

A motion by Utah to amend the SSUTA by adding a definition for essential clothing:
(Substitute for AM08018)

Appendix C

LIBRARY OF DEFINITIONS

Product Definitions

"Essential clothing" means "clothing" with a sales price below a **certain** dollar threshold set by a member state if that state chooses to tax "essential clothing" differently from "clothing." A state electing to tax "essential clothing" differently from "clothing" **shall** **may** not exempt the portion of the price of any individual item of clothing below its dollar threshold and shall administer the essential clothing threshold consistent with the provisions of Section 322, subsections B, C3, C4, and C7.

Section 323: CAPS AND THRESHOLDS

- A. ~~Each~~ ~~No~~ member state shall ~~may~~.
1. ~~Not~~ have caps or thresholds on the application of state sales or use tax rates or exemptions that are based on the value of the transaction or item ~~or~~ ~~after~~ ~~December 31, 2005~~. A member state may continue to have caps and thresholds until that date.
 2. ~~Not~~ have caps that are based on the application of the rates unless the member state assumes the administrative responsibility in a manner that places no additional burden on the retailer.
- B. ~~Each~~ ~~No~~ member state that has local jurisdictions that levy a sales or use tax ~~shall not~~ **may** place caps or thresholds on the application of local rates or use tax rates or exemptions that are based on the value of the transaction or item ~~after December 31, 2005~~. A member state may continue to have caps and thresholds until that date.
- C. The provisions of this section do not apply to sales or use taxes levied on the retail sale or transfer of motor vehicles, aircraft, watercraft, modular homes, manufactured homes, or mobile homes or to instances where the burden of administration has been shifted from the retailer.

D. The provisions of this section do not apply to sales or use tax thresholds for exemptions that are based on the value of "essential clothing" except as provided in the Library of Definitions.