

HB 503 -- Taxation

Co-Sponsors: Campbell, Hilgemann, Lowe, Riback Wilson (25),
Graham, Johnson (90), Carnahan

This bill makes various changes related to taxation. The bill:

(1) Requires every vendor or affiliate of a vendor seeking to contract to provide goods and services to the State of Missouri to collect and properly pay all sales and use taxes;

(2) Imposes an individual income tax surcharge of 5% of income taxes owed on taxpayers with a federal adjusted gross income of \$200,000 or more;

(3) Beginning January 1, 2004, reduces the state corporate income tax rate from 6.25% to 5.25%;

(4) Limits the current state individual income tax deduction for certain pensions to only amounts included in federal adjusted gross income and not otherwise deducted in the calculation of Missouri taxable income;

(5) Requires all lottery and other gaming winnings to be included in Missouri nonresident adjusted gross income when the winnings are from a Missouri source;

(6) Modifies the way losses and operating expenses are deducted among parties for various types of property, including intellectual property. Minimum standards are established regarding what connections among various corporate entities constitute related parties and affiliated groups for multi-state corporate income tax purposes;

(7) Modifies the apportionment fraction allowed under Missouri corporation income tax for determining the amount of income apportioned to Missouri from business activities of the corporation;

(8) Restricts the current definition of "common carrier" for purposes of qualifying for a state and local sales and use tax exemption;

(9) Authorizes a state and local sales and use tax holiday for certain clothing, personal computers, and school supplies purchased during a three-day period every August. Local political subdivisions may opt out their levies from the tax holiday. The Sales Tax Holiday Joint Committee is created to study the effects of the tax holiday and make recommendations to the General Assembly;

(10) Prohibits retailers from obtaining refunds of sales and use taxes without crediting the original purchasers, except for over-collections of less than \$1,000 to be refunded without the higher burden of returning the funds to the purchaser. The \$1,000 threshold is an aggregate sum over a five-year period. A retailer, upon submission of an approved plan by the Director of the Department of Revenue, may offer fixed value coupons to customers to satisfy the distribution of the over-collections;

(11) Eliminates the in-lieu tax on certain large boats or vessels documented with the U. S. Coast Guard. These boats and vessels will be subject to state and local sales and use taxes;

(12) Allows the Secretary of State to dissolve a corporation administratively if the corporation fails to file a Missouri corporation franchise report;

(13) Automatically decouples Missouri income tax provisions when the federal government amends the Internal Revenue Code in a manner that affects the determination of Missouri taxable income;

(14) Requires a tax clearance from the Department of Revenue prior to the issuance or renewal of any local government business license;

(15) Requires as a condition of employment with the executive branch of state government that all state taxes due be filed and paid by the employee;

(16) Requires a tax clearance from the Department of Revenue prior to the issuance or renewal of any professional license granted by the state; and

(17) Eliminates the timely filing allowance for employers collecting and remitting state income tax withholdings.