

HCS HBs 1179 & 1765 -- SALES AND USE TAXES

SPONSOR: Burlison

COMMITTEE ACTION: Voted "Do Pass" by the Committee on Ways and Means by a vote of 11 to 3.

This bill changes the laws regarding the burden of proof for the Director of Revenue in ascertaining the tax liability of a taxpayer to be strictly construed against the taxing authority in favor of a partnership, corporation or trust with a net worth over \$7 million having more than 500 employees at the time the final decision is issued if the taxpayer produces evidence that establishes a reasonable dispute with respect to the tax issue, has adequate records of the transactions, and the department is allowed reasonable access to those records.

Currently, there is a state and local sales and use tax on the sales of admission tickets, cash admissions, charges, and fees to or in places of amusement, entertainment, recreation, games, and athletic events. This bill specifies the tax will only apply to sales of admission tickets and charges and fees for admission to view sporting events; dance performances; theater performances; orchestra, concerts, and other performing arts productions; and amounts paid for admission to racetracks; arcades; theme and amusement parks; water parks; circuses; carnivals; festivals; air shows; museums; marinas; motion picture theaters; and other commercial attractions.

The bill exempts the amount paid for the first opportunity to purchase or decline tickets for admission to an event from state and local sales and use tax.

The bill authorizes a state and local sales and use tax exemption on the sale of a used manufactured home.

PROPONENTS: Supporters of HB 1179 say that the statutes were not intended to tax health clubs but court decisions in the 1990s expanded the definition of "recreation." When a health club is currently audited by the Department of Revenue, the business is required to pay the tax. The bill will provide clarity and help Missouri have healthier citizens.

Supporters of HB 1765 say that the statutes were not intended to tax a manufactured home but a Missouri Supreme Court decision requires the collection of the sales tax. Currently, a mobile home owner pays sales tax on 60% of the purchase price at the time of purchase and personal property tax on 19% of its value annually. The bill exempts the resale of a mobile home from sales tax.

Testifying for HB 1179 were Representative Burlison; Associated Industries of Missouri; Noah Alldredge, Big Time Results; Sheri Dillon; Cal Fundge; Eric Burkett; T.J. Rehak; and Missouri Society of Certified Public Accountants.

Testifying for HB 1765 were Representative Crawford and Tom Hager, Missouri Manufactured Housing Association.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on HB 1179 say there is confusion in the sales tax law as it relates to places of amusement, entertainment, recreation, games, and athletic events. Businesses in this industry are held accountable for the tax if the department determines the tax should have been collected during an audit. The department has an offer in compromise available for any business going out of business because of its tax liability.

Testifying on HB 1179 was Department of Revenue.