

Impose sales tax on selected consumer services only

- Description**
- This proposal would define the following services to be a retail sale:
- Personal care services, such as hair, nail, and skin care, including hair replacement and removal, and non-prescription massage services
 - Instructional lessons
 - Satellite and cable services
 - Service fees related to travel arrangements and admission to non-sporting events
 - Travel agent commissions
 - Tax preparation services
- This would cause the sale of these services to be:
- Taxed at the retailing B&O tax rate of 0.471 percent
 - Subject to sales tax
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Current Law

Under current law, travel agent commissions are subject to the preferential B&O tax rate of 0.275%. All other activities listed are subject to the service and other activities B&O tax rate of 1.8%.

Revenue Impact

General Fund Impacts (\$ millions):

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
\$0	\$94.0	\$94.0

Notes:

- *The revenues estimated assume broad inclusion of business services. Any changes or limitations to included services may result in reduced revenues.*
 - *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.*
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**Expenditure
Impact**

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
\$74,000	\$657,300	\$731,300

Note: The expenditure estimates assume broad inclusion of business services. Any changes or limitations to included services could result in a change to expenditures.
