

Shift sewerage and refuse collection to retailing B&O tax and retail sales tax

Description This proposal would:

- Subject the gross income received from consumers for sewerage collection, retention, transfer, treatment, and disposal to the retailing B&O tax classification.
- Impose retail sales tax on charges to consumers for sewerage collection, retention, transfer, treatment, and disposal.
- Subject the gross income from consumers for refuse collection to retailing B&O tax.
- Impose retail sales tax on charges to consumers for refuse collection.
- Subject income from charges to persons other than consumers, such as the land fill charge to the refuse collector, to the wholesaling B&O tax classification.
- Repeal the refuse collection tax.

Current Law Under current law:

- Amounts attributable to sewerage collection are subject to PUT at the rate of 3.852%.
- Amounts attributable to sewerage retention, transfer, treatment, and disposal are subject to the service and other activities B&O tax classification at the rate of 1.8%.
- The gross income received for refuse collection is subject to the service and other activities B&O tax classification at the rate of 1.5%.
- Refuse collection tax is due from the customer at the rate of 3.6%. The tax does not apply to recycling charges.

Revenue Impact General Fund Impacts (\$ millions):

# of Impacted Taxpayers	FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
1,000	\$ -	\$ 31.4	\$ 31.4	\$ 36.1	\$ 37.9	\$ 74.0

Notes:

- Estimates assume a July 1, 2016 effective date, representing 11 months of collections for FY 2017.
- Estimates reflect the November 2015 Economic & Revenue Forecast Council revenue forecast.

Continued on next page

Shift sewerage and refuse collection to retailing B&O tax and retail sales tax, Continued

**Expenditure
 Impact**

FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
\$ 112,600	\$ 28,200	\$ 140,800	\$ 7,000	\$ -	\$ 7,000

Note:

FY 2016 costs represent initial implementation costs and may include items such as system changes, tax return modifications, and taxpayer education.