

SECOND REGULAR SESSION
[TRULY AGREED TO AND FINALLY PASSED]
CONFERENCE COMMITTEE SUBSTITUTE FOR
SENATE SUBSTITUTE FOR
SENATE COMMITTEE SUBSTITUTE FOR
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 1182

92ND GENERAL ASSEMBLY

4015S.05T

2004

AN ACT

To repeal sections 100.710, 100.850, 137.100, 144.030, 144.615, 148.330, 348.430, and 348.432, RSMo, and to enact in lieu thereof eight new sections relating to tax credits, with an emergency clause.

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

Section A. Sections 100.710, 100.850, 137.100, 144.030, 144.615, 148.330, 348.430, and 348.432, RSMo, are repealed and eight new sections enacted in lieu thereof, to be known as sections 100.710, 100.850, 137.100, 144.030, 144.615, 148.330, 348.430, and 348.432, to read as follows:

100.710. As used in sections 100.700 to 100.850, the following terms mean:

- (1) "Assessment", an amount of up to five percent of the gross wages paid in one year by an eligible industry to all eligible employees in new jobs, or up to ten percent if the economic development project is located within a distressed community as defined in section 135.530, RSMo;
- (2) "Board", the Missouri development finance board as created by section 100.265;
- (3) "Certificates", the revenue bonds or notes authorized to be issued by the board pursuant to section 100.840;
- (4) "Credit", the amount agreed to between the board and an eligible industry, but not to exceed the assessment attributable to the eligible industry's project;

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

- 11 (5) "Department", the Missouri department of economic development;
- 12 (6) "Director", the director of the department of economic development;
- 13 (7) "Economic development project":
- 14 (a) The acquisition of any real property by the board, the eligible industry, or its affiliate;
- 15 or
- 16 (b) The fee ownership of real property by the eligible industry or its affiliate; and
- 17 (c) For both paragraphs (a) and (b) of this subdivision, "economic development project"
- 18 shall also include the development of the real property including construction, installation, or
- 19 equipping of a project, including fixtures and equipment, and facilities necessary or desirable for
- 20 improvement of the real property, including surveys; site tests and inspections; subsurface site
- 21 work; excavation; removal of structures, roadways, cemeteries and other surface obstructions;
- 22 filling, grading and provision of drainage, storm water retention, installation of utilities such as
- 23 water, sewer, sewage treatment, gas, electricity, communications and similar facilities; off-site
- 24 construction of utility extensions to the boundaries of the real property; and the acquisition,
- 25 installation, or equipping of facilities on the real property, for use and occupancy by the eligible
- 26 industry or its affiliates;
- 27 (8) "Eligible employee", a person employed on a full-time basis in a new job at the
- 28 economic development project averaging at least thirty-five hours per week who was not
- 29 employed by the eligible industry or a related taxpayer in this state at any time during the
- 30 twelve-month period immediately prior to being employed at the economic development project.
- 31 For an essential industry, a person employed on a full-time basis in an existing job at the
- 32 economic development project averaging at least thirty- five hours per week may be considered
- 33 an eligible employee for the purposes of the program authorized by sections 100.700 to 100.850;
- 34 (9) "Eligible industry", a business located within the state of Missouri which is engaged
- 35 in interstate or intrastate commerce for the purpose of manufacturing, processing or assembling
- 36 products, conducting research and development, or providing services in interstate commerce,
- 37 office industries, or agricultural processing, but excluding retail, health or professional services.
- 38 "Eligible industry" does not include a business which closes or substantially reduces its operation
- 39 at one location in the state and relocates substantially the same operation to another location in
- 40 the state. This does not prohibit a business from expanding its operations at another location in
- 41 the state provided that existing operations of a similar nature located within the state are not
- 42 closed or substantially reduced. This also does not prohibit a business from moving its
- 43 operations from one location in the state to another location in the state for the purpose of
- 44 expanding such operation provided that the board determines that such expansion cannot
- 45 reasonably be accommodated within the municipality in which such business is located, or in the
- 46 case of a business located in an incorporated area of the county, within the county in which such

