

HCS HB 448 -- TAX CREDIT ON SALES AND MANUFACTURING OF CERTAIN AUTOMOBILES

SPONSOR: Richard (Spreng)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Job Creation and Economic Development by a vote of 12 to 0.

This substitute authorizes a tax credit equal to 100% of the state sales tax paid on any new motor vehicle assembled and purchased in Missouri after January 1, 2008. The tax credit may be claimed against a taxpayer's income tax; corporate franchise tax; financial institutions tax; and bridge, express, and public utility companies tax. Local sales taxes will continue to be collected. The provisions of the substitute relating to the tax credit will expire on December 31 six years after the effective date.

Currently, electricity used in the primary manufacturing of automobiles cannot be assessed local or state sales taxes if the raw materials used in the processing contain at least 25% recovered materials. The substitute specifies that the raw materials used during the primary manufacturing of automobiles will be assumed to contain at least 25% recovered materials.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$4,383,540 to Unknown in FY 2008, \$8,736,773 to Unknown in FY 2009, and \$8,737,741 to Unknown in FY 2010. Unknown expected to exceed \$100,000. Estimated Cost on Other State Funds of Unknown in FY 2008, FY 2009, and FY 2010. Unknown expected to exceed \$100,000.

PROPOSERS: Supporters say that for every auto manufacturing job in St. Louis or Kansas City, there are seven other related jobs throughout the state. These smaller businesses produce parts used in the assembly plants. The bill will help protect those jobs by encouraging Missourians to purchase cars that are assembled in this state. The amount of money the customer saves in sales tax will be spent on other goods and services. The bill will give an incentive to the auto industry to stay in Missouri and train workers. The average salary paid to an employee of an auto assembly plant is well above that of other Missouri workers.

Testifying for the bill were Representative Spreng; Taxpayers Research Institute of Missouri; Associated Industries of Missouri; Missouri Economic Development Council; Cecil Vaughn, United Auto Workers #710; United Auto Workers, Missouri State Cap Council; and Harley-Davidson Motor Company.

OPPOSERS: There was no opposition voiced to the committee.