

HCS HB 879 -- TAXATION OF SHORT-TERM RENTAL MERCHANDISE

SPONSOR: Korman

COMMITTEE ACTIONS: Voted "Do Pass with Amendments" by the Standing Committee on Ways and Means by a vote of 10 to 1. Voted "Do Pass with HCS" by the Select Committee on Financial Institutions and Taxation by a vote of 10 to 0.

This bill specifies that merchandise held by a rental company and available for short-term rentals of less than 365 consecutive days which will be ultimately sold must be considered inventory and exempt from property taxes.

PROPOSERS: Supporters say that the bill clarifies what is inventory for rental equipment/merchandise for property taxation. There has been some dispute as to what is for sale and what is for rent. A couple assessors in the St. Louis area are looking at taxing certain rental equipment. A rent-to-own store can sell merchandise, can rent short-term, or rent-to-own. There is no business activity code for rent-to-own stores that fits perfectly. Merchandise that is on the shop floor would be considered inventory currently and not subject to property tax. In question, is merchandise that is rented on January 1 and that merchandise should also be considered inventory for the purpose of property taxation as it is exactly the same in nature as the other inventory that is in the store on that day. The fact that it is not physically in the store should make no difference. The merchandise is always available for sale and should be treated as inventory for property tax purposes.

Testifying for the bill were Representative Korman; Missouri Rental Dealers Association; United Rentals; Associated Industries of Missouri; Taxpayers Research Institute of Missouri; Missouri Budget Project; Missouri Retailers Association; and Missouri Grocers Association.

OPPOSERS: There was no opposition voiced to the committee.