

HB 82 -- TAX EXEMPTION FOR UTILITIES

SPONSOR: Redmon

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Ways and Means by a vote of 11 to 1.

The bill authorizes a state sales and use tax exemption for electricity, water, gas, coal, other energy sources or other utilities used or consumed in the manufacturing, processing, preparing, furnishing, compounding, or producing of food that is ultimately sold to customers for consumption on or off the premises at a restaurant, cafeteria, fast food restaurant, delicatessen, bakery, grocery store, convenience store, or other similar facility engaged in selling prepared food or that is used in research and development related to the activities.

This bill is the same as HB 1448 (2016) and HB 101 (2015).

PROponents: Supporters say that the bill fixes the double taxation that occurs when a business pays sales tax on utilities used to prepare food and then sells that food, like pizza, to its customers who pay sales tax again. The Missouri Supreme Court ruled against food preparation as part of the current manufacturing exemption. Companies can monitor the utility usage to determine what is taxable.

Testifying for the bill were Representative Redmon; Missouri Restaurant Association; National Restaurant Association; Missouri Chamber of Commerce and Industry; and Casey's General Stores.

OPponents: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say the tax code should be clear and understandable for taxpayers and tax exemptions should favor taxpayers/general interest.

Testifying on the bill was the Missouri Budget Project.