

MINUTES OF THE HOUSE TAXATION COMMITTEE.

The meeting was called to order by Chairperson John Edmonds at 9:00 a.m. on February 20, 2003 in Room 519-S of the Capitol.

All members were present except:

Representative Sharp  
Representative Sawyer

Committee staff present:

Chris Courtwright, Legislative Research Department  
April Holman, Legislative Research Department  
Gordon Self, Office of the Revisor  
Carol Doel, Committee Secretary

Conferees appearing before the committee:

Diane Oakes, Girl Scouts of America  
Pete Doll, YMCA  
Ron Hein, National Kidney Foundation  
Devin Hansen, Wichita Festivals  
Dr. William Murphy, American Heart Association  
Laurel Alkire, Executive Director Senior Services  
Inc. Of Wichita  
Jennifer Haller, Alzheimer's Association, Heart of  
America  
Judy Keller, American Lung Association  
Gayle Malone, Sedgwick County Zoo  
Richard Fisher, Boy Scouts of America  
Rick Kopecki, Harvest America Weatherization

Others attending:

See attached list

Distributed for committee review by Chris Courtwright, Legislative Research Department was a report from the Federation of Tax Administrators on the extent to which states tax services. (Attachment 1)

Chairman Edmonds called for bill introductions, hearing none, he opened the floor for hearings on **HB 2252** an act relating to sales tax exemptions; non-profit and charitable activities. With no proponents of the bill, Chairman Edmonds recognized Diane Oakes of the Girl Scouts of America as the first opponent of **HB 2252**. In her testimony, Ms. Oakes stated that they often subsidize girls with financial assistance to families who cannot afford the small cost of Girl Scout membership, and since they are already operating with reduced United Way and community funding, it would be devastating to their council and would create an annual loss in income of \$22,144 if the tax exemption was to be repealed. This would cause them to lose their ability to provide "scoutership" assistance to the girls who need it most. (Attachment 2)

Appearing next as an opponent of **HB 2252**, was Pete Doll, President/CEO, YMCA of Topeka who voiced the opinion that repeal of the tax exemption would cause a reduction in the amount of charitable services provided by the YMCA. (Attachment 3) Also submitted on behalf of the YMCA was information regarding Facts about the Kansas YMCAS (Attachment 4) as well as the mission of the YMCA. (Attachment 5).

Ron Hein, legislative counsel for and a board member of the NKF KS/MO (National Kidney Foundation of Kansas and Western Missouri gave testimony in opposition to **HB 2252** stating that this organization provides numerous services for people with kidney disease. The fiscal impact to the state of Kansas by eliminating the sales tax exemption would be to save approximately \$3,000 or less and would reduce the services provided not only for research, but also to those with kidney disease. (Attachment 6)

Devin Hansen, speaking for the Wichita Festivals, reported the Wichita River Festival has become the largest special event in the state along with the Kansas State Fair and the economic impact should not be understated. The sales tax exemption applies only to the purchase of the \$3.00 Wichita River Festival Button which is not required for admission, but is a representation of support for the Festival. Revenue from button sales is the primary source of income for the Wichita Festivals. (No testimony)

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The American Heart Association was represented by Dr. William Murphy who gave testimony in opposition to **HB 2252**. In his testimony Dr. Murphy stated that he doubted that the value of the Heart Association's sales tax exemption will amount to much more than a rounding error in legislative budget deliberations, however, the loss of the exemption would certainly impact their ability to deliver life-saving benefits back to the state at the current levels. (Attachment 7)

Speaking in opposition to **HB 2252** was Laurel Alkire, Executive of Senior Services, Inc. Of Wichita. Their concern was for the Meals on Wheels program. Meals on Wheels delivers nutritionally balanced meals to elders who are unable to prepare at least one nourishing meal a day. The loss of the tax exemption would result in a loss of funds for 5,590 meals for the Wichita program alone. (Attachment 8)

Jennifer Haller, Public Policy Coordinator, Heart of America Alzheimer's Association, addressed the committee in opposition to **HB 2252**. It is their estimate that their sales tax exemption would amount for approximately \$16,000 a year. This amount of money is equivalent to only 0.000047% of the current state deficit, but represents respite relief to 32 family caregivers or legal counsel for 55 families or 400 enrollments in the Safe return program or 3200 informational packets to individuals and families coping with Alzheimer's. (Attachment 9)

Testifying in opposition to **HB 2252** was Judy Keller, Executive Director, American Lung Association of Kansas. The American Lung Association receives approximately \$6,000 in sales tax relief from the exemption for their association which to them is a substantial impact which would prevent them from helping needy persons with various methods of support. (Attachment 10)

Gayle Malone, member of the board of trustees and president elect of the Sedgwick County Zoological Society, addressed the committee in opposition to **HB 2252**. In her testimony, Ms. Malone stated that if they lose their sales tax exemption, they will have to pass along the additional cost to the members which combined with a possible increase in admission price could have a major negative impact on their attendance, thus generating less income to maintain the zoo and properly care for the animals. (Attachment 11)

Representing the Jayhawk Area Council of the Boy Scouts of America was Mr. Richard L. Fisher, Scout Executive, testifying in opposition to **HB 2252**. In his testimony, Mr. Fisher stated that with other State and Federal programs being cut, they anticipate that there will be a greater need for the Boy Scout programs. The proposed loss of the sales tax exemption would make it more challenging to serve youth. (Attachment 12)

The final opponent to testify in opposition to **HB 2252** was Rick Kopecki of Harvest America a weatherization organization. They are a federally funded organization who give assistance to very low income people by helping with replacement of furnaces and checking combustible materials. If they were to lose the sales tax exemption, it would mean they would be able to help a smaller number of needy people with weatherization of their living accommodations. (No testimony)

With no one further wishing to testify on **HB 2252**, Chairman Edmonds closed the hearing on the bill. He further called attention to written testimony from Marlee Carpenter, KCCI (Kansas Chamber of Commerce and Industry) in opposition to **HB 2252**(Attachment 13) as well as from Jan McKay, Executive Director, Old Cowtown Museum, Wichita, Kansas (Attachment 14).

Chairman Edmonds opened the floor for discussion on **HB 2005** (relating to credits for property taxes paid upon certain railroad machinery and equipment) with Chris Courtwright, Legislative Research Department giving an overview of the bill as well as advising that this bill would carry a fiscal note of \$40,000,000 by the beginning of fiscal 2006.

Representative Faber made a motion to amend HB 2005, line 30, changing 2004 to 2002 and line 32, changing 20% to 15% of the property tax levied for property tax years, as well as line 33 changing 2005 and 2006 to read 2003 and 2004. The motion was seconded by Representative Jack.

Chairman Edmonds called for discussion. Representative Larkin commented that this was a policy issue which came up at the very tail end of the session last year in conference committee. The railroads came and

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threatened suit if they didn't get the same credit that other companies were getting. There was an interim study on it. He wasn't sure if the interim study cleared up the situation. He did wish to make the committee aware that this amendment has a fiscal note of about \$1.4 million and due to the financial condition of the state a vote for this amendment would mean looking for a place to cut the budget which would probably be education or looking for places to increase taxes. He would oppose the amendment.

There was no further discussion.

Vote was taken. Motion passed.

Representative Powers made a motion to pass the bill out favorably. The motion was seconded by Representative Faber. Vote was taken. **HB 2005** was passed out favorably.

With no further business before the committee, Chairman Edmonds adjourned the meeting at 10:30 a.m.

GUEST LIST

DATE Feb 20, 2003

NAME	REPRESENTING
KEVIN M. WAIKER	AMERICAN HEART ASSOCIATION
DR. William Murphy	AMERICAN HEART ASSOCIATION
Pete Oall	YANCA of Topeka
Jan Gold	Dr. Services, Inc. of Wichita
Laurel Aekire	Dr. Services Inc. of Wichita
Barbara Hughes	Girl Scouts of Kaw Valley Council
Janet Wright	Wichita Festival
Darin Hansen	" "
Nancy Oakes	Girl Scouts Kaw Valley Council
Steve Onken	Sedgewick County Zoo
Wayle Malone	Sedgewick County Zoo
Andy Shaw	KAC
Barbara Hansen	Girl Scouts Kaw Valley Council
Jennifer Rush	Girl Scouts Kaw Valley Council
Bernie Koch	Wichita Area Chamber
Mike Repoon	Sedgewick County
Susan Koedel	Girl Scouts Wheatbelt
Dulcie Zaluski	Girl Scouts of Midland Empire
Christina Matry	Girl Scouts of the Midland Empire
Catalie Bregel	Via Christus Health System
Alex Kotyantz	KS. Academy of Science
RICK KUPECKI	HARVEST AMERICA CORP.

GUEST LIST

DATE Feb 20, 2003

NAME	REPRESENTING
Ricardo Fisher	Boy Scouts of America
Karin Biggle Stuart Wolfe	Girl Scout Central KS Wester
Lynn Smith	Girl Scouts Flint Hills
Truie Hemmich	Girl Scouts Central KS
Judy Keller	American Lung Assn/KS
Michelle Peterson	KGC
Karl Peregoh	S Taxpayer Network
Halley Demman	Demman & Associates
Frank Kern	North Topeka Business Alliance
John Glassman	GREAT OVERLAND STATION
Wade Anderson	Kansas-NEA
Neil Dobler	City of Topeka
GARY ROSEWICZ	MARSHALL COUNTY
<del>MA. Meyer</del>	
Evan Ice	Douglas County
Drane Albert	ICDOR - Vehicles
George Barber	KCE

MEMORANDUM

February 5, 2003

To: House Taxation Committee  
From: Chris W. Courtwright  
Re: Sales Tax on Services

Attached you will find a report from the Federation of Tax Administrators on the extent to which states tax services. As you can see, Kansas as of 1996 was taxing 76 of a possible 164 services. The first few pages of the report relate to changes in the various state laws for the 1996-2002 period.

House Taxation  
Attachment 1  
Date 2-19-03

Updated - December 20, 2002

## Arkansas

Basic sales tax rate is 5.125 percent.

Joe LaFace  
[joe.laface@dfa.state.ar.us](mailto:joe.laface@dfa.state.ar.us)

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## California

There have been no major changes in the taxation of services since publication of the 1996 Report.

Joe Fitz, California Board of Equalization  
[jfitz@boe.ca.gov](mailto:jfitz@boe.ca.gov)

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## Delaware

Essentially, there are no new changes to the DE section. In 1996 when the Sales Tax Survey was last published, legislation reducing the gross receipts tax was passed, but not effective until January 1, 1997. The footnotes from the '96 version mentioned the coming law change.

Rebecca Goldsmith  
[rebecca.goldsmith@state.de.us](mailto:rebecca.goldsmith@state.de.us)

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## Florida

There have been no major changes in the taxation of services since publication of the 1996 Report.

Christian Weiss  
[weissc@dor.state.fl.us](mailto:weissc@dor.state.fl.us)

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## Idaho

There have been no major changes in the taxation of services since publication of the 1996 Report.

James Husted  
[jhusted@tax.state.id.us](mailto:jhusted@tax.state.id.us)

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**Iowa****1996**

1. Elimination of taxes on services rendered, furnished, or performed by the state fair or any fair organized under chapter 174.

**1998**

1. Gross receipts from services rendered, furnished, or performed for a nonprofit hospital are exempt from tax.
2. Exempts the services provided by massage therapists
3. In the past all of the gross receipts from a optional service contract or warranty contract were subject to tax. Now if the optional service or warranty contract is a computer software maintenance or support service contract and provides for technical support services only it is exempt from tax. If such a computer software maintenance or support service contract has no separately stated fee for taxable personal property or for any nontaxable services performed, tax can be imposed on only 50% of the gross receipts from the sale of the contract.

**1999**

1. Exempts the gross receipts from charges paid to a provider for access to on-line computer services. On line computer service means a service that provides or enables computer access by multiple users to the Internet.
2. Exempts services performed, rendered, or furnished to a free standing nonprofit hospice facility which operates a hospice defined in 42. C.F.R. ch IV section 418.3

**2000**

1. Expanded the sales tax exemption on on-line computer services to include all gross receipts from charges for providing information made available through a computer server.
2. Exempted the gross receipts from the sale or rental of "information services". Examples are database files, mailing lists, subscription files, market research, credit reports.
3. Limited exemption for goods and services used in construction contracts for a nonprofit hospital. Only exempts contracts entered into between July 1, 1998 and December 31, 1999.

**2001**

1. Services exempted from sales tax were not exempted, as group from use tax. Now if it is exempt from sales tax it is exempt from use tax.
2. Communication service defined as tangible personal property making the purchase price subject to Iowa use tax.

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**Kansas**

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1. The sales and use tax rate was increased to 5.3 percent effective July 1, 2002. The rate is scheduled to decrease to 5.2 percent in July 2004, and 5.0 percent in July 2005.
2. Landscaping services and construction services (labor and other) are exempt if used in new construction or residential remodeling. Previously, only services in new construction were exempt.
3. Professional services in developing custom computer programs is taxable at the full sales tax rate.

Richard Cram  
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### **Kentucky**

Effective Jan 01, KY extended its 6% sales tax to interstate communications services. Also, in 02 we adopted the uniform language for mobile telecommunications sourcing to conform with the Federal Telecom Act. Other than these changes, our state still taxes only minimal services that are explicitly defined under retail sale in KRS 139.100.

Richard Dobson  
[Richard.Dobson@mail.state.ky.us](mailto:Richard.Dobson@mail.state.ky.us)

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### **Louisiana**

Louisiana changes are as follows:

Item #9 - \*Subject to 3% tax 7/1/98 - 6/30/00, 4% tax 7/1/00 - 6/30/04; exempt for periods thereafter.

Item #19 - Automotive Storage is not subject to sales tax (E).

Item #20 - O.K.

Item #23 - Mini storage units are not subject to sales tax (E). Remove the footnote.

Item #25 - O. K.

Items #30 and #38 - Subject to 3% tax.

Items #32 through #34 - \*Subject to 3% tax 7/1/98 - 6/30/00, 4% tax 7/1/00 - 6/30/02, 3.9% tax 7/1/02 - 6/30/03, and 3.8% tax 7/1/03 - 6/30/04; exempt for periods thereafter.

Items #35 - O. K.

Items #40 through #42 - \*Subject to 3% tax 7/1/98 - 6/30/00, 4% tax 7/1/00 - 6/30/02, 3.9% tax 7/1/02 - 12/31/02, 2% tax 1/1/03 - 6/30/03; exempt for periods thereafter.

Item #43 - \*Butane, propane, or other liquefied petroleum gas subject to 3% tax 7/1/98

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- 6/30/00, 4% tax 7/1/00 - 6/30/04; exempt for periods thereafter.

Item #58 - O. K.

Item #62 - O. K.

Item #72 - O. K.

Items #86 and #90 - O. K.

Item #94 - O. K.

Item #100 - O. K.

Items #108 through #110 - \*Subject to 4% tax prior to 7/1/02, 75% of price subject to 4% tax 7/1/02 - 6/30/03, 50% of price subject to 4% 7/1/03 - 6/30/04, 25% of price subject to 4% tax 7/1/04 - 6/30/05; exempt for periods thereafter.

Item #114 - O. K.

Item #115 - O. K.

Item #119 - O. K.

Item #121 - O. K.

Item #127 - O. K.

Item #128 - \*Subject to 3% tax 7/1/98 - 6/30/00, 4% tax 7/1/00 - 6/30/0; exempt for periods thereafter.

Linda Denney  
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## Maine

1. Custom computer programming EXEMPTED.
2. Rental of audio tapes, audio equipment, and furniture by establishments like rent-to-own companies became subject to sales tax.
3. Prepaid calling cards and prepaid calling arrangements became taxable at the time of sale.
4. Transmission and distribution of electricity is defined as a taxable service.

Jerome D. Stanhope  
[jerome.d.stanhope@maine.gov](mailto:jerome.d.stanhope@maine.gov)

## Maryland

In Maryland, there have been only two changes with respect to the taxation of services since 1996 of which I am aware.

The first is that the General Assembly expressly provided that the tax shall apply to delivery services for sales of electricity and natural gas if the underlying sales were subject to tax. The second is that the tax was made applicable to sales of a prepaid telephone calling arrangement (phone cards, mostly).

In both cases, the changes occurred as a result of substituting the sales and use tax for utility gross receipts taxes.

Beyond the foregoing, nothing else.

Stephen Cordi  
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## Massachusetts

Massachusetts has no changes to report.

Howard Merkwitz  
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## Michigan

There have been no major changes in the taxation of services since publication of the 1996 Report.

Mark P. Haas  
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## Minnesota

Updates and clarifications for Minnesota footnotes from the 1996 report are given below. The sales tax rate remains at 6.5%. Note that Minnesota now has 14 jurisdictions (13 cities and one county) with a local general sales and use tax.

Line:

- 2. "Pet grooming (except for horses) is taxable."
- 30, 38. "To the extent allowed under federal law, interstate telephone service is taxable in MN regardless of where service originates."
- 36, 44. (Eliminate footnotes; waste collection and disposal charges are now out of the sales tax base.)
- 43. Add to list "...wood, hot water, and steam..."

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- 62. Add: "sports and health club membership dues are taxable."
- 99. "Detective, security, armored car, and burglar and fire alarm services are taxable."
- 168, 169. "6.5%" (Installation charges are now taxable whether installation is performed by the seller or a third party.)
- 174. (Remove footnote; 6.2% additional tax on short-term vehicle rental is deemed for rental of TPP and is not a taxable service. As mentioned, waste services are out of the sales tax base.)
- 180. MN is one of four states to have enacted the Streamlined Sales Tax Project's definitions (mostly). The project's situsing rules have been adopted.

Thomas F. Ellerbe  
Minnesota Department of Revenue  
Tax Research Division  
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## Montana

The telecommunications excise tax rate is 3.75%. This is a change. The public service commission and consumer counsel taxes also apply to telecommunications. This is a correction. The combined rate for the three taxes is 4.06%.

Dan Dodds

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## Nebraska

These are changes in the sales tax on services from Nebraska. They are copied from our revenue rulings:

Sales and Use Tax - Mobile Telecommunications Service. CHARGES FOR MOBILE TELECOMMUNICATIONS SERVICE, INCLUDING WIRELESS PAGING, WIRELESS TWO-WAY RADIO AND ANY OTHER WIRELESS PERSONAL COMMUNICATIONS SERVICE ARE SUBJECT TO TAX AT THE RATE IMPOSED AT THE CUSTOMER'S PLACE OF PRIMARY USE.

Neb. Rev. Stat. §77-2706.02 (Laws 2002, LB 947), imposes a tax on charges for "mobile telecommunications service" beginning August 1, 2002. The term "mobile telecommunications service" means one-way and two-way wireless communication service carried on between mobile stations or receivers and land stations and by mobile stations communicating among themselves. Mobile telecommunications service includes, but is not limited to, local and intrastate cellular telephone service, wireless paging service and wireless two-way radio service.

Although local and intrastate cellular telephone services are currently subject to sales and use tax, beginning August 1, 2002, the new law provides for the taxation of these services at the customer's place of primary use which is defined as the residential street address or the business street address of the customer, representative of where the customer's use of the service primarily occurs. Providers of mobile telecommunications services are required

to obtain and maintain a record of the customer's place of primary use. Service providers may rely on an enhanced zip code for identifying the proper taxing jurisdiction and are entitled to the hold harmless protections provided by the federal Mobile Telecommunications Sourcing Act, P.L. 106-252.

The definition of "intrastate" service has also been changed to include calls which originate and terminate within the same state. Therefore, if the customer's place of primary use is within Nebraska, services which originate and terminate within Nebraska and services which originate and terminate in another state are both subject to Nebraska and applicable local option sales and use tax. If the customer's place of primary use is outside Nebraska, services which originate and terminate within Nebraska are not subject to Nebraska or applicable local option sales and use tax. These provisions bring Nebraska into compliance with the federal Mobile Telecommunications Sourcing Act.

Beginning August 1, 2002, charges for wireless paging, wireless two-way radio, and other wireless personal communications service are subject to tax at the customer's place of primary use.

Revenue Ruling 1-02-09

Sales and Use Tax - Gross Receipts Defined. EFFECTIVE OCTOBER 1, 2002, THE PROVISIONS OF LAWS 2002, LB 1085, IMPOSE SALES AND USE TAX ON THE GROSS RECEIPTS OF CERTAIN SERVICES.

Beginning October 1, 2002, providers of the following services are retailers and must collect and remit the Nebraska and applicable local option sales and use tax on the sale of such services:

Building cleaning and maintenance services;

Pest control services;

Security services;

Motor vehicle washing and waxing;

Motor vehicle towing;

Motor vehicle painting;

Computer software training;

Installation and application labor; and

Labor associated with the sale of property by an Option 1 contractor.

Building cleaning and maintenance services include both interior and exterior cleaning of commercial and residential buildings, homes, apartments, outbuildings and agricultural buildings.

Pest control services consist of providing inspection or certification reports, and identifying, preventing, controlling, neutralizing or eliminating by use of chemical or mechanical means infestations of pests in or on buildings,

trees, lawns, shrubs and any other property.

Security services consist of consulting and training services on security matters, protecting property from theft, vandalism and destruction, or protecting individuals from harm.

Motor vehicle washing and waxing services include the washing, waxing, polishing and detailing the exterior or interior of a car, van, bus, truck, trailer, tractor and semitrailer, recreational vehicle and motorcycle. Coin-operated facilities are included and may commingle the amount of tax in the selling price of the service.

Motor vehicle towing consists of towing, pulling, or transporting a motor vehicle and includes pulling or winching a vehicle out of a ditch and uprighting overturned semi-tractors and trailers or other motor vehicles.

Motor vehicle painting includes painting and refinishing processes on cars, vans, buses, trucks, trailers, tractors and semitrailers, recreational vehicles and motorcycles.

Computer software training charges are taxable when paid to the retailer of the software. The training can be conducted by the retailer of the software or on its behalf by another person. The charges are taxable regardless of whether the training is an optional or a mandatory part of the sale, lease, rental or licensing of computer software, or whether the training is provided at a different time than the actual sale of the software.

Installation and application labor is subject to tax when associated with property that is subject to tax. Charges for the installation and application of property are taxable whether performed by the seller of the property or another person.

Labor performed by an Option 1 contractor is subject to tax and consists of annexing, fabricating, installing, applying, and repairing building materials and fixtures annexed to real estate.

Dave Dearmon  
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## **New Jersey**

Here is a NJ update to the 96 survey:

- Sales and use tax was imposed on sales of energy (C. 162,P.L. 1997).
- Sales and use tax was repealed on sales of advertising services, other than direct mail services performed in New Jersey, on and after November 1, 1998 (C. 99, P.L. 1998).
- Imprinting services performed on manufacturing equipment that is exempt under N.J.S.A. 54:32B-8.13 were exempted from sales and use tax effective March 1, 1998 (C. 333, P.L. 1997).
- Chapter 221, P.L. 1999, provides for expanded sales and use tax exemptions for film and video industries.
- Chapter 246, P.L. 1999, exempts repairs to certain aircraft from sales and use tax.
- Chapter 248, P.L. 1999, clarifies the imposition of New Jersey sales and use tax on

the retail sale of prepaid telephone calling arrangements. The statute shifts the incidence of the tax from the point of use to the point at which the arrangement is sold to the consumer.

- Sales and use tax exemption for the amount of sales through coin-operated vending machines was increased from \$0.10 to \$0.25 (C. 249, P.L. 1999).
- Chapter 90, P.L. 2001, provides for a sales and use tax exemption for the sale and repair of limousines.
- Effective July 1, 2002, a \$2 per day rental fee is imposed on motor vehicles rented from a location within New Jersey for a period of not more than 28 days. The fee will be collected and administered by the New Jersey Division of Taxation and is not included in the receipts subject to the New Jersey sales and use tax. Ch.34 (A.B. 2506), Laws 2002, effective as noted above.

Richard Kaluzny  
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## New York

1996

Data Entry services exempted (9/1/96)  
Municipal parking service exempted (12/1/96)

1997

Internet access services exempted (2/1/97)  
Coin-operated car wash services exempted (12/1/97)  
Clarification of exemption of Web design service (6/97)

Art Friedson  
[Arthur\\_Friedson@tax.state.ny.us](mailto:Arthur_Friedson@tax.state.ny.us)

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## North Dakota

In North Dakota, the only change to the taxation of services since 1996 is the imposition of a sales tax on short-term auto rentals, which was enacted by the 2001 legislature. Car rentals are now subject to the 5% state sales tax rate and a 3% surcharge which the rental companies can "use" to reimburse themselves for the motor vehicle excise tax (sales tax) paid on the purchase of new vehicles for the fleet. If the total of the 3% surcharge for the year exceeds the payment of excise tax on new vehicles, the excess must be remitted to the state. For purposes of your study update, you can list it as a rate of 8% on short-term auto rentals.

Kathryn Strombeck  
[kstrombeck@state.nd.us](mailto:kstrombeck@state.nd.us)

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## Ohio

1. Prepaid calling cards and prepaid calling arrangements became taxable at the time of sale, effective March 30, 1999.
2. An exclusion is provided from taxable telecommunications services for coin-operated telephone services, effective September 2001.
3. Certain other changes were made to accommodate the deregulation of certain public utilities.

Mike Sobul  
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## Oklahoma

There have been no major changes in the taxation of services since publication of the 1996 Report.

Mike Pillow  
[mpillow@oktax.state.ok.us](mailto:mpillow@oktax.state.ok.us)

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## Pennsylvania

Effective July 1, 1997, computer services (including custom software) were exempted from sales and use tax in Pennsylvania. Canned software remains subject to tax.

Brenda Stoner  
[bstoner@state.pa.us](mailto:bstoner@state.pa.us)

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## Texas

Since 1996, Texas has enacted two limited reductions in sales taxability of services:

- 1- Exemption of the first \$25 of a monthly charge for internet services;
- 2- Exemption of 20% of the taxable charges for information services and data processing.

There was also a technical change in sourcing mobile telecommunications services upon the location where the customer's use primarily occurs.

James LeBas  
[james.lebas@cpa.state.tx.us](mailto:james.lebas@cpa.state.tx.us)

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## Utah

No major changes on services in Utah since 1996.

Doug MacDonald  
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### **Vermont**

You have asked for an update of changes since the 1996 report. Most services are still not subject to Vermont sales tax. I believe the 1996 report is still accurate except as follows:

Since September 1997, TELECOMMUNICATIONS SERVICES, which include interstate and intra state telephone service and cellular telephone service are taxed at the rate of 4.36% for both residential and business customers. Also tuxedo rentals now receive the benefit of the clothing exemption.

Lodging is not subject to our sales tax but is subject to a separate meals and rooms tax. The rate is now 9% rather than 7%.

George Phillips  
[gphillips@tax.state.vt.us](mailto:gphillips@tax.state.vt.us)

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### **Virginia**

There has been no major changes in the sales taxation of services in West Virginia since 1996.

However, a few minor changes were enacted including the following: An exemption for purchases of tangible personal property and services for direct use in research and development. An exemption for the service of providing technical evaluations for compliance with federal and state environmental standards provided by environmental and industrial consultants who have formal certification through the West Virginia department of environmental protection or the West Virginia bureau for public health or both.

An exemption for commissions received by a travel agency from an out-of-state vendor.

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### **Washington State**

In general, there have been no fundamental changes to Washington's policy in this regard. Major categories of personal and professional services are not subject to retail sales tax, but the providers of these services are taxable under the state's gross receipts business tax at a rate of 1.5%. This applies to services such as barber/beauty services, legal services, accounting services, medical services, etc. However, we do apply retail sales tax to most repair services, labor charges associated with construction, and several recreational services such as golf and bowling.

