

HB 1015 -- STATE SALES TAX RATE REDUCTION

SPONSOR: English

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Ways and Means by a vote of 10 to 2.

Beginning July 1, 2016, this bill requires the Director of the Department of Revenue to reduce the state sales tax rate by .1% whenever the total amount of net revenue collected by the state has increased in each of the three previous fiscal years. A rate reduction can only occur once in a fiscal year until the rate is reduced from 4.225% to 3.725%.

PROPONENTS: Supporters say that this bill reduces the state sales tax when each of the three previous years' sales tax revenue increases by \$75 million. The new rate will decrease to 3.725%. Missouri is one of the most regressive states. This would encourage people to spend money. This will help the poor, the middle class, and small businesses. It will encourage sales across state lines. This bill is revenue neutral.

Testifying for the bill were Representative English; and Ken Newhouse and LLoyd Sloan, No MO Sales Tax.

OPPONENTS: Those who oppose the bill say that sales tax is regressive. When considered in the whole, Missouri is already one of the lowest gross income tax states in the country. This idea would be difficult to implement and would significantly reduce the state's ability to invest in public education and other vital services.

Testifying against the bill were MO Budget Project; and Missouri National Education Association.