

A motion by Kentucky to amend Sections 302 and 308 to facilitate the separate reporting of items with alternate tax rates and bases.

Section 302: STATE AND LOCAL TAX BASES

A. The tax base for local jurisdictions shall be identical to the state tax base unless otherwise prohibited by federal law.

B. This section does not apply to sales or use taxes levied on:

1. Fuel used to power motor vehicles, aircraft, locomotives, or watercraft;
2. Electricity, piped natural or artificial gas or other fuels delivered by the seller;
3. The retail sale or transfer of motor vehicles, aircraft, watercraft, modular homes, manufactured homes, or mobile homes; and
4. Energy. Solely for purposes of this section and section 308, “energy” means natural or artificial gas, oil, gasoline, electricity, solid fuel, wood, waste, ice, steam, water, and other materials necessary and integral for heat, light, power, refrigeration, climate control, processing, or any other use in any phase of the manufacture of tangible personal property.

- C. 1. A state that allows a different local base as provided in this section may allow the reporting of these taxes on the Simplified Electronic Return using the format approved by the Governing Board.
2. A state that has a different local base as provided in this section may provide information on the different bases or different rates as provided in Section 308 in a separate boundary file using the format approved by the Governing Board.
3. The approved formats for reporting on the SER and the optional boundary file will be published in the Streamlined Sales Tax Technology Guide.
4. States that choose to require separate reporting of these taxes on the SER must notify the Governing Board of their intention to do so and would be effective no sooner than the first day of a calendar quarter beginning at least 6 months after notifying the Governing Board.

Section 308: STATE AND LOCAL TAX RATES

A. No member state shall have multiple state sales and use tax rates on items of personal property or services, except that a member state may impose a single additional rate, which may be zero, on food and food ingredients and drugs as defined by state law pursuant to the Agreement. In addition, if federal law prohibits the imposition of local tax on a product that is subject to state tax, the state may impose an additional rate on such product, provided such rate achieves tax parity for similar products.

B. A member state that has local jurisdictions that levy a sales or use tax shall not have more than one local sales tax rate or more than one local use tax rate per local jurisdiction. If the local jurisdiction levies both a sales tax and use tax, the local rates must be identical.

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C. The provisions of this section do not apply to sales or use taxes levied on energy as defined in Section 302 of the Agreement, fuel used to power motor vehicles, aircraft, locomotives, or watercraft, or to electricity, piped natural or artificial gas, or other fuels delivered by the seller, or the retail sale or transfer of motor vehicles, aircraft, watercraft, modular homes, manufactured homes, or mobile homes.

- D. 1. A state or local jurisdiction that allows a different rate on items of personal property or services as provided in this section may allow the reporting of these taxes on the Simplified Electronic Return using the format approved by the Governing Board.
2. A state or local jurisdiction that has different rates as provided in this section may provide information on the different rates or different bases as provided in Section 302 in a separate boundary file using the format approved by the Governing Board.
3. The approved formats for reporting on the SER and the optional boundary file will be published in the Streamlined Sales Tax Technology Guide.
4. States that choose to require separate reporting of these taxes on the SER must notify the Governing Board of their intention to do so and would be effective no sooner than the first day of a calendar quarter beginning at least 6 months after notifying the Governing Board.