

HCS#2 HB 374 -- SALES TAXES

SPONSOR: Christofanelli

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Ways and Means by a vote of 6 to 3. Voted "Do Pass" by the Standing Committee on Rules - Legislative Oversight by a vote of 8 to 1. Was recommitted from the Floor to the Standing Committee on Rules - Legislative Oversight and was voted "Do Pass with HCS #2" by a vote of 4 to 3.

This bill requires after August 28, 2019, any political subdivision imposing a sales tax increase that requires voter approval to place the following information on every ballot associated with the proposed increase:

(1) The highest cumulative sales tax rate within the political subdivision if the sales tax increase is enacted;

(2) The lowest cumulative sales tax rate within the political subdivision if the increase is enacted; and

(3) The average cumulative sales tax rate within the political subdivision if the increase is enacted. The average cumulative sales tax rate must be calculated by adding together the cumulative sales tax rates of every distinct taxing district within the political subdivision, and dividing that sum by the total number of distinct taxing districts within the political subdivision (Sections 67.392-94.1012, RSMo).

Additionally, starting on January 1, 2021, this bill would require any seller who sells more than \$250,000 worth of goods per year and provides a purchaser with a sales receipt or sales invoice in conjunction with a sale to clearly state on the sales receipt or sales invoice the total rate of all sales tax imposed on the sale. The total rate of all sales tax will reflect any applicable state or local sales tax (Section 144.088).

PROPOSERS: Supporters say that Missouri is currently the 14th highest state in the nation when compared to other states' combined local and state sales and use tax. It was pointed out that Missouri has the 5th most taxing districts when compared to other states. Also, supporters claimed that a cap of 14% on the combined sales and use taxes in the state would be appropriate considering there is no taxing district in the state that is currently at 14%. Supporters also claimed that this type of tax places the tax burden on individuals with lower incomes.

Testifying for the bill were Representative Christofanelli and the Show Me Institute.

OPPONENTS: Those who oppose the bill say that a 14% cap would limit municipalities' ability to increase local revenue. It was claimed that previous legislatures gave local entities the authority to raise sales and use taxes in order to move away from property taxes. It was claimed that this would start switching the tax burden back to property taxes instead of on consumption. Opponents also said that these taxes go directly towards services and economic developments for residents of the districts, and could be an important source of revenue for federal match grant funds.

Testifying against the bill were City of Kansas City, Missouri; Missouri Municipal League; Kansas City Port; Kansas City Area Transportation Authority; and Greater Kansas City Chamber of Commerce.

OTHERS: Others testifying on the bill say that Missouri currently has around 2,500 combinations of taxing districts in the state. Currently, the Missouri Department of Revenue is working on a map that will be made publicly available to inform the public of these districts and their boundaries.

Testifying on the bill was the Missouri Department of Revenue.

This bill is similar to HCS HB 2168 (2018).