



MISSOURI HOUSE OF REPRESENTATIVES  
**WITNESS APPEARANCE FORM**

BILL NUMBER: <b>HB 1707</b>		DATE: <b>2/11/2026</b>	
COMMITTEE: <b>Commerce</b>			
<b>TESTIFYING:</b> <input checked="" type="checkbox"/> IN SUPPORT OF <input type="checkbox"/> IN OPPOSITION TO <input type="checkbox"/> FOR INFORMATIONAL PURPOSES			
<b>WITNESS NAME</b>			
<b>BUSINESS/ORGANIZATION:</b>			
WITNESS NAME: <b>BUDDY LAHL</b>		PHONE NUMBER: <b>816-885-8500</b>	
BUSINESS/ORGANIZATION NAME: <b>MISSOURI RESTAURANT ASSOCIATION</b>		TITLE: <b>CEO</b>	
ADDRESS: <b>1417 W 47TH STREET</b>			
CITY: <b>KANSAS CITY</b>		STATE: <b>MO</b>	ZIP: <b>64112</b>
EMAIL: <b>Buddyl@morerestaurants.org</b>	ATTENDANCE: <b>Written</b>	SUBMIT DATE: <b>2/10/2026 7:05 PM</b>	

**THE INFORMATION ON THIS FORM IS PUBLIC RECORD UNDER CHAPTER 610, RSMo.**

The Missouri Restaurant Association supports HB1707 for the following reasons. We believe that a separately stated credit card transaction fee, generally in the form of a percentage of the total financial transaction processed, charged to customers should not be included in the sales tax base under Missouri law. This position is supported both by the statutory framework governing taxable transactions and by the Missouri Constitution. The rationale for this position is as follows:

1.           The Credit Card Fee is a Charge for a Non-Taxable Service, Not Part of the Taxable Sale of Tangible Personal Property or Prepared Food

Missouri imposes sales tax on the sale of tangible personal property and certain enumerated services. See §144.020, RSMo. The tax base includes the gross receipts derived from the sale, defined as the total amount of the sale price without any deduction for the cost of the property sold, materials used, labor, service cost, or other expenses. However, only amounts that are part of the sales price of the taxable item are includable in the taxable base.

A credit card processing fee imposed by a seller to recover the direct cost of third-party merchant services does not constitute consideration for the product sold. For example, a credit card fee of 3% charged to a customer at a restaurant who chooses to use a credit card to pay for food or beverages is not paying an additional 3% for the food and beverages sold. Instead, it is a separately identifiable and optional charge for the customer's use of a non-taxable financial transaction service - the convenience of paying via credit card rather than cash. The fee is paid in exchange for the facilitation of the electronic payment, not for any tangible personal property or taxable service provided by the restaurant.

Missouri Department of Revenue Code of State Regulations 12 CSR 10-103.600(1) provides the following:

In general, the sale of tangible personal property is subject to tax unless a specific statute exempts it. The sale of a service is not subject to tax unless a specific statute authorizes the taxation of the service. When a sale involves both tangible personal property and a nontaxable service, the sale of the tangible personal property will be subject to tax, and the service will not be subject to tax, if the sale of each is separate. When the sale of tangible personal property and a nontaxable service are not separable, the entire sale price is taxable if the true object of the transaction is the transfer of tangible personal property. None of the sale price is taxable if the true object of the transaction is the sale of the nontaxable service.

In the restaurant environment, the customer receives taxable tangible personal property (the food and beverage), and when the customer chooses to use a credit card, the fee would be separately stated and therefore would not be an indistinguishable part of the goods sold. Since the service charge is optional and separable, only the food and beverage portion of the transaction should be held as subject to sales tax.

Consistent with Missouri case law and the Department's general approach, when a charge represents a separate and optional service unrelated to the sale of the taxable item itself, it should be excluded from the taxable base. The fee merely recovers costs imposed by financial intermediaries and does not alter the value or nature of the taxable food sale.

## **2. Taxing the Credit Card Transaction Fee Would Violate Article X, Section 26 of the Missouri Constitution**

Article X, Section 26 of the Missouri Constitution, adopted November 8, 2016, provides the following: "In order to prohibit an increase in the tax burden on the citizens of Missouri, state and local sales and use taxes (or any similar transaction-based tax) shall not be expanded to impose taxes on any service or transaction that was not subject to sales, use or similar transaction-based tax on January 1, 2015.

