

MANDATORY REVIEW AND SUNSET OF TAX CREDIT PROGRAMS

On Thursday the Senate Governmental Accountability and Fiscal Oversight Committee held a hearing on SB 584, sponsored by Sen. Matt Bartle (R-Lee's Summit). This legislation is identical to bills sponsored by Sen. Bartle in 2008 and 2009. Under current law, the sunset act terminates new tax credit programs six years after their effective date unless the program is reauthorized. If the program is reauthorized, the program will terminate twelve years from the date of reauthorization. This act modifies the sunset act to terminate new programs three years from their effective date and, if reauthorized, programs will terminate three years from the date of reauthorization. This act requires the Joint Committee on Tax Policy to review all state tax credit programs which are not currently subject to a sunset and report its findings to the General Assembly. Effective December 31, 2014, no tax credits, authorized under programs which are not subject to a sunset, may be issued unless the General Assembly adopts a concurrent resolution approving and re-authorizing such tax credit program after it has been reviewed by the Joint Committee, or a general law is enacted modifying provisions of such tax credit program. Any tax credit program re-authorized in accordance with this act will be deemed a new program and thus subject to the sunset act's three year sunset provision.

There was no testimony, other than Sen. Bartle's, in support of the bill. Opposing testimony was offered by Associated Industries of Missouri, the Missouri Coalition for Preservation and Economic Development, the Missouri Workforce Housing Association, Gardner Capital, Inc., the Carpenters' District Councils of Greater St. Louis and Kansas City, and the Missouri Association of Realtors. The committee did not take any action on the bill.

APPROPRIATIONS FOR ALLOCATIONS OF STATE TAX CREDITS

On a 3-3 voted, SB 728, sponsored by Sen. Jason Crowell (R-Cape Girardeau) failed to gain approval by the Senate Committee on Governmental Accountability and Fiscal Oversight. Senators Lembke, Lager, and Purgason voted in the affirmative, while Senators Days, Schaefer, and Shoemyer voted in opposition. This bill would have modified every state tax credit program by limiting the amount of credits available for authorization in each fiscal year based upon an allocation made by the enactment of the appropriation bill for public debt. Last week, during the presentation of this bill, Sen. Crowell made clear his intention to filibuster the creation of any new tax credits this year until passage is given to his plan to reign in spending on state tax credit programs. Although SB 728 is dead, we expect to see this language resurface as an amendment to other bills.

FAIR TAX

The Senate Committee on Governmental Accountability and Fiscal Oversight voted 4-2 to approve SJR 29, sponsored by Sen. Chuck Purgason (R-Caulfield). Senators Lembke, Lager, Purgason, and Schaefer voted in the affirmative, while Senators Days and Shoemyer voted in opposition.

This proposed constitutional amendment would, upon voter approval, replace the state individual and corporate income tax, the corporate and bank franchise tax and state sales and use tax with a tax on the sale, use, or consumption of new tangible personal property and taxable services equal to 5.11% beginning January 1, 2012. Component parts or ingredients of a new tangible personal property to be sold at retail, federal government purchases, and business-to-business transactions including agriculture would be exempt from the new tax while all other exemptions and tax credits would be eliminated. The enactment of any new exemptions would require a two-

thirds affirmative vote by the General Assembly and approval by the Governor. The conservation sales tax, the soil and parks sales tax, and local sales taxes will be recalculated to produce substantially the same amount of revenue as they do currently. Each qualified family would receive a sales tax rebate based on the federal poverty level guidelines to offset the sales tax on basic necessities.

TAX INCENTIVES FOR DATA STORAGE CENTERS

On Monday the Senate Ways and Means Committee held a joint hearing on SB 868 and SB 823, sponsored by Sen. Charlie Shields (R-St. Joseph) and Sen. Luann Ridgeway (R-Smithville), respectively. These bills authorize a sales tax exemption on the utilities and all retail sales of certain tangible personal property and materials for facilities used by data storage centers and server farm facilities. Supporting testimony was offered by Ora Reynolds, President of both Hunt Midwest Real Estate Development and the Missouri Coalition for Data Centers, Jack Henry and Associates, the Bick Group, Jim Grice of the Spencer Fane Britt and Browne law firm, Kansas City Power & Light, City Utilities of Springfield, the Missouri Telecommunications Industry Association, the Missouri Economic Development Council, the Missouri Growth Association, the Missouri Chamber of Commerce and Industry, the Greater Kansas City Chamber of Commerce, St. Louis Regional Chamber and Growth Association, the Springfield Area Chamber of Commerce, the Branson Lakes Area Chamber of Commerce, and Associated Industries of Missouri. There was no opposition testimony offered. The committee did not take any actions on the bill.