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Sen. Chuck Gross, Rep. Sally Faith Introduce Measure Lowering Road-Building Costs

Legislation Exempts Certain Road Construction Materials from Sales Taxes

JEFFERSON CITY – State Sen. Chuck Gross, R-St. Charles, and state Rep. Sally Faith, R-St. Charles, today announced they will be working together to advance legislation to save millions of dollars in much-needed funds for the Missouri Department of Transportation (MoDOT). Senate Bill 629, sponsored by Gross, exempts contractors from paying sales taxes on building materials used in MoDOT projects. Faith will be introducing similar legislation in the House.

“Requiring contractors to pay sales taxes for state road projects is an inefficient way to conduct state business,” Gross said. “My legislation ensures MoDOT can build and maintain Missouri roads in a way that is both convenient and affordable for Missouri taxpayers.”

Currently, Missouri contractors bidding on state highway projects in Missouri must add sales taxes on materials to the bids they submit to MoDOT. This requirement adds to the costs of highway projects and threatens Missouri jobs.

Material costs are 60 to 80 percent of the average expense of state road projects, meaning taxes greatly increase construction costs for MoDOT. Furthermore, local governments, school districts, universities and other state agencies are already exempt from paying sales taxes.

“The state should not have to pay this tax when other public entities are exempt,” Gross said. “It is costly and unfair, and it does not make good economic sense.”

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Missouri jobs are also at stake because of the sales tax requirement. Missouri contractors are often underbid for state roads projects because out-of-state contractors do not have to pay sales taxes on materials.

“This legislation offers Missouri the opportunity both to save state dollars and produce more jobs,” Faith said. “It is a win-win for the people of Missouri.”

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