

107TH CONGRESS
1ST SESSION

H. R. 3301

To provide Federal reimbursement to State and local governments for a limited sales, use, and retailers' occupation tax holiday.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 15, 2001

Mr. GRAHAM (for himself, Mr. BLAGOJEVICH, Mr. HILLEARY, Mr. ABERCROMBIE, Mr. LARGENT, Mr. HOUGHTON, Mr. BROWN of South Carolina, Mr. SHIMKUS, Mr. GUTKNECHT, Mr. RILEY, Mr. BAIRD, Mrs. BIGGERT, Mr. BLUNT, Mr. COOKSEY, Mr. DAVIS of Illinois, Mr. DUNCAN, Mr. FOLEY, Mr. FROST, Mr. GORDON, Ms. HART, Mr. JONES of North Carolina, Mr. KENNEDY of Minnesota, Mr. KIRK, Mr. KNOLLENBERG, Mr. LAHOOD, Mr. MCGOVERN, Mrs. MALONEY of New York, Mr. MANZULLO, Mr. ORTIZ, Mr. RAMSTAD, Mr. REYNOLDS, Mr. RUSH, Mr. SHOWS, Mr. SWEENEY, Mr. TAYLOR of North Carolina, Mr. THUNE, Mr. VITTER, Mr. WAMP, Mrs. WILSON, Mr. GRUCCI, and Mr. ISAKSON) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To provide Federal reimbursement to State and local governments for a limited sales, use, and retailers' occupation tax holiday.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Sales Tax Holiday Act
5 of 2001".

1 **SEC. 2. STATE AND LOCAL SALES TAX RELIEF FOR CON-**
2 **SUMERS.**

3 (a) IN GENERAL.—The Secretary shall reimburse
4 each State for the amount of State and local sales tax
5 payable and not collected during the sales tax holiday pe-
6 riod.

7 (b) DETERMINATION AND TIMING OF REIMBURSE-
8 MENT.—

9 (1) PREDETERMINED AMOUNT.—Not later than
10 January 4, 2002, the Secretary shall pay to each
11 State an amount equal to the sum of—

12 (A)(i) the amount of State and local sales
13 tax payable and collected in such State during
14 the same period in 2000 as the sales tax holi-
15 day period, times

16 (ii) an acceleration factor equal to 1.73,
17 plus

18 (B) an amount equal to 1 percent of the
19 amount determined under subparagraph (A) for
20 State administrative costs.

21 (2) RECONCILIATION AMOUNT.—Not later than
22 March 6, 2002, the Secretary shall pay to each
23 electing State under subsection (c)(2) an amount
24 equal to the excess (if any) of—

1 (A) the amount of State and local sales tax
2 payable and not collected in such State during
3 the sales tax holiday period, over

4 (B) the amount determined under para-
5 graph (1)(A) and paid to such State.

6 (c) REQUIREMENT FOR REIMBURSEMENT.—The Sec-
7 retary may not pay a reimbursement under this section
8 unless—

9 (1) the chief executive officer of the State in-
10 forms the Secretary, not later than November 28,
11 2001, of the intention of the State to qualify for
12 such reimbursement by not collecting sales tax pay-
13 able during the sales tax holiday period,

14 (2) in the case of a State which elects to receive
15 the reimbursement of a reconciliation amount under
16 subsection (b)(2)—

17 (A) the chief executive officer of the State
18 informs the Secretary and the Director of Man-
19 agement and Budget and the retail sellers of
20 tangible property in such State, not later than
21 November 28, 2001, of the intention of the
22 State to make such an election,

23 (B) the chief executive officer of the State
24 informs the retail sellers of tangible property in
25 such State, not later than November 28, 2001,

1 of the intention of the State to make such an
2 election and the additional information (if any)
3 that will be required as an addendum to the
4 standard reports required of such retail sellers
5 with respect to the reporting periods including
6 the sales tax holiday period,

