

FIRST REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 18
96TH GENERAL ASSEMBLY

Reported from the Committee on Jobs, Economic Development and Local Government, February 1, 2011, with recommendation that the Senate Committee Substitute do pass.

0285S.04C

TERRY L. SPIELER, Secretary.

AN ACT

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

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Section A. Section 147.010, RSMo, is repealed and one new section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 or pursuant to any other law of this state shall, in addition to all other fees
5 and taxes now required or paid, pay an annual franchise tax to the state of
6 Missouri equal to one-twentieth of one percent of the par value of its outstanding
7 shares and surplus if its outstanding shares and surplus exceed two hundred
8 thousand dollars, or if the outstanding shares of such corporation or any part
9 thereof consist of shares without par value, then, in that event, for the purpose
10 contained in this section, such shares shall be considered as having a value of five
11 dollars per share unless the actual value of such shares exceeds five dollars per
12 share, in which case the tax shall be levied and collected on the actual value and
13 the surplus if the actual value and the surplus exceed two hundred thousand
14 dollars. If such corporation employs a part of its outstanding shares in business
15 in another state or country, then such corporation shall pay an annual franchise
16 tax equal to one-twentieth of one percent of its outstanding shares and surplus
17 employed in this state if its outstanding shares and surplus employed in this
18 state **exceed** two hundred thousand dollars, and for the purposes of sections
19 147.010 to 147.120, such corporation shall be deemed to have employed in this
20 state that proportion of its entire outstanding shares and surplus that its

21 property and assets employed in this state bears to all its property and assets
22 wherever located. A foreign corporation engaged in business in this state,
23 whether pursuant to a certificate of authority issued pursuant to chapter 351 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, 2009, the annual franchise tax shall be equal to
29 one-thirtieth of one percent of the corporation's outstanding shares and surplus
30 if the outstanding shares and surplus exceed one million dollars. Any corporation
31 whose outstanding shares and surplus do not exceed one million dollars shall
32 state that fact on the annual report form prescribed by the director of
33 revenue. For taxable years beginning on or after January 1, 2010, **but ending**
34 **before December 31, 2010**, the annual franchise tax shall be equal to
35 one-thirtieth of one percent of the corporation's outstanding shares and surplus
36 if the outstanding shares and surplus exceed ten million dollars, and any
37 corporation whose outstanding shares and surplus do not exceed ten million
38 dollars shall state that fact on the annual report form prescribed by the director
39 of revenue. **For all taxable years beginning on or after January 1, 2011,**
40 **the annual franchise tax shall be equal to one-thirtieth of one percent**
41 **of the corporation's outstanding shares and surplus if the outstanding**
42 **shares and surplus exceed ten million dollars, but in no case shall a**
43 **corporation's annual tax liability under this chapter exceed the amount**
44 **of annual franchise tax liability of such corporation for the taxable**
45 **year ending on or before December 31, 2010. If the corporation had no**
46 **annual franchise tax liability under this chapter for the taxable year**
47 **ending on or before December 31, 2010, because such corporation was**
48 **not in existence or doing business in Missouri, the annual franchise tax**
49 **for the first taxable year in which such corporation exists shall be**
50 **equal to one-thirtieth of one percent of the corporation's outstanding**
51 **shares and surplus if the outstanding shares and surplus exceed ten**
52 **million dollars, but in no case shall such corporation's tax liability for**
53 **any subsequent taxable year exceed the amount of annual franchise tax**
54 **liability of such corporation for the first full taxable year such**
55 **corporation was in existence or doing business in Missouri. Any**
56 **corporation whose outstanding shares and surplus do not exceed ten**

57 **million dollars shall state that fact on the annual report form**
58 **prescribed by the director of revenue.**

59 2. Sections 147.010 to 147.120 shall not apply to corporations not
60 organized for profit, nor to corporations organized pursuant to the provisions of
61 chapter 349, nor to express companies, which now pay an annual tax on their
62 gross receipts in this state, nor to insurance companies, which are subject to an
63 annual tax on their premium receipts in this state, nor to state, district, county,
64 town and farmers' mutual companies now organized or that may be hereafter
65 organized pursuant to any of the laws of this state, organized for the sole purpose
66 of writing fire, lightning, windstorm, tornado, cyclone, hail and plate glass and
67 mutual automobile insurance and for the purpose of paying any loss incurred by
68 any member by assessment, nor to any mutual insurance corporation not having
69 shares, nor to a company or association organized to transact business of life or
70 accident insurance on the assessment plan for the purpose of mutual protection
71 and benefit to its members and the payment of stipulated sums of moneys to the
72 family, heirs, executors, administrators or assigns of the deceased member, nor
73 to foreign life, fire, accident, surety, liability, steam boiler, tornado, health, or
74 other kind of insurance company of whatever nature coming within the provisions
75 of section 147.050 and doing business in this state, nor to savings and loan
76 associations and domestic and foreign regulated investment companies as defined
77 by Section 170 of the Act of Congress commonly known as the Revenue Act of
78 1942, nor to electric and telephone corporations organized pursuant to chapter
79 351 and chapter 392 prior to January 1, 1980, which have been declared
80 tax-exempt organizations pursuant to Section 501(c) of the Internal Revenue Code
81 of 1986, nor for taxable years beginning after December 31, 1986, to banking
82 institutions subject to the annual franchise tax imposed by sections 148.010 to
83 148.110; but bank deposits shall be considered as funds of the individual
84 depositor left for safekeeping and shall not be considered in computing the
85 amount of tax collectible pursuant to the provisions of sections 147.010 to
86 147.120.

87 3. A corporation's taxable year for purposes of sections 147.010 to 147.120
88 shall be its taxable year as provided in section 143.271.

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

92 5. The franchise tax payable for a corporation's transitional year shall be

93 computed by multiplying the amount otherwise due for that year by a fraction,
94 the numerator of which is the number of months between January 1, 1980, and
95 the end of the taxable year and the denominator of which is twelve. The
96 franchise tax payable, if a corporation's taxable year is changed as provided in
97 section 143.271, shall be similarly computed pursuant to regulations prescribed
98 by the director of revenue.

99 6. All franchise reports and franchise taxes shall be returned to the
100 director of revenue. All checks and drafts remitted for payment of franchise taxes
101 shall be made payable to the director of revenue.

102 7. Pursuant to section 32.057, the director of revenue shall maintain the
103 confidentiality of all franchise tax reports returned to the director.

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

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Bill

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