

A motion by Rhode Island to amend Section 323 of the SSUTA relating to caps and thresholds so that it reads as follows:

Section 323: CAPS AND THRESHOLDS

- A. Except as provided in D. below, No member state may 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 have caps or thresholds 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. Except as provided in D. below, No member state that has local jurisdictions that levy a sales or use tax may place caps or thresholds on the application of local ~~rates~~ sales or use tax rates or exemptions that are based on the value of the transaction or item.
- 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. 1. For sStates may only that have a ~~cap or~~ threshold on “clothing” before January 1, 2006 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 defined in the Library of Definitions. The threshold must be based on the sales price or purchase price of each individual item of clothing. A state that has a cap or threshold on “clothing” may either:
- a. Provide that the entire sales price or purchase price of each individual item of clothing is taxable if the sales price or purchase price of that item is over a certain dollar threshold; or
 - b. Provide that only the portion of the sales price or purchase price of each individual item of clothing over a certain dollar threshold is taxable.
2. The threshold on the sale price or purchase price of each individual item of clothing may not be less than \$110, and must apply to both the state and any local sales or use taxes.

A motion by Rhode Island to amend Section 323 of the SSUTA relating to caps and thresholds so that it reads as follows:

3. Any state that adopts a clothing cap or threshold must clearly indicate and explain that treatment in its Certificate of Compliance and Taxability Matrix.

4. If a state adopts a clothing threshold under this section of the Agreement and also adopts a sales tax holiday on “clothing” under Section 322 of the Agreement, the clothing threshold under this section of the Agreement shall not apply during the sales tax holiday on “clothing.”

- ⓓ. E. A state that adopts a cap or threshold pursuant to this section is not required to eliminate that cap or threshold unless the federal law authorizing states to require remote sellers to collect and remit sales and use tax prohibits states from using such caps or thresholds.

See Compiler's Notes for history.