We did adopt legislation this year which specifically makes use tax applicable to the following items or activities: (1) repair of tangible personal property performed outside the state on items used within the state; (2) delivery charges (sales tax already applied to these); and (3) direct-mail circulars that are printed outside the state but distributed to Washington residents.

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## Wisconsin

1. Telephone answering services and other custom calling services (caller ID, call waiting, etc.) are taxable.
2. Electricity and fuels used in farming are exempt.
3. Other services: cable television services and installation are taxable; repair, servicing, towing, cleaning, painting, coating, inspection and maintenance of other tangible personal property is taxable if the sale of the tangible personal property is taxable; and producing, fabricating, printing or imprinting tangible personal property for consumers who furnish the materials is taxable except for printing or imprinting tangible personal property to be used for advertising purposes outside Wisconsin.

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## West Virginia

There has been no major changes in the sales taxation of services in West Virginia since 1996.

However, a few minor changes were enacted including the following:

- An exemption for purchases of tangible personal property and services for direct use in research and development.
- An exemption for the service of providing technical evaluations for compliance with federal and state environmental standards provided by environmental and industrial consultants who have formal certification through the West Virginia department of environmental protection or the West Virginia bureau for public health or both.
- An exemption for commissions received by a travel agency from an out-of-state vendor.

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# **SALES TAXATION OF SERVICES:**

## **1996 UPDATE**



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## FOREWORD

The inexorable shift in consumer expenditures from the purchase of goods to the purchase of services continues to raise concerns about the long-term vitality of state retail sales taxes which traditionally are applied primarily to the sale of tangible personal property. While a stable and growing economy has improved states' fiscal conditions and slowed expansion to services, long-term fiscal pressures facing the states make it likely that a number of states will consider broadening their sales tax to include various services in the future.<sup>1</sup>

To assist states in addressing this issue, the Federation of Tax Administrators (FTA) undertook an in-depth survey in 1990 to determine the breadth of states' sales taxes as applied to services. The results were published in FTA Research Report RR-137. An update of this survey, to include changes in state policy made through July 1, 1992, was published in FTA Research Report RR-143. This report updates the survey results to include changes made through July 1, 1996. It gives a general overview of how states treat services, summarizes the key legislative changes made since the 1992 survey, and examines the different service categories and the extent of taxation for each. The complete survey results are also contained in Appendix A to the report.

The data in this report were obtained through a 1996 survey of state tax agencies. The compilation of the survey is the result of extensive work by Fred Scharf, Research Assistant. The analysis was performed by Ronald Alt, FTA Senior Research Associate. The Federation of Tax Administrators expresses its appreciation to state tax agencies for their assistance in gathering the information for the report. Questions or comments should be directed to FTA.

Harley T. Duncan  
Executive Director

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## SALES TAXATION OF SERVICES: 1996 UPDATE

### Overview

The long-term viability of state and local retail sales taxes continues to be threatened by a variety of economic and technological trends. One of the primary threats is the increasing proportion of economic activity related to the provision of services as opposed to goods. Many state sales taxes were enacted in the 1930s when services accounted for a small portion of overall economic activity. As a result, most state sales taxes have, as their primary base, the sale of tangible personal property. Since then, the U.S. economy has shifted away from the manufacture and sale of tangible property to activity based on service-related transactions. In some cases, service transactions today did not exist when the sales tax was originally conceived (e.g., computer and telecommunications services). As a result, state retail sales taxes are, in many cases, not well-suited for the economy of today.

To assist state tax policymakers in better understanding the issues associated with the imposition of sales taxes on service transactions, the Federation of Tax Administrators undertook an in-depth survey in 1990 to determine the breadth of state sales taxes as applied to services. The survey was later updated to include changes in state policy made through July 1, 1992.<sup>1</sup> This report discusses FTA's recent update of the sales taxation of services survey to include changes in law or interpretation made through July 1, 1996. The first section provides a general overview of the degree of service taxation in each state and summarizes the key changes made since the 1992 Update. The second section discusses how the data were compiled. This is followed by a section outlining the major legislative changes enacted during this period. The final section examines the taxation of certain key services among the states. A complete summary of the results is given in Appendix A. The issues surrounding the taxation of services have been discussed extensively by others and will not be elaborated here.<sup>2</sup>

The original 1990 survey was instrumental in demonstrating that most states taxed some types of services, but that the extent of service taxation varied considerably among the states. The 1992 Update reflected that states were taking a more incremental approach to broadening the sales tax base,

by opting to add selected, enumerated services during that period. The 1996 Update reveals that the rate of expansion of the sales tax base to include services has declined. As the improvement in the economy during the past several years has translated into more stable state budgets, state policymakers have been reluctant to impose tax increases or new types of taxes. Indeed, no state has undertaken a broad-based expansion of the sales tax to services since Massachusetts in 1990 and Florida in 1987 (both were subsequently repealed).<sup>3</sup> Also, fewer states enacted legislation expanding the sales tax base to selected services than in earlier years.

As with the earlier surveys, the 1996 survey catalogs state practices in the taxation of over 160 service-related transactions under the general retail sales tax or another special excise/gross receipts tax. The survey results are summarized in Table 1 (see page 2).

The original 1990 survey demonstrated that most states tax a wide range of services including intangible items such as utility services, admissions, repair services, and lodging services. Beyond these general categories, however, the states exhibit great diversity in the extent to which they tax the full range of services covered in the survey. Hawaii, New Mexico, and South Dakota have general sales tax systems with broadly defined bases that tax the bulk of the enumerated services. Of the 164 services covered in the survey, Hawaii taxes 157, New Mexico taxes 152, and South Dakota taxes 141.

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<sup>1</sup> See Federation of Tax Administrators, *Sales Taxation of Services—An Update*, RR-143, April 1994.

<sup>2</sup> See Federation of Tax Administrators, *Sales Taxation of Services—Who Taxes What?* RR-137, April 1991, or *Financing State Government in the 1990s*, ed. Ronald Snell, National Conference of State Legislatures, December 1993, pp. 72-79.

<sup>3</sup> For a discussion on Florida's experiences, see James Francis, "The Florida Sales Tax on Services: What Really Went Wrong?" in *The Unfinished Agenda for State Tax Reform*, Steve Gold, ed., pp. 129-152. In the case of Massachusetts, see *Financing State Government in the 1990s*, pp. 72-79.



**Table 1**  
**Number of Services Taxed by Category and State**

State	Utilities	Personal Services	Business Services	Computer Services	Admis./ Amus.	Prof. Services	Fabrication, Repair & Installation	Other Services	Total
Alabama	9	2	6	1	10	0	1	3	32
Alaska	0	0	0	0	0	0	0	1	1
Arizona	12	2	5	1	11	0	2	24	57
Arkansas	14	6	11	1	11	0	11	11	65
California	5	2	3	0	0	0	0	3	13
Colorado	4	0	2	1	2	0	3	2	14
Connecticut	10	11	20	6	13	0	14	13	87
Delaware*	9	20	33	6	10	8	19	37	142
District of Columbia**	10	7	11	6	6	0	13	10	63
Florida	7	4	8	2	13	0	16	14	64
Georgia	10	3	3	2	8	0	2	6	34
Hawaii	16	20	34	6	13	8	18	42	157
Idaho	0	3	4	0	11	0	6	5	29
Illinois	12	1	1	1	0	0	1	1	17
Indiana	8	4	2	2	2	0	0	4	22
Iowa	13	15	18	0	13	0	14	21	94
Kansas	10	10	9	2	13	0	16	16	76
Kentucky	10	2	4	0	6	0	3	1	26
Louisiana	12	9	5	3	8	0	13	8	58
Maine	9	1	6	3	2	0	4	2	27
Maryland	5	3	13	1	11	0	4	2	39
Massachusetts	9	1	4	0	1	0	2	3	20
Michigan	12	4	7	1	1	0	2	2	29
Minnesota	15	6	11	2	13	0	4	10	61
Mississippi	8	4	8	3	10	0	14	23	70
Missouri	8	1	2	1	11	0	0	5	28
Montana	12	0	0	0	3	0	0	4	19
Nebraska	14	6	6	3	11	0	5	4	49
Nevada	0	1	4	0	1	0	2	3	11
New Hampshire	8	1	0	0	0	0	0	2	11
New Jersey	6	2	10	0	6	0	14	12	50
New Mexico	16	20	32	6	13	8	18	39	152
New York	9	5	15	4	7	0	16	18	74
North Carolina	10	4	4	1	7	0	1	1	28
North Dakota	6	1	4	0	11	0	1	2	25
Ohio	8	7	14	3	2	0	12	6	52
Oklahoma	8	1	4	2	11	0	0	6	32
Oregon	0	0	0	0	0	0	0	0	0
Pennsylvania	8	6	17	6	1	0	15	8	61
Rhode Island	10	1	6	3	3	0	3	2	28
South Carolina	4	5	6	4	9	0	1	3	32
South Dakota	12	19	28	6	12	4	18	42	141
Tennessee	11	11	6	3	12	0	14	14	71
Texas	12	11	14	6	10	1	11	13	78
Utah	7	8	6	0	9	0	15	9	54
Vermont	3	2	4	1	10	0	2	1	23
Virginia	1	3	4	0	1	0	4	5	18
Washington*	16	20	34	6	10	8	15	43	152
West Virginia	10	17	26	4	13	1	13	26	110
Wisconsin	11	11	6	1	13	0	14	13	69
Wyoming	11	7	6	2	7	0	16	14	63
<b>Number in Category</b>	<b>16</b>	<b>20</b>	<b>34</b>	<b>6</b>	<b>14</b>	<b>8</b>	<b>19</b>	<b>47</b>	<b>164</b>

\*Includes the business license tax in Delaware and the business occupation tax in Washington.

\*\*1992 data.

Source: Federation of Tax Administrators, Sales Taxation of Services Survey, 1996.

In two other states exhibiting a high degree of service taxation in Table 1, the ranking is attributable in large part to broad-based, low-rate gross receipts or occupational taxes applied to most businesses. Delaware, which imposes no general sales tax, assesses a 0.4 percent gross receipts tax on most businesses. All but 25 of the services taxed in Delaware are at the 0.4 percent rate. Similarly, Washington State taxes many services through its occupation tax—93 services are taxed at a rate below the general sales tax rate. While these taxes are intended to be imposed on business activities, the economic incidence likely moves forward to the consumer in the form of higher prices as it does with a general sales tax. Since there is little difference in the economic effect of a business or occupational tax and a sales tax, both are included in the survey.<sup>4</sup>

Several other states tax a large number of selected services. These include Arkansas, Connecticut, Iowa, Kansas, Mississippi, New York, Tennessee, Texas, and Wisconsin. These states widely tax utilities, admissions/amusements, and labor and repair services but leave professional services largely untaxed. Within this group, three states—Connecticut, Iowa, and Texas—set themselves apart by taxing personal and business services more extensively, and in the case of Connecticut and Texas, more computer services than is the norm for most states.

At the other end of the spectrum, there are some states that include comparatively few services in their sales tax base, excluding even the more commonly taxed services of utilities and amusements. There are 16 states in which the general retail sales tax is imposed on 30 or fewer of the enumerated services. There are 24 sales tax states which tax fewer than 10 of the 19 enumerated labor and repair services.

## Methodology

The data were collected from surveys mailed to each state revenue/tax department in early 1996. The questionnaires listed the state tax rates applicable to the 164 different services as summarized in the 1992 report, along with any comments summarized in the footnotes. States were asked to update the rates applicable to each service and make any comments in the designated section. See Appendix B for a sample of the survey questionnaire mailed to a state.

Because of the magnitude of the survey, FTA did not verify the accuracy of each individual response. We attempted to follow up with the states about any obvious mistakes or misunderstandings. However, most of the data is taken directly from the responses of the individual states. Thus, users should be cautious in directly comparing the 1996 responses with earlier responses since each survey

might have been completed by different people who might interpret the definition of the service differently. Also, many states did not note whether a change was a tax law change or a correction of an earlier mistake.

## Changes 1992-1996

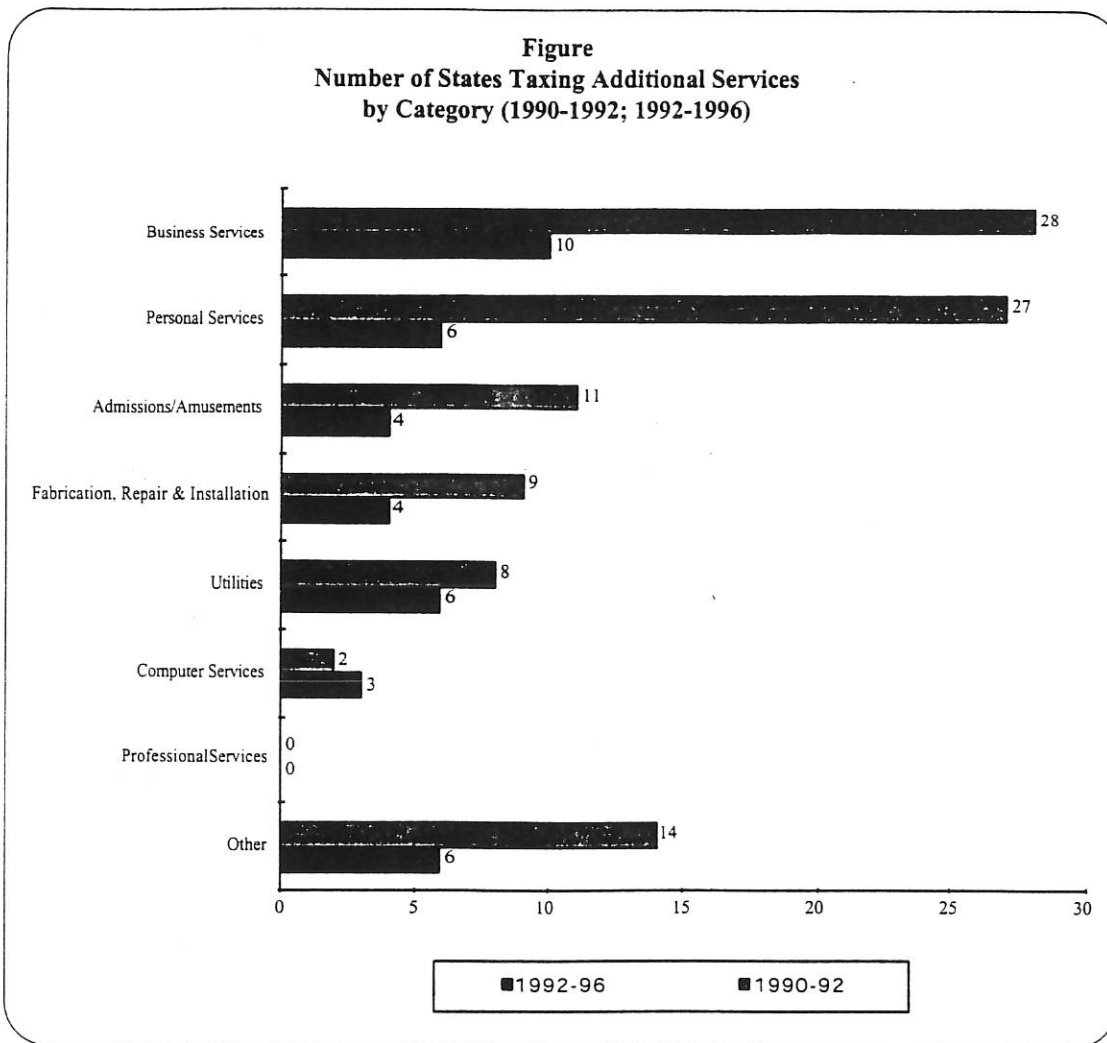
While the individual responses for each state cannot be compared directly with the earlier surveys, an examination of changes in aggregate data can be useful in identifying trends. In addition, a discussion of some of the major pieces of legislation in service taxation will also shed some light on this issue.

The Figure on page 4 summarizes the types of services added to the tax base between the 1990 and 1992 surveys and between the 1992 and 1996 surveys. In so doing, the figure illustrates the types of services most frequently added to the tax base over the time period; it also illustrates that states have added fewer services in the 1992-96 time period than during the 1990-92 period. Most of the activity during both periods is in the business services category, with 28 states adding new business services in 1990-92 and 10 in 1992-96. The next most common category was personal services. No state added any new professional services to their sales tax base during either period.

Several states made significant legislative changes in the degree to which they tax service transactions since 1992. Those actions are summarized in Table 2 (see page 5). In 1993, Arkansas policymakers approved legislation to add several services, increasing the number of services taxed (summarized in the FTA survey) from 52 to 65. They included various business services (debt collection, credit information, janitorial services, and telephone answering services), personal services (health clubs, swimming pool cleaning), and other services. Also in 1993, Ohio added selected services to the sales tax base, increasing from 42 to 52 the number of services taxed. They included janitorial services, exterminating services, selected personal services (including health clubs), and others. South Dakota added several services to its tax base in 1995, increasing from 130 to 141 services taxed. This legislation included services in nearly every category. While Connecticut enacted legislation to exempt several services from taxation (tax preparation, auctioneers, computer and data processing), these exemptions were delayed until Fiscal Year 1997.

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<sup>4</sup>For a discussion of the economic incidence of general sales taxes and other gross receipts taxes, see Richard Musgrave and Peggy Musgrave, *Public Finance in Theory and Practice*, McGraw-Hill, New York, 1976, pp. 440-458.



### Survey Results

This section discusses the results of the survey, examining each category in more detail. It lists the different services included in the categories and discusses the different treatments in the various states. The numbers refer to the item numbers in the table presented in Appendix A.

#### Repairs, Custom Fabrication and Installation

Beyond admissions and utilities, one of the more widely taxed categories is fabrication, repairs, and installation because of the close relationship to tangible personal property, the traditional focus of sales taxes. In fact, taxation of these sorts of labor services tends to be the demarcation point between states that tax services relatively extensively and those that make relatively little use of a tax on service transactions. Only eight states—Alabama, Arizona, Geor-

gia, Maryland, Minnesota, Nebraska, Oklahoma, and South Carolina—do not tax labor and repair services while taxing more than 30 of the services covered in the survey.

The survey asked states how they tax 19 different types of labor services dealing with the fabrication, installation or repair of tangible personal property (numbers 154 through 173). In addition to general repair labor, the survey included labor repair charges on aircraft, interstate vessels, intrastate vessels, commercial fishing vessels, railroad rolling stock, motor vehicles, electronic equipment, other tangible property, and goods repaired under warranty. The taxability of repairs or remodeling of real property and service contracts were also included. A breakdown of installation charges by the seller or third party is included. The list of services also includes custom fabrication, custom processing on the customer's property, custom meat slaughtering, taxidermy, and welding labor.

**Table 2**  
**Summary of Major Service Tax Legislation**

<b>Arkansas</b>	In a special session, the legislature approved a bill to extend the gross receipts (sales) tax to armored car services, credit reporting, debt collection, cleaning and janitorial services, pool cleaning, pager services, lawn care and landscaping, answering services, auto parking and storage, fur storage and tanning salons. Effective March 1993.
<b>Connecticut</b>	In 1996, legislation was approved to exempt several services previously taxed. They include tax preparation, auctioneers, and computer and data processing services. However, these exemptions were delayed until July 1997.
<b>Ohio</b>	In a special session, the legislature approved a bill to extend the sales tax base to include janitorial services, exterminating services, personnel services (except employee leasing and health services like nursing), health club fees, and sports club fees.
<b>South Dakota</b>	Effective July 1995, legislation was approved to repeal several sales tax exemptions.
<b>Washington</b>	In 1993, legislation was approved which significantly revised the services taxed under the Business and Occupation tax and the state sales tax.

Only Delaware, through its occupational tax, taxes all 19 services examined in this category. Delaware taxes all these services at 0.4 percent except for repairs and remodeling of real property, which are taxed at 0.65 percent. Hawaii taxes all the services except labor repairs on interstate vessels, while New Mexico and South Dakota exempt only warranty services (unless reimbursed by a company other than the manufacturer in New Mexico). South Dakota also has a contractor's excise tax imposed at 2 percent in lieu of the sales tax for repairs or installations involving real property.

At the other end of the spectrum are states that tax few or no labor services. Four of the states without a retail sales

tax—Alaska, Montana, New Hampshire, and Oregon—apply no other taxes to repair, installation, and fabrication services or materials. Six states tax no labor services—Illinois, Indiana, Missouri, North Dakota, Oklahoma, and South Carolina—but do tax materials used in providing the service. Seventeen states exempt all labor services except most custom fabrications. They are: Alabama, Arizona, California, Georgia, Idaho, Kentucky, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, Nevada, North Carolina, Rhode Island, Vermont, and Virginia. The remaining states tax a variety of labor services for repairs, installations, and fabrication.

Twenty-three states tax labor services for the repair of tangible personal property. They are summarized in Table 3. Most of the remaining states exempt the labor service if it is separately stated on the bill. Illinois is the only state to specifically exempt labor that is not separately itemized by permitting a 50 percent exemption. Some states tax labor repair services for specific types of personal property. Arkansas and Iowa responded with a list of goods for which repair services are taxable. Ohio and Wisconsin tax labor services if the tangible property being repaired is taxable.

**Table 3**  
**Taxation of Labor Services**  
**for Repair of Tangible Personal Property**  
**(By State)**

Arkansas	New York
Connecticut	Ohio
Delaware	Pennsylvania
District of Columbia	South Dakota
Florida	Tennessee
Hawaii	Texas
Iowa	Utah
Kansas	Washington
Louisiana	West Virginia
Mississippi	Wisconsin
New Jersey	Wyoming
New Mexico	

Because of their traditional focus on personal property, most state sales taxes exempt labor services involved with real property and new construction of real property. While 23 states tax many consumer-oriented repairs, Table 4 lists only 13 states that tax labor services on real property. Nine states—Florida, Iowa, Mississippi, Ohio, Pennsylvania, Tennessee, Utah, Wisconsin, and Wyoming—exempt real property while taxing many other labor services, including installations. Connecticut and Texas tax repairs and remodeling on commercial property only.

**Table 4**  
**Taxation of Labor Repairs to Real Property**  
**(By State)**

Arizona	New Mexico
Connecticut*	New York
Delaware	South Dakota
Hawaii	Texas*
Iowa	Washington
Kansas	West Virginia
New Jersey	

\*Commercial/Business property only.

Meanwhile, some states apply lower tax rates to repairs to real property to avoid taxing the labor involved. South Dakota applies a 2 percent contractor's excise tax, half the sales tax rate. Arizona allows contractors to deduct 35 percent of the final price to cover labor cost. Iowa exempts remodeling, while taxing repairs. In Mississippi, labor services on small remodeling jobs are exempt while any contract over \$10,000 is subject to the contractor's tax (3.5 percent which is one-half the sales tax rate).

Only 10 states tax construction contracts (Table 5), as some states treat new construction differently than repairs and remodeling (numbers 10 through 13). Iowa and New Jersey tax the latter while exempting new construction. Connecticut, New Jersey, New York, and West Virginia exempt labor services if the work constitutes a capital improvement in the property. Kansas and Texas exempt all new construction and all residential construction. Arizona, Mississippi, and South Dakota apply the same rules as described under labor repairs.

**Table 5**  
**Taxation of Income from Construction Contracts**  
**(By State)**

Arizona	Mississippi
Connecticut*	New Mexico
Delaware	South Dakota
Hawaii	Texas*
Kansas	Washington

\*Commercial/Business property only.

Another area of differentiation among the states is the taxation of vehicles that move in interstate commerce versus

the repair of vehicles not in interstate commerce. For example, while 20 states tax repair services to shipping vessels, only 13 tax repairs to interstate vessels (shown in Table 6). The lower level of taxation of interstate vehicles exists for two reasons. First, the exemptions seem to be holdovers from now overturned legal principles that held states could not tax items moving in interstate commerce.<sup>5</sup> Second, there is a concern among states about interstate tax competition and that interstate repairs may be moved to a state that does not tax such services.

**Table 6**  
**Taxation of Repairs to Interstate Vessels**  
**(By State)**

Arkansas	New Mexico
Connecticut	Pennsylvania
Delaware	South Dakota
District of Columbia	Tennessee
Florida	Utah
Iowa	Wyoming
Mississippi	

The second argument is demonstrated by the fact that certain states limit their exemption for interstate vessels to only large, commercial ships. Six states tax repairs on small vessels only, with Arkansas, Pennsylvania, Rhode Island, Tennessee, and Wisconsin exempting vessels over 50 tons and Michigan exempting vessels over 500 tons. Texas explicitly exempts commercial boats while taxing sport fishing or recreational boat repairs. Florida taxes a portion of the gross receipts from repairs to interstate vessels, apportioning the total sales according to the percentage of miles traveled in state waters.

Repairs of aircraft and railroad rolling stock show a lesser level of differentiation between vehicles used in interstate commerce and those that are not. Twenty states tax repair services on aircraft, while New Jersey, New York, Pennsylvania, and Wisconsin are the only states that exempt interstate aircraft. Labor charges on repairs to railroad rolling stock are taxed in 13 states, with five—Arkansas, Georgia, Maryland, New York, and Washington—providing exemptions for repairs to interstate railroad stock. Table 7 lists those states that tax repairs to railroad rolling stock. More states tax labor repair services to motor vehicles and electronics (22 and 23, respectively) than repairs to interstate vessels and railroad rolling stock (13 states).

<sup>5</sup>*Complete Auto Transit, Inc. v. Brady*, 430 U.S. 274 (1977).

**Table 7**  
**Taxation of Repairs to Railroad Rolling Stock**  
**(By State)**

Arkansas	New Jersey
Connecticut	New Mexico
Delaware	New York
Florida	South Dakota
Hawaii	Tennessee
Iowa	Utah
Louisiana	

The distinction most states use to determine the taxability of labor services used in custom fabrication is whether it is part of the sale or creates a taxable good. This can be seen in the survey results as 39 states tax custom fabrication labor in general, while only 27 states tax fabrication labor on the customer premises when the customer supplies the materials. Tennessee taxes the transaction when the activity changes the character of the customer's property. Only Arkansas and South Carolina allow exemptions if labor is billed separately.

The survey requested information on differences in taxing installation services if performed by the seller or a third party. Few states make this distinction. In most states, installation is not taxed if it is a separately stated cost or if the product is not sold with installation included. Florida taxes installation labor if the installer supplies any parts. Ohio links taxation of installation services to the taxability of the product; if the product is exempt, then the installation services are exempt.

### Utilities

As Table 1 illustrates, all states except Alaska, Idaho, Nevada, and Oregon tax some form of utility services either through the sales tax or a separate gross receipts levy. The types of utilities examined in the survey (numbers 29 through 44) include intrastate and interstate telephone, electricity, water, natural gas, other fuels, and sewer services. While 44 states tax intrastate telephone services, only 21 tax interstate telephone and telegraph. Electricity is taxed in 37 states, water in 19 states, and sewer services in 13 states. Fuels are taxed in 39 states.

The survey differentiates between commercial and residential uses of utilities. In 17 states, certain residential utility services are exempt while business purchases of the same services are taxable. They are Connecticut, Delaware, Florida, Kansas, Kentucky, Maine, Maryland, Massachu-

setts, Mississippi, Missouri, New York, Oklahoma, Pennsylvania, Rhode Island, Tennessee, Texas, and Vermont. Indiana and Utah, on the other hand, tax residential uses but exempt many industrial uses of utility services. Michigan taxes certain residential uses of utility services at a lower rate than industrial uses.

