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The West Coast is preparing for yet another year of ravaging wildfires.

**Gail Cole** • Jun. 18, 2019



*By Gail Cole*

Record-breaking rain, floods, and tornados are plaguing the center of the country. The West Coast is preparing for yet another year of ravaging wildfires. Hurricane season is upon us. Weather-related disasters cost the United States more than **\$1.6 trillion** last year, and 2019 is shaping up to give 2018 a run for its money. In what ways can sales tax help with disaster preparedness and recovery?

**Sales tax holidays encourage disaster preparedness**

Alabama provides the nation's first [severe weather preparedness sales tax holiday](#),

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Texans should already be prepared: The Texas [tax-free period for emergency preparation supplies](#) ran April 27–29, 2019. Portable generators (priced less than \$3,000), hurricane shutters and emergency ladders (priced less than \$300), and a host of other supplies that cost less than \$75 were exempt from state and local sales tax. The Texas Comptroller is already promoting the [2020 emergency preparation supplies sales tax holiday](#).

Virginians can save sales tax on emergency supplies like portable generators (priced \$1,000 or less), gas-powered chainsaws (\$350 or less), and a variety of other products (\$60 or less), during its August 2–4, 2019, [annual sales tax holiday](#).

[Learn more about 2019 sales tax holidays.](#)

## **Tax relief for victims of disaster**

States typically provide tax extensions for victims of disasters caused by nature or man. They may also grant an extension for an individual or business adversely affected by a disaster in another state. The length of the extension is determined on a case-by-case basis.

Occasionally, a state will offer additional tax relief. For example, many charges associated with the repair of residential and non-residential property damaged by a declared disaster are [exempt from sales tax in Texas](#), as are charges for cleaning up property and laundering or dry-cleaning damaged clothing.

After Hurricane Maria hit in 2017, the Puerto Rico Department of Treasury announced that qualifying donations of taxable goods by foreigners would not be subject to Puerto Rico sales or use tax (hat tip to [KPMG](#)). Similarly, taxable goods purchased with a client assistance debit card issued by a state agency for disaster relief are exempt from sales tax in [North Carolina](#).

In all states, tax extensions and other tax relief are generally available only to people

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perform “disaster-related work to repair or restore damaged *critical infrastructure* during a disaster response period in a declared disaster area.”

North Dakota provides a [limited exemption from sales and use tax](#) and other fees for out-of-state businesses that came into the state to repair critical infrastructure damaged or destroyed by a declared natural disaster. [Arkansas](#) and [Georgia](#) have a similar policy, .

Not all states are so accommodating. In 2017, 19 states told Bloomberg BNA that a business establishes sales tax nexus when it comes into the state to assist with relief efforts (hat tip to [Accounting Today](#)).

[Learn more about sales tax exemptions for businesses providing disaster relief.](#)

Sales Tax • Small Business

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