

HCS HB 532 -- TAX EXEMPTION FOR CERTAIN VEHICLES

SPONSOR: Richard (Spreng)

COMMITTEE ACTION: Voted "do pass" by the Committee on Job Creation and Economic Development by a vote of 15 to 1.

This substitute exempts all motor vehicles assembled and sold in Missouri from the state sales and use tax. Local sales and use taxes will continue to be collected unless the locality decides to exempt them.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$2,437,500 in FY 2006, \$3,250,000 in FY 2007, and \$1,625,000 in FY 2008. Estimated Cost on Other State Funds of \$4,062,500 in FY 2006, \$8,125,000 in FY 2007, and \$9,750,000 in FY 2008.

PROPOSERS: Supporters say that the bill is about generating sales; and if auto makers can't sell their products, they'll stop producing them. More auto sales in Missouri will mean more jobs in Missouri. The bill will increase sales of new cars and trucks that are built and sold in Missouri. Missouri is the third leading state in car manufacturing and second in truck manufacturing. Missouri auto manufacturers will be encouraged to build a new car line and new manufacturers to build a facility in the state. Every car has a unique vehicle identification number (VIN) which indicates where and when it was built, so it would be easy to extend this tax exemption to used cars that were built and sold in Missouri. Currently, it just applies to new cars.

Testifying for the bill were Representative Spreng; Ford-Hazelwood Task Force; Missouri Automobile Dealers Association; St. Louis Community College; Missouri United Auto Workers; and DaimlerChrysler Corporation.

OPPOSERS: There was no opposition voiced to the committee.

Alice Hurley, Legislative Analyst