

HB 1197 -- Streamlined Sales and Use Tax Agreement

Sponsor: Kelly (24)

This bill requires the Department of Revenue to establish the necessary rules to implement the compliance provisions of the multistate Streamlined Sales and Use Tax Agreement. The bill specifies that:

(1) When a political subdivision changes the rate of tax, the rate change must take effect on the first day of the second calendar quarter after the Director of the Department of Revenue receives notice of the change;

(2) When a city annexes or detaches property, the city clerk must forward a certified copy of the ordinance to the department director within 10 days. The tax rate in the added or abolished territory must become effective on the first day of the second calendar quarter after the department director receives notice of the boundary change;

(3) If a political subdivision repeals an existing tax, the repeal must become effective December 31 of the calendar year in which the abolishment of the tax was approved. Beginning January 1, 2012, the political subdivision must notify the department director at least 120 days prior to the effective date of the repeal;

(4) When an entity remits the tax authorized under Section 67.1959, RSMo, it will no longer receive a reduction in its sales tax liability for transactions with businesses that also collect a local tourism tax; and

(5) When a seller fails to properly collect tax based on certain information provided by the department, the seller will be relieved from the tax liability.

The bill also requires:

(1) All moneys collected from the agreement to be deposited into the newly created Streamlined Sales and Use Tax Agreement Fund and used solely, upon appropriation, for funding capital improvements in this state and repaying debt incurred for the capital improvements;

(2) The first \$100 million of state sales tax revenue, except amounts collected for public school districts, must be deposited, beginning January 1 following the effective date of the bill, into the fund and any additional revenue over the \$100 million must be deposited into the General Revenue Fund;

(3) The department director to perform all functions regarding the administration, collection, enforcement, and operation of all sales taxes;

(4) The department to provide electronic databases for tax jurisdiction boundary changes, tax rates, and a taxability matrix detailing taxable property and services;

(5) All state and local sales taxes to have the same base which means that exemptions at the state and local level must be identical;

(6) A seller to be allowed a deduction from taxable sales for bad debts attributable to taxable sales that are uncollectible;

(7) The definitions for "delivery charges," "food," "lease or rental," "purchase price," "sales price," "tangible personal property" and other definitions to be adopted as defined in the streamlined agreement;

(8) The department to be able to require any seller to electronically file and remit sales and use taxes;

(9) The on-line registration for out-of-state sellers to be simplified and no bond to be required;

(10) No caps or thresholds to exist on the collection of sales or use taxes;

(11) Out-of-state sellers to be offered uniform, simplified electronic filing;

(12) Uniform sourcing rules to determine what tax rates will apply to certain transactions;

(13) Various rules to determine the taxability of bundled transactions involving both taxable and nontaxable goods or services;

(14) Amnesty to be available to certain out-of-state sellers with uncollected or unpaid sales or use tax if the seller was not registered in Missouri in the prior 12-month period before the effective date of the streamlined agreement; and

(15) A monetary allowance of up to 2% of the amount of remittance to sellers and certified service providers to be allowed for collecting and remitting the state and local sales taxes. However, they cannot simultaneously receive this monetary allowance and the 2% timely filing deduction.