

HCS HB 131 -- SALES AND USE TAX EXEMPTION FOR MANUFACTURING

SPONSOR: Stevenson (Cooper, 120)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Tax Reform by a vote of 7 to 1.

This substitute authorizes an exemption from state and local sales and use tax for the cost of all utilities, chemicals, machinery, equipment, and materials used in the manufacturing, processing, compounding, mining, or production of a product; processing recovered materials; or research and development related to manufacturing.

FISCAL NOTE: Estimated Cost on General Revenue Fund of Unknown in FY 2008, FY 2009, and FY 2010. Estimated Cost on Other State Funds of Unknown in FY 2008, FY 2009, and FY 2010.

PROPOSERS: Supporters say that the bill will provide a needed exemption from sales tax for manufacturers to help them remain in the state. Sales tax law should only tax the final product and not inputs into the manufacturing. Currently, some items are exempt while others are not. This will encourage business and higher paying manufacturing jobs to stay in the state. The bill will have a positive impact on the Proctor and Gamble facility located at Cape Girardeau and the Bayer facility in Kansas City. Any retained or new jobs will help the local economy. The bill will help with the taxing disadvantage in Missouri and with bordering states except Illinois.

Testifying for the bill were Representative Cooper (120); Taxpayers Research Institute of Missouri; Missouri Chamber of Commerce and Industry; and Bayer CropScience.

OPPOSERS: Those who oppose the bill say that without an effective revenue generator, the cost of the bill is too great. The money could better be used on other programs.

Testifying against the bill was Missouri School Administrators Coalition.

OTHERS: Others testifying on the bill say that the money could be better used for educational purposes.

Testifying on the bill was Missouri National Education Association.