While many states tax commercial and industrial uses of certain utility services, some provide an exemption for services used directly in production or manufacturing. They include Colorado, Connecticut, Florida, Indiana, Iowa, Kansas, Kentucky, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, Oklahoma, Pennsylvania, Rhode Island, Texas, Vermont, Virginia, and Wyoming. Several states tax sales for production uses at a lower rate to minimize any pyramiding effect. For example, Kansas taxes water, electricity and fuel consumed in production at 2.5 percent, while Mississippi and Tennessee both apply a 1.5 percent rate to industrial use of many utility services. Maine applies the sales tax to 95 percent of sales price. Wisconsin provides an income/franchise tax credit for sales taxes paid on electricity used in manufacturing.

While 44 states tax business telephone services (42 tax residential) within their state, only 21 states (20 residential) tax business interstate calls (see Table 8). In most of these states, interstate telephone service is taxable if the call originates or terminates in the state, providing it is also billed to an address in the state. However, Minnesota, Texas, and Wisconsin tax interstate calls originating in the state only.<sup>6</sup> Meanwhile, cellular telephone services are taxed in 40 states.<sup>6</sup>

**Table 8**  
**Taxation of Interstate Telephone**  
**(By State)**

Arkansas	New Jersey
Connecticut	New Mexico
District of Columbia	Ohio
Florida*	Oklahoma
Hawaii	Pennsylvania
Illinois	Rhode Island
Kansas	Tennessee
Massachusetts	Texas
Michigan	Washington
Minnesota	Wisconsin
New Hampshire	

\*Industrial Use Only

<sup>6</sup>For more information on how cellular telephone services are taxed in each state, see Washington State Department of Revenue, *Interim Report to the Legislature—Taxation of Cellular Communications in Washington State*, November 1992.

Business water services are taxed in 19 states while residential water services are taxed in only 13. Many states also treat water services provided through a public utility or water main differently than bottled water. Nine states — Colorado, Georgia, Nevada, New York, North Carolina, Ohio, Utah, Virginia, and Wyoming — exempt water services provided through water mains, but tax bottled water.

### Personal/Business Services

The survey examined 59 different services covering a wide variety of business and personal activities. The results illustrate several different approaches to service taxation. The three major service-tax states—Hawaii, New Mexico, and South Dakota—along with Delaware, Washington, and West Virginia, widely tax both business and personal services. Other states tax a selected number of services. The sales tax bases in New York and Pennsylvania emphasize business services, taxing more than 15 of the 34 business services examined. However, they tax fewer than half of the personal services. Four other states—Kansas, Tennessee, Texas, and Wisconsin—have sales tax structures that tax personal services more heavily. Connecticut and Iowa, on the other hand, have a more balanced approach, applying a tax to about half of the business and personal services. The remaining states leave this area largely untaxed.

**Personal Services.** The survey examined the taxation of 20 different personal services including: barber services, dating services, and laundry service (numbers 53 through 72). The number of states taxing each service varied widely, with 39 states taxing tuxedo rentals while only 6 states tax barber/beauty services and tax return preparation services. Generally, while services involving tangible personal property—garment alteration, shoe repair, laundry—are taxed by a greater number of states, only tuxedo rental is taxed by more than half the states. Still, a number of states have added several personal services to the sales tax base since the original survey in 1990. The most common are health clubs (an increase from 12 to 20 states), 900 phone service (10 to 24 states), and gift wrapping (10 to 18 states).

Delaware, Hawaii, New Mexico, and Washington tax all 20 personal services surveyed. South Dakota and West Virginia tax 19 and 17 respectively, and six other states tax at least half the personal services—Connecticut, Iowa, Kansas, Tennessee, Texas, and Wisconsin. Meanwhile, 23 states tax three or fewer of the personal services.

The states' approach to the taxation of labor services or professional services not involving the transfer of tangible personal property influences how they treat some personal services. Some states try to separate labor services from

tangible goods when applying the sales tax, as illustrated in the taxation of funeral services. While 15 states apply sales taxes to funeral services, five states — Georgia, Indiana, Kansas, Utah, and Wyoming — apply only half the general sales tax rate or exempt half the total bill to account for nontaxable labor services involved. Iowa, Louisiana and Michigan give funeral parlors the option of exempting all separately stated labor services or exempting half of the total bill. Tennessee allows a \$500 exemption and North Carolina a \$1,500 exemption to cover the cost of the services. Eight states—Arizona, Arkansas, Connecticut, Colorado, Oklahoma, South Carolina, Virginia and West Virginia—explicitly exempt all funeral services but impose the sales tax on all tangible sales. In these states, the bill must separately list the cost of tangible property.

As should be expected, services involving tangible personal property such as garment alteration, shoe repair, and laundry are taxed by a greater number of states. Nineteen states tax general garment repairs and alterations. California, Maryland, Nebraska, New York, and South Carolina tax alteration of new clothing only, while Connecticut and Tennessee only tax repairs to clothing. Shoe repair services are taxed by 21 states. Some of the remaining states still tax the materials used in the repair, with California and Michigan taxing 25 percent and 35 percent of the total bill, respectively.

While 21 states tax laundry and dry cleaning services, only 8 states tax coin-operated laundries (Table 9). Meanwhile, South Dakota imposes an annual license fee in lieu of the sales tax. This treatment reflects the difficulty in collecting the sales tax on vending machine operations as well as a concern for the income level of the clientele generally presumed to make greater use of coin-operated laundries.

**Table 9**  
**Taxation of Laundry/Dry Cleaning Services**  
**(By State)**

Delaware*	Pennsylvania
District of Columbia	South Carolina
Hawaii*	South Dakota
Iowa*	Tennessee
Kansas	Texas
Louisiana*	Utah
Maryland	Washington*
Minnesota	West Virginia*
Mississippi	Wisconsin
New Mexico*	Wyoming*
North Carolina	

\*Also taxes coin-operated laundries.

As states have examined expansion of the sales tax base, a number of them have begun to impose the tax on such personal services as health clubs, instructional services, and certain cleaning and maintenance services. However, these services are still largely untaxed in most states, with no fewer than 20 states applying sales tax to these services.

**Table 10**  
**Taxation of Health Club Services**  
**(By State)**

Arkansas	New Mexico
Connecticut	Ohio
Delaware	South Carolina
Hawaii	South Dakota
Idaho	Tennessee
Iowa	Texas
Kansas	Vermont
Minnesota	Washington
Missouri	West Virginia
Nebraska	Wisconsin

**Business Services.** Thirty-nine business services were examined in the survey including various forms of advertising, commercial linen, employment agencies, security, janitorial, investigative, secretarial, and court reporting (numbers 73 through 106). The most widely taxed business services are printing, taxed in 45 states, followed by photofinishing and photocopying services, taxed in 44 and 42 states, respectively. Meanwhile, advertising services are largely untaxed, only being taxed in the states with broad-based sales taxes. Most of the expansion in business services has been in maintenance and janitorial services (an increase from 13 to 18 states since the 1990 survey), telephone answering services (10 to 18), and commercial art and graphic design (13 to 20).

While all the services examined in this category are not direct inputs into production, concern over raising business costs as well as the relative novelty of taxing services not associated with tangible personal property is evident in this category. Despite the revenue potential, many states still leave business services largely untaxed.<sup>7</sup> However, as pointed out in the previous section, the business services area is one which states, looking to broaden their sales tax base, will examine.

With the exception of those services linked to the production of tangible goods (e.g., printing and photo finishing), the other services examined in the survey are taxed in few states. The survey points out that 19 states tax no more

than four of the services. Several states do tax a substantial number of services in the list. Three states—Delaware, Hawaii, and Washington—tax all 34 business services. New Mexico taxes 32, while South Dakota and West Virginia tax 28 and 26, respectively. Some states have imposed the sales tax on selected lists of business services. Connecticut has a long list of business services, taxing 20 of the 34 services. Iowa and Pennsylvania also tax respectively, 18 and 17 of the total number of business services.

### Computer Services

Computer software, programming, and related data processing services have presented a problem for traditional sales taxes. The problems stem from the intangible nature of programming instructions, the lack of need for a tangible medium for providing information, and the nature of the data and information processing services performed with computers, as well as the professional nature of the programming design and development services. States have, however, begun to tax certain services associated with computers. The survey asked states how they tax canned (i.e., pre-packaged) software, customized software, and programming services. Also examined in the survey were information, data processing, and mainframe access services (numbers 107 through 113).<sup>8</sup>

All sales tax states, except Alabama,<sup>9</sup> tax canned or packaged software. Nine states—Idaho, Iowa, Kentucky, Massachusetts, Nevada, New Jersey, North Dakota, Utah, and Virginia—tax only canned software. Nine other states—Connecticut, Delaware, D.C., Hawaii, New Mexico, Pennsylvania, South Dakota, Texas, and Washington—tax all forms of computer services including information services. The remaining states tax a mixture of computer services.

There is great variability in how professional services related to computer software sales are defined. While South Carolina defines any service associated with software sales

<sup>7</sup>In William F. Fox and Matthew Murray, "Economic Aspects of Taxing Services," *National Tax Journal*, March 1988, pp. 19-36, business services is second only to the construction sector in potential revenue-generating ability.

<sup>8</sup>For a more detailed discussion on taxation of computer software, see L.J. Kutten, "Software Taxation—The Current Picture," in *State Tax Notes*, July 1, 1996, pp. 45-48.

<sup>9</sup>Alabama Department of Revenue released regulation C28-001 which defines canned computer software as tangible personal property and subject to the sales and use tax effective March 1, 1997.



as a taxable service, Nebraska taxes any service that results in the production of software. Tennessee taxes custom programming services but not consulting services performed by the vendor. Michigan, Minnesota, New York, Utah, and Virginia exempt all professional services only if separately stated when modifying canned software. Ohio exempts sales of any software package if the charge for revision is greater than 51 percent of the total cost. Colorado exempts the modification of canned software only if consultation or an analysis of customer needs is part of the service.

Similarly, two states subject certain computer services to different tax rates. Washington defines canned or custom software as a tangible good subject to the 6.5 percent sales tax plus 0.471 percent Retail Business and Occupation Tax. All other services are defined as professional services subject to a 2.0 percent Business Services Tax. Delaware treats canned software as a sale of goods and imposes an occupational tax of 0.75 percent on retailers (lower rates apply to manufacturers and wholesalers), while all other computer services are taxed at 0.4 percent.

While Alabama stands out as the only sales tax state not to tax canned software, relatively few states tax custom software. This is not surprising since custom programming consists mostly of labor services producing an intangible good. Still, 16 states tax customized software as pointed out in Table 11. Fifteen states tax other types of computer services. Table 12 summarizes which states tax information services, data processing, and mainframe computer access services.

**Table 11**  
**Taxation of Custom Software**  
**(By State)**

Connecticut	New Mexico
Delaware	Pennsylvania
District of Columbia	South Carolina
Hawaii	South Dakota
Louisiana	Tennessee
Maine	Texas
Mississippi	Washington
Nebraska	West Virginia

### Admissions and Amusements

Admissions and amusements is the most widely taxed service category in the survey, with over half the states taxing 10 or more services (out of 14). Some states tax these services under special taxes or allow local governments to

**Table 12**  
**Taxation of Computer Services**

State	Info. Services	Data Processing	Mainframe Access
Connecticut	Yes	Yes	Yes
Delaware	Yes	Yes	Yes
Distr. of Columbia	Yes	Yes	Yes
Florida	Yes	No	Yes
Hawaii	Yes	Yes	Yes
New Mexico	Yes	Yes	Yes
New York	Yes	Yes	No
Ohio	Yes	Yes	No
Pennsylvania	Yes	Yes	Yes
Rhode Island	No	No	Yes
South Carolina	Yes	No	No
South Dakota	Yes	Yes	Yes
Texas	Yes	Yes	Yes
Washington	Yes	Yes	Yes
West Virginia	Yes	No	No

tax these activities. Maryland and Washington allow local governments to impose an admissions tax in addition to the state tax, while Ohio and Pennsylvania have only local taxes. However, some states still tax very few services in this category. Seven states — California, Colorado, Massachusetts, Michigan, Nevada, Pennsylvania, and Virginia — do not tax any other service except film and videotape rentals. Another three—Indiana, Maine, and Rhode Island—tax only videotape rentals and cable TV. Illinois is the only sales tax state that does not tax any service in this category.

The survey examined a wide variety of amusement services (numbers 119 through 132) including admissions to amusement parks, school and professional sporting events, and cultural events. The survey asked how states tax rentals of videotapes and films by theaters as well as cable TV services. Other amusement services covered include parimutuel betting, billiard parlors, bowling alleys, circuses, video and pinball machines, and membership fees for private clubs.

Videotape rentals are the most widely taxed service in the category, taxed in 45 states. Of the sales tax states, only Illinois does not tax video rentals. Michigan, Missouri, and Rhode Island give the vendor the option of paying the sales tax on their purchase of the tape or charging a sales tax on rentals. This contrasts with film rentals to theaters, which are taxed in only eight states. Indeed, most states treat film rentals as an input to production, charging sales taxes on the final product (the viewer). This is illustrated by nine states

— Florida, Idaho, Indiana, Kentucky, New Mexico, Oklahoma, Utah, Virginia, and Wyoming — which exempt all film rentals from sales taxes if a taxable admission is charged. Meanwhile, cable TV services are taxable in only 24 states. Arizona, Maryland, Maine, Pennsylvania, and Tennessee tax extended or premium channels only.

Some states exempt admissions to college or school sporting events while taxing professional events. Admissions to professional sporting events are taxed in 35 states, while college events are taxed in only 25 states. Arizona, Arkansas, Delaware, Georgia, Kentucky, Louisiana, Montana, North Dakota, South Dakota, and Vermont provide exemptions. Ten other states—Georgia, Iowa, Mississippi, New Jersey, New York, Oklahoma, South Carolina, Tennessee, West Virginia, and Wisconsin—tax admission to college events but exempt elementary and secondary school events.

### **Professional Services**

Most discussions of taxing services end up focusing on certain professionals such as lawyers, accountants, engineers, and doctors. For various reasons, most states have avoided this area. Only eight states tax any of these services listed. The list includes: accountants, attorneys, dentists, engineers, land surveyors, medical laboratories, nursing (out-of-hospital), and physicians (numbers 133 through 140). Only four states tax all the services surveyed. Hawaii and New Mexico apply their general sales taxes to these services while Delaware and Washington tax professional services under their business gross receipts taxes. To offset the impact on low-income households of taxing medical-related services, Hawaii has a sales/excise tax credit on the personal income tax. South Dakota taxes accountants, attorneys, engineers, and land surveyors. Connecticut, Texas, and West Virginia tax land surveyors only.

### **Other Services**

The survey examined several other categories that are not discussed in the text. Listed in Appendix A, they include such items as agriculture (numbers 1 through 5), industrial mining (numbers 6 through 9), construction (numbers 10 through 13), transportation and storage (numbers 14 through 28), finance, insurance, and real estate (numbers 45 through 52), automotive (numbers 114 through 118), and leasing and rental services (numbers 141 through 153). These areas tend to be relatively untaxed (except for the leasing and rental area) except in states that tax a large number of other services or those that impose a gross receipts tax on most enterprises.

Many of the services listed in the leasing and rental category are not included in the survey totals since there is considerable difference in how these goods are taxed. Some states tax rental goods when they are purchased and exempt the rental services. Others tax all rental services, exempting the original purchase. Some states give the lessor the option of either method.

### **Conclusion**

Imposing the sales tax on services will undoubtedly continue to be one of the most discussed topics in state tax policy in the coming years. As states try to arrest the erosion of the traditional sales tax base and meet increased service demands, they will, by necessity, examine the taxation of the service sector. The diversity among the states will provide an ample set of experiences upon which to draw.

The FTA work on the taxation of services is intended to assist state tax administrators and others in assessing the potential for, and the implications of, taxing services. We expect to continue working in this area with updates of this survey.

	#	SIC	AL	AK	AZ	AR	CA	CO	CT	DE	DC	FL	GA
<b>Basic Sales Tax Rate</b>			4	0 *	5 *	4.5 *	6 *	3 *	6	0.4 *	6	6	4
<b>Agricultural Services</b>													
Soil prep., custom baling, other agricultural services	1	071, 072	E		E *	E	E	E	E	0.4 *	E	E *	E
Veterinary services (both large and small animals)	2	074	E		E	E	E	E	E	0.4 *	E	E *	E
Horse boarding and training (not race horses)	3	075	E		E	E	E	E	E	0.4 *	E	E *	E
Pet grooming	4	0752	E		E	E	E	E	E	0.4 *	E	E *	E
Landscaping services (including lawn care)	5	078	E		E *	4.5	E	E *	6	0.4 *	6	E *	E
<b>Industrial and Mining Services</b>													
Metal, non-metal and coal mining services	6	10,12,148	E		E *	E	E	E *	E	0.4 *	N/A	E *	E
Seismograph and geophysical services	7	1382,	E		E	E	E	E *	E	0.4 *	N/A	E *	E
Oil field services	8	138	E		5 *	E *	E	E *	E	0.4 *	N/A	E *	E
Typesetting service; platemaking for the print trade	9	279	E		5 *	E	7.25 *	E *	6 *	0.4 *	E	E *	E
<b>Construction</b>													
Gross income of construction contractors	10	15	E		5 *	E	E *	E	6 *	0.65 *	E	E	E
Carpentry, painting, plumbing and similar trades	11	17	E		5 *	E	E *	E	6 *	0.65 *	E	E *	E
Construction service (grading, excavating, etc.)	12	179	E		5 *	E	E *	E	6 *	0.65 *	E	E *	E
Water well drilling	13	178	E		5 *	E	E *	E	6 *	0.65 *	E	E *	E
<b>Transportation Services</b>													
Income from intrastate transportation of persons	14	41	E		5 *	E	E	E	E *	E *	N/A	E *	4
Local transit (intra-city) buses	15	411	E		E	E	E	E	E *	E *	N/A	E *	4 *
Income from taxi operations	16	412	E		5	E	E	E	E	E *	N/A	E *	4
Intrastate courier service	17	421	E		5	E	E *	E	E *	0.4 *	E	E *	E
Interstate air courier (billed in-state)	18	4513	E		E	E	E	E	E	E	E	E *	E
<b>Storage</b>													
Automotive storage	19		E		5 *	4.5	E	E	E	0.4 *	12	6 *	E
Food storage	20	4221	E		5 *	E	E	E	E	0.4 *	E	6 *	E
Fur storage	21	4226	E		5 *	4.5	E	E	E	0.4 *	E	6 *	E
Household goods storage	22	4225	E		5 *	E	E	E	E *	0.4 *	E	6 *	E
Mini-storage	23	4225	E		5 *	E	E	E	E *	0.4 *	E	6 *	E
Cold storage	24	4222	E		5 *	E	E	E	E	0.4 *	E	6 *	E
Marina Service (docking, storage, cleaning, repair)	25	4493	E		5	4.5 *	E	E	E *	0.4 *	6 *	6 *	E *

	#	SIC	AL	AK	AZ	AR	CA	CO	CT	DE	DC	FL	GA
<b>Storage (Continued)</b>													
Marine towing service (incl. tugboats)	26	4492	E		5	E	E	E	E	0.4 *	E	E *	E
Travel agent services	27	4724	E		E	E	E	E	E	E *	E	E *	E
Packing and crating	28	4783	E		E	E	E *	E *	E	0.4 *	E	E *	E
<b>Utility Service - Industrial Use</b>													
Intrastate telephone and telegraph	29	4811	6.7 *		5	4.5 *	0.5 *	3	6	4.25	6 *	7 *	4
Interstate telephone and telegraph	30	4811	E *		E	4.5 *	E	E *	6 *	E	T *	7 *	E
Cellular telephone services	31		E *		5	4.5	E *	3	6	4.25	E	7 *	4 *
Electricity	32	491	4 *		5	4.5 *	E *	E *	6 *	4.25 *	6 *	7 *	4
Water	33	494	E		5	4.5	E *	E	E	E	E	E *	E *
Natural gas	34	492	4 *		5	4.5 *	E *	E *	6 *	4.25	6	6 *	4
Other fuel (including heating oil)	35		4		5	4.5	7.25 *	E *	6 *	0.4 *	6 *	6 *	4
Sewer and refuse, industrial	36	495	E		E	E	E	E	6	0.4 *	E	E *	E
<b>- Residential Use</b>													
Intrastate telephone and telegraph	37	4811	6.7 *		5	4.5 *	0.5 *	3	6	E	T *	E *	4
Interstate telephone and telegraph	38	4811	E		E	4.5 *	E	E *	6 *	E	T *	E *	E
Cellular telephone services	39		E *		5	4.5	E *	3	6	4.25 *	E	7 *	4 *
Electricity	40	491	4 *		5	4.5 *	6 *	E *	E	E	T *	E *	4
Water	41	494	4 *		5	4.5	E *	E *	E	E	E	E *	E *
Natural gas	42	492	4 *		5	4.5	E *	E *	E	E	T *	E *	4
Other fuel (including heating oil)	43		4		5	4.5	7.25 *	E *	E	0.4 *	6 *	E *	4
Sewer and refuse, residential	44	495	E		E	E	E	E	E	0.4 *	E	E *	E
<b>Finance, Insurance and Real Estate</b>													
Service charges of banking institutions	45	61	E		E	E	E	E	E	E	E	E *	E
Insurance services	46	64	E		E	E	E *	E	E	E	E	E *	E
Investment counseling	47	6282	E		E	E	E	E	E	0.4 *	E	E *	E
Loan broker fees	48	6163	E		E	E	E	E	E	E *	E	E *	E
Property sales agents (real estate or personal)	49	653	E		E	E	E	E	E	0.4 *	E	E *	E
Real estate management fees (rental agents)	50	653	E		E	E	E	E	E *	0.4 *	E	E *	E
Real estate title abstract services	51	654	E		E	E	E	E	E	0.4 *	E	E *	E
Ticker tape reporting (financial reporting)	52	6289	E		E	E	E	E	E	0.4 *	6 *	E *	E

	#	SIC	AL	AK	AZ	AR	CA	CO	CT	DE	DC	FL	GA
<b>Services - Personal Services</b>													
Barber shops and beauty parlors	53	723, 724	E		E	E	E	E	E *	0.4 *	E	E *	E
Carpet and upholstery cleaning	54	7217	E		E	4.5	E	E	6	0.4 *	E	E *	E
Dating services	55	7299	E		E	E	E	E	6	0.4 *	E	E *	E
Debt counseling	56	7299	E		E	E	E	E	6	0.4 *	E	E *	E
Diaper service	57	7219	2 *		5 *	E	E *	E	E	0.4 *	E	E *	4
Income from funeral services	58	726	E		E *	E *	E *	E *	E *	0.4 *	6	E *	4 *
Fishing and hunting guide services	59	7999	E		E	E	E	E	E	0.4 *	N/A	E *	E
Garment services (altering and repairing)	60	7219	E		E	E	E *	E *	6 *	0.4 *	6	6 *	E
Gift and package wrapping service	61	7389	E		E *	E	7.25 *	E *	E	0.4 *	6 *	6 *	E *
Health clubs, tanning parlors, reducing salons	62	7299	E		E *	4.5 *	E	E	6	0.4 *	E	E *	E
Laundry and dry cleaning services, coin-operated	63	7215	E		E	E	E	E	E	0.4 *	E	E *	E
Laundry and dry cleaning services, non-coin-operated	64	7211	E		E	E	E	E	E	0.4 *	6 *	E *	E
Massage services	65	7299	E		E	E	E	E	6 *	0.4 *	E	E *	E
900 Number services	66	4811	E		E	4.5	E *	E	6	0.4 *	E	E *	E
Personal instruction (dance, golf, tennis, etc.)	67	7999	E		E	E	E	E	6 *	0.4 *	E	E *	E
Shoe repair	68	725	E *		E	4.5	E *	E *	6	0.4 *	6	6 *	E
Swimming pool cleaning and maintenance	69	7389	E		E	4.5	E	E *	6	0.4 *	6	E *	E
Tax return preparation	70	7291	E		E	E	E	E	E	0.4 *	E	E *	E
Tuxedo rental	71	7299	2 *		5	4.5	7.25 *	E *	6	2.3 *	6	6 *	4
Water softening and conditioning	72	7389	E		E	E	E *	E	E	0.4 *	E	E *	E
<b>Services - Business Services</b>													
Sales of advertising time or space:													
Billboards	73	7312	E		E *	E	E *	E	E	0.4 *	E	E *	E
Radio and television, national advertising	74	7319	E		E *	E	E	E	E	0.4 *	E	E *	E
Radio and television, local advertising	75	7319	E		E *	E	E	E	E	0.4 *	E	E *	E
Newspapers	76		E		E *	E	E	E	E	0.4 *	E	E *	E
Magazines	77		E		E *	E	E	E	E	0.4 *	E	E *	E
Advertising agency fees (not ad placement)	78	7311	E		E	E	*	E	6	0.4 *	E	E *	E *
Armored car services	79	7381	E		E	4.5	E *	E	6	0.4 *	E	E *	E
Bail bond fees	80	7389	E		E	E	E	E	E	0.4 *	E	E *	E
Check and debt collection	81	7322	E		E	4.5	E	E	E	0.4 *	E	E *	E
Commercial art and graphic design	82	7336	E		E	E	E *	E	6 *	0.4 *	6	E *	E

	#	SIC	AL	AK	AZ	AR	CA	CO	CT	DE	DC	FL	GA
<b>Business Services (Continued)</b>													
Commercial linen supply	83	7218	2 *		5 *	4.5 *	E *	E *	E *	0.4 *	6 *	E *	4
Credit information, credit bureaus	84	7323	E		E	4.5	E	E	6	0.4 *	6 *	E *	E
Employment agencies	85	7361	E		E	E	E	E	6	0.4 *	E	E *	E
Interior design and decorating	86	7389	4 *		E *	E	E *	E	E	0.4 *	E	E *	E
Maintenance and janitorial services	87	7349	E		E	4.5	E	E *	6	0.4 *	6	6 *	E
Lobbying and consulting	88		E		E	E	E	E	6	0.4 *	E	E *	E
Marketing	89		E		E	E	E	E	E	0.4 *	E	E *	E
Packing and crating	90		E		E *	E	E *	E	E	0.4 *	E	E *	E
Exterminating (includes termite services)	91	7342	E		E *	E	E	E	6	0.4 *	E	6 *	E
Photocopying services	92	7334	4 *		5 *	4.5 *	7.25 *	E *	6	0.4 *	6 *	6 *	E
Photo finishing	93	7384	4 *		5 *	4.5	7.25 *	3 *	6	0.4 *	6	6 *	4
Printing	94		4 *		5 *	4.5	7.25 *	3 *	6	*	6	6 *	4
Private investigation (detective) services	95	7381	E		E	E	E	E	6	0.4 *	E	6 *	E
Process server fees	96		E		E	E	E	E	E	0.4 *	E	E *	E
Public relations, management consulting	97	874	E		E	E	E	E	6	0.4 *	E	E *	E
Secretarial and court reporting services	98	7338	E		E	E	E *	E	6	0.4 *	E	E *	E
Security services	99	7382	E		E	E	E	E	6	0.4 *	E	6 *	E
Sign construction and installation	100	7389	E		5 *	E	*	E *	6	0.4 *	6	E *	E
Telemarketing services on contract	101	7389	E		E	E	E	E	E	0.4 *	E	E *	E
Telephone answering service	102	7389	E		E *	4.5	E	E	6	0.4 *	E	E *	E
Temporary help agencies	103	7363	E		E	E	E	E	6	0.4 *	6 *	E *	E
Test laboratories (excluding medical)	104	8734	E		E	E	E	E	E	0.4 *	E	E *	E
Tire recapping and repairing	105	7534	4		E	4.5	E *	E	6	0.4 *	6	6 *	E
Window cleaning	106	7349	E		E	4.5	E	E	6	0.4 *	6 *	E *	E
<b>Computer</b>													
Software - packaged or canned program	107	7372	E * *		5	4.5	7.25 *	3 *	6	*	6	6 *	4
Software - modifications to canned program	108	7371	E * *		5	E	7.25 *	3 *	6	0.4 *	6	E *	4
Software - custom programs - material	109		4		E	4.5	E *	E *	6 *	0.4 *	6	E *	4
Software - custom programs - professional serv.	110	7371	E		E	E *	E	E	6	0.4 *	6	E *	E
Information services	111	7375	E		E	E	E	E	6 *	0.4 *	6	6 *	E
Data processing services	112	7374	E		E	E	*	E	6 *	0.4 *	6	E *	E
Mainframe computer access and processing serv.	113	7374	E		E	E	E	E	6 *	0.4 *	6	6 *	E

