S.F. No. 3789 – Vendor allowance (as proposed to be amended by the A-1 amendment)

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Section 1. Sales and use tax. Adds a new definition of "net liability" to the provisions of law governing due dates for sales tax remittances. "Net liability" means liability minus the amount of vendor allowance provided in section 3.

Section 2. Tax must be remitted. Requires retailers to remit sales taxes to the commissioner minus the amount of the vendor allowance provided in section 3.

Section 3. Vendor allowance. Allows a retailer or seller to retain a portion of sales taxes collected as compensation for the costs of collecting and administering sales taxes, as long as the retailer or seller has timely reported and remitted sales taxes. Use taxes paid by the seller on the seller's own purchases are not included in calculating the vendor allowance. The vendor allowance equals a percentage of taxes collected in a reporting period amongst all locations of the retailer in the state. The allowance must not be less than $10, or the amount of eligible taxes collected in the reporting period. The allowance is calculated as follows:

- for vendors with sales tax liability less than $60,000 in a fiscal year, one percent;
- for vendors with sales tax liability between $60,000 and $600,000 in a fiscal year, $900 plus one percent of the amount over $60,000 but less than $600,000; and
- for vendors with sales tax liability greater than $600,000 in a fiscal year, $6,300 plus one-half of one percent of the amount over $600,000.

Effective for sales and purchases made after June 30, 2024.