47 business is located, after conferring with the chief elected official of such municipality or county
48 and taking into consideration any evidence offered by such municipality or county regarding the
49 ability to accommodate such expansion within such municipality or county. An eligible industry
50 must:

51 (a) Invest a minimum of fifteen million dollars, or ten million dollars for an office
52 industry, in an economic development project; and

53 (b) Create a minimum of one hundred new jobs for eligible employees at the economic
54 development project or a minimum of five hundred jobs if the economic development project
55 is an office industry or a minimum of two hundred new jobs if the economic development project
56 is an office industry located within a distressed community as defined in section 135.530, RSMo,
57 **in the case of an approved company for a project for a world headquarters of a business**
58 **whose primary function is tax return preparation in any home rule city with more than**
59 **four hundred thousand inhabitants and located in more than one county, create a**
60 **minimum of one hundred new jobs for eligible employees at the economic development**
61 **project.** An industry that meets the definition of "essential industry" may be considered an
62 eligible industry for the purposes of the program authorized by sections 100.700 to 100.850;

63 (10) "Essential industry", a business that otherwise meets the definition of eligible
64 industry except an essential industry shall:

65 (a) Be a targeted industry;

66 (b) Be located in a home rule city with more than twenty-six thousand but less than
67 twenty-seven thousand inhabitants located in any county with a charter form of government and
68 with more than one million inhabitants;

69 (c) Have maintained at least two thousand jobs at the proposed economic development
70 project site each year for a period of four years preceding the year in which application for the
71 program authorized by sections 100.700 to 100.850 is made and during the year in which said
72 application is made;

73 (d) For the duration of the certificates, retain at the proposed economic development
74 project site the level of employment that existed at the site in the taxable year immediately
75 preceding the year in which application for the program authorized by sections 100.700 to
76 100.850 is made; and

77 (e) Invest a minimum of five hundred million dollars in the economic development
78 project by the end of the third year after the issuance of the certificates under this program;

79 (11) "New job", a job in a new or expanding eligible industry not including jobs of
80 recalled workers, replacement jobs or jobs that formerly existed in the eligible industry in the
81 state. For an essential industry, an existing job may be considered a new job for the purposes of
82 the program authorized by sections 100.700 to 100.850;

83 (12) "Office industry", a regional, national or international headquarters, a
84 telecommunications operation, a computer operation, an insurance company, or a credit card
85 billing and processing center;

86 (13) "Program costs", all necessary and incidental costs of providing program services
87 including payment of the principal of premium, if any, and interest on certificates, including
88 capitalized interest, issued to finance a project, and funding and maintenance of a debt service
89 reserve fund to secure such certificates. Program costs shall include:

90 (a) Obligations incurred for labor and obligations incurred to contractors, subcontractors,
91 builders and materialmen in connection with the acquisition, construction, installation or
92 equipping of an economic development project;

93 (b) The cost of acquiring land or rights in land and any cost incidental thereto, including
94 recording fees;

95 (c) The cost of contract bonds and of insurance of all kinds that may be required or
96 necessary during the course of acquisition, construction, installation or equipping of an economic
97 development project which is not paid by the contractor or contractors or otherwise provided for;

98 (d) All costs of architectural and engineering services, including test borings, surveys,
99 estimates, plans and specifications, preliminary investigations and supervision of construction,
100 as well as the costs for the performance of all the duties required by or consequent upon the
101 acquisition, construction, installation or equipping of an economic development project;

102 (e) All costs which are required to be paid under the terms of any contract or contracts
103 for the acquisition, construction, installation or equipping of an economic development project;
104 and

105 (f) All other costs of a nature comparable to those described in this subdivision;

106 (14) "Program services", administrative expenses of the board, including contracted
107 professional services, and the cost of issuance of certificates;

108 (15) "Targeted industry", an industry or one of a cluster of industries that is identified
109 by the department as critical to the state's economic security and growth and affirmed as such by
110 the joint committee on economic development policy and planning established in section
111 620.602, RSMo.

100.850. 1. The approved company shall remit to the board a job development
2 assessment fee, not to exceed five percent of the gross wages of each eligible employee whose
3 job was created as a result of the economic development project, or not to exceed ten percent if
4 the economic development project is located within a distressed community as defined in
5 section 135.530, RSMo, for the purpose of retiring bonds which fund the economic development
6 project.

