

HB 1865 -- SALES AND USE TAX EXEMPTION FOR UTILITIES USED IN FOOD PREPARATION

SPONSOR: Redmon

COMMITTEE ACTION: Voted "Do Pass" by the Committee on Ways and Means by a vote of 14 to 0.

This bill authorizes a state and local sales and use tax exemption for electricity, water, gas, and other utilities used or consumed in the preparation of food sold to customers for immediate consumption on or off the premises of a restaurant, cafeteria, fast food restaurant, delicatessen, convenience store, or other similar facility engaged in selling prepared food.

PROPOSERS: Supporters say that the bill fixes the double taxation that occurs when a business pays sales tax on utilities used to prepare food and then sells that food like pizza to its customers who pay sales tax again. Missouri Supreme Court ruled against food preparation as part of the current manufacturing exemption. Kansas and Iowa both have this exemption. There are companies that will monitor the utility usage to determine what is taxable and take part of the savings as payment.

Testifying for the bill were Representative Redmon; Casey General Stores; Missouri Grocers Association; Missouri Retailers Association; and Missouri Restaurant Association.

OPPOSERS: There was no opposition voiced to the committee.