

1 Resolution of the Taxation and Budget Reform Commission
 2 A resolution proposing the creation of a new section in
 3 Article VII of the State Constitution to provide for a
 4 review of services not subject to the tax on sales, use,
 5 and other transactions and the imposition of a tax on
 6 services not exempted.

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 8 Be It Resolved by the Taxation and Budget Reform Commission:

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 10 That the following creation of a new section in Article VII
 11 of the State Constitution is agreed to and shall be submitted to
 12 the electors of this state for approval or rejection at the next
 13 general election or at an earlier special election specifically
 14 authorized by law for that purpose:

15 ARTICLE VII

16 FINANCE AND TAXATION

17 REVIEW AND INCLUSION OF SERVICES WITHIN THE TAX BASE.--

18 (a) On or before January 1, 2010, the legislature shall
 19 commence a review of services not subject to the tax on sales,
 20 use, and other transactions. The review must include an
 21 evaluation of services not subject to tax and the identification
 22 of methods to facilitate administration and compliance with the
 23 application of the tax on sales, use, and other transactions to
 24 services.

25 (b) On July 1, 2012, all services not subject to the tax
 26 on sales, use, and other transactions shall be subject to the
 27 tax, unless subsection (c) applies.

28 (c) A service shall not be subject to the tax on sales,
 29 use, and other transactions, if prior or subsequent to July 1,

30 2012, the service is made exempt from the tax. Such exemptions
31 must be created through a law addressing the single-subject
32 matter of a single service identified by at least the first four
33 digits of the applicable 2007 NAICS code number as described by
34 the North American Classification System code published by the
35 United States Census Bureau.

36 (d) Services exempted from the tax on sales, use, and
37 other transactions after November 4, 2008 must advance one of
38 the following state public purposes: encouraging economic
39 development and competitiveness; supporting educational,
40 governmental, religious, or charitable initiatives or
41 institutions; or securing tax fairness by reducing or
42 eliminating regressive tax burdens.

43 (e) This section shall expire January 1, 2015.

44 BE IT FURTHER RESOLVED that the following statement be
45 placed on the ballot:

46 CONSTITUTIONAL AMENDMENT

47 ARTICLE VII

48 REVIEW AND INCLUSION OF SERVICES WITHIN THE TAX BASE.--This
49 amendment to the State Constitution makes the sales tax apply to
50 all services in 2012, except services made exempt. Narrowly
51 defined services may be exempted by the Legislature singly.
52 Services not subject to sales tax and implementations issues
53 relating to this amendment must be reviewed by the Legislature
54 by January 1, 2010. The amendment expires January 1, 2015.