use tax exemption for extracted fuel	This proposal repeals the use tax exemption for fuel produced by an extractor or manufacturer during extracting or manufacturing activities, when the fuel is then used by the producer during the same extracting or manufacturing activity. (RC)	\$20.1	\$20.7	\$40.8	\$20.3	\$22.0	\$42.3
TOTAL REVENUES - Deposited into the Education Legacy Trust Account			\$415	\$464	\$879	\$459	\$491	\$951