

HB 1814 with HCA 1 to HCA 1, HCA 1 as amended, HCA 2, HCA 1 to HCA 3, HCA 3 as amended -- PREPAID WIRELESS TELECOMMUNICATIONS

SPONSOR: Hicks

COMMITTEE ACTION: Voted "Do Pass with Amendments" by the Standing Committee on Telecommunications by a vote of 7 to 3.

This bill establishes the "Prepaid Wireless Telecommunications Business License Tax Act."

The bill states that no municipality shall impose any business license tax, on the gross receipts of a telecommunications company derived from the business of providing prepaid wireless telecommunications service, except as specified. The bill shall not apply to business license taxes on gross receipts other than gross receipts derived from prepaid wireless telecommunications service. It does not have the effect of repealing any existing ordinance imposing a business license tax on a telecommunications company, provided that, a city with an ordinance in effect prior to August 28, 2016, complies with the bill.

Any business license tax imposed on the gross receipts of a telecommunications company derived from the business of providing prepaid wireless telecommunications service after August 28, 2016, shall be imposed only on the gross receipts from retail sales. The bill specifies a hierarchy for tax collection among overlapping jurisdictions and contains instructions on how to calculate the tax and to whom it is owed.

The bill allows a telecommunications company to recover costs from its customers through a line item charge and also allows companies to make use of customer information in good faith to calculate taxes owed and to be immune from liability if acting in good faith and reliance upon customer information.

HCA #1: This amendment specifies a method for sourcing payments to municipalities based on customer information or, if that information is not available, then a formula for attributing retail sales to particular municipalities.

HCA #2: This amendment is similar to original bill with technical changes.

HCA #3: This amendment allows retailers to make a payment in lieu of tax to a depository institution run by the municipal league which then distributes the revenue to individual municipalities. This payment is set at a flat rate of ten percent. The Department of Revenue is authorized to make payments in case the municipal

depository is not available.

PROPONENTS: Supporters say that the bill will prevent additional litigation and implement a uniform system for tax collection by retail establishments currently making payments to municipalities under a settlement agreement.

Testifying for the bill were Representative Hicks; The Missouri Group; John Kingston, Tracfone; and Southwestern Bell Telephone Company D/B/A At&T Missouri And Its Affiliates.

OPPONENTS: Those who oppose the bill say that retail establishments should not be forced to collect customer information and to source taxes to individual municipalities. Retail businesses that sell phone cards are not telecommunications companies and should not be regulated in a manner similar to those companies.

Testifying against the bill were Missouri Grocers` Association; Missouri Retailers' Association; Mary Decker, City Of Springfield; St. Louis County Municipal League; and John F. Mulligan, Jr., Missouri Municipal League.

OTHERS: Others testifying on the bill say that many of the relevant parties have entered into a settlement agreement. They are willing to provide information on this complex topic.

Testifying on the bill were Missouri Petroleum Marketers & Convenience Store Association (MPCA); Missouri Municipal League; and Verizon Communications.