

HCS HB 1227 -- TELECOMMUNICATIONS TAX

SPONSOR: Plocher

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on General Laws by a vote of 10 to 0. Voted "Do Pass" by the Standing Committee on Rules- Legislative Oversight by a vote of 10 to 0.

This bill specifies that if local and long distance telecommunications services subject to sales tax are aggregated with and not separately from charges for telecommunications service or other services not subject to the tax, then charges for nontaxable services may be subject to taxation unless the telecommunications provider can identify by reasonable and verifiable standards the portion of the charges not subject to the tax.

PROPOSERS: Supporters say that the bill explicitly allows telecommunication companies to use sophisticated traffic studies to more accurately allocate tax burdens on customers. Similar methods are used for other funds throughout the industry and estimates are in common use for tax purposes.

Testifying for the bill were Representative Plocher; Missouri Cable Telecommunications Association; and the Missouri Telecommunications Industry Association.

OPPOSERS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say that it is difficult to estimate interstate versus intrastate component of taxes on telecommunication bundles. Estimates are widely used and the department does not recommend any single practice, but may review practices used during an audit.

Testifying on the bill was Mark Seittmann, Missouri Department of Revenue.