

HCS HB 1749 -- TAXATION

SPONSOR: Munzlinger (Cooper, 120)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Agri-Business by a vote of 9 to 0.

This substitute authorizes an exemption from state and local sales and use tax for the cost of all utilities used in the manufacturing, processing, compounding, mining, or production of pesticides, meat, petfood, livestock and poultry feed, purchases for research and development of agricultural biotechnology products, and prescription pharmaceuticals. The substitute also exempts the current sales tax on one half of the purchase price of diesel fuel used for agricultural purposes.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$94,675 to Unknown in FY 2007, \$113,610 to Unknown in FY 2008, and \$113,610 to Unknown in FY 2009. Estimated Cost on Other State Funds of \$38,658 to Unknown in FY 2007, \$46,390 to Unknown in FY 2008, and \$46,390 to Unknown in FY 2009.

PROPONENTS: Supporters say that sales and use taxes should be paid by the person purchasing the product.

Testifying for the bill were Representative Cooper (120); Taxpayers Research Institute of Missouri; Associated Industries of Missouri; Missouri Agriculture Industry Council; Jim Gray, Bayer CropScience; and Missouri Chamber of Commerce and Industry.

OPPONENTS: Those who oppose the bill say that counties and cities cannot afford to have their tax base reduced and still provide adequate services to their residents. Missouri already has low tax and utility rates.

Testifying against the bill was Missouri Municipal League.

Roland Tackett, Legislative Analyst