

State Sales Tax Summary – DRAFT 9/25/13

State	Tax on Contractor on Labor &/or Gross Receipts					States Sales Tax on Materials		
	Exempt from Sales or Excise Tax	Exempt Public Road Construction	Other Similar Tax or Fee	State tax rate	Notes	Taxable	Notes	State tax rate
Alabama	Exempt		5% of gross receipts derived from performance of contracts to construct, reconstruct or build any public highway, road, bridge or street	5%	Applies to state contracts only – not to cities or counties unless the state is also a contractor Proceeds of tax – pensions (15%) and mental health (85%)	n/a		
Alaska	<i>No statewide sales tax</i>					<i>No state sales tax</i>		
Arizona	Not exempt	Not exempt		6.5%	Prime contractor only Tax base - 65% of the gross proceeds	No if incorporated Yes if consumed	Not if the materials are incorporated in the project nor for construction machinery & equipment sold or leased to the contractor for use on a construction job	6.5%
Arkansas	Exempt					Yes	Contractors are deemed to be the consumers of all tangible personal property or taxable services purchased by them in the performance of a contract and the sales of all such property to contractors are taxable sales.	6.5%
California	Exempt					Yes	Construction contractors are generally consumers of materials furnished and retailers of fixtures and pay sales & use tax. Services are not taxable (except jobsite fabrication of fixtures).	7.5%
Colorado	Exempt					No - if incorporated Yes- if consumed	Exemption for highways and other public works	2.9%

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Connecticut	Taxable only if rendered in conjunction with existing commercial, industrial or income producing property; exempt if new construction or residential property	Exempt Public Right-of-Way is exempt - property such as a state or municipal street or road and adjacent area.				No - if incorporated Yes - if consumed	When a construction contract is with an exempt entity, the contractor may purchase materials and supplies incorporated or placed in the project exempt from tax.	6.35% (no local rates allowed)
Delaware	<i>No state sales tax</i>		Tax on contractor gross receipts over \$100,000 per month & a 6% bond fee for non-resident contractors	0.006537	Excludes gross receipts paid to sub-contractors	<i>No state sales tax</i>		
Florida	Exempt					Yes	Public works agencies use owner-direct purchase program and not pay sales tax	6%
Georgia	Exempt					Yes	All materials	4%
Hawaii	Not exempt (excise tax)	Not except		4.712% - Oahu 4.166% - other Islands	Deduction available for qualifying subcontracted work	Yes	Wholesale rate	0.5%

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Idaho	Exempt					Yes	Contractor is the consumer of the goods used. Must pay sales tax on all his purchases – even if working on exempt customer project	
Illinois	Exempt					Yes		6.25%
Indiana	Exempt					Yes – if consumed No – if incorporated No - if public safety equipment on public work	Purchase of public safety equipment required by contract to be used in the construction and repair of public roads, bridges, highways, and other public infrastructure for a governmental entity is exempt from sales and use tax.	7%
Iowa	Exempt					No – if incorporated Yes – if consumed	Special Exemption Certificates Designated exempt entities awarding construction contracts may issue special exemption certificates to contractors and subcontractors, allowing them to purchase, or withdraw from inventory, building materials for the contract free from sales tax – includes Dept. of Transportation	6%

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Kansas	Not exempt	Exempt Labor services to construct, reconstruct, restore, replace, or repair a bridge or highway				Yes	Project exemptions are not authorized for Dept. of Transportation	6.15%
Kentucky	Exempt					Yes	On all materials	6%
Louisiana	Exempt					No	Exemption certificate for materials purchased for public works	
Maine	Exempt					No – if incorporated Yes – if consumed	Materials that are incorporated into state projects are exempt. Materials used in the project are taxable	5%
Maryland	Exempt					Yes	Materials incorporated into government owned real property are taxable when purchased.	6%
Massachusetts	Exempt					No	Exemption certificate for sales of materials for public works projects	
Michigan	Exempt					Yes	A contractor is required to pay sales or use tax on all items used to provide Service, including equipment, supplies, and materials. Revenue Administrative Bulletins (RAB) 1993-5 and 1999-2.	6.25%
Minnesota	Exempt					Yes	Contractors or subcontractors must pay sales or use tax on the cost of all materials, supplies and equipment to complete the construction contract. State agencies are not exempt from sales tax	6.875%

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Mississippi	Exempt		3.5% contractor's tax in lieu of the sales tax if they are done in the performance of a non-residential contract exceeding \$10,000.	3.5%	No tax on sub-contractors.	No – if incorporated Yes – if consumed	No sales or use tax on purchases on component materials and services. Rentals and purchases of non-component materials and supplies to be used in the performance of construction work are subject to the regular retail rate of sales or use tax	7%
Missouri	Exempt					No	Exemption Certificate for materials incorporated or consumed in construction	
Montana	<i>No statewide sales tax</i>		License fee on publically funded projects	1%		<i>No statewide sales tax</i>		
Nebraska	Not exempt	Exempt Any government entity is exempt from paying sales tax				No – if incorporated Yes – if consumed	Purchasing Agent Appointment and Delegation of Authority for Sales and Use Tax	5.5%
Nevada	Exempt					Yes	If a government contractor purchases building materials for use on a public works project, the government contractor must pay Sales/Use Tax on those materials	6.85%
New Jersey	Not Exempt	Exempt Labor is exempt as long as an exempt capital improvement	T			No	Exemption for state agencies – exemption certificate	
New Mexico	Not exempt	Not exempt		5.125%		No	Non-taxable transaction certificate – exempt materials, sub-contractors, equipment leases – pay on leases	
New York	Exempt					No	Government purchase order serves for an exemption	

