

110TH CONGRESS  
2D SESSION

# S. 2567

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

---

IN THE SENATE OF THE UNITED STATES

JANUARY 29, 2008

Mr. BURR introduced the following bill; which was read twice and referred to the Committee on Finance

---

## A BILL

To provide Federal reimbursement to State and local governments for a limited 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 "Sales Tax Holiday Act  
5 of 2008".

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 60 percent of the amount of State and local

1 sales tax payable and not collected during the sales tax  
2 holiday period.

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

5 (1) PREDETERMINED AMOUNT.—Not later than  
6 May 1, 2008, the Secretary shall pay to each State  
7 an amount equal to the sum of—

8 (A)(i) 60 percent of the amount of State  
9 and local sales tax payable and collected in such  
10 State during the same period in 2007 as the  
11 sales tax holiday period, times

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

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

17 (2) RECONCILIATION AMOUNT.—Not later than  
18 July 1, 2008, the Secretary shall pay to each elect-  
19 ing State under subsection (c)(2) an amount equal  
20 to the excess (if any) of—

21 (A) 60 percent of the amount of State and  
22 local sales tax payable and not collected in such  
23 State during the sales tax holiday period, over

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

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

4           (1) the chief executive officer of the State in-  
5 forms the Secretary, not later than March 1, 2008,  
6 of the intention of the State to qualify for such re-  
7 imbursement by not collecting sales tax payable dur-  
8 ing the sales tax holiday period,

9           (2) in the case of a State which elects to receive  
10 the reimbursement of a reconciliation amount under  
11 subsection (b)(2)—

12           (A) the chief executive officer of the State  
13 informs the Secretary and the Director of Man-  
14 agement and Budget and the retail sellers of  
15 tangible property in such State, not later than  
16 March 1, 2008, of the intention of the State to  
17 make such an election,

18           (B) the chief executive officer of the State  
19 informs the retail sellers of tangible property in  
20 such State, not later than March 1, 2008, of  
21 the intention of the State to make such an elec-  
22 tion and the additional information (if any)  
23 that will be required as an addendum to the  
24 standard reports required of such retail sellers

1 with respect to the reporting periods including  
2 the sales tax holiday period,

3 (C) the chief executive officer reports to  
4 the Secretary and the Director of Management  
5 and Budget, not later than June 1, 2008, the  
6 amount determined under subsection (b)(2) in a  
7 manner specified by the Secretary,

8 (D) if amount determined under subsection  
9 (b)(1)(A) and paid to such State exceeds the  
10 amount determined under subsection (b)(2)(A),  
11 the chief executive officer agrees to remit to the  
12 Secretary such excess not later than July 1,  
13 2008, and

14 (E) the chief executive officer of the State  
15 certifies that such State—

16 (i) in the case of any retail seller un-  
17 able to identify and report sales which  
18 would otherwise be taxable during the sales  
19 tax holiday period, shall treat the reporting  
20 by such seller of sales revenue during such  
21 period, multiplied by the ratio of taxable  
22 sales to total sales for the same period in  
23 2008 as the sales tax holiday period, as a  
24 good faith effort to comply with the re-  
25 quirements under subparagraph (B), and

1           (ii) shall not treat any such retail sell-  
2           er of tangible property who has made such  
3           a good faith effort liable for any error  
4           made as a result of such effort to comply  
5           unless it is shown that the retailer acted  
6           recklessly or fraudulently,

7           (3) in the case of any home rule State, the chief  
8           executive officer of such State certifies that all local  
9           governments that impose sales taxes in such State  
10          agree to provide a sales tax holiday during the sales  
11          tax holiday period,

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

17          (5) in the case of not more than 20 percent of  
18          the States which elect to receive the reimbursement  
19          of a reconciliation amount under subsection (b)(2),  
20          the Director of Management and Budget certifies  
21          the amount of the reimbursement required under  
22          subsection (b)(2) based on the reports by the chief  
23          executive officers of such States under paragraph  
24          (2)(C).

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

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

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

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

16 (3) SALES TAX.—The term “sales tax”  
 17 means—

18 (A) a tax imposed on or measured by gen-  
 19 eral retail sales of taxable tangible property, or  
 20 services performed incidental to the sale of tax-  
 21 able tangible property, that is—

22 (i) calculated as a percentage of the  
 23 price, gross receipts, or gross proceeds,  
 24 and

1                   (ii) can or is required to be directly  
2                   collected by retail sellers from purchasers  
3                   of such property,  
4                   (B) a use tax, or  
5                   (C) the Illinois Retailers' Occupation Tax,  
6                   as defined under the law of the State of Illinois,  
7                   but excludes any tax payable with respect to  
8                   food and beverages sold for immediate con-  
9                   sumption on the premises, beverages containing  
10                  alcohol, and tobacco products.

11               (4) SALES TAX HOLIDAY PERIOD.—The term  
12               “sales tax holiday period” means the period begin-  
13               ning after April 3, 2008, and ending before April  
14               14, 2008.

15               (5) SECRETARY.—The term “Secretary” means  
16               the Secretary of the Treasury.

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

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

○