7 2. Any approved company remitting an assessment as provided in subsection 1 of this

8 section shall make its payroll books and records available to the board at such reasonable times
9 as the board shall request and shall file with the board documentation respecting the assessment
10 as the board may require.

11 3. Any assessment remitted pursuant to subsection 1 of this section shall cease on the
12 date the bonds are retired.

13 4. Any approved company which has paid an assessment for debt reduction shall be
14 allowed a tax credit equal to the amount of the assessment. The tax credit may be claimed
15 against taxes otherwise imposed by chapters 143 and 148, RSMo, except withholding taxes
16 imposed under the provisions of sections 143.191 to 143.265, RSMo, which were incurred
17 during the tax period in which the assessment was made.

18 5. In no event shall the aggregate amount of tax credits authorized by subsection 4 of this
19 section exceed eleven million dollars annually. **If the approved company shall be a project**
20 **for a world headquarters of a business whose primary function is tax return preparation**
21 **in any home rule city with more than four hundred thousand inhabitants and located in**
22 **more than one county, the aggregate amount of tax credits authorized by subsection 4 of**
23 **this section shall be increased to eleven million nine hundred fifty thousand dollars**
24 **annually.**

25 6. The director of revenue shall issue a refund to the approved company to the extent that
26 the amount of credits allowed in subsection 4 of this section exceeds the amount of the approved
27 company's income tax.

137.100. The following subjects are exempt from taxation for state, county or local
2 purposes:

3 (1) Lands and other property belonging to this state;

4 (2) Lands and other property belonging to any city, county or other political subdivision
5 in this state, including market houses, town halls and other public structures, with their furniture
6 and equipments, and on public squares and lots kept open for health, use or ornament;

7 (3) Nonprofit cemeteries;

8 (4) The real estate and tangible personal property which is used exclusively for
9 agricultural or horticultural societies organized in this state, including not-for-profit agribusiness
10 associations;

11 (5) All property, real and personal, actually and regularly used exclusively for religious
12 worship, for schools and colleges, or for purposes purely charitable and not held for private or
13 corporate profit, except that the exemption herein granted does not include real property not
14 actually used or occupied for the purpose of the organization but held or used as investment even
15 though the income or rentals received therefrom is used wholly for religious, educational or
16 charitable purposes;

17 (6) Household goods, furniture, wearing apparel and articles of personal use and
18 adornment, as defined by the state tax commission, owned and used by a person in his home or
19 dwelling place; [and]

20 (7) Motor vehicles leased for a period of at least one year to this state or to any city,
21 county, or political subdivision; **and**

22 **(8) Real or personal property leased or otherwise transferred by an interstate**
23 **compact agency created pursuant to sections 70.370 to 70.430, RSMo, or sections 238.010**
24 **to 238.100, RSMo, to another for which or whom such property is not exempt when**
25 **immediately after the lease or transfer, the interstate compact agency enters into a**
26 **leaseback or other agreement that directly or indirectly gives such interstate compact**
27 **agency a right to use, control, and possess the property; provided, however, that in the**
28 **event of a conveyance of such property, the interstate compact agency must retain an**
29 **option to purchase the property at a future date or, within the limitations period for**
30 **reverters, the property must revert back to the interstate compact agency. Property will**
31 **no longer be exempt under this subdivision in the event of a conveyance as of the date, if**
32 **any, when:**

33 **(a) The right of the interstate compact agency to use, control, and possess the**
34 **property is terminated;**

35 **(b) The interstate compact agency no longer has an option to purchase or otherwise**
36 **acquire the property; and**

37 **(c) There is no provisions for reverter of the property within the limitation period**
38 **for reverters.**

144.030. 1. There is hereby specifically exempted from the provisions of sections
2 144.010 to 144.525 and from the computation of the tax levied, assessed or payable pursuant to
3 sections 144.010 to 144.525 such retail sales as may be made in commerce between this state and
4 any other state of the United States, or between this state and any foreign country, and any retail
5 sale which the state of Missouri is prohibited from taxing pursuant to the Constitution or laws
6 of the United States of America, and such retail sales of tangible personal property which the
7 general assembly of the state of Missouri is prohibited from taxing or further taxing by the
8 constitution of this state.