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North Carolina	Exempt					No		
North Dakota	Exempt					Yes	Contractor regarded as end user Includes contracts with State agencies	5%
Ohio	Exempt					No – if incorporated Yes – if consumed	Agencies of the state not subject to tax for materials incorporated in real property	5.75%
Oklahoma	Exempt					Yes	Exemptions do not include state agencies	4.5%
Oregon	<i>No state sales tax</i>					<i>No state sales tax</i>		
Pennsylvania	Exempt					No	Exemption for exempt organizations – including state agencies	6%
Rhode Island	Exempt					No – if incorporated Yes – if consumed	Exemption for exempt organizations – including state agencies for materials and supplies which are essential to the construction of a project and which are to be utilized in the construction thereof	7%
South Carolina	Exempt					Yes	Purchases for state government agencies not exempt Tax on all construction materials	6%
South Dakota	Not exempt	Not exempt		2%	Contractors for state agencies must pay Gross receipts tax applied to materials with sales tax	Yes	Prime contractor and sub-contractor due on materials furnished	4%

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Tennessee	Exempt				If services performed on real property	Yes		7%
Texas	Not exempt	Exempt			State government is exempt from sales tax on contractors	No – if incorporated Yes – if consumed	State exemption – no tax if material entirely consumed in the project	6.25%
Utah	Exempt					Yes	Sales of construction materials to state agencies exempt if the agency pays the seller directly & the items are converted to real property by employees of the agency	4.7%
Vermont	Exempt					Consumed on project – no Tools etc. not consumed on a project yes	Applies to public works – exemption certificate	6%
Virginia	Exempt					Yes	No exemption for public work	5.0% N. VA & Hampton Roads 4.3% elsewhere
West Virginia	Exempt				If work results in a capital improvement	Yes	The contractor is subject to tax on all purchases of goods and services used in the performance of a capital improvement contract.	6% Returned to State Road Fund

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Wisconsin	Exempt				Real property construction only	Yes	No exemption for government agencies	5%
Wyoming	Exempt					Yes	Purchases of materials, supplies, etc. by the contractor for real property improvement are taxable to the contractor No exemption for government entities	4%

State Prevailing Wage Summary – DRAFT 9/25/13

State	Threshold Amount (Transportation Projects)	Federal Funded Project Prevailing Wage Requirements	State Basis for Determining Rates	Separate Highway Rate (categories excluding residential)
Alaska	\$25,000	Federal rate	N/A	Single rate
California	\$25,000 construction ¹ \$15,000 alteration, demolition, repair or maintenance work	Higher rate	CBA Modal rate (Majority paid at a single rate or if no majority paid a single rate, then use the rate being paid to the greatest number of workers) May also consider federal rate	Commercial Building Heavy Highway Dredging
Connecticut	\$400,000 new construction \$100,00 remodeling	Uses federal rate to determine state rate	US DOL rate (option by statute to survey)	US DOL rate
Delaware	\$100,000 new construction \$15,000 alteration, repair, renovation, rehabilitation, demolition, reconstruction	Higher rate	Annual survey and shall encourage the voluntary submission of wage data by contractors, contractors' associations, labor organizations, public officials and other interested parties, reflecting wage rates paid to laborers and mechanics on various types of construction in the area. Employers in SIC codes identified by unemployment compensation records If majority paid at the same rate, that rate is prevailing wage, otherwise mean rate	Building Heavy Highway
Hawaii	\$2,000	Higher rate	US DOL rate	Single rate
Illinois	None	Federal rate	Survey – try to do annually	Building Highway Floating Oil & Chip Rivers
Kentucky	\$250,000	Uses federal rate to determine state rate	US DOL rate (can also conduct hearings)	US DOL rate

¹ Threshold is \$1,000 unless an awarding body elects to initiate and enforce a labor compliance program that has been approved by the Director of the Department of Industrial Relations. Caltrans has done this and their projects have the threshold noted in the table.

