

Fiscal Estimate Narratives

DOR 1/25/02

LRB Number 01-4216/1	Introduction Number AB-728	Estimate Type Original
Subject Sale of livestock at auction		

Assumptions Used in Arriving at Fiscal Estimate

Under current law, a seller of tangible personal property that does not collect sales tax on a sale of tangible personal property has the burden of proving that the sale is exempt, unless the seller takes an exemption certificate from the purchaser.

Under the bill, a seller of cattle, sheep, goats and swine at a livestock market is not required to take an exemption certificate from the purchaser.

Typically, sales of cattle, sheep, goats and hogs at livestock markets are exempt sales to meat packing plants or farmers. To the extent a taxable entity, such as a private research company, purchases cattle, sheep, goats and swine at a livestock market, the purchase would be subject to use tax paid by the purchaser instead of sales tax paid by the auctioneer.

Since the sales that would be affected by the bill are either currently exempt or would become subject to use tax, the bill has no fiscal effect.

Administrative costs of the bill are minimal.

Long-Range Fiscal Implications