	#	SIC	AL	AK	AZ	AR	CA	CO	CT	DE	DC	FL	GA
<b>Automotive Services</b>													
Automotive washing and waxing	114	7542	E		E	4.5 *	E	E	6 *	0.4 *	E	6 *	E
Automotive road service and towing services	115	7549	E		E *	E	E	E	E	0.4 *	E *	E *	E
Auto service, except repairs, incl. painting & lube	116	7549	E		E	4.5 *	*	E *	6	0.4 *	6	6 *	E
Parking lots and garages	117	752	E		5 *	4.5	E	E	6	0.4 *	12	6	E
Automotive rustproofing and undercoating	118	7549	E		5	4.5	E *	E *	6	0.4 *	6	6	E
<b>Admissions and Amusements</b>													
Pari-mutuel racing events	119	7948	E		5	6.5 *	E	E	10	E *	N/A	6	4
Amusement park admission and rides	120	7996	4		5	6.5 *	E	E	10 *	0.4 *	6 *	6	4
Billiard parlors	121	7999	4		5	4.5	E	E	6	0.4 *	E	6	4
Bowling alleys	122	793	4		5	4.5	E	E	6	0.4 *	E	6	4
Cable TV services	123		E		E *	4.5	E	E	6	4.25 *	9.7 *	6	E
Circuses and fairs — admission and games	124	7999	4		5	4.5 *	E	E	10 *	E *	6	6 *	4
Coin-operated video games	125	7993	4		5	4.5	E	E	6	0.4 *	E	6	E *
Admission to school and college sports events	126	821, 822	4		E	E	E	E	10 *	E *	6	6 *	E *
Membership fees in private clubs	127	7997	E		5 *	E *	E	E	10 *	E *	E	6 *	E
Admission to cultural events	128	792	4		5 *	4.5	E	E	10 *	0.4 *	E	6	4
Pinball and other mechanical amusements	129	7993	4		5	4.5	E	E	6	0.4 *	E	6	E *
Admission to professional sports events	130	7941	4		5	4.5	E	E	10 *	0.4 *	6 *	6 *	4
Rental of films and tapes by theaters	131	783	E		E	E	E	3	E *	2.3 *	E	E *	E
Rental of video tapes for home viewing	132	784	4 *		5	5.5 *	7.25 *	3	6	2.3 *	6	6	4
<b>Professional Services</b>													
Accounting and bookkeeping	133	872	E		E	E	E	E	E	0.4 *	E	E *	E
Attorneys	134	81	E		E	E	E	E	E	0.4 *	E	E *	E
Dentists	135	802	E		E	E	E	E	E	0.4 *	E	E *	E
Engineers	136	8711	E		E	E	E	E	E *	0.4 *	E	E *	E
Land surveying	137	8713	E		E	E	E	E	E	0.4 *	E	E *	E
Medical test laboratories	138	807	E		E	E	E	E	E	0.4 *	E	E *	E
Nursing services out-of-hospital	139	8059	E		E	E	E	E	E	0.4 *	E	E *	E
Physicians	140	801	E		E	E	E	E	E	0.4 *	E	E *	E

	#	SIC	AL	AK	AZ	AR	CA	CO	CT	DE	DC	FL	GA
<b>Leases and Rentals</b>													
Personal property, short term (generally)	141	7359	4 *		5 *	5.5 *	7.25 *	3 *	6	2.3 *	6	6	4
Personal property, long term (generally)	142	7359	4 *		5	4.5 *	6 *	3 *	6	2.3 *	6	6	4
Bulldozers, draglines and const. mach., short term	143	7359	1.5 *		5 *	5.5	6 *	3 *	6	2.3 *	6	6 *	4
Bulldozers, draglines and const. mach., long term	144	7359	1.5 *		5 *	4.5	6 *	3 *	6	2.3 *	6	6 *	4
Rental of hand tools to licensed contractors	145	7353	4 *		5	5.5	6 *	3 *	6	2.3 *	6	6	4
Short-term automobile rental	146	751	1.5 *		5	9 *	6 *	3 *	6 *	2.3 *	9 *	6 *	4
Long-term automobile lease	147	751	1.5 *		5	4.5 *	6 *	3 *	6 *	2.3 *	9 *	E *	4
Limousine service (with driver)	148		E		5 *	E	E *	E *	6	0.4 *	6	E	4
Aircraft rental to individual pilots, short term	149	7359	1.5 *		5	5.5 *	6 *	3 *	6	2.3 *	N/A	6	4
Aircraft rental to individual pilots, long term	150	7359	1.5 *		5	4.5	6 *	3 *	6	2.3 *	N/A	6	4
Chartered flights (with pilot)	151		E		E	E	E *	E *	6	0.4 *	N/A	E	4
Hotels, motels, lodging houses	152	701	4 *	1 *	5.5 *	6.5 *	T *	3	12 *	8 *	11	6 *	4
Trailer parks - overnight	153	703	4 *		5.5	2 *	T *	3	E *	E *	N/A	6 *	E
<b>Fabrication, Installation and Repair Services</b>													
Custom fabrication labor	154		4 *		5	E *	7.25 *	E	6	0.4 *	6	6	4
Repair material, generally	155		4		5	4.5	7.25 *	3	6	0.4 *	6	6	4
Repair labor, generally	156	769	E *		E *	4.5 *	E	E *	6	0.4 *	6	6 *	E *
Labor charges on repair of aircraft	157		E		E	4.5	E *	E	6 *	0.4 *	6	6	E
Labor charges - repairs to interstate vessels	158		E		E	4.5 *	E	E	6 *	0.4 *	6	6 *	E *
Labor charges - repairs to intrastate vessels	159		E		E	4.5 *	E	E	6 *	0.4 *	6	6	E
Labor - repairs to commercial fishing vessels	160	3731	E		N/A	4.5 *	E	E	6 *	0.4 *	N/A	6 *	E
Labor charges on repairs to railroad rolling stock	161		E		E	4.5 *	E	E	6	0.4 *	E	6 *	E *
Labor charges on repairs to motor vehicles	162	7539	E		E	4.5	E	E *	6	0.4 *	6	6	E
Labor on radio/TV repairs; other electronic equip.	163	7622	E		E	4.5	E	E	6	0.4 *	6	6	E
Labor charges - repairs other tangible property	164	7699	E		E	4.5 *	E	E	6	0.4 *	6	6	E
Labor - repairs or remodeling of real property	165		E		5 *	E	E	E	6 *	0.65 *	E	E *	E
Labor charges on repairs delivered under warranty	166		E		E	E *	E	E	E *	0.4 *	6 *	E	E
Service contracts sold at the time of sale of TPP	167		E *		E *	4.5	7.25 *	3	6	0.4 *	6	6	E
Installation charges by persons selling property	168		E		E *	E *	E	3 *	E *	0.4 *	E *	6	E *
Installation charges - other than seller of goods	169		E		E *	E *	E	E	E	0.4 *	E	6 *	E
Custom processing (on customer's property)	170		E		E	E	*	E	6 *	0.4 *	6	6	E *
Custom meat slaughtering, cutting and wrapping	171		E		E	E	E	E	E	0.4 *	E	E	



	#	SIC	AL	AK	AZ	AR	CA	CO	CT	DE	DC	FL	GA
<b>Fabrication, Installation &amp; Repair Services (Contd)</b>													
Taxidermy	172	7699	E		E	E	E *	E	E	0.4 *	6	6	4
Welding labor (fabrication and repair)	173	7692	E *		E *	4.5	7.25 *	3 *	6	0.4 *	6	6	E
<b>OTHER TAXED SERVICES</b>													
Do you impose sales tax on other services not listed?	174		4 *		5 *	4.5 *	*	Yes *		0.4 *	6 *	6 *	
	175				5 *							*	
	176											*	
<b>USE TAX ON SERVICES</b>													
Do you tax the use of services in the state?	177		No		No	No	*	No	Yes	Yes *	Yes	*	No
If yes, at what rate?	178		N/A				*		6	2	6	6	
Who is liable for use tax payment? (B)uyer or (S)eller	179		N/A		B	S		B	B/S *	B/S *	B/S *	B *	
Rules for determining the location of services?	180		*		No		N/A	*	*	Yes *		*	*
Exempt sales of services sold to government entities?	181		Yes		No	*	N/A	Yes	Yes	No	Yes	Yes	Yes
Exempt sales of services sold to nonprofit entities?	182		Yes		No	*	N/A	Yes *	Yes	No	Yes	Yes *	No
Exempt sales of svcs. sold to federally chartered banks?	183		Yes		No	No	N/A		No	No	No	No *	Yes
Is the tax on services imposed on (S)eller or (B)uyer?	184		N/A		S	S *	N/A	B *	B *	B/S *	B/S *		B
<b>ADDITIONAL SALES/USE TAX QUESTIONS</b>													
Does your state tax tangible personal property that is purchased for rental or lease? (Yes/No) Please explain	185		No *		No *	No *	Yes *	No	No	Yes	No *	No *	No *
Does your state tax the gross receipts from tangible personal property rentals or leases? (Yes/No) Please explain	186		Yes *		Yes *	Yes *	Yes *	No	Yes	Yes	Yes	Yes	Yes
Does your state tax shipping and delivery charges for tangible personal property? (Yes/No) Please explain	187		Yes *		Yes *	Yes *	*	Yes	Yes	Yes	No *	Yes	Yes *

	#	SIC	AL	AK	AZ	AR	CA	CO	CT	DE	DC	FL	GA
<b>TAXATION OF ON-LINE SERVICES QUESTIONS</b>													
Does your state impose the sales tax or other gross receipts tax on businesses providing access to on-line services (i.e., Internet Service Provider)? (Yes/No)	188		No		*	No	No	No	Yes *	Yes *		*	No
What is the tax rate and who is responsible for remitting the tax?	189								6	0.4 *			N/A
Does your state impose the sales tax or other gross receipts tax on businesses providing information distributed through an on-line service (i.e., Lexis, CCH Online)? (Yes/No)	190		No		*	No	No	Yes *	Yes	Yes *			No
What is the tax rate and who is responsible for remitting the tax?	191							3 *		*			
<b>Totals</b>	In Cat.												
Agricultural Services	5		0	0	0	1	0	0	1	5	1	0	0
Industrial and Mining Services	4		0	0	2	0	1	0	1	4	0	0	0
Construction	4		0	0	4	0	0	0	4	4	0	0	0
Utility Service - Industrial and Residential	16		9	0	12	14	5	4	10	9	10	7	10
Transportation Services	9		0	0	5	1	0	0	0	4	1	1	3
Storage	6		0	0	6	2	0	0	0	6	1	6	0
Finance, Insurance and Real Estate	8		0	0	0	0	0	0	0	5	1	0	0
Personal Services	20		2	0	2	6	2	0	11	20	7	4	3
Business Services	34		6	0	5	11	3	2	20	33	11	8	3
Computer Services	6		1	0	1	1	1	1	6	6	6	2	2
Automotive Services	5		0	0	2	4	0	0	4	5	3	4	0
Admissions and Amusements	14		10	0	11	11	1	2	13	10	6	13	8
Professional Services	8		0	0	0	0	0	0	0	8	0	0	0
Leases and Rentals	4		2	1	3	2	2	2	3	3	2	2	3
Fabrication, Installation and Repair Services	19		1	0	2	11	3	3	14	19	13	16	2
Miscellaneous	2		1	0	2	1	0	0	0	1	1	1	0
<b>Taxable entries</b>	164		32	1	57	65	18	14	87	142	63	64	34
<b>Repair labor, generally</b>			4	E	E *	4	E *	E *	8	E	6	6	E *

	#	HI	ID	IL	IN	IA	KS	KY	LA	ME	MD	MA	MI
<b>Basic Sales Tax Rate</b>		4 *	5	6.25	5	5 *	4.9	6	4	6	5	5 *	4 *
<b>Agricultural Services</b>													
Soil prep., custom baling, other agricultural services	1	4	E	E	E	E	E	E	E	E	E	E	E
Veterinary services (both large and small animals)	2	4 *	E	E	E	E *	E	E	E	E	E	E	E
Horse boarding and training (not race horses)	3	4	E	E	E	E	E	E	E	E	E	E	E
Pet grooming	4	4	E	E	E	5	4.9	E	E	E	E	E	E
Landscaping services (including lawn care)	5	4	E	E	5 *	5 *	4.9	E	E	E	E	E	E
<b>Industrial and Mining Services</b>													
Metal, non-metal and coal mining services	6	4	E	E	E	E	E	E	E	E	E	E	E
Seismograph and geophysical services	7	4	E	E	E	E	E	E	E	E	E	E	E
Oil field services	8	4	E	E	E	E	4.9 *	E	E	E	E	E	E
Typesetting service; platemaking for the print trade	9	4	5 *	E	E	E	4.9	E	4 *	E	E	E	6
<b>Construction</b>													
Gross income of construction contractors	10	4	E	E	E	E	4.9 *	E	E	E *	E	E	E *
Carpentry, painting, plumbing and similar trades	11	4	E	E	E	5 *	4.9 *	E	E	E *	E	E	E
Construction service (grading, excavating, etc.)	12	4	E	E	E	5 *	4.9 *	E	E	E *	E	E	E
Water well drilling	13	4	E	E	E	5 *	4.9 *	E	E	E *	E	E	E
<b>Transportation Services</b>													
Income from intrastate transportation of persons	14	4 *	E *	E	E	5	E	E	E	E	E	E	E
Local transit (intra-city) buses	15	5.35 *	E	E	E	E	E	E	E	E	E	E	E
Income from taxi operations	16	4	E	E	E	E	E	E	E	E	E	E	E
Intrastate courier service	17	4	E	E	E	E	E	E	E	E	E	E	E
Interstate air courier (billed in-state)	18	4 *	E	E	E	E	E	E	E	E	E	E	E
<b>Storage</b>													
Automotive storage	19	4	E	E	E	E	E	E	4	E	E	E	E
Food storage	20	4	E	E	E	E *	E	E	E *	E	E	E	E
Fur storage	21	4	E	E	E	5	E	E	4 *	E	E	E	E
Household goods storage	22	4	E	E	E	5	E	E	E	E	E	E	E
Mini-storage	23	4	E	E	E	5	E	E	E *	E	E	E	E
Cold storage	24	4	E	E	5 *	E *	E	E	4 *	E	E	E	E
Marina Service (docking, storage, cleaning, repair)	25	4 *	E *	E	E	E	4.9 *	E	E *	E	E	E	E



	#	HI	ID	IL	IN	IA	KS	KY	LA	ME	MD	MA	MI
<b>Services - Personal Services</b>													
Barber shops and beauty parlors	53	4	E	E	E	5	E	E *	E	E	E	E	E
Carpet and upholstery cleaning	54	4	E	E	E	5	E	E	4	E	E *	E	E
Dating services	55	4	E	E	E	5	E	E	E	E	E	E	E
Debt counseling	56	4	E	E	E	E	E	E	E	E	E	E	E
Diaper service	57	4	E	E	5	5	4.9	E	4	E	E *	E	E
Income from funeral services	58	4 *	E	E	5 *	E *	4.9 *	E	4 *	E	E	E	6 *
Fishing and hunting guide services	59	4	5	E	E	E	E	E	E	E	E	E	E
Garment services (altering and repairing)	60	4	E	E	E	5	4.9	E	4	E	E *	E	E
Gift and package wrapping service	61	4	E	E	E	5	4.9	E	4	E	E	E	E *
Health clubs, tanning parlors, reducing salons	62	4	5	E	E	5 *	4.9 *	E	E *	E	E	E	E
Laundry and dry cleaning services, coin-operated	63	4	E	E	E	5	E *	E	4	E	E	E	E
Laundry and dry cleaning services, non-coin-operated	64	4	E	E	E	5	4.9	E	4	E	5 *	E	E
Massage services	65	4	E	E	E	5 *	E	E	E	E	E	E	E
900 Number services	66	4 *	E	5 *	E	5 *	E	6 *	E	6 *	5	5 *	E
Personal instruction (dance, golf, tennis, etc.)	67	4	E	E	E	E *	E	E	E	E	E	E	E
Shoe repair	68	4	E	E	E	5	4.9	E	4	E	E	E	6 *
Swimming pool cleaning and maintenance	69	4	E	E	E	5	4.9 *	E	E	E	E	E	E
Tax return preparation	70	4	E	E	E	E	E	E	E	E	E	E	E
Tuxedo rental	71	4	5	E	5	5	4.9	6 *	4	E	5	E	6 *
Water softening and conditioning	72	4	E	E	5	5	4.9	E	E *	E	E *	E	6
<b>Services - Business Services</b>													
Sales of advertising time or space:													
Billboards	73	4	E	E	E	E	E	E	E	E	E	E *	E
Radio and television, national advertising	74	4	E	E	E	E	E	E	E	E	E	E *	E
Radio and television, local advertising	75	4	E	E	E	E	E	E	E	E	E	E *	E
Newspapers	76	4	E	E	E *	E	E	E	E	E	E	E *	E
Magazines	77	4	E	E	E *	E	E	E	E	E	E	E *	E
Advertising agency fees (not ad placement)	78	4	E	E	E	E	E	E	E	6 *	5 *	E	6 *
Armored car services	79	4	E	E	E	5	E	E	E	E	5	E	E
Bail bond fees	80	4	E	E	E	E	E	E	E	E	E	E	E
Check and debt collection	81	4	E	E	E	E	E	E	E	E	E	E	E
Commercial art and graphic design	82	4	E	E	E *	E *	E	E	E	6	E	E	6 *





	#	HI	ID	IL	IN	IA	KS	KY	LA	ME	MD	MA	MI
<b>Leases and Rentals</b>													
Personal property, short term (generally)	141	4	5	E *	5	5	4.9	6 *	4 *	E *	5	5	6 *
Personal property, long term (generally)	142	4	5	E *	5	5	4.9	6 *	4 *	E *	5	5	6 *
Bulldozers, draglines and const. mach., short term	143	4	5	E	5	5 *	4.9	6 *	4 *	E *	5	5 *	6 *
Bulldozers, draglines and const. mach., long term	144	4	5	E	5	5 *	4.9	6 *	4 *	E *	5	5 *	6 *
Rental of hand tools to licensed contractors	145	4	5	E	5	5 *	4.9	6	4	E *	5	5 *	6 *
Short-term automobile rental	146	4	5	5 *	5 *	5 *	4.9 *	E	4 *	10 *	11.5 *	5	6 *
Long-term automobile lease	147	4	5	E *	5	E *	4.9	E	4	6 *	5	5	6 *
Limousine service (with driver)	148	4	E	E	E	5	E	E	E	E	E *	E *	E *
Aircraft rental to individual pilots, short term	149	4	5	E	5	5 *	4.9	6 *	4	E *	5	5	6 *
Aircraft rental to individual pilots, long term	150	4	5	E	5	E *	4.9	6 *	4	E *	5 *	5	6 *
Chartered flights (with pilot)	151	E	5 *	E	E	E	E	E	E	E	E	5	E *
Hotels, motels, lodging houses	152	4	5 *	6 *	5 *	5 *	4.9	6	4 *	7 *	5 *	5.7 *	6 *
Trailer parks - overnight	153	4	5 *	E	5	5 *	E	E	4	7	E	E	E
<b>Fabrication, Installation and Repair Services</b>													
Custom fabrication labor	154	4	5 *	E	E	5 *	4.9	6	4	6	5 *	5	4 *
Repair material, generally	155	4	5	6.25 *	5	5	4.9	6	4	6	5 *	5	4
Repair labor, generally	156	4	E *	E *	E *	5 *	4.9	E *	4	E *	E	E *	E *
Labor charges on repair of aircraft	157	4	E	E	E	5	4.9	E	4	E	E	E	E *
Labor charges - repairs to interstate vessels	158	E *	E	E	E	5 *	E *	E	E	E	E	E	E *
Labor charges - repairs to intrastate vessels	159	4	E	E	E	5	4.9	E	4	E	E	E	E *
Labor - repairs to commercial fishing vessels	160	4	E	E	E	5	4.9 *	E	E	E	E	E	E
Labor charges on repairs to railroad rolling stock	161	4	E *	E	E	5	E	E	4	E	E	E	E *
Labor charges on repairs to motor vehicles	162	4	E	E	E	5	4.9	E	4	E	E	E	E *
Labor on radio/TV repairs; other electronic equip.	163	4	E	E	E	5	4.9	E	4	E *	E	E	E *
Labor charges - repairs other tangible property	164	4	E	E	E	5	4.9	E	4	E	E	E	E *
Labor - repairs or remodeling of real property	165	4 *	E	E	E	5 *	4.9	E	E	E	E	E	E
Labor charges on repairs delivered under warranty	166	4	E	E	E	E	E *	E	4 *	E	E	E	E
Service contracts sold at the time of sale of TPP	167	4	5 *	6.25 *	E	5	4.9	E	4 *	E *	E *	E	E *
Installation charges by persons selling property	168	4	E	E *	E *	E *	4.9	E *	4 *	E *	E *	E	E *
Installation charges - other than seller of goods	169	4	E	E	E *	E *	4.9	E	E *	E *	E *	E	E
Custom processing (on customer's property)	170	4	5 *	E	E	E *	4.9	6	4	6 *	5 *	E	E
Custom meat slaughtering, cutting and wrapping	171	4	5	E	E	E *	4.9	E	4,3 *	E	E	E	E



	#	HI	ID	IL	IN	IA	KS	KY	LA	ME	MD	MA	MI
<b>Fabrication, Installation &amp; Repair Services (Contd)</b>													
Taxidermy	172	4	5	E	E	5	4.9	E	E	6 *	5	5	4
Welding labor (fabrication and repair)	173	4	5 *	E *	E *	5	4.9	6 *	4	6 *	5 *	E	E *
<b>OTHER TAXED SERVICES</b>													
Do you impose sales tax on other services not listed?	174	Yes *	5 *		*	5 *	4.9 *			No	Yes *	No	No
	175				*								
	176				*								
<b>USE TAX ON SERVICES</b>													
Do you tax the use of services in the state?	177	No *	No *	No	*	Yes	No	No	Yes	Yes	Yes	Yes *	Yes *
If yes, at what rate?	178				5	5			4	6 *	5	5	4
Who is liable for use tax payment? (B)uyer or (S)eller	179		B *		B	User *			B *	B *	B/S *	B	S
Rules for determining the location of services?	180	N/A *		*	N/A	*	*		*	No	*	*	*
Exempt sales of services sold to government entities?	181	N/A *	Yes	Yes *	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	*
Exempt sales of services sold to nonprofit entities?	182	N/A *	*	Yes *	Yes *	*	No	Yes	No	*	Yes	N/A	*
Exempt sales of svcs. sold to federally chartered banks?	183	N/A *	No	No	No	*	Yes	Yes	No	No	No	N/A	*
Is the tax on services imposed on (S)eller or (B)uyer?	184	N/A *	B *	B/S *	B	B	B/S *	S *	S *	B *	B *	S *	*
<b>ADDITIONAL SALES/USE TAX QUESTIONS</b>													
Does your state tax tangible personal property that is purchased for rental or lease? (Yes/No) Please explain	185	Yes *	No *		No *	No *	No *	No *	No *	Yes *	No *	No *	Yes
Does your state tax the gross receipts from tangible personal property rentals or leases? (Yes/No) Please explain	186	Yes *	Yes		Yes *	Yes *	Yes *	Yes *	Yes *	No *	Yes *	Yes *	Yes
Does your state tax shipping and delivery charges for tangible personal property? (Yes/No) Please explain	187	Yes *	No *		Yes *	Yes *	Yes *	No	No *	Yes *	No *	Yes *	Yes *

	#	HI	ID	IL	IN	IA	KS	KY	LA	ME	MD	MA	MI
<b>TAXATION OF ON-LINE SERVICES QUESTIONS</b>													
Does your state impose the sales tax or other gross receipts tax on businesses providing access to on-line services (i.e., Internet Service Provider)? (Yes/No)	188	*	No		No *	*		N/A	No	No	No	Yes	
What is the tax rate and who is responsible for remitting the tax?	189		N/A									5 *	
Does your state impose the sales tax or other gross receipts tax on businesses providing information distributed through an on-line service (i.e., Lexis, CCH Online)? (Yes/No)	190	*	No		No	Yes		N/A	No *	No	No	No	
What is the tax rate and who is responsible for remitting the tax?	191		N/A			5							
<b>Totals</b>	<b>In Cat.</b>												
Agricultural Services	5	5	0	0	1	2	2	0	0	0	0	0	0
Industrial and Mining Services	4	4	1	0	0	0	2	0	1	0	0	0	1
Construction	4	4	0	0	0	3	4	0	0	0	0	0	0
Utility Service - Industrial and Residential	16	16	0	12	8	13	10	10	12	9	5	9	12
Transportation Services	9	8	0	0	0	2	2	0	0	0	1	0	0
Storage	6	6	0	0	1	3	0	0	3	0	0	0	0
Finance, Insurance and Real Estate	8	7	0	0	0	2	0	0	0	0	0	1	0
Personal Services	20	20	3	1	4	15	10	2	9	1	3	1	4
Business Services	34	34	4	1	2	18	9	4	5	6	13	4	7
Computer Services	6	6	0	1	2	0	2	0	3	3	1	0	1
Automotive Services	5	5	0	0	0	5	4	0	3	0	0	0	0
Admissions and Amusements	14	13	11	0	2	13	13	6	9	2	11	1	1
Professional Services	8	8	0	0	0	0	0	0	0	0	0	0	0
Leases and Rentals	4	3	3	1	2	3	1	1	2	2	1	2	1
Fabrication, Installation and Repair Services	19	18	6	1	0	14	16	3	13	4	4	2	2
Miscellaneous	2	0	1	0	0	1	1	0	0	0	0	0	0
<b>Taxable entries</b>	<b>164</b>	<b>157</b>	<b>29</b>	<b>17</b>	<b>22</b>	<b>94</b>	<b>76</b>	<b>26</b>	<b>60</b>	<b>27</b>	<b>39</b>	<b>20</b>	<b>29</b>
<b>Repair labor, generally</b>		<b>4</b>	<b>E *</b>	<b>E *</b>	<b>E *</b>	<b>4 *</b>	<b>4</b>	<b>E *</b>	<b>4</b>	<b>E *</b>	<b>E</b>	<b>E *</b>	<b>E *</b>

