

HB 101 -- TAX EXEMPTION FOR UTILITIES

SPONSOR: Redmon

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Ways and Means by a vote of 10 to 1. Voted "Do Pass" by the Select Committee on Financial Institutions and Taxation by a vote of 7 to 3.

The bill authorizes a state sales and use tax exemption for electricity, water, gas, coal, other energy sources or other utilities used or consumed in the manufacturing, processing, preparing, furnishing, compounding, or producing of food that is ultimately sold to customers for consumption on or off the premises at a restaurant, cafeteria, fast food restaurant, delicatessen, bakery, grocery store, convenience store, or other similar facility engaged in selling prepared food or that is used in research and development related to the activities.

PROPOSERS: Supporters say that the bill fixes the double taxation that occurs when a business pays sales tax on utilities used to prepare food and then sells that food like pizza to its customers who pay sales tax again. The Missouri Supreme Court ruled against food preparation as part of the current manufacturing exemption. Kansas and Iowa both have this exemption. There are companies that will monitor the utility usage to determine what is taxable and take part of the tax savings as payment.

Testifying for the bill were Representative Redmon; Casey's General Stores; Missouri Retailers Association; Missouri Grocer's Association; Missouri Restaurant Association; and Kum & Go Convenience Stores.

OPPOSERS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say that up to 25,000 facilities could qualify for this exemption and the fiscal note reflects that range.

Testifying on the bill was Missouri Department Of Revenue.