

Vending Tax Stamp Proposal

Purpose:

There are several reasons to move away from a percent based sales tax and to a tax stamp.

1- Create a level-playing field to conduct business

As vending is largely a cash business it's ripe for tax abuse. When an operator doesn't pay tax on income it allows them to offer a better commission split to a location giving them an advantage over a responsible vending operator. This perpetuates itself over time allowing legitimate operators less access to markets, which is less revenue/taxes paid.

2- Increased Tax Revenue

As vending is largely a cash business, many operators and locations fail to pay taxes on the gross revenue or their split of the revenue (commission). A Tax Stamp allows verifiable compliance.

3- Sales Tax

Some amusement devices dispense a prize; some operators buy prizes using a tax-exempt permit for resale. So they not only avoid paying tax on the purchased goods, but also avoid paying tax on the revenue.

4- Consistent Revenue

Going to an annual tax stamp allows the State to receive an up front set amount of revenue at the beginning of each year.

5- How widespread is the problem?

Unfortunately tax evaders don't come forward and I.D. themselves. But again, as a cash business its more widespread than it should be. This is why Oklahoma, Arkansas and Nebraska have gone to a tax stamp. It's certainly a financial advantage for those states to use a Tax Stamp system.

6- Expansion to other vending

Some states like Oklahoma have expanded their tax stamp program to include other types of vending machines such as snacks and soda machines.

Conclusion

In moving to a Tax Stamp it will generate increased and consistent revenue, while facilitating an equitable playing field to conduct business in. It's good for the State and for business.