

HCS SCS SB 182 -- LOCAL SALES TAX ON MOTOR VEHICLE PURCHASES

SPONSOR: Kehoe

COMMITTEE ACTION: Voted "Do Pass" by the Special Standing Committee on Small Business by a vote of 13 to 3.

This substitute prohibits counties and municipalities from imposing a local use tax on the sale of motor vehicles, trailers, boats, or outboard motors. Local sales taxes must be imposed on the sale of these items, regardless of whether the item was purchased in Missouri. The residence of the purchaser will be used for determining the local tax rate that should apply. The rate of tax for motor vehicles, trailers, boats, or outboard motors sold at retail must be the sum of the state sales tax and the local sales tax. The rate of tax for all other sales of these items must be the sum of the state highway use tax and the local sales tax.

All local taxing jurisdictions that have not previously approved a local use tax must put to a vote of the people whether to discontinue collecting sales tax on non-retail sales of motor vehicles. If a taxing jurisdiction does not hold the vote before November 2016, the taxing jurisdiction must cease collecting the sales tax. Taxing jurisdictions may, at any time, hold a vote to repeal the tax. Language repealing the tax must also be put to a vote of the people any time 15% of the registered voters in a taxing jurisdiction sign a petition requesting it.

The provisions of the substitute are nonseverable.

The substitute contains an emergency clause.

PROPONENTS: Supporters say that the bill is necessary because of the Missouri Supreme Court decision. Seventy counties out of 114 and 750 of 858 municipalities do not have "use" in their tax language. If not corrected, this creates an extremely uneven playing field in Missouri with sales going to other states like Illinois. Some Illinois dealerships are advertising in Missouri notifying Missouri buyers of the tax savings they will gain by purchasing out-of-state. The bill would level the playing field for counties that do not have the "use" tax. In the St. Louis and St. Charles areas, many jobs have been lost or transferred to Illinois. These are skilled laborers, who cannot just be replaced by anyone if the economy turns around. It is much easier to do this bill than to pass a local use tax.

Testifying for the bill were Senator Kehoe; Kevin Riley, Chevy Franchise; Missouri Automobile Dealers Association; Missouri Power Sports Dealers Association; St. Joseph Area Legislative Coalition;

need name, Buchanan County, City of St. Joseph, and St. Joseph Area Chamber of Commerce; Missouri Chamber of Commerce and Industry; City of St. Peters; St. Louis County Municipal League; Missouri Association of Counties; Missouri Municipal League; Jay Richard, Missouri Marine Dealers Association; Jackson County Legislature; City of Nevada; and City of Kansas City Missouri.

OPPONENTS: There was no opposition voiced to the committee.