

Department of Finance and Administration

Legislative Impact Statement

Bill: HB1930

Bill Subtitle: TO EQUALIZE THE SALES TAX TREATMENT OF DUES AND MEMBERSHIP FEES FOR CERTAIN CLUBS AND FACILITIES; AND TO LEVY A SALES TAX ON DUES AND MEMBERSHIP FEES TO CERTAIN FACILITIES AND CLUBS.

Basic Change : Sponsor: Representative Leding

The bill provides that dues and membership fees to golf facilities, tennis clubs, and racquet clubs are subject to state and local sales tax regardless of whether the facility holds an ABC permit. Current law imposes the tax on the dues and membership fees only if the facility holds an ABC permit. The proposal also continues the current exemption on fees for services performed by those facilities unless the service being performed is specifically enumerated as a taxable service under state law. The proposal also corrects a code citation in current law. The proposal would be effective on the first day of the calendar quarter following the effective date of the proposal.

Revenue Impact :
FY16 Tax Increase

Total Impact to State Revenues **+\$350,000**
[8 Months of Increased Tax Collections -- 10/1/2015 Effective Date]
+\$ 234,312 ---State General Revenue (4.5%)
+\$ 45,561 ---Educational Adequacy (.875% tax)
+\$ 23,035 ---Property Tax Relief Trust Fund (.5%)
+\$ 6,509 ---Conservation Tax (.125%)
+\$ 26,035 ---Highway Fund (.5%)
+\$ 0 ---Educational Excellence Trust Fund
+\$ 0 ---Educational Adequacy (GR transfer)
+\$ 8,050 ---State Central Services
+\$ 3,500 ---Constitutional Officers
Total Impact to City and County Sales Tax **+\$120,000**

FY17 Tax Increase

Total Impact to State Revenues **+\$520,000**
+\$ 312,059 ---State General Revenue (4.5%)
+\$ 67,690 ---Educational Adequacy (.875% tax)
+\$ 38,680 ---Property Tax Relief Trust Fund (.5%)
+\$ 9,670 ---Conservation Tax (.125%)
+\$ 38,680 ---Highway Fund (.5%)
+\$ 33,132 ---Educational Excellence Trust Fund
+\$ 2,929 ---Educational Adequacy (GR transfer)
+\$ 11,960 ---State Central Services
+\$ 5,200 ---Constitutional Officers
Total Impact to City and County Sales Tax **+\$170,000**

Taxpayer Impact :

Taxpayers who don't currently hold an ABC permit for these facilities would begin collecting the sales taxes from their customers.

Resources Required :

None

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Time Required :

Adequate time is provided for implementation.

Procedural Changes :

Education of staff and a revision of the rules

Legal Analysis :

HB1930 amends § 26-52-301(6) to provide that dues and membership fees to golf facilities, tennis clubs, and racquet clubs are subject to gross receipts (sales) tax. The bill has no Emergency Clause and would therefore become effective 90 days after adjournment of the session. The bill's provisions will apply beginning on the first day of the calendar quarter following the effective date of the bill.