Prior to January 1, 2015, credit card processing or transaction services were not identified as subject to Missouri sales or use tax (See Missouri Department of Revenue Letter Ruling No. LR5939, October 30, 2009). The current industry understanding is that credit card processing fees, when separately stated, are not subject to sales taxes. Imposing sales tax on credit card fees today would therefore represent a new tax on a non-taxable service which is specifically prohibited by Article X, Section 26. Applying sales tax to this fee would expand the taxable base beyond what was permissible in 2015, in violation of the constitutional restriction on the creation of new service-based taxes.

## **3. Additional Supporting Arguments**

- **Separately Stated Charge:** Missouri regulations and guidance recognize that charges which are separately stated and not part of the sale price of the taxable item may be excluded from tax. When the credit card fee is itemized on the customer's receipt as a distinct "credit card processing fee," it demonstrates that the charge is independent of the food sale.
  - i. See *Mar D's Management Services, Inc. dba DeVous Banquet Center v. Director of Revenue*, Missouri Administrative Hearing Commission, No. 98-2205 RV, September 27, 1999
    1. In this case, the court mentions the key element "appears to be whether the parties intended that a service be a part of a sale of tangible personal property. When the service is mandatory (there could be no sale of the food and drink without the service), the service would be taxable, but when the fees are optional (customer may choose to pay with cash), the service would not be an inseparable part of the taxable sale of food and drink.
- **Administrative Consistency and Fairness:** The Department has historically treated cash discounts and surcharges differently only when they alter the price of the taxable good itself. A credit card fee merely offsets the merchant's cost of processing a payment; it does not increase the value of the underlying taxable product. Including it in the tax base would result in inconsistent treatment between customers who pay with cash and those who pay with credit, despite receiving identical goods.
- **Avoidance of Tax Pyramiding:** Including a financial transaction fee in the taxable base effectively taxes the cost of payment processing. This is a service already subject to other forms of regulatory and interchange fees which lead to tax pyramiding and distorts the intended scope of Missouri's sales tax.

Additionally, when a credit card fee of X% is charged on the cost of transaction, and includes the sales tax in the cost of the transaction. For the sales tax to then be based on the rate applied to the cost of goods and products plus the credit card transaction fee, results in sales tax being charged on sales tax. This also creates a circular calculation where two charges (sales tax and the credit card fee) are dependent on each other.

## **Conclusion**

For the reasons stated above, the credit card transaction fee should be excluded from the Missouri sales tax base because it is a charge for a non-taxable financial transaction service, not part of the consideration for the sale of food or tangible personal property, and imposing tax on it would

**constitute a new service tax in violation of Article X, Section 26 of the Missouri Constitution.**

**We respectfully request that the proposed revision to the regulation specifically taxing credit card transaction fees charged to a customer to use a credit card, be rejected as credit card transaction fees, when separately stated on the customer's invoice or receipt, are not subject to Missouri sales tax.**

**Please feel free to contact me if you require further information or would like to discuss this matter.**

**Sincerely,**

**Buddy Lahl CEO  
Missouri Restaurant Association**



MISSOURI HOUSE OF REPRESENTATIVES  
**WITNESS APPEARANCE FORM**

BILL NUMBER: <b>HB 1707</b>		DATE: <b>2/11/2026</b>	
COMMITTEE: <b>Commerce</b>			
<b>TESTIFYING:</b> <input checked="" type="checkbox"/> IN SUPPORT OF <input type="checkbox"/> IN OPPOSITION TO <input type="checkbox"/> FOR INFORMATIONAL PURPOSES			
<b>WITNESS NAME</b>			
<b>REGISTERED LOBBYIST:</b>			
WITNESS NAME: <b>DAVID SAMUEL OVERFELT</b>		PHONE NUMBER: <b>573-230-6006</b>	
REPRESENTING: <b>MISSOURI RETAILERS ASSOCIATION; MISSOURI GROCERS ASSOCIATION</b>		TITLE: <b>PRESIDENT</b>	
ADDRESS: <b>PO 1336, 618 E CAPITOL</b>			
CITY: <b>JEFFERSON CITY/MO/65101</b>		STATE: <b>MO</b>	ZIP: <b>65102</b>
EMAIL: <b>dave@moretailers.com</b>	ATTENDANCE: <b>Written</b>	SUBMIT DATE: <b>2/11/2026 9:19 AM</b>	
<b>THE INFORMATION ON THIS FORM IS PUBLIC RECORD UNDER CHAPTER 610, RSMo.</b>			

The Missouri Grocers Association and the Missouri Retailers Association support HB 1707.



