

HCS HB 1943 -- TAX EXEMPTION FOR UTILITIES

SPONSOR: Redmon

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Ways and Means by a vote of 9 to 0.

This 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.

The bill authorizes a taxpayer to receive a credit or refund for the taxes paid on the qualified use portion of the utility purchases for the prior year if requested by April 15 of the following year.

This bill is similar to HB 82 (2017).

PROPOSERS: 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; Casey General Stores; Missouri Grocers Association/Missouri Retailers Association; Missouri Restaurant Association; Missouri Chamber of Commerce and Industry; and Kum and Go Convenience Stores.

OPPOSERS: There was no opposition voiced to the committee.