

SB 768 -- TAXATION OF TELECOMMUNICATIONS COMPANIES

PROPERTY TAX ASSESSMENT OF TELEPHONE COMPANIES

Currently, a telephone company has its tangible personal property assessed in the same manner as a railroad. Beginning January 1, 2019, this bill allows a telephone company to elect to have its tangible personal property assessed in accordance with depreciation schedules.

The bill contains a fee in lieu of tax requirement that applies to telephone companies in school districts that receive less tax revenue as a result of the tax modifications. Companies in these districts will remit a fee as specified in the bill to such school districts unless an increase in tax levy by the district occurs making the outcome revenue neutral for the school district. Once no school district is eligible to collect such a fee, this provision will expire.

The bill requires the State Tax Commission to include in its annual report information on the difference in assessed valuation of any telephone company assessed under the provisions of this bill and provide this information to any school district that requests it.

SALES TAX EXEMPTIONS FOR TELECOMMUNICATIONS SERVICES

This bill provides that, for the purposes of sales and use tax exemptions for certain manufacturing and the use or consumption of energy for manufacturing, the term "product" shall include telecommunications services and the term "manufacturing" shall include the production, or production and transmission, of telecommunications service.

The bill provides that such definitions were the original legislative intent and abrogates the Missouri Supreme Court's decision in *IBM Corporation v. Director of Revenue* 491 S.W.3d 535 (Mo. banc 2016) to the extent that such decision is inconsistent with such definitions and the Court's decisions in *Southwestern Bell Tel. Co. v. Director of Revenue* 78 S.W.3d 763 (Mo. banc 2002) and *Southwestern Bell Tel. Co. v. Director of Revenue* 182 S.W.3d 226 (Mo. banc 2005).