	#	MN	MS	MO	MT	NE	NV	NH	NJ	NM	NY	NC	ND
<b>Basic Sales Tax Rate</b>		6.5 *	7	4.225	0 *	5	6.5 *	0 *	6	5 *	4	4 *	5
<b>Agricultural Services</b>													
Soil prep., custom baling, other agricultural services	1	E	7	E		E *	E		E	E	E *	E	E
Veterinary services (both large and small animals)	2	E *	E	E		E *	E		E *	5	E *	E	E
Horse boarding and training (not race horses)	3	E	E	E		E *	E		E	E	4	E	E
Pet grooming	4	6.5 *	E	E		E *	E		6 *	5	4	E	E
Landscaping services (including lawn care)	5	6.5 *	7 *	E		E *	E		E *	5	4 *	E	E *
<b>Industrial and Mining Services</b>													
Metal, non-metal and coal mining services	6	E	7 *	E		E	E		E	5 *	E	E	E *
Seismograph and geophysical services	7	E	7	E		E	E		E	5	E *	E	E *
Oil field services	8	E	7 *	E		E	E		E	5	E *	E	E *
Typesetting service; platemaking for the print trade	9	E	7	E		5	E		E	5	E	E *	E
<b>Construction</b>													
Gross income of construction contractors	10	E	3.5 *	E	1 *	E	E		E *	5 *	E *	E	E *
Carpentry, painting, plumbing and similar trades	11	E *	7 *	E		E	E		E *	5 *	E *	E	E *
Construction service (grading, excavating, etc.)	12	E	7	E		E	E		E	5 *	E *	E	E
Water well drilling	13	E	7	E		E	E		E	5 *	E	E	E *
<b>Transportation Services</b>													
Income from intrastate transportation of persons	14	E	E	4.225		E	E		E	5 *	E	E	E
Local transit (intra-city) buses	15	E	E	E		E	E		E	5 *	E	E *	E
Income from taxi operations	16	E	E	E		E	E		E	5 *	E	E	E
Intrastate courier service	17	E	E	E		E	E		E	5 *	E *	E	E
Interstate air courier (billed in-state)	18	E	E	E		E	E		E	E	E	E	E
<b>Storage</b>													
Automotive storage	19	6.5 *	7	E		E	E		6 *	5 *	4 *	E	E
Food storage	20	E	7	E		E	E		6 *	E *	4	E	E
Fur storage	21	E *	7	E		E	E		6 *	5	4	E	E
Household goods storage	22	E	7	E		E	E		6 *	5	4	E	E
Mini-storage	23	E	E	E		E	E		E *	5	4 *	E	E
Cold storage	24	E	7	E		E	E		6 *	5	4	E	E
Marina Service (docking, storage, cleaning, repair)	25	E *	7	4.225		E *	E		6 *	5	4 *	E *	E

	#	MN	MS	MO	MT	NE	NV	NH	NJ	NM	NY	NC	ND
<b>Storage (Continued)</b>													
Marine towing service (incl. tugboats)	26	E	E	E		E	E		E	5	E *	E	E
Travel agent services	27	E	E	E		E	E		E	E *	E	E	E
Packing and crating	28	E	E	E		E *	E		E	5	E *	E	E
<b>Utility Service - Industrial Use</b>													
Intrastate telephone and telegraph	29	6.5 *	7	4.225	1.8 *	5	E	6 *	6	5	4	3 *	5
Interstate telephone and telegraph	30	6.5 *	E	E	E	E	E	6 *	6	4.25 *	E	E	E
Cellular telephone services	31	6.5	7	4.225	1.8 *	5 *	E	6 *	6	5 *	4 *	3 *	5
Electricity	32	6.5 *	1.5 *	4.225 *	0.28 *	5 *	E		E	5	4 *	3 *	E
Water	33	6.5 *	7	4.225	0.28 *	5 *	E *		E	5 *	E *	E *	E
Natural gas	34	6.5 *	1.5 *	4.225 *	0.28 *	5 *	E *	1 *	E	5	4	3 *	2 *
Other fuel (including heating oil)	35	6.5 *	1.5 *	4.225	E	5 *	E *		E	5	4	1 *	E *
Sewer and refuse, industrial	36	6.5 *	E	E	0.28 *	5 *	E		E *	5 *	4 *	E	E
<b>- Residential Use</b>													
Intrastate telephone and telegraph	37	6.5 *	7	4.225	1.8 *	5	E	6 *	6	5 *	4	3 *	5
Interstate telephone and telegraph	38	6.5 *	E	E	E	E	E	6 *	6	4.25 *	E	E	E
Cellular telephone services	39	6.5	7	4.225	1.8 *	5 *	E	6 *	6	5 *	4 *	3 *	5
Electricity	40	6.5 *	E	E	0.25 *	5	E		E	5	E *	3 *	E
Water	41	E	E	E	0.28 *	5	E		E	5	E *	E *	E
Natural gas	42	6.5 *	E	E	0.28 *	5	E	1 *	E	5	E *	3 *	2
Other fuel (including heating oil)	43	6.5 *	E	E	E	5	E		E	5	E *	4 *	E *
Sewer and refuse, residential	44	6.5 *	E	E	0.28 *	5 *	E		E *	5 *	4 *	E	E
<b>Finance, Insurance and Real Estate</b>													
Service charges of banking institutions	45	E	E	E		E	E		E	5	E	E	E
Insurance services	46	E	E	E	2.75 *	E	E		E	E *	E	E	E
Investment counseling	47	E	E	E		E	E		E	5	E	E	E
Loan broker fees	48	E	E	E		E	E		E	E *	E	E	E
Property sales agents (real estate or personal)	49	E	E	E		E	E		E	5	E	E	E
Real estate management fees (rental agents)	50	E	E	E		E	E		E	5	4 *	E	E
Real estate title abstract services	51	E	E	E		E	E		E	5	4 *	E	E
Ticker tape reporting (financial reporting)	52	E	E	E		E	E		E	5	E *	E	E

	#	MN	MS	MO	MT	NE	NV	NH	NJ	NM	NY	NC	ND
<b>Services - Personal Services</b>													
Barber shops and beauty parlors	53	E	E	E		E *	E		E	5	E *	E	E
Carpet and upholstery cleaning	54	6.5 *	E	E		E	E		E	5	E	E *	E
Dating services	55	E	E	E		E	E		E	5	4 *	E	E
Debt counseling	56	E	E	E		E	E		E	5 *	E	E	E
Diaper service	57	E	7	E *		5	E		E	5	E	4 *	E
Income from funeral services	58	E	E	E		E *	E		E *	5	E	4 *	E
Fishing and hunting guide services	59	E	E	E	*	E	E		E	5	E	E	E
Garment services (altering and repairing)	60	6.5	E	E		E *	E		E	5	E *	E	E
Gift and package wrapping service	61	E	E	E		5	E		E	5	E *	E	E
Health clubs, tanning parlors, reducing salons	62	6.5 *	E	4.225 *		5	E		E	5	E *	E	E
Laundry and dry cleaning services, coin-operated	63	E	E	E		E *	E		E	5	E	E	E
Laundry and dry cleaning services, non-coin-operated	64	6.5	7	E		E	E		E	5	E	4 *	E
Massage services	65	6.5	E	E		E	E		E	5	E *	E	E
900 Number services	66	E	E *	E		5 *	E	6 *	6 *	5 *	4 *	E *	E
Personal instruction (dance, golf, tennis, etc.)	67	E	E	E		E	E		E	5	E	E	E
Shoe repair	68	E	7	E		E *	E		E	5	E	E *	E
Swimming pool cleaning and maintenance	69	6.5 *	E	E		E	E		6	5	4	E	E
Tax return preparation	70	E	E	E		E	E		E	5	E	E	E
Tuxedo rental	71	E	7	E *		5	6.5 *		E	5	4	4 *	5 *
Water softening and conditioning	72	E	E	E		5	E		E	5	4	E	E *
<b>Services - Business Services</b>													
Sales of advertising time or space:													
Billboards	73	E	E	E		E *	E		E	5	E	E	E
Radio and television, national advertising	74	E	E	E		E	E		E	E *	E	E	E
Radio and television, local advertising	75	E	E	E		E	E		E	5	E	E	E
Newspapers	76	E	E	E	*	E	E		E	5	E	E *	E
Magazines	77	E	E	E		E	E		E	5	E	E *	E
Advertising agency fees (not ad placement)	78	E *	E	E		E *	E		6	5	E	E	E
Armored car services	79	6.5	E	E		E	E		E	5	4	E	E
Bail bond fees	80	E	E	E		E	E		E	E *	E	E	E
Check and debt collection	81	E	E	E		E	E		E	5	E	E	E
Commercial art and graphic design	82	6.5 *	E	E		5 *	E		6 *	5	4	T	E

	#	MN	MS	MO	MT	NE	NV	NH	NJ	NM	NY	NC	ND
<b>Business Services (Continued)</b>													
Commercial linen supply	83	6.5	7	E *		5	E		E	5	E	4 *	5 *
Credit information, credit bureaus	84	E	E	E		E	E		E	5	4	E	E
Employment agencies	85	E	E	E		E	E		E	5	E *	E	E
Interior design and decorating	86	E	E	E		E	E		E	5	4	E *	E
Maintenance and janitorial services	87	6.5	E	E		E	E		6 *	5	4	E	E
Lobbying and consulting	88	E	E	E		E	E		E	5	E	E	E
Marketing	89	E	E	E		E	E		E	5	E	E	E
Packing and crating	90	E	E	E		E *	E		E	5	E *	E	E
Exterminating (includes termite services)	91	6.5	7	E		E	E		6	5	4 *	E	E
Photocopying services	92	6.5	7 *	E		5 *	6.5 *		6	5	4	4 *	5 *
Photo finishing	93	6.5	7	4.225 *	*	5 *	6.5 *		6	5	4	4 *	5 *
Printing	94	6.5	7 *	4.225		5 *	6.5 *		6	5	4	4 *	5 *
Private investigation (detective) services	95	6.5	E	E		E	E		E	5	4	E	E
Process server fees	96	E	E	E		E	E		E	5	E	E	E
Public relations, management consulting	97	E	E	E		E	E		E	5	E	E	E
Secretarial and court reporting services	98	E	E	E		E	6.5 *		E	5	E *	E	E
Security services	99	6.5 *	E	E		E	E		E	5	4	E	E
Sign construction and installation	100	E	7 *	E		E *	E		E	5	4	T,E *	E *
Telemarketing services on contract	101	E	E	E		E	E		E	5	E	E	E
Telephone answering service	102	E	7	E		E	E		6	5	4	E	E
Temporary help agencies	103	E	E	E		E	E		E	5	E *	E	E
Test laboratories (excluding medical)	104	E	E *	E		E	E		E	5	E	E	E
Tire recapping and repairing	105	E *	7	E *		5 *	E		6	5	4	E *	E *
Window cleaning	106	6.5	E	E		E	E		6	5	4	E	E
<b>Computer</b>													
Software - packaged or canned program	107	6.5	7	4.225		5	6.5 *		6	5	4	4 *	5
Software - modifications to canned program	108	6.5 *	7	4.225		5	E		E *	5	4 *	4 *	E
Software - custom programs - material	109	6.5 *	7	E		5	E		E *	5	4 *	E *	E
Software - custom programs - professional serv.	110	E	7	E		5 *	E		E	5	E	E *	E
Information services	111	E	E	E	*	E	E		E *	5	4	E	E
Data processing services	112	E	E	E		E	E		E	5	4	E	E
Mainframe computer access and processing serv.	113	E	E	E		E	E		E	5	E		E

	#	MN	MS	MO	MT	NE	NV	NH	NJ	NM	NY	NC	ND
<b>Automotive Services</b>													
Automotive washing and waxing	114	6.5	7	E		E	E		6	5	4	E	E *
Automotive road service and towing services	115	6.5	E *	E		E	E		6 *	5	4	E	E *
Auto service, except repairs, incl. painting & lube	116	6.5 *	7	E	*	E	E		6	5	4	E	E *
Parking lots and garages	117	6.5 *	7	E		E	E		E	5 *	4 *	E	E
Automotive rustproofing and undercoating	118	6.5	7	E		5	6.5 *		6	5	4	E	E *
<b>Admissions and Amusements</b>													
Pari-mutuel racing events	119	6.5	7	4.225	1 *	5	E		E	5 *	E	3 *	5
Amusement park admission and rides	120	6.5	7	4.225	0.0025 *	5 *	E		6	5	4 *	3 *	5
Billiard parlors	121	6.5	7	4.225		5	E		E	5	E	E	5
Bowling alleys	122	6.5	7	4.225		5	E		E	5	E	E	5
Cable TV services	123	6.5	7	E		5	E	*	E	5	E	E *	E *
Circuses and fairs — admission and games	124	6.5	7 *	4.225		5 *	E		6	5	4 *	3 *	5
Coin-operated video games	125	6.5	E	4.225	E *	E *	E		E	5	E	E	4 *
Admission to school and college sports events	126	6.5 *	7 *	4.225		5 *	E		6 *	5 *	4 *	3 *	E
Membership fees in private clubs	127	6.5 *	E	4.225		5 *	E		E	5	4 *	E	5
Admission to cultural events	128	6.5 *	E *	4.225		5	E		6	5 *	E *	3 *	5
Pinball and other mechanical amusements	129	6.5	E	4.225		E *	E *		E	5	E	E	4 *
Admission to professional sports events	130	6.5 *	7 *	4.225	5 *	5	E		6	5 *	4 *	3 *	5
Rental of films and tapes by theaters	131	E	7	E	E	E	E		E	E *	4	E	E
Rental of video tapes for home viewing	132	6.5	7	E *	E	5	6.5 *		6	5	4	4 *	5
<b>Professional Services</b>													
Accounting and bookkeeping	133	E	E	E		E	E		E	5	E	E	E
Attorneys	134	E	E	E		E	E		E	5	E	E	E
Dentists	135	E	E	E		E	E		E	5	E	E	E
Engineers	136	E	E	E		E	E		E	5	E	E	E
Land surveying	137	E	E	E	*	E	E		E	5	E	E	E
Medical test laboratories	138	E	E	E		E	E		E	5	E	E	E
Nursing services out-of-hospital	139	E	E	E		E	E		E	5	E	E	E
Physicians	140	E	E	E		E	E		E	5	E	E	E

	#	MN	MS	MO	MT	NE	NV	NH	NJ	NM	NY	NC	ND
<b>Leases and Rentals</b>													
Personal property, short term (generally)	141	6.5	7	4.225 *		5	6.5 *		6 *	5 *	4	4 *	5 *
Personal property, long term (generally)	142	6.5	7	4.225 *		5	6.5 *		6 *	5 *	4	4 *	5 *
Bulldozers, draglines and const. mach., short term	143	6.5	7	4.225		5	6.5 *		6 *	5	4	4 *	5
Bulldozers, draglines and const. mach., long term	144	6.5	7	4.225		5	6.5 *		6 *	5	4	4 *	5
Rental of hand tools to licensed contractors	145	6.5	7	4.225		5	6.5 *		6	5	4	4 *	5
Short-term automobile rental	146	6.5	5 *	4.225		5 *	6.5 *		6	5 *	4 *	8 *	E *
Long-term automobile lease	147	6.5	5	4.225		5 *	6.5 *		6	5	4 *	3 *	E *
Limousine service (with driver)	148	E	E	E		E *	E		E	5	E *	E	E
Aircraft rental to individual pilots, short term	149	6.5	3	4.225		5	6.5 *		6 *	5	4 *	3	E *
Aircraft rental to individual pilots, long term	150	6.5	3	4.225		5	6.5 *		6 *	5	4 *	3 *	E *
Chartered flights (with pilot)	151	E	E	4.225		E	E *		E	5	E *	E	E
Hotels, motels, lodging houses	152	6.5 *	7 *	4.225	4 *	5 *	T *	8 *	6	5 *	4 *	4 *	5
Trailer parks - overnight	153	6.5	7	4.225	4 *	E *	T *		E	5	E	E	5 *
<b>Fabrication, Installation and Repair Services</b>													
Custom fabrication labor	154	6.5	7	E		5 *	6.5 *		6	5	4 *	4 *	E
Repair material, generally	155	6.5	7	4.225		5	6.5 *		6 *	5	4	1, 4 *	5
Repair labor, generally	156	E *	7	E *		E *	E *		6	5	4 *	E *	E *
Labor charges on repair of aircraft	157	E	7	E		E *	E *		6 *	5	4 *	E	E
Labor charges - repairs to interstate vessels	158	E	5	E		E *	E *		E	5	E	E *	N/A
Labor charges - repairs to intrastate vessels	159	E	5	E		E *	E *		E	5	4	E	E
Labor - repairs to commercial fishing vessels	160	E	E	E		E *	E *		E	5	E	E	E
Labor charges on repairs to railroad rolling stock	161	E	E	E		E	E *		6	5	4 *	E	E
Labor charges on repairs to motor vehicles	162	E	7	E		E *	E *		6	5	4	E *	E
Labor on radio/TV repairs; other electronic equip.	163	E	7	E		E *	E *		6	5	4	E *	E
Labor charges - repairs other tangible property	164	E	7	E		E *	E *		6	5	4	E *	E
Labor - repairs or remodeling of real property	165	E	E *	E		E	E *		6	5	4	E	E
Labor charges on repairs delivered under warranty	166	E	E	E		E *	E		E	E *	E *	E	E
Service contracts sold at the time of sale of TPP	167	E *	7	E		5 *	E *		6	5	4	E	E *
Installation charges by persons selling property	168	E *	7 *	E *		E *	E *		6 *	5	4 *	E *	5
Installation charges - other than seller of goods	169	E *	7 *	E		E	E *		6 *	5	4 *	E	E
Custom processing (on customer's property)	170	6.5 *	7 *	E		5	E		6 *	5	4 *	E	E
Custom meat slaughtering, cutting and wrapping	171	E	7	E		E *	E		E	5	4 *	E	E



	#	MN	MS	MO	MT	NE	NV	NH	NJ	NM	NY	NC	ND
<b>Fabrication, Installation &amp; Repair Services (Contd)</b>													
Taxidermy	172	6.5	E	E		5	6.5 *		6	5	4	E	E *
Welding labor (fabrication and repair)	173	6.5 *	7	E		5 *	E *		6	5	4	E *	E
<b>OTHER TAXED SERVICES</b>													
Do you impose sales tax on other services not listed?	174	Yes *	7 *			5 *	No *	8 *	Yes *	5 *	*	No	No
	175												
	176												
<b>USE TAX ON SERVICES</b>													
Do you tax the use of services in the state?	177	Yes	No	No *		Yes	No *		Yes	E *	Yes	No	No
If yes, at what rate?	178	6.5				5			6	5	4		
Who is liable for use tax payment? (B)uyer or (S)eller	179	B *	B	B/S		B			B *	S *	User *	S *	B *
Rules for determining the location of services?	180	*	*	*	*	*	*			*(a) *	*	*	N/A
Exempt sales of services sold to government entities?	181	Yes *	Yes	Yes	No	5 *	*		Yes	No *	Yes	Yes *	N/A
Exempt sales of services sold to nonprofit entities?	182	Yes *	No	Yes	No	5 *	*		Yes *	No *	No *	No	N/A
Exempt sales of svcs. sold to federally chartered banks?	183	Yes	No	Yes	No	5 *	*		Yes	No	Yes	Yes *	N/A
Is the tax on services imposed on (S)eller or (B)uyer?	184	B	S *	S	S	B	*		B *	S *	S *	S *	N/A
<b>ADDITIONAL SALES/USE TAX QUESTIONS</b>													
Does your state tax tangible personal property that is purchased for rental or lease? (Yes/No) Please explain	185	No *	No *	Yes *	Yes *	No *	Yes *		No *	No *	No *	No	No *
Does your state tax the gross receipts from tangible personal property rentals or leases? (Yes/No) Please explain	186	Yes *	Yes *	Yes	No *	Yes *	Yes *		Yes *	Yes *	Yes *	Yes	Yes
Does your state tax shipping and delivery charges for tangible personal property? (Yes/No) Please explain	187	No	Yes *	Yes *	Yes *	Yes *	Yes *		No *	Yes *	Yes *	Yes *	Yes

	#	MN	MS	MO	MT	NE	NV	NH	NJ	NM	NY	NC	ND
<b>TAXATION OF ON-LINE SERVICES QUESTIONS</b>													
Does your state impose the sales tax or other gross receipts tax on businesses providing access to on-line services (i.e., Internet Service Provider)? (Yes/No)	188	No	No	Yes	Yes *	No *	No	Yes	No	Yes	* / *	No	Yes
What is the tax rate and who is responsible for remitting the tax?	189			4.225 *	*	*		*		5 *		N/A	5 *
Does your state impose the sales tax or other gross receipts tax on businesses providing information distributed through an on-line service (i.e., Lexis, CCH Online)? (Yes/No)	190	No	No	No	No	No	No	No	No	Yes	*	No	No *
What is the tax rate and who is responsible for remitting the tax?	191							N/A		5 *		N/A	
<b>Totals</b>	<b>In Cat.</b>												
Agricultural Services	5	2	2	0	0	0	0	0	1	3	3	0	0
Industrial and Mining Services	4	0	4	0	0	1	0	0	0	4	0	0	0
Construction	4	0	4	0	1	0	0	0	0	4	0	0	0
Utility Service - Industrial and Residential	16	15	8	8	12	14	0	8	6	16	9	10	6
Transportation Services	9	0	1	2	0	0	0	0	1	7	1	0	0
Storage	6	1	5	0	0	0	0	0	5	5	6	0	0
Finance, Insurance and Real Estate	8	0	0	0	1	0	0	0	0	6	2	0	0
Personal Services	20	6	4	1	0	6	1	1	2	20	5	4	1
Business Services	34	11	8	2	0	6	4	0	10	32	15	4	4
Computer Services	6	2	3	1	0	3	0	0	0	6	4	1	0
Automotive Services	5	5	4	0	0	1	1	0	4	5	5	0	0
Admissions and Amusements	14	13	10	11	3	11	1	0	6	13	7	7	11
Professional Services	8	0	0	0	0	0	0	0	0	8	0	0	0
Leases and Rentals	4	2	2	3	2	1	2	1	1	4	1	1	2
Fabrication, Installation and Repair Services	19	4	14	0	0	5	2	0	14	18	16	1	1
Miscellaneous	2	0	1	0	0	1	0	1	0	1	0	0	0
<b>Taxable entries</b>	<b>164</b>	<b>61</b>	<b>70</b>	<b>28</b>	<b>19</b>	<b>49</b>	<b>11</b>	<b>11</b>	<b>50</b>	<b>152</b>	<b>74</b>	<b>28</b>	<b>25</b>
<b>Repair labor, generally</b>		<b>E *</b>	<b>6 *</b>	<b>E *</b>	<b>E</b>	<b>E *</b>	<b>E *</b>	<b>E</b>	<b>6</b>	<b>4.75</b>	<b>4 *</b>	<b>E *</b>	<b>E *</b>

	#	OH	OK	OR	PA	RI	SC	SD	TN	TX	UT	VT	VA
<b>Basic Sales Tax Rate</b>		5 *	4.5 *	0 *	6	7	5	4 *	6 *	6.25	5	5	4.5 *
<b>Agricultural Services</b>													
Soil prep., custom baling, other agricultural services	1	E	E	E	E	E	E	E	E	E	E	E	E
Veterinary services (both large and small animals)	2	E	E	E	E	E	E	4	E	E	E	E	E
Horse boarding and training (not race horses)	3	E	E	E	E	E	E	4	6 *	E	E	E	E
Pet grooming	4	E	E	E	6	E	E	4	6 *	6.25	4.875 *	E	E
Landscaping services (including lawn care)	5	5 *	E	E	6 *	E	E	4	E	6.25 *	E	E	E *
<b>Industrial and Mining Services</b>													
Metal, non-metal and coal mining services	6	E	E	E	E	E	E	4	E	E	E	E	E
Seismograph and geophysical services	7	E	E	E	E	E	E	4	E	E	E	E	E
Oil field services	8	E	E	E	E	E	E	3	E	2.42 *	4.875 *	E	E
Typesetting service; platemaking for the print trade	9	E	E	E	E	E	E	4	6 *	6.25 *	T *	E	4.5
<b>Construction</b>													
Gross income of construction contractors	10	E	E	E	E	E	E	4 *	E	6.25 *	E	E	E
Carpentry, painting, plumbing and similar trades	11	E *	E	E	E	E	E	4 *	6 *	6.25 *	E *	E	E
Construction service (grading, excavating, etc.)	12	E	E	E	E	E	E	4 *	E	6.25 *	E	E	E
Water well drilling	13	E	E	E	E	E	E	4 *	E	E *	E	E	E
<b>Transportation Services</b>													
Income from intrastate transportation of persons	14	E	4.5 *	E	E	E	E	4	E	E	4.875 *	E	E
Local transit (intra-city) buses	15	E *	E	E	E	E	E	E	E	E	E	E	E
Income from taxi operations	16	E	4.5	E	E	E	E	4	E	E	E	E	E
Intrastate courier service	17	E	E	E	E	E	E	4	E	E	E	E	E
Interstate air courier (billed in-state)	18	E	E	E	E	E	E	E	E	E	E	E	E
<b>Storage</b>													
Automotive storage	19	E	4.5	E	E *	E	E	4	6 *	6.25	E	E	E
Food storage	20	E	E	E	E *	E	E	4	E	E	E	E	E
Fur storage	21	E	E	E	E *	E	E	4	E	6.25	E	E	E
Household goods storage	22	E	E	E	E *	E	E	4	E	E	E	E	E
Mini-storage	23	E	E	E	E *	E	E	4	E	E	E	E	E
Cold storage	24	E	E	E	E *	E	E	4	E	E	E	E	E
Marina Service (docking, storage, cleaning, repair)	25	5 *	E *	E	6 *	E *	E *	4	6 *	E	4.875 *	E	E

	#	OH	OK	OR	PA	RI	SC	SD	TN	TX	UT	VT	VA
<b>Storage (Continued)</b>													
Marine towing service (incl. tugboats)	26	E	E	E	E	E	E	4	E	E	E	E	E
Travel agent services	27	E	E *	E	E	E	E	E	E	E	E	E	E
Packing and crating	28	E *	E	E	E *	E	E	4	E	E	E *	E	E
<b>Utility Service - Industrial Use</b>													
Intrastate telephone and telegraph	29	5 *	4.5	E	6	7	5 *	4	6	6.25	4.875	E	E
Interstate telephone and telegraph	30	5 *	4.5	E	6	7	E	E	6 *	6.25 *	E	E	E
Cellular telephone services	31	5		E	6	7	5 *	4	6 *	6.25	4.875	E	E *
Electricity	32	E *	4.5 *	E *	6 *	7 *	E *	4 *	6 *	6.25 *	E *	5 *	E *
Water	33	E *	E	E	E	7 *	E	E	6 *	E	E *	E	E *
Natural gas	34	E *	4.5 *	E	6 *	7 *	E *	4	6 *	6.25 *	E	5 *	E *
Other fuel (including heating oil)	35	5	4.5 *	E	6 *	7 *	E *	4 *	6 *	6.25 *	E	5 *	4.5 *
Sewer and refuse, industrial	36	E	E	E	E	E	E	4 *	E	6.25 *	E	E	E
<b>- Residential Use</b>													
Intrastate telephone and telegraph	37	5 *	4.5	E	6 *	7	5 *	4	6	6.25	5	E	E
Interstate telephone and telegraph	38	5 *	4.5	E	6	7	E	E	6 *	6.25 *	E	E	E
Cellular telephone services	39	5	4.5	E		7	5 *	4	6 *	6.25	5	E	E *
Electricity	40	E *	E *	E *	E	E *	E *	4 *	E	E *	2	E *	E
Water	41	E *	E *	E	E	E *	E	E *	6	E	E	E	E
Natural gas	42	E *	E *	E	E	E *	E	4	E	E *	2	E *	E *
Other fuel (including heating oil)	43	5	E *	E	E	E *	E *	4	E	6.25 *	2	E *	E *
Sewer and refuse, residential	44	E	E	E	E	E *	E	4 *	E	6.25 *	E	E	E
<b>Finance, Insurance and Real Estate</b>													
Service charges of banking institutions	45	E	E	E	E	E	E	E *	E	E *	E	E	E
Insurance services	46	E	E	E	E	E	E	4 *	E	6.25 *	E	E	E
Investment counseling	47	E	E	E	E	E	E	4	E	E	E	E	E
Loan broker fees	48	E	E	E	E	E	E	4 *	E	E	E	E	E
Property sales agents (real estate or personal)	49	E	E	E	E	E	E	4	E	E	E	E	E
Real estate management fees (rental agents)	50	E	E	E	E	E	E	4	E	E	E	E	E
Real estate title abstract services	51	E	E	E	E	E	E	4	E	E	E	E	E
Ticker tape reporting (financial reporting)	52	E	E	E	E	E	E	4	E	6.25	E	E	E