9 2. There are also specifically exempted from the provisions of the local sales tax law as
10 defined in section 32.085, RSMo, section 238.235, RSMo, and sections 144.010 to 144.525 and
11 144.600 to 144.745 and from the computation of the tax levied, assessed or payable pursuant to
12 the local sales tax law as defined in section 32.085, RSMo, section 238.235, RSMo, and sections
13 144.010 to 144.525 and 144.600 to 144.745:

14 (1) Motor fuel or special fuel subject to an excise tax of this state, unless all or part of

15 such excise tax is refunded pursuant to section 142.584, RSMo; or upon the sale at retail of fuel
16 to be consumed in manufacturing or creating gas, power, steam, electrical current or in furnishing
17 water to be sold ultimately at retail; or feed for livestock or poultry; or grain to be converted into
18 foodstuffs which are to be sold ultimately in processed form at retail; or seed, limestone or
19 fertilizer which is to be used for seeding, liming or fertilizing crops which when harvested will
20 be sold at retail or will be fed to livestock or poultry to be sold ultimately in processed form at
21 retail; economic poisons registered pursuant to the provisions of the Missouri pesticide
22 registration law (sections 281.220 to 281.310, RSMo) which are to be used in connection with
23 the growth or production of crops, fruit trees or orchards applied before, during, or after planting,
24 the crop of which when harvested will be sold at retail or will be converted into foodstuffs which
25 are to be sold ultimately in processed form at retail;

26 (2) Materials, manufactured goods, machinery and parts which when used in
27 manufacturing, processing, compounding, mining, producing or fabricating become a component
28 part or ingredient of the new personal property resulting from such manufacturing, processing,
29 compounding, mining, producing or fabricating and which new personal property is intended to
30 be sold ultimately for final use or consumption; and materials, including without limitation,
31 gases and manufactured goods, including without limitation, slagging materials and firebrick,
32 which are ultimately consumed in the manufacturing process by blending, reacting or interacting
33 with or by becoming, in whole or in part, component parts or ingredients of steel products
34 intended to be sold ultimately for final use or consumption;

35 (3) Materials, replacement parts and equipment purchased for use directly upon, and for
36 the repair and maintenance or manufacture of, motor vehicles, watercraft, railroad rolling stock
37 or aircraft engaged as common carriers of persons or property;

38 (4) Replacement machinery, equipment, and parts and the materials and supplies solely
39 required for the installation or construction of such replacement machinery, equipment, and
40 parts, used directly in manufacturing, mining, fabricating or producing a product which is
41 intended to be sold ultimately for final use or consumption; and machinery and equipment, and
42 the materials and supplies required solely for the operation, installation or construction of such
43 machinery and equipment, purchased and used to establish new, or to replace or expand existing,
44 material recovery processing plants in this state. For the purposes of this subdivision, a "material
45 recovery processing plant" means a facility which converts recovered materials into a new
46 product, or a different form which is used in producing a new product, and shall include a facility
47 or equipment which is used exclusively for the collection of recovered materials for delivery to
48 a material recovery processing plant but shall not include motor vehicles used on highways. For
49 purposes of this section, the terms "motor vehicle" and "highway" shall have the same meaning
50 pursuant to section 301.010, RSMo;

51 (5) Machinery and equipment, and parts and the materials and supplies solely required
52 for the installation or construction of such machinery and equipment, purchased and used to
53 establish new or to expand existing manufacturing, mining or fabricating plants in the state if
54 such machinery and equipment is used directly in manufacturing, mining or fabricating a product
55 which is intended to be sold ultimately for final use or consumption;

56 (6) Tangible personal property which is used exclusively in the manufacturing,
57 processing, modification or assembling of products sold to the United States government or to
58 any agency of the United States government;

59 (7) Animals or poultry used for breeding or feeding purposes;

