HCS HB 1722 -- SALES TAX REFUNDS FOR TAX ASSESSMENTS

SPONSOR: Moon

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing
Committee on Budget by a vote of 27 to 2. Voted "Do Pass" by the
Rules- Legislative Oversight Committee by a vote of 10 to 3.

This bill requires the Department of Revenue to refund the sales
tax paid in a 10-year period between 2005 and 2015 as a result of
an audit when the department expanded its interpretation of sales
tax law and the taxpayer did not collect the tax from its
customers. The total amount that can be refunded under this bill
is $5 million. The department must request an appropriation for
any claims that exceed this cap.

This bill has an effective date of July 1, 2019.

This bill is similar to HB 223 (2017).

PROPONENTS: Supporters say that this bill authorizes the repayment
of taxes paid because of Department of Revenue (DOR)
interpretations and notification by audit. In 2015, SB 18 was
passed to address this concern for the future. This bill will
allow amounts already paid to be refunded. Many businesses across
Missouri were treated this way and had to pay taxes they had not
collected. The businesses deserve restitution. One gym had to pay
four years of sales tax not collected on services provided while
other gyms in the city were not collecting sales tax. The gym was
assessed over $200,000 in tax due and actually paid $36,000. DOR
will not provide the numbers of businesses and amounts that would
qualify for refunds under this bill.

Testifying for the bill was Representative Moon.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say DOR cannot provide
information relating to the businesses affected by this bill. In
2008, the Gold's Gym Supreme Court case said a gym membership is
taxable. All businesses should have started paying tax at that
time. Instructional classes were later made tax exempt. This is
the result of a court case and not DOR changes.

Testifying on the bill was Department of Revenue.