

107TH CONGRESS  
1ST SESSION

# H. R. 3398

To provide Federal reimbursement to State and local governments for a 30-day sales, use, and retailers' occupation tax holiday.

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## IN THE HOUSE OF REPRESENTATIVES

DECEMBER 4, 2001

Mr. ISRAEL introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To provide Federal reimbursement to State and local governments for a 30-day 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 "Consumer and Retail  
5 Sales Stimulus Act of 2001".

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

8 (a) IN GENERAL.—The Secretary shall reimburse  
9 each State for the amount of State and local sales tax

1 payable and not collected during the sales tax holiday pe-  
2 riod.

3 (b) DETERMINATION AND TIMING OF REIMBURSE-  
4 MENT.—

5 (1) PREDETERMINED AMOUNT.—Not later than  
6 30 days after the expiration of the sales tax holiday  
7 period, the Secretary shall pay to each State an  
8 amount equal to the sum of—

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

13 (ii) an acceleration factor equal to 1.73,  
14 plus

15 (B) an amount equal to 1 percent of the  
16 amount determined under subparagraph (A) for  
17 State administrative costs.

18 (2) RECONCILIATION AMOUNT.—Not later than  
19 60 days after the expiration of the sales tax holiday  
20 period, the Secretary shall pay to each electing State  
21 under subsection (c)(2) an amount equal to the ex-  
22 cess (if any) of—

23 (A) the amount of State and local sales tax  
24 payable and not collected in such State during  
25 the sales tax holiday period, over

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

3 (c) REQUIREMENT FOR REIMBURSEMENT.—The Sec-  
4 retary may not pay a reimbursement under this section  
5 unless—

6 (1) the chief executive officer of the State in-  
7 forms the Secretary, not later than 10 days after the  
8 date of the enactment of this Act, of the intention  
9 of the State to qualify for such reimbursement by  
10 not collecting sales tax payable during the sales tax  
11 holiday period,

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

15 (A) the chief executive officer of the State  
16 informs the Secretary and the Director of Man-  
17 agement and Budget and the retail sellers of  
18 tangible property in such State, not later than  
19 10 days after the date of the enactment of this  
20 Act, of the intention of the State to make such  
21 an election,

22 (B) the chief executive officer of the State  
23 informs the retail sellers of tangible property in  
24 such State, not later than 10 days after the  
25 date of the enactment of this Act, of the inten-

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

7           (C) the chief executive officer reports to  
8           the Secretary and the Director of Management  
9           and Budget, not later than 45 days after the  
10          expiration of the sales tax holiday period, the  
11          amount determined under subsection (b)(2) in a  
12          manner specified by the Secretary,

13          (D) if amount determined under subsection  
14          (b)(1)(A) and paid to such State exceeds the  
15          amount determined under subsection (b)(2)(A),  
16          the chief executive officer agrees to remit to the  
17          Secretary such excess not later than 60 days  
18          after the expiration of the sales tax holiday pe-  
19          riod, and

20          (E) the chief executive officer of the State  
21          certifies that such State—

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

1           by such seller of sales revenue during such  
2           period, multiplied by the ratio of taxable  
3           sales to total sales for the same period in  
4           2000 as the sales tax holiday period, as a  
5           good faith effort to comply with the re-  
6           quirements under subparagraph (B), and

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

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

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

23           (5) in the case of not more than 20 percent of  
24          the States which elect to receive the reimbursement  
25          of a reconciliation amount under subsection (b)(2),

1 the Director of Management and Budget certifies  
2 the amount of the reimbursement required under  
3 subsection (b)(2) based on the reports by the chief  
4 executive officers of such States under paragraph  
5 (2)(C).

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

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

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

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

21 (3) SALES TAX.—The term “sales tax”  
22 means—

23 (A) a tax imposed on or measured by gen-  
24 eral retail sales of taxable tangible property, or

1 services performed incidental to the sale of tax-  
2 able tangible property, that is—

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

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

9 (B) a use tax, or

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

16 (4) SALES TAX HOLIDAY PERIOD.—The term  
17 “sales tax holiday period” means the 30-day period  
18 beginning on the 21st day occurring after the date  
19 of the enactment of this Act.

20 (5) SECRETARY.—The term “Secretary” means  
21 the Secretary of the Treasury.

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

1           (7) USE TAX.—The term “use tax” means a  
2           tax imposed on the storage, use, or other consump-  
3           tion of tangible property that is not subject to sales  
4           tax.

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