

HCS SB 30 -- TAXATION

SPONSOR: Nodler (Stevenson)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Tax Reform by a vote of 10 to 0.

This substitute changes the laws regarding taxation. In its main provisions, the substitute:

(1) Changes the laws regarding the determination of whether a substantial nexus exists for income tax and franchise tax purposes with the state for certain corporations and individuals. Substantial nexus will be determined without consideration of whether an individual or a corporation owns, leases, or uses a distribution or data storage facility in Missouri including those selling property shipped from the facility or data stored at the facility (Sections 32.130, 143.006, 144.605, and 147.010, RSMo);

(2) Authorizes Perry County to levy, upon voter approval, a sales tax of up to 1/4 of 1% to equally fund senior services and youth programs. The revenue received for senior services will be administered by a senior services tax commission (Section 67.997);

(3) Adds county assessors to the list of county officials who must receive certified copies of the ordinances effecting a concurrent detachment and annexation of property between municipalities (Sections 71.011 and 71.012);

(4) Requires operators of storage facilities beginning January 1, 2008, to provide documentation including the owner's name, address, county of residence, and a description of the personal property to the county assessor where the rental or leasing facility is located for property tax purposes. The substitute defines "personal property" as any house trailer, manufactured home, boat, vessel, floating home, floating structure, airplane, or aircraft. Any storage facility that fails to provide the required documentation will be assessed a penalty and taxes for the personal property stored at its location (Section 137.092);

(5) Authorizes an exemption from the motor fuel tax for motor fuel sold for use by an interstate transportation authority, a city transit authority, or a city utilities board to operate a public mass transportation facility (Section 142.817);

(6) Eliminates the corporate income tax, beginning January 1, 2008, for the first five taxable years of a new manufacturer's existence in Missouri as certified by the Department of Economic

Development (Section 143.432);

(7) Removes the "solely in interstate commerce" requirement for the trucking exemption and exempts personal property and utilities used in the research and development of agricultural/biotechnology and plant genomics products and prescription pharmaceuticals from local sales tax (Section 144.030);

(8) Authorizes an exemption from state and local sales and use tax for the cost of all utilities, chemicals, machinery, equipment, and materials used directly in television or radio broadcasting or used in the manufacturing, processing, compounding, mining, or production of a product; processing recovered materials; or research and development related to manufacturing (Section 144.054);

(9) Authorizes an exemption from state and local sales tax, beginning September 1, 2007, for the cost of temporarily using coin-operated amusement devices and removes the exemption for the purchase of the devices and parts. Coin-operated amusement devices include video, pinball, table, and redemption games. Currently, amusement devices and parts for amusement devices are exempt from state and local sales tax if a sales tax is paid on the gross receipts derived from the use of the devices (Section 144.518);

(10) Assigns school districts to metropolitan statistical areas for the purpose of determining the dollar value modifier in the school foundation formula. When a school district contains territory from more than one county, the district is assigned to the county in which the district headquarters are located. The Monroe City R-I School District will be assigned to the county that will yield the highest dollar value modifier (Section 163.016);

(11) Revises the definition of "community-based organizations" to include any nonprofit corporations formed under Chapter 355 for which the department can approve to implement the Family Development Account Program. Currently, no more than 20% of the funds in the reserve fund account may be used for the administrative costs of the program during its first two years and 15% in subsequent years. The amount will be reduced to 15% for the first two years and 10% for subsequent years (Sections 208.750 and 208.755);

(12) Allows household goods common carriers to file applications with the Highways and Transportation Commission for approval of rates to reflect increases and decreases in the carrier's costs. The filing of the applications will be processed as rate

adjustment requests by electrical, gas, or water companies (Section 387.075); and

(13) Repeals the exemption, beginning January 1, 2008, that currently allows intrastate household goods movers to operate wholly in municipalities, between contiguous municipalities, or commercial zones without obtaining operating authority from the Department of Transportation (Section 390.030).

The substitute contains an emergency clause for Sections 144.006, 144.605, and 147.010 regarding substantial nexus determination procedures.

FISCAL NOTE: Estimated Cost on General Revenue Fund of More than \$33,707 in FY 2008, More than \$150,657 in FY 2009, and More than \$150,657 in FY 2010. Estimated Cost on Other State Funds of More than \$825,000 in FY 2008, More than \$1,238,000 in FY 2009, and More than \$1,238,000 in FY 2010.

PROPOSERS: Supporters say that the bill expands the sales tax exemption for common carriers.

Testifying for the bill was Representative Stevenson for Senator Nodler.

OPPOSERS: There was no opposition voiced to the committee.