

FIRST REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 76
96TH GENERAL ASSEMBLY

0446L.04C

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal section 147.010, RSMo, and to enact in lieu thereof one new section relating to the phase-out of the corporate franchise tax.

Be it enacted by the General Assembly of the state of Missouri, as follows:

Section A. Section 147.010, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 147.010, to read as follows:

147.010. 1. For the transitional year defined in subsection 4 of this section and each taxable year beginning on or after January 1, 1980, but before January 1, 2000, every corporation organized pursuant to or subject to chapter 351 or pursuant to any other law of this state shall, in addition to all other fees and taxes now required or paid, pay an annual franchise tax to the state of Missouri equal to one-twentieth of one percent of the par value of its outstanding shares and surplus if its outstanding shares and surplus exceed two hundred thousand dollars, or if the outstanding shares of such corporation or any part thereof consist of shares without par value, then, in that event, for the purpose contained in this section, such shares shall be considered as having a value of five dollars per share unless the actual value of such shares exceeds five dollars per share, in which case the tax shall be levied and collected on the actual value and the surplus if the actual value and the surplus exceed two hundred thousand dollars. If such corporation employs a part of its outstanding shares in business in another state or country, then such corporation shall pay an annual franchise tax equal to one-twentieth of one percent of its outstanding shares and surplus employed in this state if its outstanding shares and surplus employed in this state **exceed** two hundred thousand dollars, and for the purposes of sections 147.010 to 147.120, such corporation shall be deemed to have employed in this state that proportion of its entire outstanding shares and surplus that its property and assets employed in this state bears to all its property and assets wherever located. A foreign corporation engaged

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

19 in business in this state, whether pursuant to a certificate of authority issued pursuant to chapter
20 351 or not, shall be subject to this section. Any corporation whose outstanding shares and
21 surplus as calculated in this subsection does not exceed two hundred thousand dollars shall state
22 that fact on the annual report form prescribed by the secretary of state. For all taxable years
23 beginning on or after January 1, 2000, but ending before December 31, 2009, the annual
24 franchise tax shall be equal to one-thirtieth of one percent of the corporation's outstanding shares
25 and surplus if the outstanding shares and surplus exceed one million dollars. Any corporation
26 whose outstanding shares and surplus do not exceed one million dollars shall state that fact on
27 the annual report form prescribed by the director of revenue. For taxable years beginning on or
28 after January 1, 2010, **but before January 1, 2012**, the annual franchise tax shall be equal to
29 one-thirtieth of one percent of the corporation's outstanding shares and surplus if the outstanding
30 shares and surplus exceed ten million dollars[, and] . **For all taxable years beginning on or**
31 **after January 1, 2010, but before January 1, 2016**, any corporation whose outstanding shares
32 and surplus do not exceed ten million dollars shall state that fact on the annual report form
33 prescribed by the director of revenue. **For taxable years beginning on or after January 1,**
34 **2012, the annual franchise tax shall be equal to the percentage rate prescribed in this**
35 **subsection for the corresponding taxable year of the corporation's outstanding shares and**
36 **surplus if the outstanding shares and surplus exceed the corresponding minimum**
37 **threshold amount prescribed as follows:**

38 (1) **For tax year 2012, the rate shall be one-thirty-seventh of one percent and the**
39 **threshold amount shall be ten million dollars;**

40 (2) **For tax year 2013, the rate shall be one-fiftieth of one percent and the threshold**
41 **amount shall be ten million dollars;**

42 (3) **For tax year 2014, the rate shall be one-seventy-fifth of one percent and the**
43 **threshold amount shall be ten million dollars;**

44 (4) **For tax year 2015, the rate shall be one-hundred-fiftieth of one percent and the**
45 **threshold amount shall be ten million dollars;**

46 (5) **For tax years beginning on or after January 1, 2016, no annual franchise tax**
47 **shall be imposed under this section.**

48 2. Sections 147.010 to 147.120 shall not apply to corporations not organized for profit,
49 nor to corporations organized pursuant to the provisions of chapter 349, nor to express
50 companies, which now pay an annual tax on their gross receipts in this state, nor to insurance
51 companies, which are subject to an annual tax on their premium receipts in this state, nor to state,
52 district, county, town and farmers' mutual companies now organized or that may be hereafter
53 organized pursuant to any of the laws of this state, organized for the sole purpose of writing fire,
54 lightning, windstorm, tornado, cyclone, hail and plate glass and mutual automobile insurance and

55 for the purpose of paying any loss incurred by any member by assessment, nor to any mutual
56 insurance corporation not having shares, nor to a company or association organized to transact
57 business of life or accident insurance on the assessment plan for the purpose of mutual protection
58 and benefit to its members and the payment of stipulated sums of moneys to the family, heirs,
59 executors, administrators or assigns of the deceased member, nor to foreign life, fire, accident,
60 surety, liability, steam boiler, tornado, health, or other kind of insurance company of whatever
61 nature coming within the provisions of section 147.050 and doing business in this state, nor to
62 savings and loan associations and domestic and foreign regulated investment companies as
63 defined by Section 170 of the Act of Congress commonly known as the Revenue Act of 1942,
64 nor to electric and telephone corporations organized pursuant to chapter 351 and chapter 392
65 prior to January 1, 1980, which have been declared tax-exempt organizations pursuant to Section
66 501(c) of the Internal Revenue Code of 1986, nor for taxable years beginning after December 31,
67 1986, to banking institutions subject to the annual franchise tax imposed by sections 148.010 to
68 148.110; but bank deposits shall be considered as funds of the individual depositor left for
69 safekeeping and shall not be considered in computing the amount of tax collectible pursuant to
70 the provisions of sections 147.010 to 147.120.

71 3. A corporation's taxable year for purposes of sections 147.010 to 147.120 shall be its
72 taxable year as provided in section 143.271.

73 4. A corporation's transitional year for the purposes of sections 147.010 to 147.120 shall
74 be its taxable year which includes parts of each of the years 1979 and 1980.

75 5. The franchise tax payable for a corporation's transitional year shall be computed by
76 multiplying the amount otherwise due for that year by a fraction, the numerator of which is the
77 number of months between January 1, 1980, and the end of the taxable year and the denominator
78 of which is twelve. The franchise tax payable, if a corporation's taxable year is changed as
79 provided in section 143.271, shall be similarly computed pursuant to regulations prescribed by
80 the director of revenue.

81 6. All franchise reports and franchise taxes shall be returned to the director of revenue.
82 All checks and drafts remitted for payment of franchise taxes shall be made payable to the
83 director of revenue.

84 7. Pursuant to section 32.057, the director of revenue shall maintain the confidentiality
85 of all franchise tax reports returned to the director.

86 8. The director of the department of revenue shall honor all existing agreements between
87 taxpayers and the director of the department of revenue.