

HJR 21 -- TELECOMMUNICATION BUSINESS LICENSE TAX LIMITATIONS

SPONSOR: Cooper (120)

COMMITTEE ACTION: Voted "do pass" by the Committee on Rules by a vote of 7 to 0.

Upon voter approval, this proposed constitutional amendment prohibits political subdivisions from imposing taxes on the gross receipts of telecommunication providers at rates higher than the business license tax imposed on retail establishments.

FISCAL NOTE: No impact on state funds in FY 2008, FY 2009, and FY 2010.

PROPOSERS: Supporters say that the bill will allow voters to decide whether they want increases in the local telephone taxes. Missouri has the highest tax rates in the nation on land line telephone tax rates.

Testifying for the bill were Representative Cooper (120); and Sprint Nextel.

OPPOSERS: Those who oppose the bill say that the average rate of local telephone taxes in Missouri is currently 6%. Revenues from local taxes on land line phones have gone down in recent times. Gross receipts taxes on phone, cable, and television are the second most important source of local government revenues. Local governments can already reduce taxes on telecommunication services without this bill. It is irresponsible of the General Assembly to propose this bill without offering some sort of replacement revenue.

Testifying against the bill was Missouri Municipal League.