


[HOME](#)
[HOUSE MEMBERS](#)
[BILL INFORMATION](#)
[COMMITTEES](#)
[MEDIA CENTER](#)
[GENERAL INFORMATION](#)
[PAST SESSION ARCHIVES](#)
[QUICK LINKS](#)
[BILL SEARCH](#)


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[Missouri Senate](#)  
[Missouri Revised Statutes](#)  
[House Job Opportunities](#)  
[FAQ or Email this website](#)

## House Communications - News

### Tax Credit for Missouri Built Vehicles Could Boost Jobs - 2/21/2007 12:00:00 AM

Jefferson City – Missourians who plan to buy vehicles assembled and sold in the state might want to wait and see if a bill considered by a House committee today becomes law. House Bill 488 received unanimous approval from members of the House Special Committee on Job Creation and Economic Development. It would allow Missourians purchasing vehicles built and sold in Missouri—including cars, trucks, and motorcycles—to apply for a tax credit equal to the state sales tax paid on the vehicle. Bill sponsor Representative Michael Sprenge, D-Florissant, believes his measure provides more benefits than a tax credit.

"We're trying to make an offer, an incentive to buy Missouri products," said Rep. Sprenge. "By buying Missouri products, then you increase the demand for Missouri products which means we can put the shift back on." Sprenge was referring to a Ford manufacturing plant in Hazelwood slated to close in September because of an unprofitable bottom line. The plant provides 2,500 jobs and generates considerable tax revenue including \$25 million to the state, \$8.5 million to the city, and \$3.5 million to the local school district. Sprenge also believes his bill might entice manufacturers to locate facilities for additional vehicles in Missouri.

Others supporting Sprenge's bill today also said the measure could create jobs, but not only by increasing the demand for vehicle manufacturing jobs.

"What this bill will do is keep ... assembly plants running in St. Louis and Kansas City," said Cecil Vaughan, testifying for the Local 710 Union in Kansas City. And "for every one of those jobs ... in St. Louis, ... in Kansas City, there are seven people across this state that are producing parts and services to keep that plant running."

Vaughan warned, "When you lose a plant in St. Louis, when you lose a shift ... look at your little towns...these towns all lose jobs and its devastating."

A study produced by the Missouri Economic Research & Information Center indicates the state's auto manufacturers and motorcycle manufacturing plants directly or indirectly account for 69,599 jobs, \$2.838 billion in personal income, and \$235.831 million in state general revenues annually.

HB 488 is similar to a bill Rep. Sprenge proposed last year which passed with overwhelming support in the House but stalled in the Senate. Senators worried the bill violated the federal constitutional commerce clause and expressed concern about the cost of the bill. According to Sprenge, this year's bill addresses the constitutional concern by making the tax benefit a tax credit instead of a tax exemption, and he's optimistic about the bill's cost.

"The higher the fiscal note is, the more cars you're selling," said Sprenge. "The higher the fiscal note, in my mind, the better it is. If it was 100 million dollars that means we would bring in 15,000 more jobs."

HB 488 must receive approval from the House Rules committee before it will be placed on the House Calendar. Then, the floor leader can bring it up for debate and consideration on the House floor.

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[Return to List](#)

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