60 (8) Newsprint, ink, computers, photosensitive paper and film, toner, printing plates and
61 other machinery, equipment, replacement parts and supplies used in producing newspapers
62 published for dissemination of news to the general public;

63 (9) The rentals of films, records or any type of sound or picture transcriptions for public
64 commercial display;

65 (10) Pumping machinery and equipment used to propel products delivered by pipelines
66 engaged as common carriers;

67 (11) Railroad rolling stock for use in transporting persons or property in interstate
68 commerce and motor vehicles licensed for a gross weight of twenty-four thousand pounds or
69 more or trailers used by common carriers, as defined in section 390.020, RSMo, solely in the
70 transportation of persons or property in interstate commerce;

71 (12) Electrical energy used in the actual primary manufacture, processing, compounding,
72 mining or producing of a product, or electrical energy used in the actual secondary processing
73 or fabricating of the product, or a material recovery processing plant as defined in subdivision
74 (4) of this subsection, in facilities owned or leased by the taxpayer, if the total cost of electrical
75 energy so used exceeds ten percent of the total cost of production, either primary or secondary,
76 exclusive of the cost of electrical energy so used or if the raw materials used in such processing
77 contain at least twenty-five percent recovered materials as defined in section 260.200, RSMo.
78 For purposes of this subdivision, "processing" means any mode of treatment, act or series of acts
79 performed upon materials to transform and reduce them to a different state or thing, including
80 treatment necessary to maintain or preserve such processing by the producer at the production
81 facility;

82 (13) Anodes which are used or consumed in manufacturing, processing, compounding,
83 mining, producing or fabricating and which have a useful life of less than one year;

84 (14) Machinery, equipment, appliances and devices purchased or leased and used solely
85 for the purpose of preventing, abating or monitoring air pollution, and materials and supplies
86 solely required for the installation, construction or reconstruction of such machinery, equipment,

87 appliances and devices, and so certified as such by the director of the department of natural
88 resources, except that any action by the director pursuant to this subdivision may be appealed to
89 the air conservation commission which may uphold or reverse such action;

90 (15) Machinery, equipment, appliances and devices purchased or leased and used solely
91 for the purpose of preventing, abating or monitoring water pollution, and materials and supplies
92 solely required for the installation, construction or reconstruction of such machinery, equipment,
93 appliances and devices, and so certified as such by the director of the department of natural
94 resources, except that any action by the director pursuant to this subdivision may be appealed to
95 the Missouri clean water commission which may uphold or reverse such action;

96 (16) Tangible personal property purchased by a rural water district;

97 (17) All amounts paid or charged for admission or participation or other fees paid by or
98 other charges to individuals in or for any place of amusement, entertainment or recreation, games
99 or athletic events, including museums, fairs, zoos and planetariums, owned or operated by a
100 municipality or other political subdivision where all the proceeds derived therefrom benefit the
101 municipality or other political subdivision and do not inure to any private person, firm, or
102 corporation;

103 (18) All sales of insulin and prosthetic or orthopedic devices as defined on January 1,
104 1980, by the federal Medicare program pursuant to Title XVIII of the Social Security Act of
105 1965, including the items specified in Section 1862(a)(12) of that act, and also specifically
106 including hearing aids and hearing aid supplies and all sales of drugs which may be legally
107 dispensed by a licensed pharmacist only upon a lawful prescription of a practitioner licensed to
108 administer those items, including samples and materials used to manufacture samples which may
109 be dispensed by a practitioner authorized to dispense such samples and all sales of medical
110 oxygen, home respiratory equipment and accessories, hospital beds and accessories and
111 ambulatory aids, all sales of manual and powered wheelchairs, stairway lifts, Braille writers,
112 electronic Braille equipment and, if purchased by or on behalf of a person with one or more
113 physical or mental disabilities to enable them to function more independently, all sales of
114 scooters, reading machines, electronic print enlargers and magnifiers, electronic alternative and
115 augmentative communication devices, and items used solely to modify motor vehicles to permit
116 the use of such motor vehicles by individuals with disabilities or sales of over-the-counter or
117 nonprescription drugs to individuals with disabilities;