MISSOURI HOUSE OF REPRESENTATIVES  
**WITNESS APPEARANCE FORM**

BILL NUMBER: <b>HB 1707</b>		DATE: <b>2/11/2026</b>	
COMMITTEE: <b>Commerce</b>			
<b>TESTIFYING:</b> <input checked="" type="checkbox"/> IN SUPPORT OF <input type="checkbox"/> IN OPPOSITION TO <input type="checkbox"/> FOR INFORMATIONAL PURPOSES			
<b>WITNESS NAME</b>			
<b>REGISTERED LOBBYIST:</b>			
WITNESS NAME: <b>JARED HANKINSON</b>		PHONE NUMBER: <b>573-634-3511</b>	
REPRESENTING: <b>MO CHAMBER OF COMMERCE &amp; INDUSTRY</b>		TITLE:	
ADDRESS: <b>PO BOX 149</b>			
CITY: <b>JEFFERSON CITY</b>		STATE: <b>MO</b>	ZIP: <b>65102</b>
EMAIL:	ATTENDANCE:	SUBMIT DATE: <b>2/11/2026 12:00 AM</b>	
<b>THE INFORMATION ON THIS FORM IS PUBLIC RECORD UNDER CHAPTER 610, RSMo.</b>			



MISSOURI HOUSE OF REPRESENTATIVES  
**WITNESS APPEARANCE FORM**

BILL NUMBER: <b>HB 1707</b>		DATE: <b>2/11/2026</b>	
COMMITTEE: <b>Commerce</b>			
<b>TESTIFYING:</b> <input checked="" type="checkbox"/> IN SUPPORT OF <input type="checkbox"/> IN OPPOSITION TO <input type="checkbox"/> FOR INFORMATIONAL PURPOSES			
<b>WITNESS NAME</b>			
<b>INDIVIDUAL:</b>			
WITNESS NAME: <b>LORNE MEINERSHAGEN</b>		PHONE NUMBER:	
BUSINESS/ORGANIZATION NAME:		TITLE:	
ADDRESS:			
CITY:		STATE:	ZIP:
EMAIL:	ATTENDANCE:		SUBMIT DATE: <b>2/11/2026 12:00 AM</b>
<b>THE INFORMATION ON THIS FORM IS PUBLIC RECORD UNDER CHAPTER 610, RSMo.</b>			



MISSOURI HOUSE OF REPRESENTATIVES  
**WITNESS APPEARANCE FORM**

BILL NUMBER: <b>HB 1707</b>		DATE: <b>2/11/2026</b>	
COMMITTEE: <b>Commerce</b>			
<b>TESTIFYING:</b> <input checked="" type="checkbox"/> IN SUPPORT OF <input type="checkbox"/> IN OPPOSITION TO <input type="checkbox"/> FOR INFORMATIONAL PURPOSES			
<b>WITNESS NAME</b>			
<b>BUSINESS/ORGANIZATION:</b>			
WITNESS NAME: <b>RAY MCCARTY</b>		PHONE NUMBER: <b>573-634-2246</b>	
BUSINESS/ORGANIZATION NAME: <b>ASSOCIATED INDUSTRIES OF MISSOURI</b>		TITLE: <b>PRESIDENT</b>	
ADDRESS: <b>3234 W. TRUMAN BLVD</b>			
CITY: <b>JEFFERSON CITY</b>		STATE: <b>MO</b>	ZIP: <b>65109</b>
EMAIL: <b>lowmotax@gmail.com</b>	ATTENDANCE: <b>In-Person</b>	SUBMIT DATE: <b>2/11/2026 7:59 AM</b>	

**THE INFORMATION ON THIS FORM IS PUBLIC RECORD UNDER CHAPTER 610, RSMo.**

**Associated industry supports this bill. It should not even be necessary because the law already excludes fees incident to the extension of credit from sales tax.**



