

HB 2631 -- SALES TAX BONDING REQUIREMENTS

SPONSOR: Koenig

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Ways and Means by a vote of 10 to 0.

This bill changes the amount of bonding required for a retail sales tax license with the Department of Revenue from three times to two times the license' average monthly tax liability, and changes the bond term from two years to one year.

PROPONENTS: Supporters say that this bill decreases the bond amount and time held to make Missouri more competitive and reduce the burden on new business. All of the surrounding states except one don't require a sales tax bond. Sales tax bonds started before electronic commerce was available. Today it is easier to collect taxes.

Testifying for the bill were Representative Koenig and Associated Industries of Missouri (Taxpayers Research Institute of Missouri).

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say that in 2015, there were 2,108 businesses that filed bonds. The bonds forfeited allowed the Department of Revenue (DOR) to collect \$1.1 million. This is a 5.9% delinquent rate for 2015. Compliance of businesses has continued to improve. DOR will still try to collect the money even without the bonds. It would be more of a challenge.

Testifying on the bill was the Department of Revenue.