	#	OH	OK	OR	PA	RI	SC	SD	TN	TX	UT	VT	VA
<b>Services - Personal Services</b>													
Barber shops and beauty parlors	53	E	E	E	E	E	E	4	E	E	E	E	E
Carpet and upholstery cleaning	54	*	E	E	6	E	E	4	6 *	6.25	E *	E	E
Dating services	55	E	E	E	E	E	E	4	E	6.25 *	E	E	E
Debt counseling	56	E	E	E	E	E	E	4	E	E	E	E	E
Diaper service	57	5	E	E	E	E	5	4	6	6.25	4.875	E	4.5
Income from funeral services	58		E *	E	E	E	E *	4	6 *	E	4.875 *	E *	E *
Fishing and hunting guide services	59	E	E	E	E	E	E	4	6	E	4.875	E	E
Garment services (altering and repairing)	60	5	E	E	E	E	E *	4	6 *	6.25	4.875	E	E *
Gift and package wrapping service	61	E	E	E	6	E	E *	4	E	E *	4.875 *	E	4.5 *
Health clubs, tanning parlors, reducing salons	62	5 *	E	E	E	E	5 *	4	6 *	6.25 *	E *	5 *	E
Laundry and dry cleaning services, coin-operated	63	E	E	E	E	E	E *	E *	E	E	E	E	E
Laundry and dry cleaning services, non-coin-operated	64	E	E	E	6 *	E	5 *	4	6	6.25	4.875	E	E
Massage services	65	E	E	E	E	E	E	4	6	6.25 *	E	E	E
900 Number services	66	5	T	E	6 *	7	10	4 *	6	6.25	E	E	E
Personal instruction (dance, golf, tennis, etc.)	67	E	E	E	E	E	E	4	E *	E	E	E	E
Shoe repair	68	5	E	E	E	E	E	4	6	6.25	4.875	E	E
Swimming pool cleaning and maintenance	69	5 *	E	E	E *	E	E	4	E *	6.25	E *	E	E
Tax return preparation	70	E	E	E	E	E	E	4	E *	E	E	E	E
Tuxedo rental	71	5	4.5	E	6	E	5	4	6	6.25	4.875	5	4.5
Water softening and conditioning	72	E *	E	E	6	E	E	4	E	E *	E *	E	E
<b>Services - Business Services</b>													
Sales of advertising time or space:													
Billboards	73	E	E	E	E	E	E	E *	E	E	E	E	E
Radio and television, national advertising	74	E	E	E	E	E	E	E	E	E *	E *	E	E
Radio and television, local advertising	75	E	E	E	E	E	E	E	E	E *	E *	E	E
Newspapers	76	E	E	E	E	E	E	E	E	E	E	E	E
Magazines	77	E	E	E	E	E	E	E	E	E *	E	E	E
Advertising agency fees (not ad placement)	78	E	E	E	E *	E	E	4	E	E *	E	E	E
Armored car services	79	5	E	E	E	E	E	4	E	6.25	E	E	E
Bail bond fees	80	E	E	E	E	E	E	E *	E	E	E	E	E
Check and debt collection	81	E	E	E	6	E	E	4	E	6.25	E	E	E
Commercial art and graphic design	82	E *	E	E	6	7	E	4	E *	6.25	4.875	5	E

	#	OH	OK	OR	PA	RI	SC	SD	TN	TX	UT	VT	VA
<b>Business Services (Continued)</b>													
Commercial linen supply	83	5 *	4.5	E	6	E *	5	4	6	6.25	4.875	E	4.5
Credit information, credit bureaus	84	E	E	E	6	E	5 *	4	E	6.25	E	E	E
Employment agencies	85	5 *	E	E	6	E	E	4	E	E	E	E	E
Interior design and decorating	86	E *	E	E	E *	E	E	4 *	E *	E	E *	E	E *
Maintenance and janitorial services	87	5	E	E	6	E	E	4	E	6.25 *	E	E	E
Lobbying and consulting	88	E	E	E	6 *	E	E	4	E	E	E	E	E
Marketing	89	E	E	E	E	E	E	4	E	E	E	E	E
Packing and crating	90	E *	E	E	E *	E	E	4	E	E	E *	E	E
Exterminating (includes termite services)	91	5	E	E	6	E	E	4	E	6.25	E	E	E
Photocopying services	92	5	4.5	E	6	7	5	4	6	6.25	4.875	5	4.5
Photo finishing	93	5	4.5	E	6	7 *	E	4	6	6.25	4.875	5	E *
Printing	94	5	4.5	E	6	7	5 *	4	6	6.25	4.875	5 *	4.5
Private investigation (detective) services	95	5	E	E	E	E	E	4	E	6.25	E	E	E
Process server fees	96	E	E	E	E	E	E	4	E	E	E	E	E
Public relations, management consulting	97	E	E	E	E	E	E	4	E	E	E	E	E
Secretarial and court reporting services	98	E	E	E	6 *	E	E	4	E	E	E	E	E
Security services	99	5	E	E	E *	E	E	4	E	6.25	E	E	E
Sign construction and installation	100	5 *	E	E	6 *	7 *	5 *	4	6 *	E *	E *	T *	4.5 *
Telemarketing services on contract	101	E	E	E	E	E	E	4	E	E	E	E	E
Telephone answering service	102	E *	E	E	6	7	5 *	4	E	6.25	E	E	E
Temporary help agencies	103	5 *	E	E	6 *	E	E	4	E	E	E	E	E
Test laboratories (excluding medical)	104	E	E	E	E	E	E	4	E	E	E	E	E
Tire recapping and repairing	105	5	E	E *	6	E	E	4	6	E *	4.875	E	E *
Window cleaning	106	5 *	E	E	6	E	E	4	E	6.25	E *	E	E
<b>Computer</b>													
Software - packaged or canned program	107	5 *	4.5	E	6	7	5	4	6	6.25 *	4.875	5	4.5 *
Software - modifications to canned program	108	5 *	4.5	E	6	7	5	4	6	6.25	E *	5	E *
Software - custom programs - material	109	E *	4.5	E	6	7	5	4	6	6.25	E	T *	E
Software - custom programs - professional serv.	110	E *	E	E	6	E	5 *	4	6 *	6.25 *	E	E	E *
Information services	111	5 *	E	E	6	E	5 *	4	E	6.25	E	E	E
Data processing services	112	5	E	E	6	E	E	4	E	6.25	E	E	E
Mainframe computer access and processing serv.	113	E *	E	E	6	7 *	E	4	E	6.25	E	E	E



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	#	OH	OK	OR	PA	RI	SC	SD	TN	TX	UT	VT	VA
<b>Leases and Rentals</b>													
Personal property, short term (generally)	141	5 *	4.5	E	6	7 *	5 *	4	6	6.25 *	4.875	5 *	4.5
Personal property, long term (generally)	142	5 *	4.5	E	6	7 *	5 *	4	6	6.25 *	4.875	5 *	4.5
Bulldozers, draglines and const. mach., short term	143	5 *	4.5	E	6	7 *	5	4 *	6	6.25	4.875	5	4.5
Bulldozers, draglines and const. mach., long term	144	5 *	4.5	E	6	7 *	5 *	4 *	6	6.25	4.875	5	4.5
Rental of hand tools to licensed contractors	145	5 *	4.5	E	6	7 *	5	4	6	6.25	4.875	5	4.5
Short-term automobile rental	146	5 *	10.5 *	E	6 *	7 *	5 *	4 *	6	6.25 *	4.875	5 *	6.5 *
Long-term automobile lease	147	5 *	E *	E	6 *	7 *	5 *	E *	6	6.25 *	4.875	E	3 *
Limousine service (with driver)	148	E	4.5	E	E *	E	E	4	E	E	E	E	6.5
Aircraft rental to individual pilots, short term	149	5	4.5	E	6	7 *	5	4	6	6.25	4.875	5	2 *
Aircraft rental to individual pilots, long term	150	5	4.5	E	6	7 *	5 *	4	6	6.25	4.875	5	2 *
Chartered flights (with pilot)	151	E	E	E	E	E *	E	4 *	E	E	E	E	2 *
Hotels, motels, lodging houses	152	5 *	4.5 *	E *	6	12 *	7	4	6	6 *	7.875 *	7 *	4.5 *
Trailer parks - overnight	153	E	E	E	E	E	7	4	6	E	7.875 *	E	4.5 *
<b>Fabrication, Installation and Repair Services</b>													
Custom fabrication labor	154	5 *	E	E	6 *	7	E *	4	6 *	6.25	4.875 *	5	4.5
Repair material, generally	155	5	4.5	E	6 *	7	5	4	6	6.25 *	4.875 *	5	4.5
Repair labor, generally	156	5 *	E *	E	6 *	E *	E *	4	6 *	6.25	4.875 *	E *	E *
Labor charges on repair of aircraft	157	5	E	E	6 *	E	E	4	E *	E	4.875	E	E
Labor charges - repairs to interstate vessels	158	E	E	E	6 *	E *	E	4	6 *	E *	4.875	E *	E
Labor charges - repairs to intrastate vessels	159	5	E	E	6 *	E	E	4	6	E *	4.875	E	E
Labor - repairs to commercial fishing vessels	160	E	E	E	6 *	E	E	4	6	E	4.875	E	E
Labor charges on repairs to railroad rolling stock	161	E *	E	E	E *	E *	E	4 *	6	E	4.875	E	E *
Labor charges on repairs to motor vehicles	162	5	E	E	6	E	E	4	6	E *	4.875	E	E
Labor on radio/TV repairs; other electronic equip.	163	5	E	E	6	E	E	4	6	6.25	4.875	E	E
Labor charges - repairs other tangible property	164	5	E	E	6	E	E	4	6	6.25 *	4.875	E	E
Labor - repairs or remodeling of real property	165	E	E	E	E	E	E	2 *	E *	6.25 *	E	E	E
Labor charges on repairs delivered under warranty	166	E *	E	E	6	E	E	E *	E	6.25 *	E	E	E
Service contracts sold at the time of sale of TPP	167	5	E	E	6	E	5	4	6	6.25 *	4.875 *	E	4.5 *
Installation charges by persons selling property	168	5 *	E *	E	6 *	E *	E *	4 *	6	6.25 *	4.875 *	E *	E *
Installation charges - other than seller of goods	169	5 *	E	E	E	E	E	4 *	6 *	E *	4.875 *	E	E *
Custom processing (on customer's property)	170	E *	E	E	6	7 *	E	4	6 *	6.25	E *	E	4.5 *
Custom meat slaughtering, cutting and wrapping	171	E	E	E	E	E	E	4	E	E	E	E	4.5



	#	OH	OK	OR	PA	RI	SC	SD	TN	TX	UT	VT	VA
<b>Fabrication, Installation &amp; Repair Services (Contd)</b>													
Taxidermy	172	5	E	E	6	7	E	4	E	6.25	4.875	5	E
Welding labor (fabrication and repair)	173	5	E	E	6 *	E *	E *	4	6	6.25	4.875 *	E *	E *
<b>OTHER TAXED SERVICES</b>													
Do you impose sales tax on other services not listed?	174	*		No		7 *	5 *	4 *	6 *	No *	Yes *		Yes *
	175							4					
	176												
<b>USE TAX ON SERVICES</b>													
Do you tax the use of services in the state?	177	Yes	No	No	Yes	Yes	Yes	Yes	No	Yes	Yes *	No *	Yes *
If yes, at what rate?	178	5		No	6	7	5 *	4		6.25 *	4.875		3.5
Who is liable for use tax payment? (B)uyer or (S)eller	179	User *	B *	N/A	B *	B/S *	B *	User *		B *	B *		*
Rules for determining the location of services?	180	*	Yes *	N/A	*	*		*	*	*	*	*	*
Exempt sales of services sold to government entities?	181	Yes *	Yes	N/A	Yes	Yes *	*	Yes	E	Yes	Yes *	Yes *	Yes *
Exempt sales of services sold to nonprofit entities?	182	Yes *	No	N/A	Yes *	No *	*	Yes *	E	Yes *	Yes *	Yes *	No *
Exempt sales of svcs. sold to federally chartered banks?	183	No	Yes	N/A	Yes *	No	*	No	6	Yes	No *	No	No
Is the tax on services imposed on (S)eller or (B)uyer?	184	S *	B	S	B	S *	S *	S	S *	B *	B *	B	B/S *
<b>ADDITIONAL SALES/USE TAX QUESTIONS</b>													
Does your state tax tangible personal property that is purchased for rental or lease? (Yes/No) Please explain	185	No *	Yes *	No *	No *	Yes *	No *	No *	No *	No	No	Yes *	No *
Does your state tax the gross receipts from tangible personal property rentals or leases? (Yes/No) Please explain	186	Yes *	Yes *	No	No	Yes	Yes	Yes *	Yes *	Yes	Yes	No	Yes *
Does your state tax shipping and delivery charges for tangible personal property? (Yes/No) Please explain	187	No *	N/Y *	No	Yes *	Yes *	Yes *	Yes *	Yes *	Yes *	No *	Yes *	No *

	#	OH	OK	OR	PA	RI	SC	SD	TN	TX	UT	VT	VA
<b>TAXATION OF ON-LINE SERVICES QUESTIONS</b>													
Does your state impose the sales tax or other gross receipts tax on businesses providing access to on-line services (i.e., Internet Service Provider)? (Yes/No)	188	Yes	No		Yes *	No	No	Yes	*	Yes *	No	No	
What is the tax rate and who is responsible for remitting the tax?	189	5 *			6		N/A	4 *		6.25 *			
Does your state impose the sales tax or other gross receipts tax on businesses providing information distributed through an on-line service (i.e., Lexis, CCH Online)? (Yes/No)	190	Yes	No		Yes *	No	Yes	Yes	*	Yes *	No	No	
What is the tax rate and who is responsible for remitting the tax?	191	5 *			6		5 *	4 *		6.25 *			
<b>Totals</b>	<b>In Cat.</b>												
Agricultural Services	5	1	0	0	2	0	0	4	2	2	1	0	0
Industrial and Mining Services	4	0	0	0	0	0	0	4	1	2	1	0	1
Construction	4	0	0	0	0	0	0	4	1	3	0	0	0
Utility Service - Industrial and Residential	16	8	8	0	8	10	4	12	11	12	7	3	1
Transportation Services	9	1	2	0	1	0	0	6	1	0	2	0	0
Storage	6	0	1	0	0	0	0	6	1	2	0	0	0
Finance, Insurance and Real Estate	8	0	0	0	0	0	0	7	0	2	0	0	0
Personal Services	20	7	1	0	6	1	5	19	11	11	8	2	3
Business Services	34	14	4	0	17	6	6	28	6	14	6	4	4
Computer Services	6	3	2	0	6	3	4	6	3	6	0	1	0
Automotive Services	5	3	1	0	4	0	0	5	5	1	3	0	0
Admissions and Amusements	14	2	11	0	1	3	9	12	12	10	9	10	1
Professional Services	8	0	0	0	0	0	0	4	0	1	0	0	0
Leases and Rentals	4	1	2	0	1	1	2	4	2	1	2	1	4
Fabrication, Installation and Repair Services	19	12	0	0	15	3	1	18	14	11	15	2	4
Miscellaneous	2	0	0	0	0	1	1	2	1	0	0	0	0
<b>Taxable entries</b>	<b>164</b>	<b>52</b>	<b>32</b>	<b>0</b>	<b>61</b>	<b>28</b>	<b>32</b>	<b>141</b>	<b>71</b>	<b>78</b>	<b>54</b>	<b>23</b>	<b>18</b>
<b>Repair labor, generally</b>		<b>5 *</b>	<b>E *</b>	<b>E</b>	<b>6 *</b>	<b>E *</b>	<b>E *</b>	<b>4</b>	<b>5.5 *</b>	<b>6 *</b>	<b>5</b>	<b>E *</b>	<b>E *</b>

	#	WA	WV	WI	WY	# of States Taxing
<b>Basic Sales Tax Rate</b>		6.5 *	6 *	5	4 *	
<b>Agricultural Services</b>						
Soil prep., custom baling, other agricultural services	1	1.829 *	E *	E	E	4
Veterinary services (both large and small animals)	2	1.829 *	E *	E	E	5
Horse boarding and training (not race horses)	3	1.829 *	6	E *	E	7
Pet grooming	4	1.829 *	6	5 *	E	16
Landscaping services (including lawn care)	5	6.5 *	6 *	5 *	E	19
<b>Industrial and Mining Services</b>						
Metal, non-metal and coal mining services	6	0.506 *	E *	E	E	6
Seismograph and geophysical services	7	2.0 *	E	E	4 *	7
Oil field services	8	6.5	E	E	4	11
Typesetting service; platemaking for the print trade	9	2.0 *	6 *	5 *	E	19
<b>Construction</b>						
Gross income of construction contractors	10	6.5 *	E *	E *	E	11
Carpentry, painting, plumbing and similar trades	11	6.5 *	6 *	E *	E	13
Construction service (grading, excavating, etc.)	12	6.5 *	E	E *	E	11
Water well drilling	13	6.5 *	E	E	E	10
<b>Transportation Services</b>						
Income from intrastate transportation of persons	14	3.852 *	E *	E	4	11
Local transit (intra-city) buses	15	0.642 *	E *	E	4	5
Income from taxi operations	16	1.926 *	E *	E	4	8
Intrastate courier service	17	1.829	E *	E	E	6
Interstate air courier (billed in-state)	18	E	E *	E	E	1
<b>Storage</b>						
Automotive storage	19	6.5 *	6	5 *	E	19
Food storage	20	0.506	6	E	E	10
Fur storage	21	0.506	6	E	E	15
Household goods storage	22	0.506	6	E	E	12
Mini-storage	23	E *	6	E *	E	9
Cold storage	24	0.506	6	E	E	13
Marina Service (docking, storage, cleaning, repair)	25	6.5 *	6	5	4 *	21

	#	WA	WV	WI	WY	# of States Taxing
<b>Storage (Continued)</b>						
Marine towing service (incl. tugboats)	26	1.926	6	5 *	E	7
Travel agent services	27	0.287 *	6	E	E	3
Packing and crating	28	1.829	6	E	E	9
<b>Utility Service - Industrial Use</b>						
Intrastate telephone and telegraph	29	6.5 *	4 *	5	4	44
Interstate telephone and telegraph	30	6.5 *	E	5 *	E	21
Cellular telephone services	31	6.5 *	E	5 *	4 *	40
Electricity	32	3.873 *	4 *	5 *	4 *	37
Water	33	5.029 *	4.4 *	E	4 *	19
Natural gas	34	3.852 *	4.29 *	5 *	4 *	39
Other fuel (including heating oil)	35	6.5 *	5 *	5 *	4 *	39
Sewer and refuse, industrial	36	4.6 *	E *	E	E	13
<b>- Residential Use</b>						
Intrastate telephone and telegraph	37	6.5 *	4 *	5	4	42
Interstate telephone and telegraph	38	6.5 *	E	5 *	E	20
Cellular telephone services	39	6.5 *	E	5 *	4 *	40
Electricity	40	3.873 *	4 *	5 *	4	24
Water	41	5.029 *	4.4 *	E	E *	13
Natural gas	42	3.852 *	4.29 *	5 *	4	24
Other fuel (including heating oil)	43	6.5 *	5 *	E	4	24
Sewer and refuse, residential	44	4.6 *	E *	E	E	11
<b>Finance, Insurance and Real Estate</b>						
Service charges of banking institutions	45	1.6 *	E *	E	E	3
Insurance services	46	0.575 *	3 *	E	E	6
Investment counseling	47	2.0 *	E *	E	E	6
Loan broker fees	48	2.0 *	6	E	E	4
Property sales agents (real estate or personal)	49	2.0 *	E *	E	E	5
Real estate management fees (rental agents)	50	2.0 *	E *	E	E	6
Real estate title abstract services	51	6.5	E	E	E	6
Ticker tape reporting (financial reporting)	52	2.0 *	6	E	E	9

	#	WA	WV	WI	WY	# of States Taxing
<b>Services - Personal Services</b>						
Barber shops and beauty parlors	53	1.829 *	E	E	E	6
Carpet and upholstery cleaning	54	1.829 *	6	5	E *	15
Dating services	55	6.5 *	6	E	E	10
Debt counseling	56	2.0 *	6	E	E	7
Diaper service	57	6.5 *	6	E	4	23
Income from funeral services	58	1.829 *	6 *	E	E *	15
Fishing and hunting guide services	59	6.5 *	6	5 *	E	10
Garment services (altering and repairing)	60	6.5 *	6	5 *	4	19
Gift and package wrapping service	61	6.5 *	6	5	4	18
Health clubs, tanning parlors, reducing salons	62	1.829 *	6 *	5 *	E	20
Laundry and dry cleaning services, coin-operated	63	6.5 *	6	E	4	8
Laundry and dry cleaning services, non-coin-operated	64	6.5 *	6	5	4	21
Massage services	65	1.829 *	E *	E	E	10
900 Number services	66	2.0 *	E	5 *	E *	24
Personal instruction (dance, golf, tennis, etc.)	67	1.829 *	6 *	E	E	7
Shoe repair	68	6.5 *	6	5	4	21
Swimming pool cleaning and maintenance	69	6.5 *	6	5	E	17
Tax return preparation	70	2.0 *	6 *	E	E	6
Tuxedo rental	71	6.5 *	6	5 *	4	39
Water softening and conditioning	72	1.829 *	6	5 *	E	14
<b>Services - Business Services</b>						
Sales of advertising time or space:						
Billboards	73	1.829 *	E *	E	E	4
Radio and television, national advertising	74	0.506 *	E	E	E	3
Radio and television, local advertising	75	0.506 *	E	E	E	4
Newspapers	76	0.506 *	E	E	E	4
Magazines	77	0.506 *	E	E	E	4
Advertising agency fees (not ad placement)	78	1.829 *	6	E *	E	11
Armored car services	79	1.926 *	6	E	E	14
Bail bond fees	80	1.829 *	6	E	E	4
Check and debt collection	81	1.829 *	6	E	E	9
Commercial art and graphic design	82	2.0 *	6	E *	4 *	20

	#	WA	WV	WI	WY	# of States Taxing
<b>Business Services (Continued)</b>						
Commercial linen supply	83	6.5 *	6	5	4	32
Credit information, credit bureaus	84	6.5 *	6	E	E	14
Employment agencies	85	1.829 *	6	E	E	10
Interior design and decorating	86	2.0 *	6	E *	E	9
Maintenance and janitorial services	87	1.829 *	6	E *	E	18
Lobbying and consulting	88	2.0 *	E *	E	E	7
Marketing	89	2.0 *	6	E	E	6
Packing and crating	90	1.829 *	6	E	E	8
Exterminating (includes termite services)	91	6.5 *	6	E	E	17
Photocopying services	92	6.5 *	6	5	4	42
Photo finishing	93	6.5 *	6	5	4	44
Printing	94	6.5 *	6	5	4	45
Private investigation (detective) services	95	2.0 *	E *	E	E	13
Process server fees	96	2.0 *	6	E	E	6
Public relations, management consulting	97	2.0 *	6	E	E	7
Secretarial and court reporting services	98	2.0 *	6 *	E	E	9
Security services	99	2.0 *	6	E	E	14
Sign construction and installation	100	6.5 *	E *	E *	E	23
Telemarketing services on contract	101	1.829 *	6	E	E	6
Telephone answering service	102	1.829 *	6	E *	E	18
Temporary help agencies	103	1.829 *	6	E	E	11
Test laboratories (excluding medical)	104	1.829 *	6	5 *	E	8
Tire recapping and repairing	105	6.5 *	6	5	4	25
Window cleaning	106	1.829 *	6	E	E	17
<b>Computer</b>						
Software - packaged or canned program	107	6.5 *	6	5	4	45
Software - modifications to canned program	108	6.5 *	6	5	4	34
Software - custom programs - material	109	6.5 *	6	E *	4	27
Software - custom programs - professional serv.	110	2.0 *	6 *	E	E	16
Information services	111	2.0 *	6	E *	E	14
Data processing services	112	2.0 *	E *	E	E	11
Mainframe computer access and processing serv.	113	2.0 *	E *	E	E	11

	#	WA	WV	WI	WY	# of States Taxing
<b>Automotive Services</b>						
Automotive washing and waxing	114	6.5 *	6	5	4	21
Automotive road service and towing services	115	6.5 *	6	5 *	4 *	15
Auto service, except repairs, incl. painting & lube	116	6.5 *	6	5	4	23
Parking lots and garages	117	6.5 *	6	5	E	20
Automotive rustproofing and undercoating	118	6.5 *	6	5	4	26
<b>Admissions and Amusements</b>						
Pari-mutuel racing events	119	1.829 *	6	5	4 *	28
Amusement park admission and rides	120	1.829 *	6	5	4 *	36
Billiard parlors	121	6.5 *	6	5	E	28
Bowling alleys	122	6.5 *	6	5	E	28
Cable TV services	123	1.829 *	6	5	E	24
Circuses and fairs — admission and games	124	1.829 *	6	5	4 *	34
Coin-operated video games	125	1.829 *	6	5	E	19
Admission to school and college sports events	126	2.0 *	6 *	5 *	4 *	25
Membership fees in private clubs	127	E *	6 *	5 *	E	22
Admission to cultural events	128	E *	6	5	4 *	31
Pinball and other mechanical amusements	129	2.0 *	6	5	E	21
Admission to professional sports events	130	2.0 *	6	5	4 *	35
Rental of films and tapes by theaters	131	2.0 *	E	E *	E *	8
Rental of video tapes for home viewing	132	6.5	6	5	4	45
<b>Professional Services</b>						
Accounting and bookkeeping	133	2.0 *	E *	E	E	5
Attorneys	134	2.0 *	E *	E	E	5
Dentists	135	1.829 *	E *	E	E	4
Engineers	136	2.0 *	E *	E	E	5
Land surveying	137	2.0 *	6 *	E	E	7
Medical test laboratories	138	1.829 *	E *	E	E	4
Nursing services out-of-hospital	139	1.829 *	E	E	E	4
Physicians	140	1.829 *	E *	E	E	4

