

HB 1957 -- TAXATION

SPONSOR: Eggleston

INCOME TAX

This bill reduces the top income tax rate 0.08% on January 1, 2021.

Additionally, beginning with the 2022 calendar year this bill will allow the income tax rate to adjust for a period of two years:

(1) For the 2022 calendar year, for every additional \$45 million in sales and use tax revenue received from October 1, 2020, to September 30, 2021, that exceeds a 2.8% increase in sales and use tax revenue received from October 1, 2019, to September 30, 2020, the top tax rate will be reduced 0.05% from its 2021 rate. For every \$45 million in sales and use tax revenue received from October 1, 2020, to September 30, 2021, that fails to equal a 2.8% increase in sales and use tax revenue received from October 1, 2019, to September 30, 2020, the top tax rate will be increased 0.05% from its 2021 rate.

(2) Beginning with the 2023 calendar year, for every additional \$45 million in sales and use tax revenue received from October 1, 2020, to September 30, 2022, that exceeds a 5.6% increase in sales and use tax revenue received from October 1, 2019, to September 30, 2020, the top tax rate will be reduced 0.05% from its 2021 rate. For every \$45 million in sales and use tax revenue received from October 1, 2020, to September 30, 2022, that fails to equal a 5.6% increase in sales and use tax revenue received from October 1, 2019, to September 30, 2020, the top tax rate will be increased 0.05% from its 2021 rate (Section 143.011, RSMo).

ECONOMIC NEXUS

Beginning January 1, 2021, this bill provides that a vendor also engages in business activities in this state if a vendor during a 12 month period, as defined in the bill:

- (1) Has cumulative gross receipts of at least \$100,000 from the sale of tangible personal property; or
- (2) Has 200 or more separate transactions, for the purpose of storage, use, or consumption in this state in the previous 12 month period, as described in the bill; and
- (3) Does not have a physical presence within the state and the associated sales occurred with use of the Internet (Section 144.605).

TAXING JURISDICTION DATABASE

This bill requires the Director of the Department of Revenue to provide and maintain a downloadable electronic database at no cost to the user for taxing jurisdiction boundary changes and tax rates. Such databases may be directly provided by the director, or may be provided by a third party as designated by the director.

Vendors will not be liable for reliance upon erroneous data provided by the director on tax rates, boundaries, or taxing jurisdiction assignments (Section 144.637).

MARKETPLACE FACILITATORS

By January 1, 2021, marketplace facilitators, as defined in the bill, that meet the use tax economic nexus threshold established in the bill must register with the Department of Revenue to collect and remit use tax on sales made into the state through the marketplace facilitator's marketplace by or on behalf of a marketplace seller, as defined in the bill. These retail sales will include those made directly by the marketplace facilitator as well as those made by marketplace sellers through the marketplace facilitator's marketplace, as defined in the bill.

Marketplace facilitators properly collecting and remitting use tax in a timely manner will be eligible for any discount provided for currently.

Marketplace facilitators must provide purchasers with a statement or invoice showing that the use tax was collected and will be remitted on the purchaser's behalf (Section 144.752).

OTHER PROVISIONS OF THE BILL

Any department that has the Constitutional authority to collect sales and use tax under Article IV of the Constitution of Missouri may remit any new revenue collected under the provisions of the bill to the General Revenue Fund (Section 144.605).

The bill specifies that new revenue collected under the provisions of the bill that would be deposited into the school district trust fund will now be deposited into the state General Revenue Fund (Section 144.701).

This bill specifies that any vendor meeting the provisions of the economic nexus, as defined in the bill, with the state of Missouri, will not be subject to use taxes of a political subdivision in this state unless the use tax is approved or reapproved by the voters of

the political subdivision (Section 144.605).

Ballot language for approval or reapproval by the voters of the political subdivision is included in this bill (Section 144.757).

This bill has a nonseverability clause.

This bill is similar to HCS #2 HB 548 (2019).