118 (19) All sales made by or to religious and charitable organizations and institutions in
119 their religious, charitable or educational functions and activities and all sales made by or to all
120 elementary and secondary schools operated at public expense in their educational functions and
121 activities;

122 (20) All sales of aircraft to common carriers for storage or for use in interstate commerce

123 and all sales made by or to not-for-profit civic, social, service or fraternal organizations,
124 including fraternal organizations which have been declared tax- exempt organizations pursuant
125 to Section 501(c)(8) or (10) of the 1986 Internal Revenue Code, as amended, solely in their civic
126 or charitable functions and activities and all sales made to eleemosynary and penal institutions
127 and industries of the state, and all sales made to any private not-for-profit institution of higher
128 education not otherwise excluded pursuant to subdivision (19) of this subsection or any
129 institution of higher education supported by public funds, and all sales made to a state relief
130 agency in the exercise of relief functions and activities;

131 (21) All ticket sales made by benevolent, scientific and educational associations which
132 are formed to foster, encourage, and promote progress and improvement in the science of
133 agriculture and in the raising and breeding of animals, and by nonprofit summer theater
134 organizations if such organizations are exempt from federal tax pursuant to the provisions of the
135 Internal Revenue Code and all admission charges and entry fees to the Missouri state fair or any
136 fair conducted by a county agricultural and mechanical society organized and operated pursuant
137 to sections 262.290 to 262.530, RSMo;

138 (22) All sales made to any private not-for-profit elementary or secondary school, all sales
139 of feed additives, medications or vaccines administered to livestock or poultry in the production
140 of food or fiber, all sales of pesticides used in the production of crops, livestock or poultry for
141 food or fiber, all sales of bedding used in the production of livestock or poultry for food or fiber,
142 all sales of propane or natural gas, electricity or diesel fuel used exclusively for drying
143 agricultural crops, natural gas used in the primary manufacture or processing of fuel ethanol as
144 defined in section 142.028, RSMo, and all sales of farm machinery and equipment, other than
145 airplanes, motor vehicles and trailers. As used in this subdivision, the term "feed additives"
146 means tangible personal property which, when mixed with feed for livestock or poultry, is to be
147 used in the feeding of livestock or poultry. As used in this subdivision, the term "pesticides"
148 includes adjuvants such as crop oils, surfactants, wetting agents and other assorted pesticide
149 carriers used to improve or enhance the effect of a pesticide and the foam used to mark the
150 application of pesticides and herbicides for the production of crops, livestock or poultry. As used
151 in this subdivision, the term "farm machinery and equipment" means new or used farm tractors
152 and such other new or used farm machinery and equipment and repair or replacement parts
153 thereon, and supplies and lubricants used exclusively, solely, and directly for producing crops,
154 raising and feeding livestock, fish, poultry, pheasants, chukar, quail, or for producing milk for
155 ultimate sale at retail and one-half of each purchaser's purchase of diesel fuel therefor which is:

- 156 (a) Used exclusively for agricultural purposes;
157 (b) Used on land owned or leased for the purpose of producing farm products; and
158 (c) Used directly in producing farm products to be sold ultimately in processed form or

159 otherwise at retail or in producing farm products to be fed to livestock or poultry to be sold
160 ultimately in processed form at retail;

161 (23) Except as otherwise provided in section 144.032, all sales of metered water service,
162 electricity, electrical current, natural, artificial or propane gas, wood, coal or home heating oil
163 for domestic use and in any city not within a county, all sales of metered or unmetered water
164 service for domestic use;

165 (a) "Domestic use" means that portion of metered water service, electricity, electrical
166 current, natural, artificial or propane gas, wood, coal or home heating oil, and in any city not
167 within a county, metered or unmetered water service, which an individual occupant of a
168 residential premises uses for nonbusiness, noncommercial or nonindustrial purposes. Utility
169 service through a single or master meter for residential apartments or condominiums, including
170 service for common areas and facilities and vacant units, shall be deemed to be for domestic use.
171 Each seller shall establish and maintain a system whereby individual purchases are determined
172 as exempt or nonexempt;

