

Repeal sales tax exemption for manufacturing machinery & equipment (M&E exemption)

Description This proposal would repeal the retail sales and use tax exemptions for machinery and equipment used directly in a manufacturing operation.

Current Law The manufacturers' sales and use tax (M&E) exemption provides retail sales and use tax exemptions for:

- Machinery and equipment used directly in a manufacturing operation or research and development operation;
- Sales of or charges made for labor and services rendered in respect to installing, repairing, cleaning, altering, or improving qualifying machinery and equipment; and
- Qualifying machinery and equipment used directly in a testing operation by a person engaged in testing for a manufacturer or processor for hire.

Revenue Impact

General Fund Impacts (\$ millions):

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
\$ 0	\$223.6	\$223.6

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.*

Expenditure Impact

Fiscal Year 2012	Fiscal Year 2013	2011-2013 Biennium
\$21,100	\$27,500	\$48,600