



## How the funding process will impact your local jurisdiction

### How will local sales tax funding change?

Jurisdictions will receive proportionate local sales tax funding when a business makes a payment, but does not pay in full. This funding process continues until the business pays the full amount of the transaction.

Currently we send you a lump sum transaction at one time. If a business doesn't pay in full, you will receive your funds more often in smaller amounts as the business makes multiple payments.

You will see this change starting with the April distribution.

*Please note: Our department doesn't expect this to impact the bulk of your transactions. This funding process only impacts returns the taxpayer does not initially pay in full.*

### Why is this process changing?

Our department is in the second phase of replacing our tax and licensing processing systems. Our new system will improve and update our accounting processes, which includes improvements to how we fund payments. We will transition to our new system on March 19th.

### Example of how this works

A business files a tax return. According to the return, the business owes \$1,000 in taxes. The business makes a payment of \$200. Here's the breakdown:

Tax type	What the business owes on the return	What percent of the total the business owes	Amount DOR distributes to different tax types (% of total x \$200)
B&O Tax	\$ 200	20%	\$ 40
Sales Tax	\$ 500	50%	\$ 100
Local Sales Tax	\$ 300	30%	\$ 60
<b>Total</b>	<b>\$ 1,000</b>	<b>100%</b>	<b>\$ 200</b>

The following month, the taxpayer pays \$800. Here is how we distribute the additional payment:

Tax type	What the business owes on the return	What percent of the total the business owes	Amount DOR distributes to different tax types (% of total x \$800)
B&O Tax	\$ 200	20%	\$ 160
Sales Tax	\$ 500	50%	\$ 400
Local Sales Tax	\$ 300	30%	\$ 240
<b>Total</b>	<b>\$ 1,000</b>	<b>100%</b>	<b>\$ 800</b>

### Questions

If you have questions, please reply to this email or contact us at (360) 705-6179.