

HCS SCS SB 199 & 207 -- TRANSPORTATION TAX EXEMPTIONS

SPONSOR: Stouffer (Faith)

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

This substitute changes the laws regarding transportation tax exemptions. In its main provisions, the substitute:

(1) Exempts fuel sold to school districts from the motor fuel tax when the bus is driven to transport students for educational purposes;

(2) 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;

(3) Authorizes, beginning July 1, 2008, a sales tax exemption on materials purchased by contractors for use in the construction of highways and other Department of Transportation projects;

(4) Changes the definition of "commercial aircraft" by lowering the maximum certified gross take-off weight from 7,000 to 3,500 pounds as it relates to the taxation of aircraft; and

(5) Requires the Department of Revenue to simplify the motor fuel exemption process by reducing the administrative burden, reducing the time to receive a refund, and dividing the administrative burden between the fuel wholesaler/retailer and the tax exempt entity.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$0 in FY 2008, \$12,870,000 in FY 2009, and \$9,433,500 in FY 2010. Estimated Effect on Other State Funds of a cost of \$2,712,000 in FY 2008, an income of \$17,925,000 in FY 2009, and an income of \$12,174,499 in FY 2010.

PROPOSERS: Supporters say that Missouri suppliers are trying to compete with out-of-state suppliers of materials for Department of Transportation projects and the sales tax gives Missouri suppliers a disadvantage of 1.5% to 4%. Local sales tax is the difference. Use tax is the same as the state sales tax rate only, and sales tax is both state and local tax rates. Sales tax is a pass-through item so that out-of-state contractors don't have to add as much onto their contracts. Missouri contractors are suffering from this inequity. The bill will provide more money in the road fund and end the market disadvantage to Missouri suppliers by leveling the playing field.

Testifying for the bill were Senator Stouffer; Associated Industries of Missouri; Taxpayers Research Institute of Missouri; Associated General Contractors of Missouri, Incorporated; Heavy Constructors Association of Greater Kansas City; Associated General Contractors of St. Louis; Missouri Asphalt Pavement Association; and Missouri Chamber of Commerce and Industry.

OPPONENTS: There was no opposition voiced to the committee.