173 (b) Regulated utility sellers shall determine whether individual purchases are exempt or
174 nonexempt based upon the seller's utility service rate classifications as contained in tariffs on file
175 with and approved by the Missouri public service commission. Sales and purchases made
176 pursuant to the rate classification "residential" and sales to and purchases made by or on behalf
177 of the occupants of residential apartments or condominiums through a single or master meter,
178 including service for common areas and facilities and vacant units, shall be considered as sales
179 made for domestic use and such sales shall be exempt from sales tax. Sellers shall charge sales
180 tax upon the entire amount of purchases classified as nondomestic use. The seller's utility
181 service rate classification and the provision of service thereunder shall be conclusive as to
182 whether or not the utility must charge sales tax;

183 (c) Each person making domestic use purchases of services or property and who uses any
184 portion of the services or property so purchased for a nondomestic use shall, by the fifteenth day
185 of the fourth month following the year of purchase, and without assessment, notice or demand,
186 file a return and pay sales tax on that portion of nondomestic purchases. Each person making
187 nondomestic purchases of services or property and who uses any portion of the services or
188 property so purchased for domestic use, and each person making domestic purchases on behalf
189 of occupants of residential apartments or condominiums through a single or master meter,
190 including service for common areas and facilities and vacant units, under a nonresidential utility
191 service rate classification may, between the first day of the first month and the fifteenth day of
192 the fourth month following the year of purchase, apply for credit or refund to the director of
193 revenue and the director shall give credit or make refund for taxes paid on the domestic use
194 portion of the purchase. The person making such purchases on behalf of occupants of residential

195 apartments or condominiums shall have standing to apply to the director of revenue for such
196 credit or refund;

197 (24) All sales of handicraft items made by the seller or the seller's spouse if the seller or
198 the seller's spouse is at least sixty-five years of age, and if the total gross proceeds from such
199 sales do not constitute a majority of the annual gross income of the seller;

200 (25) Excise taxes, collected on sales at retail, imposed by Sections 4041, 4061, 4071,
201 4081, 4091, 4161, 4181, 4251, 4261 and 4271 of Title 26, United States Code. The director of
202 revenue shall promulgate rules pursuant to chapter 536, RSMo, to eliminate all state and local
203 sales taxes on such excise taxes;

204 (26) Sales of fuel consumed or used in the operation of ships, barges, or waterborne
205 vessels which are used primarily in or for the transportation of property or cargo, or the
206 conveyance of persons for hire, on navigable rivers bordering on or located in part in this state,
207 if such fuel is delivered by the seller to the purchaser's barge, ship, or waterborne vessel while
208 it is afloat upon such river;

209 (27) All sales made to an interstate compact agency created pursuant to sections 70.370
210 to 70.430, RSMo, or sections 238.010 to 238.100, RSMo, in the exercise of the functions and
211 activities of such agency as provided pursuant to the compact;

212 (28) Computers, computer software and computer security systems purchased for use
213 by architectural or engineering firms headquartered in this state. For the purposes of this
214 subdivision, "headquartered in this state" means the office for the administrative management
215 of at least four integrated facilities operated by the taxpayer is located in the state of Missouri;

216 (29) All livestock sales when either the seller is engaged in the growing, producing or
217 feeding of such livestock, or the seller is engaged in the business of buying and selling, bartering
218 or leasing of such livestock;

219 (30) All sales of barges which are to be used primarily in the transportation of property
220 or cargo on interstate waterways;

221 (31) Electrical energy or gas, whether natural, artificial or propane, which is ultimately
222 consumed in connection with the manufacturing of cellular glass products;

223 (32) Notwithstanding other provisions of law to the contrary, all sales of pesticides or
224 herbicides used in the production of crops, aquaculture, livestock or poultry;

225 (33) Tangible personal property purchased for use or consumption directly or exclusively
226 in the research and development of prescription pharmaceuticals consumed by humans or
227 animals;

228 (34) All sales of grain bins for storage of grain for resale;

229 (35) All sales of feed which are developed for and used in the feeding of pets owned by
230 a commercial breeder when such sales are made to a commercial breeder, as defined in section

231 273.325, RSMo, and licensed pursuant to sections 273.325 to 273.357, RSMo;

