

HCS SCS SB 823 -- SALES TAX (Zerr)

SPONSOR: Kraus

COMMITTEE ACTION: Voted "Do Pass" by the Select Committee on Financial Institutions and Taxation by a vote of 6 to 3. Voted "Do Pass with HCS" by the Standing Committee on Ways and Means by a vote of 11 to 0.

PRODUCTION EXEMPTIONS (Section 144.026, RSMo)

This bill authorizes a state and local sales and use tax exemption for qualifying production activities that includes financial services, telecommunications services, publishing services, and information services.

SALES TAX ON INTERNET ACCESS (Section 144.030)

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

This provision of the bill is similar to HB 1966 (2016).

SALES TAX BONDING REQUIREMENTS (Section 144.087)

This bill changes the amount of bonding required for a retail sales tax license with the Department of Revenue from three times to two times the license' average monthly tax liability, and changes the bond term from two years to one year.

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 local taxing districts. The bill makes Internet access not taxable regardless of federal government actions.

The amendment reaffirms current law for the manufacturing exemptions in response to a Supreme Court Case, IBM Corporation v. Director of Revenue, and includes "data" as part of manufacturing.

Testifying for the bill were Senator Kraus; Missouri Cable Telecommunications Association; AT&T Missouri and Its Affiliates; Missouri Telecommunications Industry Association; and Associated Industries Of Missouri.

OPPOSERS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say the amendment goes beyond the scope of current law.

Testifying on the bill was the Department of Revenue.