

FIRST REGULAR SESSION

SENATE BILL NO. 590

94TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR GIBBONS.

Read 1st time February 26, 2007, and ordered printed.

TERRY L. SPIELER, Secretary.

2420S.02I

AN ACT

To repeal section 147.010, RSMo, and to enact in lieu thereof one new section relating to corporate franchise tax.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Section 147.010, RSMo, is repealed and one new section
2 enacted in lieu thereof, to be known as section 147.010, to read as follows:

147.010. 1. [For the transitional year defined in subsection 4 of this
2 section and each taxable year beginning on or after January 1, 1980, but before
3 January 1, 2000, every corporation organized pursuant to or subject to chapter
4 351, RSMo, or pursuant to any other law of this state shall, in addition to all
5 other fees and taxes now required or paid, pay an annual franchise tax to the
6 state of Missouri equal to one-twentieth of one percent of the par value of its
7 outstanding shares and surplus if its outstanding shares and surplus exceed two
8 hundred thousand dollars, or if the outstanding shares of such corporation or any
9 part thereof consist of shares without par value, then, in that event, for the
10 purpose contained in this section, such shares shall be considered as having a
11 value of five dollars per share unless the actual value of such shares exceeds five
12 dollars per share, in which case the tax shall be levied and collected on the actual
13 value and the surplus if the actual value and the surplus exceed two hundred
14 thousand dollars. If such corporation employs a part of its outstanding shares in
15 business in another state or country, then such corporation shall pay an annual
16 franchise tax equal to one-twentieth of one percent of its outstanding shares and
17 surplus employed in this state if its outstanding shares and surplus employed in
18 this state two hundred thousand dollars, and for the purposes of sections 147.010
19 to 147.120, such corporation shall be deemed to have employed in this state that

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

20 proportion of its entire outstanding shares and surplus that its property and
21 assets employed in this state bears to all its property and assets wherever
22 located. A foreign corporation engaged in business in this state, whether
23 pursuant to a certificate of authority issued pursuant to chapter 351, RSMo, or
24 not, shall be subject to this section. Any corporation whose outstanding shares
25 and surplus as calculated in this subsection does not exceed two hundred
26 thousand dollars shall state that fact on the annual report form prescribed by the
27 secretary of state.] For all taxable years beginning on or after January 1, 2000,
28 **but ending before December 31, 2007**, the annual franchise tax shall be
29 equal to one-thirtieth of one percent of the corporation's outstanding shares and
30 surplus if the outstanding shares and surplus exceed one million dollars. Any
31 corporation whose outstanding shares and surplus do not exceed one million
32 dollars shall state that fact on the annual report form prescribed by the director
33 of revenue. **For taxable years beginning on or after January 1, 2008, the**
34 **annual franchise tax shall be equal to the percentage rate prescribed**
35 **in this subsection for the corresponding taxable year of the**
36 **corporation's outstanding shares and surplus if the outstanding shares**
37 **and surplus exceed the corresponding minimum threshold amount**
38 **prescribed as follows:**

39 (1) For tax year 2008, the rate shall be one-thirtieth of one
40 percent and the threshold amount shall be ten million dollars for any
41 corporation which offers health insurance to all full-time employees
42 and pays at least fifty percent of such premiums or, in the case of any
43 other corporation, the rate shall be one-thirtieth of one percent and the
44 threshold amount shall be one million dollars;

45 (2) For tax year 2009, the rate shall be one-fiftieth of one percent
46 and the threshold amount shall be ten million dollars for any
47 corporation which offers health insurance to all full-time employees
48 and pays at least fifty percent of such premiums or, in the case of any
49 other corporation, the rate shall be one-fiftieth of one percent and the
50 threshold amount shall be one million dollars;

51 (3) For tax year 2010, the rate shall be one-seventieth of one
52 percent and the threshold amount shall be ten million dollars for any
53 corporation which offers health insurance to all full-time employees
54 and pays at least fifty percent of such premiums or, in the case of any
55 other corporation, the rate shall be one-seventieth of one percent and