7 (C) the chief executive officer reports to
8 the Secretary and the Director of Management
9 and Budget, not later than February 15, 2002,
10 the amount determined under subsection (b)(2)
11 in a manner specified by the Secretary,

12 (D) if amount determined under subsection
13 (b)(1)(A) and paid to such State exceeds the
14 amount determined under subsection (b)(2)(A),
15 the chief executive officer agrees to remit to the
16 Secretary such excess not later than March 6,
17 2002, and

18 (E) the chief executive officer of the State
19 certifies that such State—

20 (i) in the case of any retail seller un-
21 able to identify and report sales which
22 would otherwise be taxable during the sales
23 tax holiday period, shall treat the reporting
24 by such seller of sales revenue during such
25 period, multiplied by the ratio of taxable

1 sales to total sales for the same period in
2 2000 as the sales tax holiday period, as a
3 good faith effort to comply with the re-
4 quirements under subparagraph (B), and

5 (ii) shall not treat any such retail sell-
6 er of tangible property who has made such
7 a good faith effort liable for any error
8 made as a result of such effort to comply
9 unless it is shown that the retailer acted
10 recklessly or fraudulently,

11 (3) in the case of any home rule State, the chief
12 executive officer of such State certifies that all local
13 governments that impose sales taxes in such State
14 agree to provide a sales tax holiday during the sales
15 tax holiday period,

16 (4) the chief executive officer of the State
17 agrees to pay each local government's share of the
18 reimbursement (as determined under subsection (d))
19 not later than 20 days after receipt of such reim-
20 bursement, and

21 (5) in the case of not more than 20 percent of
22 the States which elect to receive the reimbursement
23 of a reconciliation amount under subsection (b)(2),
24 the Director of Management and Budget certifies
25 the amount of the reimbursement required under

1 subsection (b)(2) based on the reports by the chief
 2 executive officers of such States under paragraph
 3 (2)(C).

4 (d) DETERMINATION OF REIMBURSEMENT OF LOCAL
 5 SALES TAXES.—For purposes of subsection (c)(4), a local
 6 government’s share of the reimbursement to a State under
 7 this section shall be based on the ratio of the local sales
 8 tax to the State sales tax for such State for the same time
 9 period taken into account in determining such reimburse-
 10 ment, based on data published by the Bureau of the Cen-
 11 sus.

12 (e) DEFINITIONS.—For purposes of this section—

13 (1) HOME RULE STATE.—The term “home rule
 14 State” means a State that does not control imposi-
 15 tion and administration of local taxes.

16 (2) LOCAL.—The term “local” means a city,
 17 county, or other subordinate revenue or taxing au-
 18 thority within a State.

19 (3) SALES TAX.—The term “sales tax”
 20 means—

21 (A) a tax imposed on or measured by gen-
 22 eral retail sales of taxable tangible property, or
 23 services performed incidental to the sale of tax-
 24 able tangible property, that is—

1 (i) calculated as a percentage of the
2 price, gross receipts, or gross proceeds,
3 and

4 (ii) can or is required to be directly
5 collected by retail sellers from purchasers
6 of such property,

7 (B) a use tax, or

8 (C) the Illinois Retailers' Occupation Tax,
9 as defined under the law of the State of Illinois,
10 but excludes any tax payable with respect to food
11 and beverages sold for immediate consumption on
12 the premises, beverages containing alcohol, and to-
13 bacco products.

14 (4) SALES TAX HOLIDAY PERIOD.—The term
15 “sales tax holiday period” means the period begin-
16 ning after December 7, 2001, and ending before De-
17 cember 16, 2001.

18 (5) SECRETARY.—The term “Secretary” means
19 the Secretary of the Treasury.

20 (6) STATE.—The term “State” means any of
21 the several States, the District of Columbia, or the
22 Commonwealth of Puerto Rico.

23 (7) USE TAX.—The term “use tax” means a
24 tax imposed on the storage, use, or other consump-

- 1 tion of tangible property that is not subject to sales
- 2 tax.

