



Retail Sales and Use Data Requests From House Appropriations Committee Meeting

October 2017

Questions from House Appropriations Committee Meeting on September 18, 2017...

- Chairman Jones and Delegate Landis (page 3 and 4)
 - Requested historical data on large sales and use tax refunds.
 - Requested timing on when they were used and how much per year.
- Delegate Garrett requested data on where sales tax receipts are coming from – durable or consumer goods. (page 5)
- Delegate Linghamfelter requested any update on internet effect on sales tax receipts.
 - There haven't been any recent changes to the estimate. The inventory nexus legislation from this past session is estimated to bring in an additional \$21 million annually. We estimate there is approximately \$229 million that is not currently being collected.

Recent History of Large Retail Sales and Use Tax Refunds...

- Over the last three fiscal years there have been numerous large refunds requested.
 - 65% of the refund dollars are attributable to activity from at least 2 years from the current fiscal year.
 - Large payments are about evenly split between taxpayer audits and taxpayers using exemption certificates.

FY 2015 - FY 2018

Including all refunds over \$500K

	FY2015	FY2016	FY2017	FY2018 to date	Grand Total
FY Issued					
# Refunds	10	14	7	6	37
Amount	\$ 28,123,181	\$ 23,570,529	\$ 19,057,480	\$ 15,415,544	\$ 86,166,735
Total					

Large Retail Sales and Use Tax Refunds Lag Due To Audits and Taxpayer Submissions of Exemption Certificates...

- This table summarizes the fiscal year activity in which a refund was issued since fiscal year 2015.
 - Due to the small group of dealers involved, a breakout by year could result in taxpayer confidentiality issues.
 - For example, the 5 refunds for fiscal year 2012 were issued over the last 3 fiscal years.
- As noted on the previous slide, timing of the refunds is due to either completion of an audit or taxpayers submissions.

FY 2015 - FY 2018

Large Refunds By Fiscal Year

Including all refunds over \$500K

	FY Issued		Grand Total
2006	# Refunds		2
	Amount	\$	5,731,324
2007	# Refunds		1
	Amount	\$	12,220,804
2009	# Refunds		1
	Amount	\$	1,722,957
2010	# Refunds		2
	Amount	\$	1,413,018
2012	# Refunds		5
	Amount	\$	19,196,702
2013	# Refunds		7
	Amount	\$	16,961,128
2014	# Refunds		10
	Amount	\$	18,330,055
2015	# Refunds		3
	Amount	\$	4,289,541
2016	# Refunds		3
	Amount	\$	4,228,150
2017	# Refunds		3
	Amount	\$	2,073,056
Total	# Refunds		37
	Amount	\$	86,166,735

Sales Tax Collections Mirror National Trends of Declines in Brick and Mortar Stores...

Sales Tax Collections Fiscal Years 2015 - 2017 Millions of Dollars

Industry (% of Total \$ Amount)	# of Firms in FY17	Millions of Dollars		Percent Change		
		FY16	FY17	FY15	FY16	FY17
Housing (18%)	208	\$566.4	\$588.2	5.8%	3.0%	3.8%
Warehouse Clubs/Supercenters (14%)	6	\$471.8	\$480.0	3.9%	3.2%	1.8%
Department Stores (11%)	135	\$386.6	\$370.3	0.5%	-4.7%	-4.2%
Grocery Stores (11%)	29	\$361.4	\$363.9	-1.0%	0.4%	0.7%
Retail Trade (11%)	162	\$348.7	\$360.8	2.8%	2.6%	3.5%
Restaurants (5%)	111	\$183.4	\$173.0	7.5%	-2.4%	-5.6%
Wholesale Trade (3%)	97	\$111.1	\$90.1	5.7%	31.8%	-19.0%
Leisure and Hospitality (2%)	103	\$65.3	\$66.7	21.2%	-2.8%	2.1%
Gasoline Stores (2%)	25	\$56.8	\$56.1	7.1%	1.7%	-1.1%
Other (8%)	542	\$198.8	\$259.6	11.1%	3.7%	30.5%
Total Large Payers (84%)	1,418	\$2,750.3	\$2,808.7	4.1%	1.9%	2.1%
Total	125,494	\$3,295.9	\$3,357.1	5.5%	1.9%	1.9%

Large Payers Include Payments in Excess of \$100,000

- Other industry is primarily manufacturing, telecommunications, rental/leasing services and energy companies.