	#	WA	WV	WI	WY	# of States Taxing
<b>Leases and Rentals</b>						
Personal property, short term (generally)	141	6.5 *	6	5	4	45
Personal property, long term (generally)	142	6.5 *	6	5	4	45
Bulldozers, draglines and const. mach., short term	143	6.5 *	6	5	4	45
Bulldozers, draglines and const. mach., long term	144	6.5 *	6	5	4	45
Rental of hand tools to licensed contractors	145	6.5 *	6	5	4	45
Short-term automobile rental	146	6.5 *	6	5	4	45
Long-term automobile lease	147	6.5 *	E *	5	4	38
Limousine service (with driver)	148	1.926 *	% or M	E	4	13
Aircraft rental to individual pilots, short term	149	6.5 *	6	5	4	43
Aircraft rental to individual pilots, long term	150	6.5 *	6	5	4	42
Chartered flights (with pilot)	151	E	E	E	4 *	10
Hotels, motels, lodging houses	152	6.5 *	6	5 *	4	50
Trailer parks - overnight	153	6.5 *	6	5	4	28
<b>Fabrication, Installation and Repair Services</b>						
Custom fabrication labor	154	6.5 *	6	5	4	39
Repair material, generally	155	6.5	6 *	5	4	46
Repair labor, generally	156	6.5	6	5 *	4	23
Labor charges on repair of aircraft	157	6.5	E *	5 *	4	20
Labor charges - repairs to interstate vessels	158	E	E	E *	4 *	13
Labor charges - repairs to intrastate vessels	159	6.5 *	E	5	4	20
Labor - repairs to commercial fishing vessels	160	E	E *	5	4	14
Labor charges on repairs to railroad rolling stock	161	E *	E	E	E	13
Labor charges on repairs to motor vehicles	162	6.5	6	5	4	22
Labor on radio/TV repairs; other electronic equip.	163	6.5	6	5	4	23
Labor charges - repairs other tangible property	164	6.5	6	5	4	23
Labor - repairs or remodeling of real property	165	6.5	6 *	E *	E *	13
Labor charges on repairs delivered under warranty	166	E *	E *	E *	4	7
Service contracts sold at the time of sale of TPP	167	6.5 *	6	5 *	E	29
Installation charges by persons selling property	168	6.5	6 *	5 *	4 *	21
Installation charges - other than seller of goods	169	6.5	6 *	5 *	4 *	16
Custom processing (on customer's property)	170	6.5	6	5	4	27
Custom meat slaughtering, cutting and wrapping	171	6.5 *	6	E	4	12



	#	WA	WV	WI	WY	# of States Taxing
<b>Fabrication, Installation &amp; Repair Services (Contd)</b>						
Taxidermy	172	6.5	6	5	4	29
Welding labor (fabrication and repair)	173	6.5	6	5	4 *	31
<b>OTHER TAXED SERVICES</b>						
Do you impose sales tax on other services not listed?	174	6.5 *	Yes	*		18
	175					2
	176					
<b>USE TAX ON SERVICES</b>						
Do you tax the use of services in the state?	177	No	Yes	Yes	Yes	
If yes, at what rate?	178		6	5	4	
Who is liable for use tax payment? (B)uyer or (S)eller	179		B/S *	B/S *	B	
Rules for determining the location of services?	180	*	None	*	Yes *	
Exempt sales of services sold to government entities?	181	No *	Yes	Yes *	Yes *	
Exempt sales of services sold to nonprofit entities?	182	No	Yes *	Yes *	Yes *	
Exempt sales of svcs. sold to federally chartered banks?	183	No	No	No	No	
Is the tax on services imposed on (S)eller or (B)uyer?	184		B/S *	B/S *	B *	
<b>ADDITIONAL SALES/USE TAX QUESTIONS</b>						
Does your state tax tangible personal property that is purchased for rental or lease? (Yes/No) Please explain	185	No *	Yes *	No *	No	
Does your state tax the gross receipts from tangible personal property rentals or leases? (Yes/No) Please explain	186	Yes *	No *	Yes *	Yes	
Does your state tax shipping and delivery charges for tangible personal property? (Yes/No) Please explain	187	Yes *	Yes *	Yes *	Yes *	

	#	WA	WV	WI	WY	# of States Taxing
<b>TAXATION OF ON-LINE SERVICES QUESTIONS</b>						
Does your state impose the sales tax or other gross receipts tax on businesses providing access to on-line services (i.e., Internet Service Provider)? (Yes/No)	188		No	Yes *	No	
What is the tax rate and who is responsible for remitting the tax?	189		N/A	5 *	No	
Does your state impose the sales tax or other gross receipts tax on businesses providing information distributed through an on-line service (i.e., Lexis, CCH Online)? (Yes/No)	190		No	No		
What is the tax rate and who is responsible for remitting the tax?	191		N/A	E *		
<b>Totals</b>	<b>In Cat.</b>					
Agricultural Services	5	5	3	2	0	
Industrial and Mining Services	4	4	1	1	2	
Construction	4	4	1	0	0	
Utility Service - Industrial and Residential	16	16	10	11	11	
Transportation Services	9	8	4	2	4	
Storage	6	5	6	1	0	
Finance, Insurance and Real Estate	8	8	3	0	0	
Personal Services	20	20	17	11	7	
Business Services	34	34	26	6	6	
Computer Services	6	6	4	1	2	
Automotive Services	5	5	5	5	4	
Admissions and Amusements	14	12	13	13	7	
Professional Services	8	8	1	0	0	
Leases and Rentals	4	3	2	2	4	
Fabrication, Installation and Repair Services	19	15	13	14	16	
Miscellaneous	2	1	0	0	0	
<b>Taxable entries</b>	<b>164</b>	<b>154</b>	<b>109</b>	<b>69</b>	<b>63</b>	
<b>Repair labor, generally</b>		<b>6.5</b>	<b>6</b>	<b>5 *</b>	<b>3</b>	



Girl Scout Council of the Flint Hills  
P.O. Box 309  
Emporia, KS 66801  
620-342-4532 Fax: 620-342-8066

February 18, 2003

Chairman of the House Tax Committee  
Representative John Edmonds  
1607 Tyler  
Great Bend, KS 67530

Dear Representative Edmonds:

Elimination of the sales tax exemption for Girl Scouts would be devastating to our council and would create an annual loss in income of \$22,144.

As a small council serving a rural area, we are proud that nearly one in five girls become Girl Scouts in the Flint Hills. 18.7% of girls kindergarten through twelfth grade are Girl Scouts in the counties of Chase, Coffey, Greenwood, Lyon, Marion, Morris, Osage, and the western half of Elk. In 2002 our council received national recognition from Girl Scouts of the U.S.A. for outstanding membership of Hispanic/Latina girls – one of only ten Girl Scout councils in the United States recognized for this achievement.

Our area is diverse; it includes some of the poorest counties in the state and one of the highest population of Hispanic/Latina families. Many of our girls come from single parent families. Many of our families are farm families. A large number of our girls come from families who are new to America and do not speak the English language.

We work hard to bring the values and ideals of Girl Scouting to every girl in our area. To accomplish this, we often are subsidizing girls with what we call "scouterships" – financial assistance to families who cannot afford the small cost of Girl Scout membership. We are already operating with reduced United Way and community funding. If we lose the sales tax exemption, we will lose our ability to provide scoutership assistance to those girls who need it most.

Cyrella Petracek, Director of Emporia SRS Management Area, has warned us that with the Social and Rehabilitation Services budget reductions we should be prepared for many more families coming to us for support. When these families' incomes have been reduced by diminished state funding, they are going to need assistance with activities such as Girl Scouting if they are to participate. What a sad day it would be if we were unable to help those we already are helping, and were unable to help new families who are having to hold out their hands for something they once were able to pay.

Please keep the sales tax exemption and keep girls in Girl Scouting. We do not want to lose those girls who need Girl Scouting the most.

On behalf of over 2,300 Girl Scouts,

  
Candy Johnson  
President

  
J. Lynn Smith  
Executive Director

House Taxation  
Attachment 2  
Date 2-20-03

**Where Girls Grow Strong™**

Serving Girls in Kansas Counties: Chase, Coffey, Greenwood, Lyon, Marion, Morris, Osage and West Elk  
Supported by: United Way and Council Campaigns



Girl Scouts.



## Girl Scout Cookies Are Good For Girls

### The Cookie Sale is a Great Tradition that Funds a Great Tradition

The Cookie Sale provides essential funding for program, troop/group activities, facilities and operations that are instrumental in making Girl Scouts available to all girls. Traditional values and contemporary skill activities reach out to every Kansas girl to help her develop into a competent, confident and caring adult.

What better way is there to teach girls skills that will benefit them throughout their lives? Skills in communications, business, public relations and money management and the responsibility needed to become leaders. The money raised is an important investment in our state's future—with the outcome being responsible and caring women. Communities gain. Approximately two-thirds of today's volunteers were girl Girl Scouts!

### So, What About Those Cookies?

Investing the sales tax revenue in girls through Girl Scouting pays big dividends! These cookies really make a difference...

- The Girl Scout Cookie Sale funds costs such as maintenance, publications, accounting, mailings to leaders/parents, volunteer training, and accommodations for girls and adults with disabilities.
- The sales tax on the cookies could translate into funds for thousands of new girls throughout our 5 county area receiving life-changing opportunities through Girl Scouting.

### And, Those Cookies Really Help Girls...

The famous Girl Scout cookies are the largest single source of revenue for all Girl Scout Councils. They provide funding for quality program activity and for financial aid to families. How does this work?

- A portion of the selling price covers the cookies and sales tax.
- Each troop receives a bonus to fund troop activities and trips.
- Each girl also earns credit towards program activities of her choice.
- Councils use the remaining funds to maintain camps, program development, financial aid and other necessary operations that directly serve girls. And that's what it's all about – the girls!

### Our Volunteers Count Too!

A strong volunteer base supports Girl Scouting. It is volunteer leadership that makes Girl Scouting possible. More than 3,000 adult volunteers serve as Troop and Group Leaders, Administrative and Planning volunteers and Camp Staff – providing caring role models for our girls. They also make the important decisions that govern Girl Scouting and ensure the future of the organization.

### We're More Than Cookies, Camping and Crafts

Girl Scouting addresses social problems through prevention and intervention programs, which provide a safe environment and a sense of belonging. Our children are at risk! And, when children are at risk, so is the future of Kansas. Every council develops programs targeting girls from all walks of life in order to meet their specific needs. For instance...

- Girl Scout Troops with girls of similar age meet under the guidance of trained, caring volunteers to learn decision making and planning skills to implement their own Girl Scout program activities.
- Girl Scout Groups are designed for girls with common interests or needs who meet together on a long- or short-term basis under the guidance of a trained adult. Each council has the ability to offer a variety of groups to at-risk girls. For instance, some of these groups are designed for pregnant and parenting teens, victims of domestic abuse or the children of divorce.
- Solo Girl Scouts are girls who have chosen to register as an individual member. She still receives the same membership privileges associated with Girl Scouting and can participate in council events and activities.

No matter how they join – in troops or groups or as solo Girl Scouts – girls develop skills that will last them throughout their lives and help them become productive citizens in the future.



Nancy Angel Hurt  
Chair, Board of Directors

Ilene Bates  
Chief Executive Officer

Girl Scout Council of the Ozark Area  
1029 East 7th Street  
Post Office Box 2400  
Joplin, Missouri 64803-2400  
T 417 623 8277 F 417 625 1261  
GSCOA@gscoa.org

February 19, 2003

Chairman John Edmonds  
House Tax Committee  
Statehouse  
Topeka, Kansas 66612

Dear Chairman Edmonds,

I am writing in concern of the Tax Exempt status of Girl Scout Councils in the state of Kansas. Our council represents girls from three states including Missouri, Oklahoma, and Kansas. If this bill were to pass, it would greatly affect the programs we are able to offer to the girls of Kansas. As I am sure you are aware the Girl Scout organization offers character-building programs for girls. In these times of increased youth violence and criminal activity it is imperative that we help our youth to feel valued and to teach them that they are able to influence the world around them. Without this exemption we would have to cut back on the number of events we offer and I am sure that the quality of the events would also be affected. Please support us in our mission "to inspire girls with the highest ideals of character, conduct, patriotism and service that they may become happy and resourceful citizens". Your support in this matter is greatly appreciated.

Yours truly,

A handwritten signature in cursive script that reads "Ilene Bates".

Ilene Bates  
CEO  
Girl Scout Council of the Ozark Area





February 19, 2003

Girl Scouts of Tumbleweed Council Inc.  
114 Grant Ave.  
PO Box 1735  
Garden City, KS 67846  
1 620 276 7061  
F 620 276 7143  
888 900 7061  
lgsc@gnet.com

To Whom It May Concern:

I support the exemption from sales tax for Girl Scout Cookies and other items sold by the Girl Scouts. The exemption helps Girl Scout Councils by allowing financial support for special activities, membership extension and program equipment. Payment of sales tax by Councils takes money from the girls who benefit from Girl Scout Programs and would have to pay extra money to participate if the Councils were not able to offer the activities at no charge or very little charge.

The amount of money we would pay in sales tax is very important to us. We serve a very diverse population and we are constantly looking for financial help to offer special activities and programs for this diverse population. More strain on our budget would eliminate some of our scholarships and resources for troops and groups that we offer now.

We offer an opportunity for girls to learn to be strong, responsible citizens of tomorrow. This is important to the state of Kansas and to the United States. Please consider the Sales Tax Exemption on Girl Scout Cookies to be important to all of us.

Thank you for your consideration.

Sincerely,

Janice M. Brown  
Executive Director



**YMCA of Topeka**  
We build strong kids,  
strong families, strong communities

**Testimony on House Bill 2252  
February 20, 2003**

**By Pete Doll, President / CEO, YMCA of Topeka**

- I. We express our opposition to House Bill 2252
  - A. State needs to balance short term revenue needs against the long term needs of the citizens of our State
  - B. Especially those citizens served through Charitable Programs by such agencies as the YMCA
  - C. Very few tax dollars would be generated by taxing YMCA memberships
  - D. The cost to collect the tax would better be used to serve the needs of the citizens of our State
  - E. The tax will cause a reduction in the amount of charitable services provided by the YMCA.
  - F. This will increase the burden on the State to provide these services and will increase costs to the State
- II. Our Mission (on attached sheet)
- III. Facts about the Kansas YMCAs (on attached sheet)
- IV. Our research has shown that the only other State we know of that taxes YMCA memberships is the State of Ohio.
- V. One example of Why We Deserve This Tax Exemption
  - A. In the YMCA of Topeka Pre-School Childcare programs, 46 % of our participants receive SRS support. Another 20 % receive financial assistance from the YMCA in order to take advantage of the services
  - B. The State has had to reduce funding for families who need childcare services.
  - C. With a tax on membership, the YMCA will have to reduce our financial assistance to families who do not qualify for SRS assistance but cannot afford childcare services.
  - D. Where do these people turn for safe, affordable, childcare?
  - E. Does the State want to pick up this additional burden.

House Taxation  
Attachment 3  
Date 2-20-03

Downtown Branch • 421 Van Buren • Topeka, Kansas 66603 • 785-354-8591 • Fax: 785-354-1611  
Kuehne Branch • 1936 N. Tyler • Topeka, Kansas 66608 • 785-233-9815 • Fax: 785-232-6224  
Southwest Branch • 3635 SW Chelsea Ave • Topeka, Kansas 66614 • 785-354-8591  
Camp Hammond • 6320 SE Stubbs Rd. • Tecumseh, Kansas 66402 • 785-379-5385

YMCA mission: To put Christian principles into practice through programs that build healthy spirit, mind and body for all.



# YMCA's of Kansas

YMCA's are open to everyone - all ages, abilities, incomes and faiths. No one is turned away because of inability to pay.

*Strengthening children, families and communities is critical to our future. That's why 23 YMCA's across Kansas work hard every day to serve over 292,000 people of all ages. This includes 96,800 children and teens!*

## Facts about the Kansas YMCA's

- Over 36,000 children, adults and families received nearly \$4,700,000 in financial aid last year.
- 9,030 adults give their time and talent as program volunteers and maintaining operating policies through formal boards and committees.
- The YMCA's of Kansas are the largest provider of childcare in the state.
- 4,800 children are served daily through School Age Child Care.

## Priorities for the Kansas YMCA's

### Child Care

To make safe, high-quality child care available to working families regardless of ability to pay.

### Youth Development and Juvenile Justice

To prevent crime, gangs and substance abuse by providing YMCA Leaders Clubs, teen centers, leadership training, mentoring, character development, and early intervention for the youth of Kansas.

### Not-for-Profit, Tax-Exempt Status

To further the mission of the YMCA and continue to maintain YMCA's tax exemption and the right to advocate for youth and families.

*A complete listing of Kansas YMCA's can be found inside.*

House Taxation  
Attachment 4  
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# YMCAs of Kansas

## YMCA Mission

To put Christian principles into practice through programs that build healthy spirit, mind and body for all.

## YMCA Vision

We build strong kids, strong families, strong communities.

## YMCA Values

Caring, honesty, respect and responsibility

## YMCA Programs

For over 150 years, the YMCA has remained a relevant, effective organization by developing programs that meet community needs. As the needs of the community change, so do the programs.

Programs are the tools used to improve lives. Through them, YMCAs create experiences that nurture the healthy development of children, encourage positive behavior in teens and strengthen families. The result is that communities become healthier, safer and better places to live.



## Program Examples

### Aquatics

- Youth
- Preschool
- Parent/Child
- Adult
- Special Populations
- CPR/First Aid
- Competitive Swimming
- Lifeguarding Classes

### Camping

- Day and Resident
- Family
- High Adventure
- Environmental Education

### Child Care

- Infant
- Toddler
- Part-day and Full-day preschool
- School-age

### Family

- Camping
- Family Fun Nights
- Parent/Child Programs
- Parenting Skills

### Health & Fitness

- Health Risk-Lifestyle Assessment/Fitness Testing
- General Exercise
- Specialty Exercise
- Strength Training
- Health Education
- Team Sports

### Older Adults

- Senior Fitness
- Walking
- Aquatics
- Fellowship Groups
- Intergenerational Programs

### Teens

- Teen Leadership
- Junior Leaders Social Activities
- Fitness

### Youth and Community Development

- Youth Outreach
- Black Achievers
- Collaboration Programs
- Tutoring
- Mentoring

### Youth Sports

- Basketball
- Flag Football
- Floor Hockey
- Gymnastics
- Soccer
- Softball
- Volleyball

# Find a YMCA near you.

## **YMCA of Atchison, Kansas**

321 Commercial St.  
Atchison, KS 66002  
913-367-4948

## **Camp Wood YMCA**

Rr 1, Box 78  
Elmdale, KS 66850  
620-273-8641

## **Garden City Family YMCA**

1224 Center Street  
Garden City, KS 67846  
620-275-1199

## **YMCA of Greater Kansas City**

3100 Broadway St. Ste 1020  
Kansas City, MO 64111  
816-561-9622

### **Kansas Center Locations**

- 8th Street YMCA
- Paul Henson YMCA
- Olathe Family YMCA
- State Avenue YMCA

## **YMCA of Hutchinson and Reno County**

716 E. 13th Ave.  
Hutchinson, KS 67501  
602-662-1203

## **Junction City Family YMCA**

P.O. Box 113  
Junction City, KS 66441  
785-762-4780

## **McPherson Family YMCA**

220 N. Walnut St.  
P.O. Box 1066  
McPherson, KS 67460  
620-241-0363

## **YMCA of Pittsburg**

1100 N. Miles Street  
Pittsburg, KS 66762-6901  
620-231-1100

## **YMCA of Salina Kansas**

570 YMCA Drive  
P.O. Box 973  
Salina, KS 67401  
785-825-2151

## **YMCA of Topeka, Kansas**

421 SW Van Buren St.  
Topeka, KS 66603  
785-354-8591

- Downtown Branch YMCA
- Camp Hammond YMCA
- Kuehne-Thomas Branch YMCA
- Southwest YMCA

## **YMCA of Wichita Kansas**

P.O. Box 3636  
Wichita, KS 67201  
316-264-9374

- Central Branch YMCA
- East Branch YMCA
- El Dorado Branch YMCA
- North Branch YMCA
- South Branch YMCA
- West Branch YMCA



# Did you know?

## YMCAs...

- **serve all incomes, all ages and all abilities.**

YMCAs serve 17.5 million people in diverse communities nationwide. YMCAs bring together young and old, men and women, people of all faiths, backgrounds and incomes. In 2000, Ys raised \$693 million for scholarships, subsidies and other community services.

- **reach 9 million kids and teens in nonschool hours.**

Children and their parents participate in a wide range of activities at YMCAs including teen clubs, sports leagues, family nights, community service projects and gang prevention programs. All youth activities incorporate the YMCA core values of caring, honesty, respect and responsibility.

- **provide child care nationwide.**

YMCAs are collectively the nation's largest provider of child care. Ys offer the families of over half-a-million children affordable, high-quality infant, pre-school and afterschool programs. Scholarships, subsidies and outreach provide critical assistance to low-income families.

- **partner with neighborhood organizations.**

443 YMCAs work with juvenile courts; 323 with public housing developments; 1,626 with elementary schools; and 1,197 with high schools.

- **encourage volunteers.**

YMCAs are volunteer-founded, volunteer-based and volunteer-led. Ys depend on more than 600,000 volunteers to meet the unique needs of their communities.

- **promote health and wellness for the entire community.**

Since their founding, YMCAs have provided health and fitness programs as an integral part of their mission. Y programs emphasize preventive health care, encourage healthy lifestyles, offer rehabilitative services and are accessible to everyone in the community, regardless of ability to pay.

- **live their mission every day.**

More than 2,400 independent YMCAs are guided by a common mission: "To put Christian principles into practice through programs that build healthy spirit, mind and body for all."

- **are celebrating 150 years of community service.**

The year 2001 marked the 150th anniversary of the YMCA movement in America. YMCAs have touched the lives of virtually all Americans by pioneering camping, public libraries, night schools, group swimming lessons and lifesaving, and English as a second language courses. Also, basketball and volleyball were invented at YMCAs.



YMCA

We build strong kids,  
strong families, strong communities.

*YMCA mission: To put Christian principles into practice through programs that build healthy*

House Taxation  
Attachment 5

Date 2-20-03

**HEIN LAW FIRM, CHARTERED**

5845 SW 29<sup>th</sup> Street, Topeka, KS 66614-2462

Phone: (785) 273-1441

Fax: (785) 273-9243

*Ronald R. Hein*

*Attorney-at-Law*

Email: rhein@heinlaw.com

**Testimony re: HB 2252  
House Taxation Committee  
Presented by Ronald R. Hein  
on behalf of  
National Kidney Foundation of Kansas and Western Missouri  
February 20, 2003**

Mr. Chairman, Members of the Committee:

My name is Ron Hein, and I am legislative counsel for and a Board member of the National Kidney Foundation of Kansas and Western Missouri. NKF KS/MO is a regional office of the National Kidney Foundation with a service area of the entire state of Kansas and the western portion of the state of Missouri. Its mission is to assist patients with kidney disease. It fulfills this mission through numerous services including raising funds for research; providing direct patient care and treatment; providing early intervention screenings; providing a camp for children with kidney disease, including kids on dialysis; organ donation awareness and numerous other programs.

For those of you who don't know, my wife, Julie, unselfishly donated a kidney to me in 1996, after my kidneys failed as a result of childhood onset Type I Diabetes. As a result of that experience, and for other reasons, I not only serve on the Board and Julie and I donate time and money to the organization, we also lobby for them without remuneration.

The NKF of Kansas and Western Missouri opposes HB 2252 which repeals the sales tax exemptions for the 501(c)(3) health associations, including the National Kidney Foundation of Kansas and Western Missouri.

The fiscal impact to the state of Kansas by eliminating this exemption would be to save approximately \$3,000 or less. The net impact of eliminating the sales tax exemption would be to reduce the amount of services, whether by early intervention screenings or other program costs by that same amount.

We urge your opposition to the removal of this sales tax exemption in HB 2252.

Thank you very much for permitting me to testify and I will be happy to yield to questions.

House Taxation  
Attachment 6  
Date 2-20-03

Cardiovascular diseases and stroke claim the lives of more Americans than the next seven leading causes of death combined.

**Testimony In Opposition to HB 2252  
House Taxation Committee  
9 am – February 20, 2003**

Mr. Chairman and members of the Committee, thank you for the opportunity to appear before you today. I am Dr. William Murphy and I appear before you today as a Board Member for the American Heart Association.

The American Heart Association exists to fight heart disease and stroke – the first and third leading causes of death in Kansas. In fact, cardiovascular disease and stroke account for 44% of all deaths in Kansas each year and are responsible for more deaths than the next seven leading causes of death combined. Nationally, it is estimated that total direct expenditures for treatment of cardiovascular disease in 2003 will be nearly \$210 billion. Adding indirect costs for lost productivity and the total cost of cardiovascular disease for 2003 is estimated to top \$350 billion.

The Health Care Finance Administration (HCFA) reports that in 1999 \$26.3 billion in payments were made to Medicare beneficiaries for hospital expenses due to cardiovascular problems nationwide. That was an average of \$7,883 per discharge. In May of 2000 it was reported that acute care for coronary artery disease in Kansas results in more than 17,000 hospital admissions annually with an estimated direct cost of \$700 million.

The human and financial impact of cardiovascular disease and stroke are too great to ignore. The American Heart Association has been the leader in the prevention and treatment of cardiovascular diseases. The research we have funded just at our Kansas institutions of higher learning has yielded tremendous results including the discovery of new drugs to treat and prevent minor strokes as well as the collection of important data on the re-narrowing of arteries following angioplasty.

Simply stated, the work of not-for-profit health organizations such as the American Heart Association play a major role in the betterment of life for all Kansans. Not only are Kansans benefiting from our free health screenings and information, but our universities benefit from the investment we make through our research grants.

Here is just a quick look at some of the major contributions the American Heart Association offered to Kansans without charge during 2002.

**Research Projects Funded**

Kansas State University	\$308,939
Kansas University Medical Center	\$938,435
Kansas University – Lawrence	\$684,740
	<b>\$1,932,114</b>

House Taxation  
Attachment 7  
Date 2-20-03

Cardiovascular diseases and stroke claim the lives of more Americans than the next seven leading causes of death combined.

**Heartland Affiliate**

6800 West 93<sup>rd</sup> St.  
Overland Park, KS 66212  
(913) 648-6727  
fax (913) 648-0423  
[www.americanheart.org/ks](http://www.americanheart.org/ks)

**Free CPR training**

Community based events

**2,200** people trained at an average cost of \$25 amounts to **\$55,000**

CPR In Schools Program

**100** students at Blue Valley Schools in Overland Park. In 2003 the program was expanded to schools in Independence, Kansas and the Washburn Rural School District in Topeka where we expect an additional **300+** students to be trained this year. Amounts to **\$2,500** in 2002.

**Free educational literature**

**37,000** pieces distributed at an average value of \$.25 each amounts to **\$9,250**

**Health Education Programs and Screenings**

**24,800** people screened at an average value of \$10 amounts to **\$248,000**.

As you can see, any money we save through the sales tax exemption is put to good use and reaches people of all ages throughout the state. In addition to the services above, we continually provide physicians and other medical personnel the latest research and prevention education so that they can be of better service to their patients.

Our efforts are paying off. In Kansas, from 1989 – 1999 we've seen a 14.8-percent decline in the death rate from cardiovascular disease. For the same period we've seen a 6-percent decrease in the death rate from stroke. These survivors are returning to the workforce and adding to our economy through renewed productivity and spending.

While we are seeing some cost savings in treating cardiovascular disease, the explosive increase in type II diabetes and obesity – particularly among youth – will only fuel the cardiovascular epidemic for years to come. Eliminating our sales tax exemption will only shift money away from prevention and toward expensive treatment. This is precisely the opposite of what we should be doing.

I recognize that you and your colleagues have difficult decisions to make, but I doubt that the value of the Heart Association's sales tax exemption will amount to much more than a rounding error in your budget deliberations. On the contrary, however, the loss of the exemption would certainly impact our ability to deliver life-saving benefits back to the state at the levels we currently do.

