

HCS HB 548 -- TAXATION (Eggleston)

COMMITTEE OF ORIGIN: Standing Committee on Ways and Means

INCOME TAX

Currently, the top rate of income tax will be reduced from 6% to 5.5%, with each cut becoming effective if net General Revenue collections meet a certain trigger, with an additional reduction in the top rate of tax of 0.4% to take effect this calendar year.

This bill reduces the top tax rate a further 0.14% on January 1, 2020. Additionally, this bill will adjust the top tax rate over a period of two years beginning with the 2021 calendar year. During this period of adjustment, for every additional \$40 million in sales and use tax revenue received in a tax year over a 4% increase in sales and use tax revenue received in the previous tax year, the top tax rate will be reduced 0.05%. For every \$40 million by which the sales and use tax revenue received in a tax year fails to equal a 4% increase in the amount of sales and use tax revenue collected in the previous tax year, the top rate will be increased 0.05%. Any adjustment will take effect on January 1 of the calendar year following the year in which a change in sales and use tax revenue triggered an adjustment (Section 143.011, RSMo).

ECONOMIC NEXUS

Beginning January 1, 2020, this bill provides that a vendor shall be considered to be engaging in business activities in this state if a vendor:

- (1) Has cumulative gross receipts of at least \$100,000 from the sale of tangible personal property; or
- (2) Has 200 or more separate transactions, for the purpose of storage, use, or consumption in this state in the previous twelve-month period, as described in the bill; and
- (3) Does not have a physical presence within the state and the associated sales occurred with use of the Internet (Section 144.605).

MARKETPLACE FACILITATORS

By January 1, 2020, marketplace facilitators, as defined in the bill, that meet the use tax economic nexus threshold established in the bill must register with the Department of Revenue to collect and remit use tax on sales made into the state through the marketplace facilitator's marketplace by or on behalf of a

marketplace seller, as defined in the bill. Such retail sales shall include those made directly by the marketplace facilitator as well as those made by marketplace sellers through the marketplace facilitator's marketplace.

Marketplace facilitators properly collecting and remitting use tax in a timely manner shall be eligible for any discount provided for under current law.

Marketplace facilitators must provide purchasers with a statement or invoice showing that the use tax was collected and shall be remitted on the purchaser's behalf (Section 144.752).

OTHER PROVISIONS OF THE BILL

The bill requires any department that has the constitutional authority to collect sales and use tax under Article IV of the Constitution of Missouri to remit any new revenue collected under the provisions of the bill to the General Revenue Fund.

This bill specifies that any vendor meeting the provisions of economic nexus, as defined in the bill, with the state of Missouri, will not be subject to use taxes of a political subdivision in this state (Section 144.605).

The bill specifies that new revenue collected under the provisions of the bill that would be deposited into the school district trust fund will now be deposited into the state General Revenue Fund (Section 144.701).