



**Associated
Industries
of Missouri**

The Voice of Missouri Business.



***Associated Industries of Missouri (AIM) and
Taxpayers Research Institute of Missouri (TRIM)
2008 LEGISLATIVE AGENDA***

The Taxpayers Research Institute of Missouri attained great success during the 2007 legislative session with the passage of the AIM/TRIM Manufacturing Inputs Sales and Use Tax Exemption. The exemption is saving Missouri manufacturers millions of dollars each year and will help Missouri attract and retain high quality manufacturing jobs. This exemption was the top legislative priority of the AIM/TRIM Tax Committee in 2007.

Although 2008 is an election year, and legislation passed in election years is usually of lesser magnitude than legislation passed in non-election years, the Tax Committee of Associated Industries of Missouri and the Taxpayers Research Institute of Missouri has set a few legislative tax goals that we believe may be accomplished in the 2008 legislative session.

Specifically, the top legislative priorities for the upcoming legislative session for the AIM/TRIM Tax Committee will include the following:

- AIM/TRIM will seek to modify the existing air and water pollution control equipment sales and use tax exemption to eliminate mandatory certification by the Department of Natural Resources (DNR), but allow taxpayers, at their option, to request certification of such equipment. Certification by DNR will be prima facie evidence that the equipment is entitled to exemption;
- AIM/TRIM will support revision of the income tax law to ensure taxpayers do not permanently lose tax benefit due to the temporary decoupling of Missouri's tax code from federal net operating loss and accelerated depreciation tax cut provisions in 2002;
- AIM/TRIM will explore restoration of the research and development tax credit or establishment of another research and development incentive program;
- AIM/TRIM will investigate innovative approaches to encourage infrastructure investment in Missouri, possibly borrowing features from the former federal investment tax credit and the Quality Jobs programs; and,



- AIM/TRIM will closely monitor transportation funding measures.

Legislative leaders continue their review of the tax systems. We believe the following issues may receive additional attention in the 2008 legislative session:

- Real Property Tax Reform – while the Legislature may focus primarily on providing relief to individual taxpayers from increasing real property taxes, AIM/TRIM will monitor the discussions to ensure any solutions do not shift additional burden to different taxpayers by increasing property taxes that are paid by the customers of Missouri employers (remember, companies do not pay taxes – their customers pay the taxes through increased prices);
- Personal Property Tax Reform – the change in business personal property tax assessment in previous years established a complicated system that allows different depreciation for assets placed in service after January 1, 2006, from those placed in service before that date. AIM/TRIM will work with affected parties to resolve this inequity; and,
- Tax credits will continue to be reviewed by various committees and recommendations for modifications or elimination of tax credit programs should be monitored closely. Elimination or reduction of unnecessary tax credit programs or improvements in the efficiency of tax credit programs should be encouraged and supported, but elimination of credit programs that are producing results should be opposed.

The Taxpayers Research Institute of Missouri will generally follow the following guiding principles when determining our position on legislation:

- AIM/TRIM supports lower taxes for Missouri employers and generally opposes employer tax increases;
- AIM/TRIM supports reduction of the sales and use tax rate, but opposes any corresponding expansion or broadening of the sales and use tax base;
- AIM/TRIM supports reduction of corporation income tax rate and reduction or elimination of the corporation franchise tax;
- AIM/TRIM supports restoring the full deductibility of federal income taxes paid from Missouri taxable income for individuals and corporations;
- AIM/TRIM supports eliminating the 120-day “no interest” rule on sales and use tax refunds and aligning the terms and interest rate paid on refunds with the terms and interest rate charged on delinquencies. This would require the tax collector to pay interest from the date the tax was originally paid by the taxpayer;
- AIM/TRIM will explore and discuss a potential constitutional amendment to create a property tax exemption for pollution control and environmentally-friendly equipment owned by residential and commercial taxpayers;



- AIM/TRIM supports reviewing and aligning the state corporation franchise tax, corporation income tax and municipal franchise tax statutes for reciprocity and efficiency;
- AIM/TRIM will closely analyze any “flat tax” proposal, or other major individual income tax overhaul, for the impact it would have on Missouri small businesses that report their income taxes on individual income tax returns;
- AIM/TRIM will monitor federal Streamlined Sales Tax Project and federal business activity tax legislation;
- AIM/TRIM will work to protect Missouri taxpayers from efforts in other states to impose an economic nexus standard on Missouri companies in an effort to improperly subject Missouri taxpayers to other states’ taxes;
- AIM/TRIM opposes broadening the sales tax base through the taxation of services (a research report on this subject is available from TRIM);
- AIM/TRIM opposes broadening the sales tax base through reduction, limitation, pro-ration, or elimination of current sales tax exemptions;
- AIM/TRIM opposes any limitation or elimination of corporations’ choice of apportionment formula to determine Missouri taxable income;
- AIM/TRIM opposes decoupling Missouri’s income tax code from the federal income tax code;
- AIM/TRIM opposes any legislation designed to improperly tax passive investment company income; and,
- AIM/TRIM will continue to participate in tax reform discussions, representing employers’ interests and working to ensure any tax reductions apply to employer taxpayers as well as individual taxpayers.

The Taxpayers Research Institute of Missouri will continue periodic meetings with the Missouri Department of Revenue to help streamline processes with the goal of improving taxpayers’ ability to comply with the tax laws and making more efficient use of state resources. These discussions are ongoing and savings achieved or processes improved will be announced as they are accomplished.