State	Threshold Amount (Transportation Projects)	Federal Funded Project Prevailing Wage Requirements	State Basis for Determining Rates	Separate Highway Rate (categories excluding residential)
Maine	\$50,000	Federal – if more than 20% federal funding. Can use both rates on the same project (i.e. a bridge project had a federal component and a state sub-project – used different prevailing wage rates)	Annual survey of contractors (can impose fine of \$50 if not filed) – median wage Can consider CBA	Highway & Earthwork Heavy & Bridge
Maryland	\$500,000	x	Annual surveys – contractors, contractor’s associations, labor organizations, public officials & other interest parties to submit data voluntarily	Building Highway
Massachusetts	None	Higher rate	CBA – but not less than amount paid municipal employees in the locality & not less than private	Single rate for construction
Michigan	None	Federal rate	CBA	Parking lot, road, highway, bridge & airport construction General
Minnesota	\$25,000 – more than one trade involved \$2,500 – single trade involved	Higher rate	Survey – of construction projects in the preceding 12 months with a total cost of \$25,000 or more	Highway/heavy Commercial
Missouri	None	Higher rate	Annual survey – of commercial contractors	Building Heavy
Montana	\$25,000	Federal rate	New law 2013 – for highway and heavy rates (HB0464 Laws of 2013) a) conduct a survey of construction contractors registered for heavy construction services or highway construction services, electrical and plumbing contractors who perform commercial work or b) Adopt federal rates or c) A combination	Building Heavy Highway Non-construction
Nebraska	None	N/A	No state rate	N/A
Nevada	\$100,000	Higher rate	Annual survey of contractors who do work in a county	Single rate

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New Jersey	\$2,000 - construction \$50,000 – aggregate cost for maintenance & repair	x	CBA – for a particular craft or trade in the locality	Single rate
New Mexico	\$60,000	Higher rate	CBA Others with workers not subject to CBA can submit additional data Can consider survey data	Street, highway, utility, light engineering General building Heavy
New York	None	Federal rate	CBA – with private sector employers provided those employers employ at least 30% of workers in the same trade or occupation in the locality	Building Heavy & highway
Ohio	For work related to bridge and road construction \$78,258 – new construction \$23,447 – remodeling Thresholds adjusted with inflation	Higher rate	CBA	Single rate
Oregon	\$50,000	Federal rate	Most rates reflect CBAs (Oregon Prevailing Wage Booklet July 2013) Annual construction industry wage survey of occupations and crafts performing commercial building and heavy and highway construction in 14 geographic regions of the state May consider CBA, federal rates, other independent wage surveys Oregon goal – move closer to federal rates Many occupations use CBA rates	Single rate
Pennsylvania	\$25,000	Uses federal rate to determine state rate	CBA May also consider information from federal agencies, workforce availability & certified statements of previous wages paid on public projects in the locality, survey if insufficient information	Heavy & highway laborers Heavy & highway operators Building operators Truck drivers & painters – heavy, highway, & building
Rhode Island	\$1,000	Higher rate	US DOL rate	US DOL rate
Tennessee	\$50,000 (on highway construction projects only)	Higher rate	Annual survey of highway contractors	Building Highway

State	Threshold Amount (Transportation Projects)	Federal Funded Project Prevailing Wage Requirements	State Basis for Determining Rates	Separate Highway Rate (categories excluding residential)
Texas	None	Uses federal rate to determine state rate	US DOL rate (option by statute to survey)	US DOL rate
Vermont	\$100,000	Higher rate	Annual Based on Occupational and Wage Survey – based on wage earners covered by unemployment insurance	Single rate
Washington	None	Higher rate	Survey – every 3 years – average wage in largest city in the county CBA – receive copies – used in semi-annual update	Single rate
West Virginia	None	Higher rate	Annual by locality CBA – may obtain & consider	Building & construction Heavy & highway
Wisconsin	None	Federal rate	Annual survey of employers <ul style="list-style-type: none"> • Wage paid to majority of workers by area • If no wage is a majority – then average of the highest 51% of workers Future contractual increases – CBA where the CBA rates equals the prevailing wage	Airport pavement & state highway Building & heavy
Wyoming	\$25,000	Federal rate	Annual survey For Heavy and Highway Construction rates shall be sent to employers and employee organizations engaged in construction, reconstruction, improvement, enlargement, alteration or repair of major heavy and/or highway projects <ol style="list-style-type: none"> 1) Average – 50% or more have same salary 2) Significant minority – two with 30% or more with same salary – weighted average of those two 3) Weighted average – where not two with 30% with same salary – weighted average of all 4) Moving average – CBA inflation adjustments 	Building & construction Heavy & highway

States without Prevailing Wage Laws that Apply to State Funded Transportation Projects

State	Repealed or Invalidated by Court Decision
States Without Prevailing Wage Laws	
Alabama	Repealed - 1980
Arizona	Invalidated - 1980 & repealed - 1984
Colorado	Repealed - 1985
Florida	Repealed - 1979
Georgia	
Idaho	Repealed - 1985
Iowa	
Kansas	Repealed - 1987
Louisiana	Repealed - 1988
Mississippi	
New Hampshire	Repealed - 1985
North Carolina	
North Dakota	
Oklahoma	Invalidated - 1995
South Carolina	
South Dakota	
Utah	Repealed - 1981
Virginia	
States with Prevailing Wage Laws – Exempt State Transportation Projects	
Arkansas	Exempts highway, road, street, or bridge construction and maintenance or related work contracted for or performed by incorporated towns, cities, counties, or the Arkansas State Highway and Transportation Department
Indiana	The Common Construction Wage Act does not apply to contracts let (awarded) by the Indiana Dept. of Transportation for the construction of highways, streets, and bridges. (IC 5-16-7-1(g))