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MEMORANDUM

To: Mr. Chairman and Members of the House Committee on Taxation

From: Adam Siebers, Assistant Revisor

Date: March 12, 2020

Subject: House Bill No. 2727

Summary

House Bill No. 2727 provides for two sales tax exemptions, requirements for new sales tax exemptions, and the imposition of sales tax on certain services.

Section 1 – Provides that any new sales tax exemption after January 1, 2021 would require the suspension or repeal of an existing sales tax exemption with an equivalent or greater fiscal liability to the state.

Section 2 – Imposes sales tax on the following services indicated by their NAICS code:

812111 – Barber Shops

812112 – Beauty Salons

812113 – Nail Salons

812199 – Other Personal Care Services

Section 3 – Provides a sales tax exemption for purchases and sales by Envision, Inc. and for purchases by Friends of Hospice of Jefferson County and ticket sales for a fundraising event.

This U.S. industry comprises establishments primarily engaged in providing personal care services (except hair, nail, facial, nonpermanent makeup, or non-medical diet and weight reducing services).

Illustrative Examples:

Day spas

Depilatory or electrolysis (i.e., hair removal) salons

Saunas

Ear piercing services

Steam or turkish baths

Hair replacement (except by offices of physicians) or weaving services

Tanning salons

Massage parlors

Tattoo parlors

Permanent makeup salons