

HCS HB 408 -- TAXATION

SPONSOR: Koenig

COMMITTEE ACTION: Voted "do pass" by the Committee on Ways and Means by a vote of 9 to 3.

This substitute reduces the corporate income tax rate from 6.25% to 3.125% of the Missouri taxable income beginning January 1, 2012; authorizes an additional sales tax of .494% to be deposited into the General Revenue Fund beginning July 1, 2012; and eliminates the corporate franchise tax beginning January 1, 2013.

FISCAL NOTE: Estimated Net Cost on General Revenue Fund of \$150,644 in FY 2012, \$71,864 in FY 2013, and \$72,613 in FY 2014. No impact on Other State Funds in FY 2012, FY 2013, and FY 2014.

PROPOSERS: Supporters say that the bill will lower the tax burden on businesses in Missouri and make the state a more attractive place to conduct business. The sales tax increase will be used to offset the elimination of the franchise tax and half of the corporate tax. The increase is so small that it should not cause a shift in purchases.

Testifying for the bill were Representative Koenig; Associated Industries of Missouri; Taxpayers Research Institute of Missouri; Missouri Chamber of Commerce and Industry; Greater Kansas City Chamber of Commerce; and Missouri Restaurant Association.

OPPOSERS: Those who oppose the bill say that it will reduce the state's revenue sources during these difficult financial times. The state is already unable to meet its obligations to public entities, including public education.

Testifying against the bill was Penney Rector, MCSA School Administrators Coalition.