I respectfully ask that you oppose this bill, and appreciate the opportunity to appear before you today. I will be happy to answer any questions you may have.



Senior Services, Inc. of Wichita  
200 South Walnut, Wichita, KS 67213, Telephone: 316-267-0302

I'm Laurel Alkire, Executive Director of Senior Services, Inc. of Wichita. Thank you for giving me the opportunity to speak today.

Senior Services is a non-profit social service agency and the local provider for the Wichita area Meals on Wheels program. It has a State of Kansas tax exemption that amounted to approximately \$26,000 in FY 2002. The loss of the exemption will result in a loss of funds for 5,590 meals for the Wichita area program alone. The program had an approximately \$41,000 state funding reduction beginning July 1, 2002, and Senior Services, Inc. also received a reduction of about \$20,000 from our local United Way. Other funding reductions from the U. S. Congress, State and Sedgwick County are being discussed.

We know that budget decisions facing you are difficult, but we hope that as you address the 2004 budget, you will find it possible to continue the exemptions for In-home Nutrition programs.

Meals on Wheels delivers nutritionally balanced meals to homebound elders who are unable to prepare at least one nourishing meal a day. It also provides a daily face-to-face contact for isolated older people. In FY2002 (October 1, 2001 to September 30, 2002) the local Meals on Wheels program served 1,833 people, with a daily average of approximately 950 people, and cooked and delivered 254,167 meals.

Home delivered meals are cost efficient. Individual meal cost in FY2003 is \$4.65 and includes all program components, i.e. social service and kitchen staff salaries and benefits, food, paper goods, containers, utilities, fuel, administration, etc. Although most meal recipients are considered to be low income, many contribute toward meal costs.

By helping older people to maintain better nutrition and therefore better health, people remain in their own homes longer and more costly nursing home placements are reduced.

If just two of the current 950 Meals on Wheels consumers served daily by Senior Services, Inc. entered a nursing home, and were funded by Medicaid for one year, the State of Kansas share of 40% would be about the same as the \$26,000 tax exemption. (Based on 40% of \$28,000 for one year of nursing home residence X two.) This scenario is not unlikely, since Meals on Wheels consumers for the most part have low to moderate incomes.

The program has considerable community support that augments government dollars. During FY2002, October 1, 2001 to September 30, 2002, Meals on Wheels volunteers alone gave 40,726 hours of service. Figured at minimum wage this has a value of approximately \$210,000 without including costs for employee benefits and mileage allowance.

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Senior Services also raises significant funds from non-governmental sources and other levels of government. Contributions from clients, private contributors, United Way, Sedgwick County & the U.S. government are leveraged with State funds. Donations from foundations, organizations & individuals accounted for about 25% of the total agency budget of \$2,444,570 in FY02.

We appreciate the difficulty of the problem facing our state, and the responsibility that you bear in solving these problems. We hope that you will take into account the potential savings recognized when older people are able to remain in their own homes. **The following are Meals on Wheels client profiles that are typical of the people we serve:**

- **67 year old single male veteran** – income of \$738 a month – has rheumatoid arthritis, poor ambulation and balance, memory problems. Family support is a brother who has a brain tumor and lives in assisted living – says if he didn't receive meals, he wouldn't remember or try to eat at all.
- **78 year old widowed female** – income just over poverty level – has kidney problems, is diabetic, has poor vision & is extremely frail. Has no family support in town.
- **87 year old widowed female**, spouse of veteran – income above poverty level – is virtually blind, has poor ambulation with frequent falls. No relatives in town, fighting nursing home placement.
- **88 year old widowed female** – above poverty level – diabetic, leg amputated, in a wheelchair. Has a son in town who has health problems. Would need nursing home placement without service.
- **68 year old widowed female**, spouse of veteran – under poverty level – congestive heart failure, limited ability to stand. Has children in town who are unwilling to help.
- **92 year old widowed female** - below poverty level – memory problems, frequent falls. Has one grandchild in town.
- **64 year old married male** – income just above poverty level. Poor circulation, stroke, paralyzed on one side, memory problems and blind. Wife was his caregiver, but has had massive heart attack and has been hospitalized for over a month. Has daughter in town who works full time, but helps as much as she can.
- **84 year old married male veteran** – above poverty level. Has lung cancer, has lost 25 pounds. He is the care giver for his wife who has Alzheimer's Disease. Has a daughter in town who works full time and helps as much as she can.
- **78 year old single female** – above poverty level. Diabetic, recent back and abdominal surgery. Family members in town all work, but are trying to help as much as possible. Great need during recovery, eventually hopes to recover enough to prepare own meals.



# Impact of Sales Tax

PSA	Provider	Impact	
1	Wyandotte/Leavenworth AAA	\$0	County exemption
2	Red Cross	\$0	Exempt through Congressional Charter
2	Senior Services, Inc. of Wichita	\$26,080	
3	NWKAAA	\$21,090	
4	Douglas Co. Senior Services	\$11,000	
4	Meals on Wheels, Inc.	\$25,821	
5	Senior Services of SE KS, Inc.	\$32,500	
6	ElderCare	\$37,696	
7	Mid-America Nutrition Program	\$25,572	
8	North Central/Flint Hills AAA	\$48,000	
9	Atchison Co. Project Concern		
9	Washington Co. Nutrition Prog.	\$3,718.00	
10	Aging Projects, Inc.	\$25,836	
11	Johnson Co. AAA	\$0	County exemption
		\$257,313	

State average cost of meal	\$ 4.33
Loss of meals	<u>59,426</u>



Questions may be directed to  
Jennifer Haller  
Public Policy Coordinator  
785-234-2523  
jennifer.haller@alz.org

There are an estimated 28,000 persons suffering from Alzheimer's disease at the present time in the 37 Kansas counties served by the Heart of America Chapter. Please refer to the map provided with your copy of our written testimony which illustrates the Heart of America Chapter's service territory. Our mission is to provide education and leadership to enhance care and support services for those affected by Alzheimer's disease while supporting efforts to eliminate the disease. We are supported by the community through donations, program grants, and participation in fundraising events. We do NOT receive income through the sale of products or services.

The focus for the Alzheimer's Association Heart of America Chapter is to help the families with the disease, not only by providing them with information, support and referral, but by offering them financial assistance to pay for much-needed respite services, Safe Return program registrations, legal counsel to obtain documents to direct end-of-life care, adult day care, medications, home health care, medical accessories, autopsy, and even adult incontinence briefs. We offer free training programs for professional and family caregivers of Alzheimer patients, free legal seminars, free educational programs for the community in general, free individual case management services and free rural outreach programs. There are support groups throughout our service territory offering those with the disease and their families the opportunity to share and grow together. We also train police, sheriff, fire, emergency response, as well as search and rescue personnel.

While "A World Without Alzheimer's" is our vision, the fact is that even with a major preventative discovery tomorrow, there will still be thousands of Kansas families currently affected by the disease who will continue to need financial support for many years to come as the disease runs its course. Of course, as we wait for that "miracle discovery," thousands of Kansas Baby Boomers will develop Alzheimer's and turn to our association for the support demanded by this disease. We labor long and hard to raise money from the private sector to fund our programs without receiving state tax dollars to support our good works. Many other states, for example – Missouri, have been appropriating monies from their state budget to support the work of its Alzheimer's Association Chapters for years. So far we have not sought this kind of direct support in Kansas.

Certainly we recognize the current budget crisis in the State of Kansas. However, our elders already face significant sacrifice on a daily basis with extensive waiting lists for home and community based services, escalating costs of medications with little or no reprieve on the horizon, and the crippling costs surrounding long term care. The base of security for our aging population has already suffered serious fractures and we ask that you not diminish the capability of our organization to provide relief in an environment of ever-widening gaps of service.

We estimate that our sales tax exemption amounts to about \$16,000 a year. This amount of money is equivalent to only 0.000047% of the current state deficit, but represents respite relief to 32 family caregivers, or legal counsel for 55 families, or 400 enrollments in the Safe Return program, or 3,200 informational packets to individuals and families coping with the ravages of Alzheimer's disease.

Thank you for this opportunity to explain a few of the services our qualified 501(c)(3) non-profit organization provides for Alzheimer families in Kansas. We respectfully request your most favorable consideration and urge you to let us keep our sales tax exemption to enable us to continue to provide needed services to individuals and families struggling with Alzheimer's disease.

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Attachment 9  
Date 2-20-03

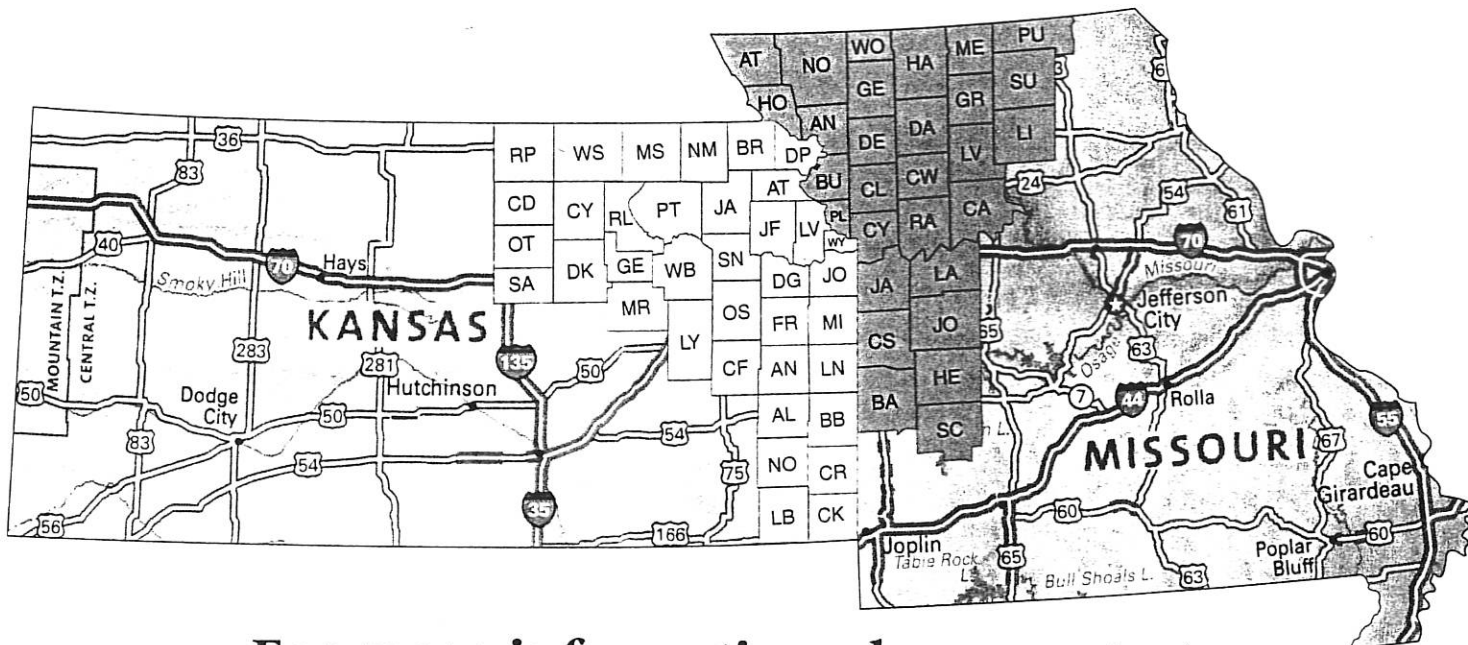
# The Heart of America Chapter serves counties in both Kansas & Missouri

## Kansas

Allen, Anderson, Atchison, Bourbon, Brown, Cherokee, Clay, Cloud, Coffey, Crawford, Dickinson, Doniphan, Douglas, Franklin, Geary, Jackson, Jefferson, Johnson, Labette, Leavenworth, Linn, Lyon, Marshall, Miami, Morris, Nemaha, Neosho, Osage, Ottawa, Pottawatomie, Republic, Riley, Saline, Shawnee, Wabaunsee, Washington, Wyandotte

## Missouri

Andrew, Atchison, Bates, Buchanan, Caldwell, Carroll, Cass, Clay, Clinton, Daviess, DeKalb, Gentry, Grundy, Harrison, Henry, Holt, Jackson, Johnson, Lafayette, Linn, Livingston, Mercer, Nodaway, Platte, Putnam, Ray, St. Clair, Sullivan, Worth



**For more information please contact:  
The Alzheimer's Association – Heart of America Chapter**

### Main Office

3846 W. 75th Street  
Prairie Village, KS 66208  
Phone 913.831.3888 or 800.733.1981  
FAX 913.831.1916  
HelpLine 913.831.0003 or 888.293.8636

### Satellite Office

2525 East Meyer Boulevard  
Kansas City, MO 64132  
816.361.6604 FAX 816.361.6627

### Topeka Regional Office

515 South Kansas Avenue, Suite B-2  
Topeka, KS 66603  
P.O. Box 1427, Topeka, KS 66601  
785.234.2523 FAX 785.234.0919

### Northwestern Missouri Regional Office

801 Faraon Street, St. Joseph, MO 64501  
P.O. Box 1241, St. Joseph, MO 64502  
816.364.4467 or 800.533.7373  
FAX 816.271.7068

[www.kcalz.org](http://www.kcalz.org)



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9-2

# The Pros and Cons of Eliminating the Sales Tax Exemption for the Alzheimer's Association - Heart of America Chapter

## PRO...

- ↑ State of Kansas receives a 0.000047% increase in revenue annually.

## CON...

- ↓ 3,200 Alzheimer/dementia specific information packets will not be provided, or...
- ↓ 400 individuals in jeopardy of wandering away from their caregiver may not be able to enroll in Safe Return increasing the risk for serious injury or death, or...
- ↓ 32 family caregivers will not be able to afford respite care resulting in additional stress for families caring for parents with children in the home by forcing them to endure unrelenting demands on their time and attention resulting in heightened levels of anxiety, depression, irritability and anger, culminating in social withdrawal and health problems affecting them mentally and physically, or...
- ↓ 55 people in need of legal counsel will not be able to obtain the necessary legal documents to direct their end-of-life care, AND...
- ↓ The financial burden for all the families served by Heart of America will increase due to the shift of community service dollars to sales tax payments.

Jim Pelletier, RPFPT  
President

Lynn C. Hoover  
President-Elect

Terry J. Sutcliffe  
Vice President

Kathy J. Sapp  
Secretary

Douglas V. Gaston  
Treasurer

Judy S. Keller, CFRE  
Executive Director

State Office

4300 SW Drury Lane  
Topeka, KS 66604-2419

Phone: (785) 272-9290

In State: 1-800-LUNG-USA

Fax: (785) 272-9297

www.kslung.org



**Testimony on HB 2252  
Before the House Committee on Taxation  
By Judy Keller, Executive Director, American Lung Association of Kansas  
February 20, 2003**

Members of the Committee:

On behalf of the Board of Directors, volunteers and staff of the American Lung Association of Kansas, I ask that you not summarily dismiss sales tax exemptions for non-profit health organizations in Kansas. Instead, consider the fine work these organizations do and the savings in health care costs so many of them provide the state by offering our citizens patient education and services at free or minimal cost.

While looking at Kansas' budget, and shortfall, the approximately \$6,000 in sales tax relief the American Lung Association of Kansas receives each year may not seem like a large amount --but for our programs it has a substantial impact.

The sales tax exemption allows us to send 20 low-income, asthmatic youngsters to the summer camp they could only dream about before and learn to manage their chronic disease while there. It allows 80 current smokers to find help to stop through smoking cessation clinics. That amount serves 60 elementary school classrooms with health information, allowing children with asthma to learn to manage their disease and all to learn about the deadly danger of tobacco use. It allows us to continue to conduct lung function tests at the Kansas State Fair each year at no cost for hundreds of Kansans.

For a non-profit agency, which must rely solely on the support of donations to carry on its important work, every little piece of assistance is valued. Please remember the American Lung Association of Kansas receives no tobacco settlement money, no federal or state operating support, very little United Way money.

The sales tax exemption we currently receive is doing good work for Kansans, providing necessary programs to help promote lung health and prevent lung disease. The provisions of HB 2252 will restrict our efforts.

Thank you for the opportunity to share our concerns this morning and for your consideration.

**When You Can't  
Breathe,  
Nothing Else  
Matters®**

*Please fight lung disease by remembering*

House Taxation  
Attachment 10  
Date 2-20-03



5555 Zoö Boulevard  
Wichita, Kansas 67212

**Administration**  
(316) 942-2212  
FAX (316) 942-3781  
www.scz.org

**Executive Director**  
Mark C. Reed

**Sedgwick County  
Zoological Society, Inc.**

**President**  
Barry Schwan

**Trustees**  
Jeff Ablah  
Jay Allbaugh  
R. Allan Allford  
Kevin J. Arnel  
Terry Behrendt, EdD  
William P. Buchanan  
Martha C. Buford  
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Barbara S. Coats, MD  
Kerry Crisp  
Tom Cronk  
Mark C. DeVries  
Dan Dymarkowski  
Jerry Gaddis  
Betsy Gwin  
Ronald Holt  
Steve Houlik  
Jeff Johnson  
Janet Lloyd-Williams  
Gayle Malone  
David J. May  
Jay Rosser  
Bill Rupp  
Albert R. Sanchez  
Eric Sexton, PhD  
John Shawver  
Suzanne Vaupel  
Tom White

February 20, 2003

The Honorable John Edmonds, Chairman  
House Tax Committee  
State Capital  
Topeka, KS 66612

Dear Representative Edmonds:

As President of the Sedgwick County Zoological Society, Inc. Board of Trustees, I am writing to submit our testimony in opposition of House Bill 2252 currently under review by your committee.

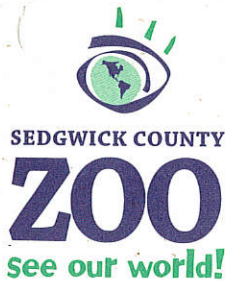
At the February 18, 2003 monthly meeting of our Board of Trustees, we unanimously passed a resolution opposing the House of Representatives/Taxation Committee Bill #2252 that would remove Zoo sales tax exemption status from Zoo memberships and construction goods & services.

A copy of our testimony is being provided to your committee.

On behalf of the board of the Sedgwick County Zoological Society, we thank you for your attention to this matter and we urge you to oppose HB 2252.

Sincerely,

Barry L. Schwan  
President



5555 Zoo Boulevard  
Wichita, Kansas 67212

**Administration**  
(316) 942-2212  
FAX (316) 942-3781  
www.scz.org

**Executive Director**  
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Gayle Malone  
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Jay Rosser  
Bill Rupp  
Albert R. Sanchez  
Eric Sexton, PhD  
John Shawver  
Suzanne Vaupel  
Tom White

**TESTIMONY HB 2252**  
Before The House Committee on Taxation  
February 20, 2003

Chairman Edmonds and members of the committee, I appreciate the opportunity to testify before you this morning concerning the elimination of the tax exemption as noted in House Bill 2252. My name is Gayle Malone and I am a member of the board of trustees and the president-elect of the Sedgwick County Zoological Society. I am here to testify on behalf of the Trustees and the Sedgwick County Zoo to inform you of the negative financial impact the passage of House Bill 2252 would have on the Zoo should it no longer be exempt from sales taxes.

The Sedgwick County Zoological Society, which manages the Zoo by agreement with the Sedgwick County is a not-for-profit charitable, educational and scientific organization chartered by community leaders to provide community leadership in environmental education, conservation of our natural heritage, the best management of animals, the highest quality recreational experience, respect for natural things, and to be the pride of our community.

Sedgwick County Zoo, Kansas' leading tourist attraction with approximately 500,000 visitors annually, receives less than half of its annual operating budget from Sedgwick County. The remainder of the funds must be raised from private sources, including admissions, concessions, special events, memberships and donations. The effect on our operational budget pertaining to the loss of the sales tax exemption on the purchase of goods and services by nonprofit zoos would result in the need for us to raise an additional \$185,000 each year.

Sedgwick County Zoo relies on admissions, memberships, concessions and rides to provide 40%, or approximately \$3 million of its operating budget. If the sales tax exemption on the sale of memberships is lost, we will have to pass the additional cost on to our members. This, combined with a possible increase in admission prices, could have a major negative impact on our attendance, thus generating even less income to maintain the Zoo, properly care for our animals, and achieve our mission.

For 2003 and beyond, the Sedgwick County Zoo is undertaking one of its largest and most expansive capital improvements projects ever – the Downing Gorilla Forest. Construction has already begun on this project currently estimated at \$5.5 million. In addition, we are working diligently to raise the necessary funds to expand our Education facility in the amount of \$1.5 million. The prospect of accomplishing these capital improvements without the tax exemption as currently proposed by HB 2252 would cause monumental repercussions for this expansion.

I come before you today to make you aware of the negative impact that HB 2252 will have on non-profits across the state of Kansas, and specifically, the Sedgwick County Zoo. Both public and private partners, through dedicated leadership and an unequalled spirit of cooperation, have made this a world-class zoo. Our goal is to keep Sedgwick County Zoo on the cutting edge – to build animal exhibits that create awe and wonder, and to keep the Zoo affordable for the long term. Quite simply, we aim to be the best zoo possible. Wichita, Sedgwick County and the state of Kansas deserve nothing less.

Thank you for your attention to this matter and we urge you to oppose HB 2252.





**JAYHAWK  
AREA COUNCIL**  
BOY SCOUTS OF AMERICA

February 19, 2003

To: State Representative, David Huff  
State Representative, Scott Schwab  
State Representative, Arlen Siegfried

From: Richard L. Fisher   
Scout Executive  
Jayhawk Area Council, Boy Scouts of America

Re: HB 2252

As a resident of the State of Kansas and the director of a local non-profit organization, I am acutely aware of the significant revenue shortfalls that we face. Certainly, this is the time to reexamine the funding options for Kansas Government. However, the passage of HB 2252 will adversely effect non-profit youth service organizations.

The Girl Scouts, Boy Scouts, YMCA, Y.W.C.A and many other youth service organizations provide programs that teach leadership skills, codes of conduct and enhance the quality of life for youth while preparing them to become productive citizens.

With other State and Federal programs being cut, we anticipate that there will be a greater need for our programs. The additional costs of manpower and time these proposed taxes require will make it more challenging to serve our youth.

I do not see how the amount of tax revenue generated from the Boy Scouts of America or any other non-profit will dramatically affect revenue for the State.

All of us want to do our part to support the budget. However, I respectfully request that you amend your Bill and continue to exclude the Boy Scouts, Girl Scouts and other youth service organizations from the proposed Bill 2252.

1020 SE Monroe  
P.O. Box 851  
Topeka, KS 66612  
PH 785-354-8541  
FX 785-354-8722  
[www.jayhawkcouncil.org](http://www.jayhawkcouncil.org)



House Taxation  
Attachment 12  
Date 2-20-03



# LEGISLATIVE TESTIMONY



*The Unified Voice of Business*

835 SW Topeka Blvd. • Topeka, KS 66612-1671 • 785-357-6321 • Fax: 785-357-4732 • E-mail: [kcci@kansaschamber.org](mailto:kcci@kansaschamber.org) • [www.kansaschamber.org](http://www.kansaschamber.org)

HB 2252

February 20, 2003

## KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Testimony before the House Taxation Committee  
By Marlee Carpenter, Director of Taxation and Small Business

Chairman Edmonds and members of the Committee:

I am Marlee Carpenter with the Kansas Chamber of Commerce and Industry testifying in opposition to HB 2252. We believe that in order to keep Kansas competitive, the cost of doing business in the state cannot be increased. KCCI opposes the blanket repeal of sales tax exemptions. Each exemption was justified at the time of enactment and voted on by legislators like you. Sales tax exemptions should be looked at as a whole, within the context of the entire tax structure. Sales tax exemptions make Kansas competitive with other states and/or avoid the double taxation of goods and services.

HB 2252 would eliminate the sales tax exemption for nonprofit and charitable activities. In times when unemployment rises and the economy is sluggish, Kansans depend on charitable services. The charitable services that have sales tax exemption are charities funded with private dollars. These are the types of charitable organizations we need in Kansas. If this sales tax exemption is repealed, organizations like these will not be able to operate at the levels they are today and will provide less services to the needy. If these organizations provide less services, more people will be dependent on the state government for help. The ability for charitable organizations to function at the highest will benefit all Kansans. KCCI opposes the sales tax exemption repeal in HB 2252. Thank you for your time.

### **About the Kansas Chamber of Commerce and Industry**

The Kansas Chamber of Commerce and Industry (KCCI) is the leading broad-based business organization in Kansas. KCCI is dedicated to the promotion of economic growth and job creation and to the protection and support of the private competitive enterprise system.

KCCI is comprised of nearly 2,000 businesses, which includes 200 local and regional chambers of commerce and trade organizations that represent more than 161,000 business men and women. The organization represents both large and small employers in Kansas. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed by the House Taxation

Attachment 13

Date 2-20-03



**Jan McKay**  
**Executive Director**  
**Old Cowtown Museum**  
**Wichita, Kansas**

**TESTIMONY HB 2252**  
**Before The House Committee on Taxation**  
**February 20, 2003**

Chairman Edmonds and members of the committee, I appreciate the opportunity to submit written testimony in opposition to House Bill 2252. This bill would eliminate a very important sales tax exemption that is vital to Old Cowtown Museum. I am the Director of Old Cowtown Museum, a living history museum in Wichita. Each year we educate more than 12,000 school children and greet visitors from all 50 states and 50 countries. The Museum is supported by Sedgwick County, the City of Wichita, gifts and earned income from admissions, memberships, store, and food and beverage service. Last year the Museum presented 22 special events that entertained and educated our citizens about the history of Wichita, Sedgwick County, Kansas and the Southern Plains.

Our Museum is unique in America. While some tourist attractions recreate a small street of the old west, perhaps even have a historic building or two, none of the others can offer quite the immersion experience that do. Staff and volunteers in costumes interact with our visitors in a "living history" environment. Across the world there are only 375 historic sites that include costumed interpreters full-time and we are one of them. Here in North America there are only 243. So you see, Old Cowtown Museum is a Kansas treasure. And, while there are between 15,000-20,000 museums in the United States, the American Association of Museums accredits only 750, Old Cowtown Museum is one of them. Museums are places of learning, enlightenment, encouragement and social interaction.

House Bill 2252 would not be in the best interest of the citizens of Kansas as it would seriously affect the work of valuable non-profit organizations like Old Cowtown Museum. Strains on the economy are making it difficult for non-profits like Old Cowtown Museum to find new donors and generate enough funds to grow. Equally challenging today is finding funds that will simply allow the Museum to keep at its current level of operations. City and county funding for non-profits such as our living history museum may be in jeopardy as budget cuts from the state continue. If this bill is passed, the Museum would need to find approximately \$49,000 more in 2003. Since we are already an institution without an endowment and depend upon the goodwill of the community and our entrepreneurial endeavors, such as special events and museum store, finding this additional money would be difficult if not impossible. This bill, if enacted, would seriously affect the Museum's ability to fulfill its mission of education and historic interpretation to all ages, collecting historic objects, acting as a tourist destination and assisting in bringing tourism dollars to Wichita and the state, and preserving important artifacts for our citizens, including the 26 historic buildings on our grounds, one of which is on the National Register of Historic Places.

I respectfully request that you take into consideration the adverse affect that HB 2252 will have on the Old Cowtown Museum and oppose this legislati

***"...To Be The Best We Can Be."***

House Taxation  
Attachment 14  
Date 2-20-03