



STATE & LOCAL TAX NEWSLETTER



*National Tax Recovery LLC
(State & Local Tax Services)*

State & Local Tax Refund Program identifies and recovers overpaid state and local taxes paid directly to the State through use taxes or tax paid to vendors.

State & Local Tax Audit Assistance Program helps clients to defend and lower their state tax audit assessment.

State & Local Tax Advisory Program helps clients develop and implement tax strategies that will make state and local taxes a controllable expense and explore every legitimate way to limit your tax obligation.

Income Tax Advisory Service gives clients the proper knowledge and expertise needed to interpret the complex and ever changing IRS regulations and laws.

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Missouri Voters to Weigh Ban on Expanding Sales Tax to Services

Missouri voters will be the first in the nation to decide whether to amend their state Constitution to prohibit sales taxes from being expanded to services like car repairs, haircuts, legal work and financial accounting.

The proposal on the Nov. 8 ballot is a backlash against efforts in Missouri and other states that have considered extending sales taxes beyond goods to keep pace with the service-based economy.

The proposed measure, Amendment 4, would bar state and local sales taxes from being applied to any transaction or service not already taxed as of Jan. 1, 2015.

Concerned that states could try to tax services related to home sales, national and local organizations representing real estate agents have poured about \$7 million into a campaign to pass the amendment.

The measure's opponents have not reported raising any money to fight it. But the Missouri Municipal League warned there could be "dire consequences" for police, fire and road departments if governments are constitutionally barred from enlarging their sales tax bases.

Sales taxes have long provided an important financial foundation for governments. They are levied by 45 states and more than 10,000 local jurisdictions. But only a few states currently charge sales taxes on a wide array of services.

In March, North Carolina began charging sales tax on labor for a number of services, including vehicle maintenance, cabinet installation and jewelry repairs. The expansion was part of a new law that will also cut individual income tax rates starting in 2017.

Over the past five years, about half the states have considered some sort of proposal to expand sales taxes to services, according to bill tracking by the National Conference of State Legislatures, the American Institute of Certified Public Accountants and the National Association of Realtors and research by The Associated Press. Many of those proposals have failed.

During the past decade, Maryland, Massachusetts and Michigan have also repealed expanded sales taxes on services in the face of public disapproval.





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RECENT TAX POLICY LETTER RULINGS & DECISIONS

New Mexico ~ Sales and Use Tax: Franchise Trademark Was Taxable

A restaurant company was liable for New Mexico gross receipts tax on its franchise licenses of trademarks because the company was engaged in the business of franchising in New Mexico. Taxable gross receipts include money from granting a right to use a “franchise” employed in New Mexico. By engaging in the business of franchising, all of the company’s receipts from granting the franchise were taxable. Based on the plain meaning of “franchise,” the statutory term “franchise,” includes a franchisees’ use of the franchise trademark. Further, a franchise is a bundled form of property, which generally includes a license to use the franchise trademark. The trademark license is not typically a separate transaction.

Illinois ~ Motor Fuel Tax: Motor Fuel Tax Applies to Compressed Natural Gas

A waste management company was liable for Illinois motor fuel tax on purchases of compressed natural gas (CNG). Illinois statutory law states that, “among other things,” taxable “motor fuel” includes “special fuel.” “Special fuel” includes all volatile and inflammable liquids capable of being used to generate power in an engine except gasoline. To service customers, the company kept a fleet of motor vehicles, using CNG as a fuel. CNG is a gas in its natural state and remains a gas when compressed. It was never a liquid at any point when it was stored or used by the company. While special fuels specifically include certain liquids, the phrase “among other things” in the statute means that special fuels included non-liquid fuels, such as CNG.

The Motor Fuel Tax Act intended to tax motor fuel and did not exempt non-liquid motor fuels. Thus, in addition to finding the company liable, the Department of Revenue regulation listing CNG as a taxable motor fuel was valid under the Illinois Constitution.

