

HCS SB 884 -- TAXATION

SPONSOR: Koenig

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on General Laws by a vote of 9 to 3. Voted "Do Pass" by the Standing Committee on Rules- Legislative Oversight by a vote of 12 to 1.

This bill modifies several provisions relating to taxation.

TRANSIENT GUEST TAXES

This bill provides a definition for "residential dwelling rental." The bill requires the owner of a residential dwelling rental, or a property manager or facilitation platform on behalf of the owner, to collect and remit any applicable sales tax, hotel tax, or any other transient guest tax, as described in the bill.

If a facilitation platform collects and remits the tax on behalf of an owner, such platform shall enter into an agreement with the Department of Revenue and any political subdivision with taxing authority to collect and remit such tax. If an owner maintains responsibility for remitting the tax, the owner shall obtain a certificate of no tax due and a retail sales tax license prior to advertising a residential dwelling rental on a platform or prior to renting a residential dwelling rental to a transient guest (Section 67.5110, RSMo).

This bill modifies several transient guest taxes to include residential dwelling rentals in the types of facilities to which the tax applies (Sections 66.390, 66.500, 67.180, 67.662, 67.1360, 92.327, 92.331, 94.005, and 144.020).

These provisions are similar to HCS HB 2457 HB 2569 (2018).

The bill modifies provisions relating to the St. Charles County Convention and Sports Facilities Authority. Currently, elected or appointed officials of any political subdivision are prohibited from being a commissioner on the authority. This bill allows appointed officials to be commissioners (Section 67.1153).

The bill allows St. Charles County to enter into an agreement with the authority in order for the authority to collect and perform all functions incident to the administration, collection, enforcement, and operation of the transient guest tax imposed by the county.

The tax shall be due on the first day of the following calendar quarter, and the authority shall collect a penalty of 1% per month,

and interest of 2% per month on taxes that are not paid within 30 days after the last day of each quarter.

This bill requires the authority to file and prosecute suits to enforce the collection and payment of the transient guest tax. The bill also requires the authority to recover damages, including litigation expenses.

The terms "hotel," "motel," "sleeping rooms," "taxed facility," "temporary," "and transient guest" are defined in the bill (Section 67.1158).

This provision is the same as SB 1065 (2018).

#### AMATEUR SPORTING EVENT TAX CREDIT

This bill reauthorizes the Amateur Sporting Events Tax Credit until August 28, 2030, while making various other changes. Bid fees and financial guarantees are added to the definition of "eligible costs" used to determine the amount of a tax credit authorized, and the bill extends the deadline for a tax credit applicant to submit eligible costs and proper documentation from 30 to 90 days following the conclusion of a sporting event. The bill also adds the Amateur Athletic Union, the National Christian College Athletic Association, the National Junior College Athletic Association, the United States Sports Specialty Association, and rights holder members of the National Association of Sports Commissions to the list of "site selection organizations" that determine tax credit qualifying sporting events. The definition of "sporting events" is then expanded to include collegiate competitions.

The bill further provides that the tax credit authorized by the Amateur Sporting Events Tax Credit program for the hosting of a qualifying sporting event shall be the least of 100% of eligible costs, an amount equal to \$5 for every admission ticket, or an amount equal to \$10 for every paid participant registration if the sporting event did not sell admission tickets. The latter two values shall be calculated using the actual number of tickets sold or registrations paid, not estimates.

Furthermore, for purposes of having a certified support contract necessary for receiving a tax credit, site selection organizations need not use a competitive bid process when organizing any previously-awarded event the is held due to a contract extension or any collegiate football bowl games or other neutral-site games with at least one out-of-state team. However, in no event shall the amount of tax credits authorized exceed \$2.7 million in any fiscal year for sporting events located in Jackson County, St. Louis County, or St. Louis City (Sections 67.3000 and 67.3005).

These provisions are the same as HCS HB 1438 (2018).

#### CORPORATE INCOME TAX

This bill changes the calculation of taxable income of corporations by disallowing any inter-company transactions between corporations that file a consolidated income tax return in this state to be considered sales and business transactions in determining taxable income in Missouri (Section 143.451).

This provision is the same as HCS HB 2638 (2018).

#### RETAIL SALES LICENSES

Currently, the Director of the Department of Revenue must require all applicants for a retail sales license and all current licensees in default in filing a return and paying taxes due to file a bond with the director. This bill only allows the director to request such a bond from a retail sales licensee in default (Section 144.087).

#### FINANCIAL INSTITUTIONS TAX

Currently, certain financial institutions are allowed to receive a credit against the financial institutions tax for any corporate income tax paid. This bill provides that, if the corporate income tax rate is reduced, the financial institutions tax rate shall be reduced proportionally (Section 148.720).

This provision is similar to SS#2 SCS SBs 617, 611, & 667 and HCS SCS SB 769 (2018).

#### CORPORATE INCOME TAX RETURNS

This bill provides that entities not subject to corporate income taxes shall not be required to complete or file any document or return related to corporate income taxes (Section 1).

PROPONENTS: Supporters say that the changes in the underlying bill were proposed by the department and will make it easier for businesses to open in the state. Supporter says that given the rate of default, the bond is unnecessary. However, the bill still gives the department the ability to require the bond in certain situations if it determines it to be necessary.

Testifying for the bill were Senator Koenig; Missouri Retailers Association; Missouri Grocers Association; Missouri Society of Certified Public Accountants; and the Missouri Department of

Revenue.

OPPONENTS: There was no opposition voiced to the committee.