

HB 593 -- TAXATION

SPONSOR: Christofaneli

INCOME TAX

Currently, the law provides for a reduction in the top rate of income tax over a period of years 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% for this calendar year. For all tax years beginning on or after January 1, 2020, this bill provides for further possible reductions in the top rate of tax. If the amount of net general revenue collected under the Simplified Remote Sales Tax, defined in this bill, during the previous fiscal year equals or exceeds \$40 million, the top rate of tax shall be reduced by 0.025%. For each additional \$20 million collected during the same fiscal year, the top rate of tax shall be further reduced by 0.025%. The aggregate amount of reductions under this bill will not exceed 0.4% (Section 143.011, RSMo).

SALES TAX ECONOMIC NEXUS

This bill requires sellers who do not maintain a physical presence in this state to collect and remit sales tax on purchases delivered into the state when meeting criteria specified in the bill (Section 144.021).

SIMPLIFIED REMOTE SALES TAX

This bill establishes the "Simplified Remote Sales Tax Remittance Program" to facilitate the collection, reporting, and remittance of sales tax by remote sellers.

Sellers who do not maintain a physical presence in this state and who make taxable sales of tangible personal property into this state may apply to the Department of Revenue to participate in the program. The department shall develop and make available to eligible sellers an easily accessible, online system in which to collect, report, and remit the simplified remote sales tax (Section 144.535).

In lieu of the sales or use tax otherwise due on sales made into this state, participating sellers shall collect and remit the simplified remote sales tax at the rate of 6.5% of the sales price on any tangible personal property other than motor vehicles, trailers, and other vehicles required to be titled, or at a rate of 3.5% of the sales price on food sold or delivered into the state (Section 144.540).

The revenue generated by the simplified remote sales tax paid shall be distributed by a formula to be determined by the Director of Revenue. The manner of distribution of revenue to localities shall occur as determined by the department (Section 144.555).

MARKETPLACE FACILITATORS

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

Marketplace facilitators required to collect and remit sales tax may do so under the provisions of the "Simplified Remote Sales Tax Remittance Program." Marketplace facilitators properly collecting and remitting sales tax in a timely manner shall be eligible for any discount provided currently.

Marketplace facilitators shall provide purchasers with a statement or invoice showing that the sales tax was collected and will be remitted on the purchaser's behalf (Section 144.575).

This bill is similar to SB 50 (2019).