

SECOND REGULAR SESSION

HOUSE BILL NO. 1619

93RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES SUTHERLAND (Sponsor), SMITH (118), LEMBKE, EMERY,
BIVINS, RICHARD AND HOBBS (Co-sponsors).

Read 1st time February 1, 2006 and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

4524L.01I

AN ACT

To repeal section 147.010, RSMo, and to enact in lieu thereof one new section relating to annual franchise tax rates.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Section 147.010, RSMo, is repealed and one new section enacted in lieu
2 thereof, to be known as section 147.010, to read as follows:

147.010. 1. [For the transitional year defined in subsection 4 of this section and each
2 taxable year beginning on or after January 1, 1980, but before January 1, 2000, every corporation
3 organized pursuant to or subject to chapter 351, RSMo, or pursuant to any other law of this state
4 shall, in addition to all other fees and taxes now required or paid, pay an annual franchise tax to
5 the state of Missouri equal to one-twentieth of one percent of the par value of its outstanding
6 shares and surplus if its outstanding shares and surplus exceed two hundred thousand dollars, or
7 if the outstanding shares of such corporation or any part thereof consist of shares without par
8 value, then, in that event, for the purpose contained in this section, such shares shall be
9 considered as having a value of five dollars per share unless the actual value of such shares
10 exceeds five dollars per share, in which case the tax shall be levied and collected on the actual
11 value and the surplus if the actual value and the surplus exceed two hundred thousand dollars.
12 If such corporation employs a part of its outstanding shares in business in another state or
13 country, then such corporation shall pay an annual franchise tax equal to one-twentieth of one
14 percent of its outstanding shares and surplus employed in this state if its outstanding shares and

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended
to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

15 surplus employed in this state two hundred thousand dollars, and for the purposes of sections
16 147.010 to 147.120, such corporation shall be deemed to have employed in this state that
17 proportion of its entire outstanding shares and surplus that its property and assets employed in
18 this state bears to all its property and assets wherever located. A foreign corporation engaged
19 in business in this state, whether pursuant to a certificate of authority issued pursuant to chapter
20 351, RSMo, or not, shall be subject to this section. Any corporation whose outstanding shares
21 and surplus as calculated in this subsection does not exceed two hundred thousand dollars shall
22 state that fact on the annual report form prescribed by the secretary of state.] For all taxable
23 years beginning on or after January 1, 2000, **but ending on or before December 31, 2006**, the
24 annual franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding
25 shares and surplus if the outstanding shares and surplus exceed one million dollars. Any
26 corporation whose outstanding shares and surplus do not exceed one million dollars shall state
27 that fact on the annual report form prescribed by the director of revenue. **For taxable years**
28 **beginning on or after January 1, 2007, the annual franchise tax shall be equal to the**
29 **percentage rate prescribed in this subsection for the corresponding taxable year of the**
30 **corporation's outstanding shares and surplus if the outstanding shares and surplus exceed**
31 **the corresponding minimum threshold amount prescribed as follows:**

32 (1) For tax year 2007, the rate shall be one-thirtieth of one percent and the
33 threshold amount shall be two million dollars;

34 (2) For tax year 2008, the rate shall be one-thirtieth of one percent and the
35 threshold amount shall be four million dollars;

36 (3) For tax year 2009, the rate shall be one-fiftieth of one percent and the threshold
37 amount shall be five million dollars;

38 (4) For tax year 2010, the rate shall be one-eightieth of one percent and the
39 threshold amount shall be six million dollars; and

40 (5) For tax year 2011, the rate shall be zero percent and the threshold amount shall
41 be zero dollars.

42 2. Sections 147.010 to 147.120 shall not apply to corporations not organized for profit,
43 nor to corporations organized pursuant to the provisions of chapter 349, RSMo, nor to express
44 companies, which now pay an annual tax on their gross receipts in this state, nor to insurance
45 companies, which pay an annual tax on their premium receipts in this state, nor to state, district,
46 county, town and farmers' mutual companies now organized or that may be hereafter organized
47 pursuant to any of the laws of this state, organized for the sole purpose of writing fire, lightning,
48 windstorm, tornado, cyclone, hail and plate glass and mutual automobile insurance and for the
49 purpose of paying any loss incurred by any member by assessment, nor to any mutual insurance
50 corporation not having shares, nor to a company or association organized to transact business of

51 life or accident insurance on the assessment plan for the purpose of mutual protection and benefit
52 to its members and the payment of stipulated sums of moneys to the family, heirs, executors,
53 administrators or assigns of the deceased member, nor to foreign life, fire, accident, surety,
54 liability, steam boiler, tornado, health, or other kind of insurance company of whatever nature
55 coming within the provisions of section 147.050 and doing business in this state, nor to savings
56 and loan associations and domestic and foreign regulated investment companies as defined by
57 Section 170 of the Act of Congress commonly known as the "Revenue Act of 1942", nor to
58 electric and telephone corporations organized pursuant to chapter 351, RSMo, and chapter 392,
59 RSMo, prior to January 1, 1980, which have been declared tax exempt organizations pursuant
60 to Section 501(c) of the Internal Revenue Code of 1986, nor for taxable years beginning after
61 December 31, 1986, to banking institutions subject to the annual franchise tax imposed by
62 sections 148.010 to 148.110, RSMo; but bank deposits shall be considered as funds of the
63 individual depositor left for safekeeping and shall not be considered in computing the amount
64 of tax collectible pursuant to the provisions of sections 147.010 to 147.120.

65 3. A corporation's "taxable year" for purposes of sections 147.010 to 147.120 shall be
66 its taxable year as provided in section 143.271, RSMo.

67 4. A corporation's "transitional year" for the purposes of sections 147.010 to 147.120
68 shall be its taxable year which includes parts of each of the years 1979 and 1980.

69 5. The franchise tax payable for a corporation's transitional year shall be computed by
70 multiplying the amount otherwise due for that year by a fraction, the numerator of which is the
71 number of months between January 1, 1980, and the end of the taxable year and the denominator
72 of which is twelve. The franchise tax payable, if a corporation's taxable year is changed as
73 provided in section 143.271, RSMo, shall be similarly computed pursuant to regulations
74 prescribed by the director of revenue.

75 6. All franchise reports and franchise taxes shall be returned to the director of revenue.
76 All checks and drafts remitted for payment of franchise taxes shall be made payable to the
77 director of revenue.

78 7. Pursuant to section 32.057, RSMo, the director of revenue shall maintain the
79 confidentiality of all franchise tax reports returned to the director.

80 8. The director of the department of revenue shall honor all existing agreements between
81 taxpayers and the director of the department of revenue.

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