56 **the threshold amount shall be one million dollars;**

57 **(4) For tax year 2011, the rate shall be one-ninetieth of one**
58 **percent and the threshold amount shall be ten million dollars for any**
59 **corporation which offers health insurance to all full-time employees**
60 **and pays at least fifty percent of such premiums or, in the case of any**
61 **other corporation, the rate shall be one-ninetieth of one percent and**
62 **the threshold amount shall be one million dollars; and**

63 **(5) For tax year 2012, the rate shall be zero percent and the**
64 **threshold amount shall be zero dollars.**

65 **Any corporation which offers health insurance to all full-time**
66 **employees and pays at least fifty percent of such premiums shall state**
67 **that fact in the form of an affidavit provided with the annual report**
68 **form prescribed by the director of revenue.**

69 2. Sections 147.010 to 147.120 shall not apply to corporations not
70 organized for profit, nor to corporations organized pursuant to the provisions of
71 chapter 349, RSMo, nor to express companies, which now pay an annual tax on
72 their gross receipts in this state, nor to insurance companies, which pay an
73 annual tax on their premium receipts in this state, nor to state, district, county,
74 town and farmers' mutual companies now organized or that may be hereafter
75 organized pursuant to any of the laws of this state, organized for the sole purpose
76 of writing fire, lightning, windstorm, tornado, cyclone, hail and plate glass and
77 mutual automobile insurance and for the purpose of paying any loss incurred by
78 any member by assessment, nor to any mutual insurance corporation not having
79 shares, nor to a company or association organized to transact business of life or
80 accident insurance on the assessment plan for the purpose of mutual protection
81 and benefit to its members and the payment of stipulated sums of moneys to the
82 family, heirs, executors, administrators or assigns of the deceased member, nor
83 to foreign life, fire, accident, surety, liability, steam boiler, tornado, health, or
84 other kind of insurance company of whatever nature coming within the provisions
85 of section 147.050 and doing business in this state, nor to savings and loan
86 associations and domestic and foreign regulated investment companies as defined
87 by Section 170 of the Act of Congress commonly known as the "Revenue Act of
88 1942", nor to electric and telephone corporations organized pursuant to chapter
89 351, RSMo, and chapter 392, RSMo, prior to January 1, 1980, which have been
90 declared tax exempt organizations pursuant to Section 501(c) of the Internal
91 Revenue Code of 1986, nor for taxable years beginning after December 31, 1986,

92 to banking institutions subject to the annual franchise tax imposed by sections
93 148.010 to 148.110, RSMo; but bank deposits shall be considered as funds of the
94 individual depositor left for safekeeping and shall not be considered in computing
95 the amount of tax collectible pursuant to the provisions of sections 147.010 to
96 147.120.

97 3. A corporation's "taxable year" for purposes of sections 147.010 to
98 147.120 shall be its taxable year as provided in section 143.271, RSMo.

99 4. A corporation's "transitional year" for the purposes of sections 147.010
100 to 147.120 shall be its taxable year which includes parts of each of the years 1979
101 and 1980.

102 5. The franchise tax payable for a corporation's transitional year shall be
103 computed by multiplying the amount otherwise due for that year by a fraction,
104 the numerator of which is the number of months between January 1, 1980, and
105 the end of the taxable year and the denominator of which is twelve. The
106 franchise tax payable, if a corporation's taxable year is changed as provided in
107 section 143.271, RSMo, shall be similarly computed pursuant to regulations
108 prescribed by the director of revenue.

109 6. All franchise reports and franchise taxes shall be returned to the
110 director of revenue. All checks and drafts remitted for payment of franchise taxes
111 shall be made payable to the director of revenue.

112 7. Pursuant to section 32.057, RSMo, the director of revenue shall
113 maintain the confidentiality of all franchise tax reports returned to the director.

114 8. The director of the department of revenue shall honor all existing
115 agreements between taxpayers and the director of the department of revenue.

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