

SB 625 -- SALES TAX EXEMPTION

SPONSOR: Cierpiot

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

This bill provides that, for the purposes of sales and use tax exemptions for certain manufacturing and the use or consumption of energy for manufacturing, the term "product" shall include telecommunications services and the term "manufacturing" shall include the production, or production and transmission, of telecommunications service.

The bill provides that such definitions were the original legislative intent and abrogates the Missouri Supreme Court's decision in IBM Corporation v. Director of Revenue 491 S.W.3d 535 (Mo. banc 2016) to the extent that such decision is inconsistent with such definitions and the Court's decisions in Southwestern Bell Tel. Co. v. Director of Revenue 78 S.W.3d 763 (Mo. banc 2002) and Southwestern Bell Tel. Co. v. Director of Revenue 182 S.W.3d 226 (Mo. banc 2005).

This bill is similar to SB 247, HB 682, and HB 992 (2017).

PROPONENTS: Supporters say that the Missouri Supreme Court decision in IMB Corporation v. Director of Revenue expanded the sales tax to include cable and telecommunications companies which was never the intent of the legislature. Supporters say that this change is necessary to keep the law in line with the original intent of the legislature.

Testifying for the bill were Representative Cierpiot; Missouri Cable Telecommunications Association; Missouri Small Telephone Group; Missouri Chamber of Commerce and Industry; Chuck Pierce, CPA, Associated Industries of Missouri; Missouri Telecommunications Industry Association; and At&T.

OPPONENTS: There was no opposition voiced to the committee.