Arizona ~ Sales and Use Tax: Substantial Nexus for Transaction Privilege Tax Discussed

The Arizona Department of Revenue has issued a ruling determining that any resident of Arizona who maintains an inventory warehouse or place of business in Arizona, or maintains an employee, independent contractor or other business representative or agent in Arizona, has substantial nexus with the state and, therefore, will be subject to transaction privilege tax. However, in other cases, including out-of-state taxpayers, the Department will determine the existence of “substantial nexus” by considering the type of activity performed by a taxpayer in the state and the degree of activity, such as duration of activity hours and the effect of the activity on the business’s market in the state.

Additionally, the ruling discusses the sourcing rules that a taxpayer may rely on for determining the applicable “approximate tax rate.” The sourcing rules are explained in five categories: (1) general retail sales; (2) sales of construction materials to be incorporated or fabricated into a prime contracting project; (3) sales of construction materials to be incorporated or fabricated into a nonprime contracting project; (4) sales of manufactured buildings; and (5) leasing or rental activities.

Alabama ~ Sales and Use Tax: Purchase of Poultry Litter Treatment Not Qualified for Pollution Control Exemption

A poultry house’s purchase of poultry litter treatment (PLT) did not qualify for a pollution control exemption from Alabama sales tax because the PLT was primarily purchased to grow healthy chickens rather than to control pollution. While materials acquired primarily for pollution control are generally tax exempt, and the PLT also limited ammonia emissions to the atmosphere, in this case it was used primarily to ensure the well-being of the poultry.

HOSPITALITY NEWS



VALENCIA GROUP PREPARES TO OPEN RETRO MILITARY-THEME HOTEL, CALVARY COURT, IN COLLEGE STATION, TX

Cavalry Court, a retro design motor court hotel, will open in College Station's Century Square in November. The 141-room hotel, one of two being developed by Houston-based Valencia Group in College Station, is reminiscent of designs from the '50s and '60s with modern spaces for meetings, weddings and receptions. Valencia Group, which also is developing the Hotel Alessandra in downtown Houston, introduced the motor court concept in Austin at Lone Star Court. Rottet Studio designed all three.



HOTEL ROOFTOP FEATURES BIG LAZY RIVER IN SHAPE OF TEXAS

Houston's Marriott Marquis gets the prize for Most Inspired Amenity in advance of Super Bowl LI in the Bayou City in February: a \$12 million 530-foot-long lazy river in the shape of Texas.

The hotel is scheduled to open in December and will serve as headquarters for the NFL and teams of media.

NATIONAL TAX RECOVERY LLC QUOTE OF THE MONTH:

IT IS NOT THE STRONGEST OF THE SPECIES THAT SURVIVE, NOR THE MOST INTELLIGENT, BUT THE ONE MOST RESPONSIVE TO CHANGE.

~Charles Darwin



QUALITY MEANS DOING IT RIGHT WHEN NO ONE IS LOOKING.

~Henry Ford



GOLDMAN SACHS ACQUIRES THE HILTON SAN ANTONIO HILL COUNTRY HOTEL & SPA NEAR SEAWORLD SAN ANTONIO

New York brokerage firm Goldman Sachs Group Inc. purchased the Hilton San Antonio Hill Country Hotel & Spa near SeaWorld San Antonio, property records show. The five-story, 227-room hotel and meeting venue was purchased on for an undisclosed price by GSPYR San Antonio, a company controlled by Goldman subsidiary Special Situations Investing Group II, state corporate filings show.

IS YOUR COMPANY ENTITLED TO A STATE & LOCAL TAX REFUND?

BUSINESSES HAVE OVERPAID MILLIONS OF DOLLARS IN STATE & LOCAL TAXES WITOUT EVEN KNOWING IT...OUR MISSION IS TO GET IT BACK FOR YOU

-NTR LLC

Mike Williams CEO/President

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SALES AND USE TAXES
FEDERAL INCOME TAXES

HOTEL OCCUPANCY TAXES
MOTOR FUELS TAXES

FRANCHISE TAXES
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