

HB 1249 -- SALES AND USE TAX EXEMPTIONS

SPONSOR: Spreng

COMMITTEE ACTION: Voted "do pass" by the Committee on Job Creation and Economic Development by a vote of 18 to 0.

This bill 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.

FISCAL NOTE: Estimated Effect on General Revenue Fund of a cost of \$1,297,148 to Unknown in FY 2007, a cost of \$1,297,148 to Unknown in FY 2008, and an income of \$0 to a cost of Unknown in FY 2009. Estimated Cost on Other State Funds of \$2,316,077 to Unknown in FY 2007, \$5,959,302 to Unknown in FY 2008, and \$7,226,450 to Unknown in FY 2009.

PROPOSERS: Supporters say that there are over 60,000 jobs in the auto industry in Missouri and many others that produce parts used in the assembly plants. The bill will help protect those jobs by encouraging Missourians to purchase cars that are assembled in this state. The amount of money the customer saves in sales tax will be spent on other goods and services. The bill will give an incentive to the auto industry to stay in Missouri and train workers. The average salary paid to an employee of an auto assembly plant is well above that of other Missouri workers and will be protected by the bill.

Testifying for the bill were Representatives Spreng and Richard; Associated Industries of Missouri; Missouri Automobile Dealers Association; DaimlerChrysler; Harley-Davidson Motor Company; United Auto Workers-Missouri; United Auto Workers - Local 710; and Missouri AFL-CIO.

OPPOSERS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say that it will have a negative impact on the State Road Fund and the State Road Bond Fund. There are endless transportation needs in Missouri; and anytime there is a reduction in the revenue received by the state, transportation projects may be affected. A reduction in revenue will affect the Department of Transportation's ability to complete projects on time or at all.

Others testifying on the bill was Department of Transportation.

Alice Hurley, Legislative Analyst