

SCS SB 19 -- CORPORATE FRANCHISE TAX

SPONSOR: Schmitt (Nolte)

COMMITTEE ACTION: Voted "do pass" by the Committee on International Trade and Job Creation by a vote of 12 to 1.

Beginning January 1, 2012, this substitute reduces over a five-year period, the annual corporate franchise tax rate from one-thirty-seventh of 1% until no tax is imposed beginning January 1, 2016. The annual tax liability of a corporation for corporate franchise tax for 2011 through 2015 is limited to the amount of the corporation's tax liability for tax year 2010. If a corporation did not have a corporate franchise tax liability in 2010 because the corporation was not doing business within the state or did not exist, the corporation's annual franchise tax liability cannot exceed the amount of the corporation's franchise tax liability for its first full taxable year of existence.

FISCAL NOTE: Estimated Net Effect on General Revenue Fund of an income of \$0 in FY 2012, a cost of Could exceed \$16,554,054 in FY 2013, and a cost of Could exceed \$35,000,000 in FY 2014. No impact on Other State Funds in FY 2012, FY 2013, and FY 2014.

PROPOSERS: Supporters say that the bill will encourage economic growth and job creation. Reducing the franchise tax rate until it is eliminated will help all corporations subject to the tax. The tax is based on the total assets and outstanding stock value of a corporation located in the state. The franchise tax is a double taxation and is a disincentive for business growth.

Testifying for the bill were Senator Schmitt; Missouri Chamber of Commerce and Industry; Associated Industries of Missouri; National Federation of Independent Business; Greater Kansas City Chamber of Commerce; and St. Louis RCGA.

OPPOSERS: There was no opposition voiced to the committee.