

HCS HB 1966 -- SALES TAX ON INTERNET ACCESS

SPONSOR: Zerr

COMMITTEE ACTION: Voted "Do Pass with Amendments" by the Standing Committee on Ways and Means by a vote of 11 to 0. Voted the HCS "Do Pass" by the Select Committee on Financial Institutions and Taxation by a vote of 10 to 0.

This bill authorizes a state and local sales and use tax exemption for Internet access or the use of interest access regardless of whether the tax is imposed on a provider or buyer of interest access.

PROPOSERS: Supporters say that the bill would make the current sales tax exemption permanent for Missouri residents. Congress has a tax exemption in place. But it is not permanent and could open up an opportunity for tax by locals taxing districts. The bill makes internet access not taxable regardless of federal government actions.

Testifying for the bill were Representative Zerr; Missouri Cable Telecommunications Association; Missouri Telecommunications Industry Association; At&T And their Affiliates; Centurylink; Missouri Chamber Of Commerce And Industry; and Microsoft Corp.

OPPONENTS: Those who oppose the bill say that there is no intention to tax Internet access at the federal level. Cities can't expand their sales tax currently without legislative approval and municipal business licenses, gross receipts, and sales tax could be impacted with this language. The term, "telecommunications" is already defined in law and is already exempt.

Testifying against the bill was the Missouri Municipal League.