

HB 554 -- TAXATION

SPONSOR: Eggleston

SALES AND USE TAX MAP (Section 32.310, RSMo)

Currently, the Department of Revenue maintains a mapping feature on its website that displays sales tax information of political subdivisions of this state that have taxing authority.

This bill requires use tax information to be added to the mapping feature. Also, this bill requires the mapping feature to show the total of combined rates of overlapping taxing jurisdictions by July 1, 2022.

INCOME TAX (Section 143.011)

Currently, the top rate of income tax is 5.4% and may be reduced to 5.1% by a series of tax cuts of .1% over a period of years with only one reduction occurring per year. A tax reduction at the top rate occurs if the amount of net general revenue collected in the previous fiscal year exceeds the highest amount of net general revenue collected in any of the three fiscal years prior to such fiscal year by at least \$150 million.

This bill reduces the top rate of income tax by .1% and increases the total amount of cuts from five to six.

USE TAX (Section 144.605)

Beginning January 1, 2022, this bill provides that a vendor engages in business activities in this state if a vendor during a 12 month period meets the following criteria:

- (1) Has cumulative gross receipts of at least \$100,000 from the sale of tangible personal property to purchasers for the purpose of storage, use, or consumption in this state, as determined by the bill; and
- (2) Does not have a physical presence within the state and the associated sales occurred with use of the Internet.

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

This bill specifies that any vendor that does not have a physical presence within the state and the associated sales occurred with

use of the Internet will not be subject to use taxes of a political subdivision in this state unless the use tax is approved or reapproved by the voters of the political subdivision.

Additionally, this bill provides that political subdivisions that wish to enact a new local use tax, but do not wish to subject vendors that do not have a physical presence within the state and the associated sales occurred with use of the Internet to such local use tax, may enact such local use tax according to the applicable provisions local use tax laws, or any other applicable local use tax authorization provisions, and may exclude such vendors from such new tax.

TAXING JURISDICTION DATABASE (Section 144.637)

This bill requires the Director of the Department of Revenue to provide and maintain a downloadable electronic database at no cost to the user for taxing jurisdiction boundary changes and tax rates. Such databases may be directly provided by the Director, or may be provided by a third party as designated by the Director.

Vendors will not be liable for reliance upon incorrect data provided by the director on tax rates, boundaries, or taxing jurisdiction assignments.

MARKETPLACE FACILITATORS (Section 144.752)

By January 1, 2022, 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. These retail sales will include those made directly by the marketplace facilitator as well as those made by marketplace sellers through the marketplace facilitator's marketplace, as defined in the bill.

Marketplace facilitators properly collecting and remitting use tax in a timely manner will be eligible for any discount provided for currently.

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

LOCAL USE TAX (Section 144.757)

This bill alters ballot language for approval or reapproval by the voters of the political subdivision for the collection of use

taxes.

Under this bill, any county or municipality with an existing local use tax enacted prior to January 1, 2022, will be permitted to keep such existing local use tax at a rate not to exceed the rate enacted as of January 1, 2022. If any such county or municipality places a new use tax measure on the ballot and the measure fails to pass, the use tax enacted prior to January 1, 2022, will remain in effect until it expires or is repealed, reduced, or raised by a future ballot measure. If any such county or municipality places the use tax measure of this section on the ballot and the measure passes, the use tax of this section will replace the previously enacted use tax.

Currently, a local use tax may be referred to or described as the equivalent of a sales tax on purchases made from out-of-state sellers by in-state buyers and on certain intrabusiness transactions and the description will not change the classification, form or subject of the use tax or the manner in which it is collected.

This bill provides that the use tax must not be described as a new tax, described as not being a new tax, nor will it be advertised or promoted in a manner in violation of current law.

SIMPLIFIED SALES AND USE TAX ADMINISTRATION ACT (Sections 144.1000-144.1015)

Repeals the Simplified Sales and Use Tax Administration Act.

This bill has a nonseverability clause.

This bill is similar to HCS#2 HB 1957 (2020).