

**HB 998 -Tax Simplification and Reduction Act**

<b>Municipal Tax Change</b>	<b>Effective Date</b>
<p><b>Electricity and Natural Gas</b></p> <p>Eliminates State and local franchise taxes on electricity and natural gas</p> <p>Applies the 7% combined general sales tax rate to sales of electricity and natural gas.</p> <p>Provides municipalities with 44% of the State sales tax on electricity. Each city and town will get a quarterly distribution equal to the amount of electricity franchise tax that it received for the same quarter during FY 13-14. If 44% is not sufficient to cover the total FY 13-14 amount, distributions will be reduced proportionally. If 44% is more than sufficient, then any remaining money would be divided among cities and towns that levy a property tax based on their share of the total property taxes levied by cities and towns.</p> <p>Provides municipalities with 20% of the State sales tax on natural gas. Each city and town will get a quarterly distribution equal to the amount of natural gas franchise tax that it received for the same quarter during FY 13-14. If 44% is not sufficient to cover the total FY 13-14 amount, distributions will be reduced proportionally. If 44% is more than sufficient, then any remaining money would be divided among cities and towns that levy a property tax based on their share of the total property taxes levied by cities and towns.</p>	<p>7/1/2014</p> <p>7/1/2014</p> <p>7/1/2014</p> <p>7/1/2014</p>
<p><b>Sales Tax Refunds</b></p> <p>Cap the annual amount of local sales tax refund for a nonprofit entity at \$13,300,000</p>	<p>7/1/2014</p>
<p><b>Sales Taxes On Services</b></p> <p>Apply State and local sales tax to service contracts for maintenance and repair of 1) automobiles and 2) goods subject to sales tax.</p> <p>Apply State and local sales tax to admissions to movies, live entertainment, and museums.</p>	<p>1/1/2014</p> <p>1/1/2014</p>
<p><b>Sales Tax Exemptions</b></p> <p>Eliminate the "back-to-school" sales tax holiday</p> <p>Eliminate the Energy Star sales tax holiday</p> <p>Eliminate the State and local sales tax exemptions for 1) certain newspaper sales; certain bakery items, and 3) certain items sold to farmers with gross receipts under \$10,000.</p>	<p>7/1/2014</p> <p>7/1/2014</p> <p>7/1/2014</p>
<p><b>Motor Fuel Tax</b></p> <p>Cap the State gas tax at 37.5 cents until June 30, 2015. This would reduce Powell Bill funds for FY 14-15.</p>	<p>10/1/2014</p>