

HCS SS#3 SCS SB 131 -- TAX CREDIT

SPONSOR: Brattin (Baker)

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Ways and Means by a vote of 7 to 2. Voted "Do Pass" by the Standing Committee on Rules- Regulatory Oversight by a vote of 5 to 1.

The following is a summary of the House Committee Substitute for SB 131.

FIREARMS EXCISE TAX INCOME TAX CREDIT (Section 135.098)

For all tax years beginning on or after January 1, 2024, this bill authorizes a tax credit for taxpayers making sales of firearms or ammunition. The tax credit shall be equal to the amount of the federal firearms and ammunition excise tax imposed on the sale of such firearms and ammunition sold by the taxpayer during the tax year.

Tax credits authorized by the bill shall not be refundable, and shall not be transferred, sold, or assigned. A taxpayer shall not be able to claim a tax credit pursuant to the bill if the taxpayer also retained sales taxes pursuant to the bill for the same federal firearms excise tax paid.

FIREARMS EXCISE TAX SALES TAXES (Section 144.064)

Beginning August 28, 2023, this bill provides that all sales of firearms and ammunition sold in this state shall be exempt from state and local sales taxes.

Beginning August 28, 2023, from every remittance of sales tax to the Director of the Department of Revenue made by a person selling firearms or ammunition, the person shall be entitled to deduct and retain an amount equal to the amount of the federal firearms and ammunition excise tax paid by such person on the sale of ammunition and firearms sold by such person.

BALLOT LANGUAGE RELATED TO TAXATION (Section 155.240, 137.067, and 137.073)

This bill specifies that the election authority for a political subdivision or special district must label taxation-related ballot measures submitted by the political subdivision or special district numerically or alphabetically, and the ballot measures cannot be labeled in any other descriptive manner.

The bill also requires any ballot measure seeking approval to add, change, or modify a tax on real property to express the effect of the proposed change within the ballot language in terms of the change in real dollars owed per \$100,000 of a property's market valuation.

The bill specifies that, if the voters in a political subdivision approve a temporary levy increase prior to the expiration of a previously approved temporary levy increase, the new tax rate ceiling will remain in effect only until the temporary levy increase expires under the terms originally approved by a vote of the people. At that time, the tax rate ceiling will be decreased by the amount of the temporary levy increase unless voters of the political subdivision are asked to approve an additional permanent increase and such increase is approved.

MOTOR VEHICLE ASSESSMENT VALUATIONS (Section 137.115)

County assessors shall use the October issue of nationally recognized car guide to determine the true value of a motor vehicle. The assessor cannot use a value that is greater than the average trade-in value without performing a physical inspection, unless the car is two years old or newer.

Beginning January 1, 2024, the county assessor is required to use the manufacturer's suggested retail price (MSRP) for the original value of all motor vehicle assessment valuations. The bill modifies the definition of a "motor vehicle" to include farm machinery.

A 10 year depreciation schedule will be applied to the MSRP to develop the annual and historical valuation guide for all motor vehicles. The values will be delivered to software vendors no later than November 15th annually and vendors must have the values in place by December 15th annually for use in the next assessment year.

Implementing the new schedule without large variations from the current method is specified in the bill, as well as how the State Tax Commission will develop bid specifications to secure the MSRP and how an annual appropriation will be used.

TAXATION (Section 143.011, 143.071 and 143.125)

Currently, the rate of tax imposed on the highest bracket of income is 4.95%. Beginning January 1, 2024, this bill lowers the top rate to 4.5%.

Currently, there is a 4% rate of tax imposed on corporate income. Beginning January 1, 2024, this bill lowers the rate of taxation on corporate income to 2%.

Beginning 2025, a further reduction of 1% to corporate income tax may be made if the amount of revenue from corporate income tax collected in the immediately preceding fiscal year exceeds the highest amount of revenue from corporate income tax collected in any fiscal year prior to the immediately preceding fiscal year by at least \$50 million. Such a reduction shall only be made once and shall continue in effect for all subsequent years.

Beginning January 1, 2024, any Social Security benefits received by a taxpayer, regardless of age, including retirement, disability, survivors, and supplemental benefits shall be entitled to the maximum exemption available regardless of the taxpayer's filing status or the amount of the taxpayer's Missouri adjusted gross income.

The following is a summary of the public testimony from the committee hearing. The testimony was based on the Senate Perfected version of the bill.

PROPONENTS: Supporters say that putting a tax on the purchase of a firearm should not be allowed because the ownership of that particular item is a Constitutional right. Firearms are taxed twice: 1) when it is initially purchased; and 2) through the subsequent federal excise tax. By giving a credit towards the excise portion of the taxation, the firearm manufacturing section could then pass on that savings to the customer. Proponents also say that if the cost of firearms and ammunition is reduced by this tax credit, it would allow citizens to spend their money on learning how to shoot properly and safely.

Testifying in person for the bill were Senator Brattin; and Susan Myers.

OPPONENTS: Those who oppose the bill say that a great deal of the revenue generated by this tax goes toward the funding of conservation projects around the state. If that source of revenue is eliminated or reduced, it will have a substantial impact on the environmental health of our lands. Furthermore, government run conservation areas are well kept and therefore serve as prime locations for hunters and target practice.

Testifying in person against the bill were Missouri Park & Recreation Association; The Nature Conservancy; Nicholas Darling, Conservation Federation of Missouri; Municipal League of Metro St.

Louis ; Missouri Municipal League; Conservation Federation of Missouri; and Zach Morris, Conservation Federation of Missouri .

Testifying in person on the bill was Missouri Department of Conservation.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under "House Testimony on Senate Bills" on the House website.