MISSOURI HOUSE OF REPRESENTATIVES  
**WITNESS APPEARANCE FORM**

BILL NUMBER: <b>HB 1707</b>		DATE: <b>2/11/2026</b>
COMMITTEE: <b>Commerce</b>		
<b>TESTIFYING:</b> <input type="checkbox"/> IN SUPPORT OF <input checked="" type="checkbox"/> IN OPPOSITION TO <input type="checkbox"/> FOR INFORMATIONAL PURPOSES		
<b>WITNESS NAME</b>		
<b>INDIVIDUAL:</b>		
WITNESS NAME: <b>ALYSSA ASKANI</b>		PHONE NUMBER:
BUSINESS/ORGANIZATION NAME:		TITLE:
ADDRESS:		
CITY:		STATE:      ZIP:
EMAIL:	ATTENDANCE: <b>Written</b>	SUBMIT DATE: <b>2/10/2026 9:56 PM</b>
<b>THE INFORMATION ON THIS FORM IS PUBLIC RECORD UNDER CHAPTER 610, RSMo.</b>		

Honorable representatives, I wish to voice my opposition to this legislation.  
For a state that has twisted and flexed to balance budgets, this legislation will remove the vast majority of the state's revenue. Collectively, we have many services that need paid for, such as schools, 911 systems, roads, and so many, many more. An estimated 65% of the state's revenue comes from income taxes. Without those funds, I fear for the financial well-being of our state.  
Should any gap in funds be made up for with equivalent sales taxes, our state economy would greatly suffer. As a small business owner, I would not be able to continue living or doing business in the state of Missouri if our sales taxes shifted to near 11.5% before any local taxes were levied.  
Please enact the wisdom and business acumen so many of you possess and see that this suggested policy would severely wound our state at a time when we don't need such financial adversity.  
Thank you.



MISSOURI HOUSE OF REPRESENTATIVES  
**WITNESS APPEARANCE FORM**

BILL NUMBER: <b>HB 1707</b>		DATE: <b>2/11/2026</b>	
COMMITTEE: <b>Commerce</b>			
<b>TESTIFYING:</b> <input type="checkbox"/> IN SUPPORT OF <input checked="" type="checkbox"/> IN OPPOSITION TO <input type="checkbox"/> FOR INFORMATIONAL PURPOSES			
<b>WITNESS NAME</b>			
<b>INDIVIDUAL:</b>			
WITNESS NAME: <b>ARNIE "HONEST-ABE" DIENOFF-STATE PUBLIC ADVOCATE</b>		PHONE NUMBER:	
BUSINESS/ORGANIZATION NAME:		TITLE:	
ADDRESS:			
CITY:		STATE:	ZIP:
EMAIL:	ATTENDANCE: <b>In-Person</b>	SUBMIT DATE: <b>2/11/2026 11:20 PM</b>	
<b>THE INFORMATION ON THIS FORM IS PUBLIC RECORD UNDER CHAPTER 610, RSMo.</b>			

**I am Opposed to this Bill and its intent to Collect yet another Sales-Tax on Credit-Card Convenience Fees. This is a Ser4vice and is NOT a Tangible -Product in any way. This is bad Public Police and wrong to Collect yet another Fee and Sales-Tax.**



MISSOURI HOUSE OF REPRESENTATIVES  
**WITNESS APPEARANCE FORM**

BILL NUMBER: <b>HB 1707</b>		DATE: <b>2/11/2026</b>	
COMMITTEE: <b>Commerce</b>			
<b>TESTIFYING:</b> <input type="checkbox"/> IN SUPPORT OF <input checked="" type="checkbox"/> IN OPPOSITION TO <input type="checkbox"/> FOR INFORMATIONAL PURPOSES			
<b>WITNESS NAME</b>			
<b>INDIVIDUAL:</b>			
WITNESS NAME: <b>DEBORAH DENTON</b>		PHONE NUMBER:	
BUSINESS/ORGANIZATION NAME:		TITLE:	
ADDRESS:			
CITY:		STATE:	ZIP:
EMAIL:	ATTENDANCE: <b>Written</b>	SUBMIT DATE: <b>2/10/2026 10:59 PM</b>	
<b>THE INFORMATION ON THIS FORM IS PUBLIC RECORD UNDER CHAPTER 610, RSMo.</b>			

House Bill 1707 is designed to aid big bank corporations and will leave Missourians holding the bag. I am urging this committee to vote NO.

**It's a tax cut for big banks:** This bill doesn't help the average Missourian; it creates a tax loophole for credit card processing fees. We shouldn't be eroding our state's tax base—money that's supposed to go to our schools and roads—just to subsidize the cost of doing business with financial giants. Estimates show it will reduce tax income by \$50 million a year.

