



# THE ISSUE:

## SALES & USE TAX EXEMPTION FOR UTILITIES USED IN FOOD PREPARATION

### 👉 The Bill:

**HB 82 – Sponsor: Craig Redmon (R – Canton, in Northeast MO)**

### 👉 Summary of the Bill:

The bill authorizes a state sales and use tax exemption for utilities (electric, natural gas & propane, water, and coal) used or consumed in the preparation of food ultimately sold to customers for consumption on or off the premises of a restaurant, cafeteria, delicatessen, bakery, grocery or convenience store. This legislation was passed by the Missouri Legislature in the 2014 session; however, it was vetoed by then Governor Jay Nixon.

### 👉 The Ask:

Support passage of HB 82. When speaking with a senator, ask them to consider introducing a companion bill in the Senate.

**The Background:** Bills filed for purposes of establishing sales and use tax exemptions are popular. Recently, legislation has been filed to exempt many goods and services, including:

1. New firearms and ammunition
2. Products made in America
3. Energy Star Appliances
4. Items used to produce or transmit electricity
5. Internet access
6. Fitness facilities and dance studios
7. Items purchased at a prison commissary

HB 82 adds legislation beneficial to restaurants to the list. The bill fixes the double taxation that occurs when a business pays sales tax on utilities used to prepare food and then sells that food to its customers who pay sales tax again. The Missouri Supreme Court ruled against food preparation as part of the current manufacturing exemption. This legislation returns the preparation of food to its rightful place in the manufacturing exemption. This legislation was passed by the Missouri Legislature in 2014; however, it was vetoed by then Governor Jay Nixon.

**Talking Points:** Restaurants use large amounts of energy to operate stoves & ranges; grills; broilers; fryers; conventional, convection & microwave ovens; smokers and other equipment used to prepare food for sale to customers. Since the cost of these utilities is figured into the menu price of the food, sales tax is ultimately collected on the cost of the energy used in food preparation.



#### Actions:

##### On March 8, 2017 in the House:

- Referred: Rules - Administrative Oversight
- Reported Do Pass - Ayes: 11 Noes: 1 Present:

##### On March 6, 2017 in the House:

- Voted Do Pass
- Executive Session Completed

##### On February 27, 2017 in the House:

- Public Hearing Completed

##### On February 8, 2017 in the House:

- Referred: Ways and Means

##### On January 5, 2017 in the house:

- Read Second Time

##### On January 4, 2017 in the House:

- Read First Time

##### One December 1, 2016 in the House:

- Prefiled

