

Repeal grain elevator/warehouse tax preference (allows refund of sales tax on construction and equipment purchases)

Description This proposal repeals the partial sales and use tax exemption for warehouses, grain elevators and distribution centers.

Current Law Certain warehouses, grain elevators and distribution centers are exempt from the state portion of the sales and use tax paid on facility construction and purchases of machinery and equipment. The exemption, in the form of a remittance, applies to construction and purchases of machinery and equipment for the following facilities:

- Warehouses and distribution centers over 200,000 square feet in size;
- Grain elevators with more than one million bushel capacity; and
- Cold storage warehouses of at least 25,000 square feet to store fresh and/or frozen perishable fruits or vegetables, dairy products, or seafood products.

The remittance of state tax paid is applied as follows:

	<u>Construction</u>	<u>Handling Equip.</u>
Cold Storage Warehouses:	100%	100%
Warehouses & Distribution Centers	100%	50%
Grain Elevators w/over 2 Million Bushel Cap.	100%	50%
Grain Elevators w/ 1-2 Million Bushel Cap.	50%	50%

The remittance for cold storage warehouse facilities expires July 1, 2012.

Revenue Impact

General Fund Impacts (\$ millions):

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
\$0	\$3.9	\$3.9

Notes:

- *Estimates assume a July 1, 2012 effective date, representing 11 months of collections for FY 2013.*
- *Estimates reflect the September 2011 Economic & Revenue Forecast Council revenue forecast.*

Continued on next page

Repeal grain elevator/warehouse tax preference (allows refund of sales tax on construction and equipment purchases), Continued

**Expenditure
Impact**

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
\$9,600	(\$8,200)	\$1,400
