

HB 740 -- SALES AND USE TAX EXEMPTIONS FOR MANUFACTURING

SPONSOR: Funderburk

COMMITTEE ACTION: Voted "do pass" by the Committee on Tax Reform by a vote of 12 to 0.

This bill clarifies the current exemptions from sales and use tax by defining "manufacturing, processing, compounding, mining, or producing" to include all testing, installing, calibrating, maintaining, repairing, restoring, and all other essential activities to manufacturing, processing, compounding, mining, or producing.

FISCAL NOTE: Estimated Net Cost on General Revenue Fund of Unknown in FY 2012, FY 2013, and FY 2014. Estimated Net Cost on Other State Funds of Unknown in FY 2012, FY 2013, and FY 2014.

PROPOSERS: Supporters say that the bill clarifies that testing, installing, calibrating, maintaining, and repairing are to be included within the manufacturing sales tax exemption. These activities are necessary in most manufacturing operations; and the intent, when passing the manufacturing exemption in 2007, was to exempt all inputs and processes from sales tax if those inputs and processes were used in manufacturing, processing, compounding, mining, or producing any product. The bill is not a tax increase or decrease; but if no action is taken, it will be an increase because the Department of Revenue is currently looking very narrowly at the law and assessing the tax through the audit process where the law is unclear.

Testifying for the bill were Representative Funderburk; Missouri Chamber of Commerce and Industry; Lowell Pearson; Associated Industries of Missouri; Taxpayers Research Institute of Missouri; and Shannon Cooper.

OPPOSERS: There was no opposition voiced to the committee.