

FIRST REGULAR SESSION
[TRULY AGREED TO AND FINALLY PASSED]
SENATE COMMITTEE SUBSTITUTE FOR

SENATE BILL NO. 19

96TH GENERAL ASSEMBLY

2011

0336S.02T

AN ACT

To repeal section 147.010, RSMo, and to enact in lieu thereof one new section relating to the phase-out of the 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Section A. Section 147.010, RSMo, is repealed and one new section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 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

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

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 before**
34 **December 31, 2011**, the annual franchise tax shall be equal to one-thirtieth of
35 one percent of the corporation's outstanding shares and surplus if the outstanding
36 shares and surplus exceed ten million dollars[, and]. **For all taxable years**
37 **beginning on or after January 1, 2010, but before December 31, 2015**,
38 any corporation whose outstanding shares and surplus do not exceed ten million
39 dollars shall state that fact on the annual report form prescribed by the director
40 of revenue. **For all taxable years beginning on or after January 1, 2011**
41 **but before December 31, 2015, a corporation's annual tax liability under**
42 **this chapter shall not exceed the amount of annual franchise tax**
43 **liability of such corporation for the taxable year ending on or before**
44 **December 31, 2010. If the corporation had no annual franchise tax**
45 **liability under this chapter for the taxable year ending on or before**
46 **December 31, 2010, because such corporation was not in existence or**
47 **doing business in Missouri, the annual franchise tax for the first**
48 **taxable year in which such corporation exists shall be determined by**
49 **applying the applicable rate of tax provided under the provisions of**
50 **this subsection to the corporation's outstanding shares and surplus if**
51 **the outstanding shares and surplus exceed ten million dollars, but in**
52 **no case shall such corporation's tax liability for any subsequent taxable**
53 **year exceed the amount of annual franchise tax liability of such**
54 **corporation for the first full taxable year such corporation was in**
55 **existence or doing business in Missouri. For taxable years beginning**
56 **on or after January 1, 2012, the annual franchise tax shall be equal to**

57 the percentage rate prescribed in this subsection for the corresponding
58 taxable year of the corporation's outstanding shares and surplus if the
59 outstanding shares and surplus exceed the corresponding minimum
60 threshold amount prescribed as follows:

61 (1) For tax year 2012, the rate shall be one-thirty-seventh of one
62 percent and the threshold amount shall be ten million dollars;

63 (2) For tax year 2013, the rate shall be one-fiftieth of one percent
64 and the threshold amount shall be ten million dollars;

65 (3) For tax year 2014, the rate shall be one-seventy-fifth of one
66 percent and the threshold amount shall be ten million dollars;

67 (4) For tax year 2015, the rate shall be one-hundred-fiftieth of
68 one percent and the threshold amount shall be ten million dollars;

69 (5) For tax years beginning on or after January 1, 2016, no
70 annual franchise tax shall be imposed under this section.

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

93 of 1986, nor for taxable years beginning after December 31, 1986, to banking
94 institutions subject to the annual franchise tax imposed by sections 148.010 to
95 148.110; but bank deposits shall be considered as funds of the individual
96 depositor left for safekeeping and shall not be considered in computing the
97 amount of tax collectible pursuant to the provisions of sections 147.010 to
98 147.120.

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

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

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

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

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

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