

HCS #2 HB 1802 -- SALES TAX EXEMPTION

SPONSOR: Miller

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on General Laws by a vote of 11 to 0. Voted "Do Pass" by the Rules- Legislative Oversight Committee by a vote of 11 to 0.

This bill exempts the production and transmission of telecommunications services, as well as the services themselves, from any state and local sales and use taxes. The bill also overrides the judicial opinion IBM Corporation v. Director of Revenue, 491 S.W.3d 535 (Mo. banc 2016) to the extent it is inconsistent with the prior decisions Southwestern Bell Telephone Company v. Director of Revenue, 78 S.W.3d 763 (Mo. banc 2002) and Southwestern Bell Telephone Company v. Director of Revenue, 182 S.W.3d 226 (Mo. banc 2005).

The bill also states that the construction and application of subdivisions (5) and (6) of subsection 2 of Section 144.030 and subsection 2 of Section 144.054 as expressed by the Missouri Supreme Court in DST Systems, Inc. v. Director of Revenue, S.W.3d 799 (Mo. banc 2001), Southwestern Bell Tel. Co. v. Director of Revenue, S.W.3d 763 (Mo. banc 2002), and Southwestern Bell Tel. Co. v. Director of Revenue, 182 S.W.3d 226 (Mo. banc 2005) is hereby affirmed.

PROPONENTS: Supporters say that this bill allows telecommunications providers to continue getting the same tax exemptions that they have always had. The legislature never intended to tax these companies. Supporters say the bill would also create an exemption for software manufacturers.

Testifying for the bill were Representative Miller; Missouri Small Telephone Companies Group; Missouri Cable Telecommunications Association; Missouri Chamber of Commerce and Industry; Associated Industries of Missouri; Verizon; Missouri Telecommunications Industry Association; and At&T.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say they don't know how much money the State of Missouri would collect in taxes from these companies if this bill does not pass.

Testifying on the bill was the Missouri Department of Revenue.