**Taking \$50 million out of the already stressed state budget isn't fiscal responsibility.** That is a massive hole that will eventually have to be filled by raising taxes elsewhere or cutting services that Missourians actually rely on. Let's stop giving breaks to special interests and help hard working Missourians instead.

**This bill would also force every small business owner in the state to become a forensic accountant just to calculate sales tax.** Mandating that businesses separate out transaction fees from every single swipe is a regulatory nightmare that small shops shouldn't be forced to deal with.

**Missouri deserves fair tax code—not one riddled with special exemptions for big business.** This bill is bad for the budget and bad for Missourians. Please vote NO on HB 1707.



MISSOURI HOUSE OF REPRESENTATIVES  
**WITNESS APPEARANCE FORM**

BILL NUMBER: <b>HB 1707</b>		DATE: <b>2/11/2026</b>	
COMMITTEE: <b>Commerce</b>			
<b>TESTIFYING:</b> <input type="checkbox"/> IN SUPPORT OF <input checked="" type="checkbox"/> IN OPPOSITION TO <input type="checkbox"/> FOR INFORMATIONAL PURPOSES			
<b>WITNESS NAME</b>			
<b>INDIVIDUAL:</b>			
WITNESS NAME: <b>KATHERINE GASTLER</b>		PHONE NUMBER:	
BUSINESS/ORGANIZATION NAME:		TITLE:	
ADDRESS:			
CITY:		STATE:	ZIP:
EMAIL:	ATTENDANCE: <b>Written</b>	SUBMIT DATE: <b>2/10/2026 11:29 PM</b>	
<b>THE INFORMATION ON THIS FORM IS PUBLIC RECORD UNDER CHAPTER 610, RSMo.</b>			

I strongly object to these proposed changes to Missouri’s sales tax law.

Reading the fiscal impact statement, the changes proposed here would have an immediate negative impact on both state and local government revenue. The office of budget and planning estimates this could exempt \$1.1 billion from state revenue with significant negative impacts to local government revenue as well.

The Republican party I grew up supporting preached responsible spending decisions as one of its most closely -held values. This runs absolutely contrary to that, with no clear plan to make up for the budget shortfall.

Realistically, this change would cause a huge hole in the Missouri budget, which likely would necessitate significant sales tax increases. That seems extremely shortsighted since the two largest cities in Missouri neighbor other states. If sales tax in Missouri increases what is to stop anyone in St. Louis or Kansas City from driving across the border to make all significant purchases? That would have a If sales tax in Missouri increases what is to stop anyone in St. Louis or Kansas City from driving across the border to make all significant purchases? That would have an immediate negative impact on the Missouri economy.

Kansas already tried significantly increasing sales tax and lowering other taxes, with catastrophic long -term effects on their budget. It took them years to reverse that. There is no reason for Missouri to make this change to lower tax coming in without a plan.

This bill proposes a very significant loss in revenue, with zero plan to fix the problem. I strongly oppose making this change, as well as plans and other bills to lower Missouri, income tax, and favor of increasing sales tax. That is an extremely short plan. Basic services, blank roads, schools, and disability services are already under funded, and in need of funding increases not thinking the entire Missouri state budget



MISSOURI HOUSE OF REPRESENTATIVES  
**WITNESS APPEARANCE FORM**

BILL NUMBER: <b>HB 1707</b>		DATE: <b>2/11/2026</b>
COMMITTEE: <b>Commerce</b>		
<b>TESTIFYING:</b> <input type="checkbox"/> IN SUPPORT OF <input checked="" type="checkbox"/> IN OPPOSITION TO <input type="checkbox"/> FOR INFORMATIONAL PURPOSES		
<b>WITNESS NAME</b>		
<b>INDIVIDUAL:</b>		
WITNESS NAME: <b>LYNN FELTS BECKER</b>		PHONE NUMBER:
BUSINESS/ORGANIZATION NAME:		TITLE:
ADDRESS:		
CITY:		STATE:      ZIP:
EMAIL:	ATTENDANCE: <b>Written</b>	SUBMIT DATE: <b>2/10/2026 10:30 PM</b>
<b>THE INFORMATION ON THIS FORM IS PUBLIC RECORD UNDER CHAPTER 610, RSMo.</b>		

**This does not support average working class missourians. Please don't bankrupt us to benefit the wealthy.**