

HCS SB 629 -- SALES TAX EXEMPTION FOR TRANSPORTATION

SPONSOR: Gross (Faith)

COMMITTEE ACTION: Voted "do pass" by the Committee on Ways and Means by a vote of 13 to 1 with 1 present.

Beginning July 1, 2007, this substitute authorizes a sales tax exemption on materials purchased by contractors for use in the construction of highways and other Department of Transportation projects.

Currently, an exemption from sales tax is permitted for motor vehicles licensed for a gross weight of 24,000 pounds or more or trailers used by common carriers solely in the transportation of persons or property in interstate commerce. The substitute allows a sales tax exemption for motor vehicles licensed for a gross weight of 24,000 pounds or more or trailers used by common carriers in the transportation of persons or property.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$0 in FY 2007, \$14,823,090 in FY 2008, and \$14,150,684 in FY 2009. Estimated Income to Other State Funds of \$0 in FY 2007, \$14,823,090 in FY 2008, and \$14,150,684 in FY 2009.

PROPOSERS: Supporters say that the bill will eliminate sales tax on state highway projects. Local governments, schools, nonprofit organizations, etc. are currently exempt from sales tax. Out-of-state contractors have an advantage over Missouri contractors who have to pay sales tax instead of just the use tax on material purchased for highway contracts. Competition between bids is often very close.

Testifying for the bill were Senator Gross; Representative Faith; Taxpayers Research Institute of Missouri; Missouri Transportation and Development Council; Joe DeLong, DeLong's, Incorporated; Associated General Contractors of Missouri; Missouri Chamber of Commerce and Industry; Missouri Asphalt Pavement Association; Missouri Concrete Association; Missouri/Kansas Concrete Pipe Association; Missouri Cement Committee; Department of Transportation; and Heavy Constructors Association of Greater Kansas City.

OPPOSERS: There was no opposition voiced to the committee.

Karla Strobel, Legislative Analyst