232 (36) All purchases by a contractor on behalf of an entity located in another state,
233 provided that the entity is authorized to issue a certificate of exemption for purchases to a
234 contractor under the provisions of that state's laws. For purposes of this subdivision, the term
235 "certificate of exemption" shall mean any document evidencing that the entity is exempt from
236 sales and use taxes on purchases pursuant to the laws of the state in which the entity is located.
237 Any contractor making purchases on behalf of such entity shall maintain a copy of the entity's
238 exemption certificate as evidence of the exemption. If the exemption certificate issued by the
239 exempt entity to the contractor is later determined by the director of revenue to be invalid for any
240 reason and the contractor has accepted the certificate in good faith, neither the contractor or the
241 exempt entity shall be liable for the payment of any taxes, interest and penalty due as the result
242 of use of the invalid exemption certificate. Materials shall be exempt from all state and local
243 sales and use taxes when purchased by a contractor for the purpose of fabricating tangible
244 personal property which is used in fulfilling a contract for the purpose of constructing, repairing
245 or remodeling facilities for the following:

246 (a) An exempt entity located in this state, if the entity is one of those entities able to issue
247 project exemption certificates in accordance with the provisions of section 144.062; or

248 (b) An exempt entity located outside the state if the exempt entity is authorized to issue
249 an exemption certificate to contractors in accordance with the provisions of that state's law and
250 the applicable provisions of this section;

251 (37) Tangible personal property purchased for use or consumption directly or exclusively
252 in research or experimentation activities performed by life science companies and so certified
253 as such by the director of the department of economic development or the director's designees;
254 except that, the total amount of exemptions certified pursuant to this section shall not exceed one
255 million three hundred thousand dollars in state and local taxes per fiscal year. For purposes of
256 this subdivision, the term "life science companies" means companies whose primary research
257 activities are in agriculture, pharmaceuticals, biomedical or food ingredients, and whose North
258 American Industry Classification System (NAICS) Codes fall under industry 541710 (biotech
259 research or development laboratories), 621511 (medical laboratories) or 541940 (veterinary
260 services). The exemption provided by this subdivision shall expire on June 30, 2003;

261 **(38) All sales or other transfers of tangible personal property to a lessor, who leases**
262 **the property under a lease of one year or longer executed or in effect at the time of the sale**
263 **or other transfer, to an interstate compact agency created pursuant to sections 70.370 to**
264 **70.430, RSMo, or sections 238.010 to 238.100, RSMo.**

144.615. There are specifically exempted from the taxes levied in sections 144.600 to
2 144.745:

- 3 (1) Property, the storage, use or consumption of which this state is prohibited from
4 taxing pursuant to the constitution or laws of the United States or of this state;
- 5 (2) Property, the gross receipts from the sale of which are required to be included in the
6 measure of the tax imposed pursuant to the Missouri sales tax law;
- 7 (3) Tangible personal property, the sale **or other transfer** of which, if made in this state,
8 would be exempt from or not subject to the Missouri sales tax pursuant to the provisions of
9 subsections 2 and 3 of section 144.030;
- 10 (4) Motor vehicles, trailers, boats, and outboard motors subject to the tax imposed by
11 section 144.440;
- 12 (5) Tangible personal property which has been subjected to a tax by any other state in
13 this respect to its sales or use; provided, if such tax is less than the tax imposed by sections
14 144.600 to 144.745, such property, if otherwise taxable, shall be subject to a tax equal to the
15 difference between such tax and the tax imposed by sections 144.600 to 144.745;
- 16 (6) Tangible personal property held by processors, retailers, importers, manufacturers,
17 wholesalers, or jobbers solely for resale in the regular course of business;
- 18 (7) Personal and household effects and farm machinery used while an individual was a
19 bona fide resident of another state and who thereafter became a resident of this state, or tangible
20 personal property brought into the state by a nonresident for his own storage, use or consumption
21 while temporarily within the state.

148.330. 1. Every such company shall, on or before the first day of March in each year,
2 make a return, verified by the affidavit of its president and secretary, or other authorized officers,
3 to the director of the department of insurance stating the amount of all premiums received on
4 account of policies issued in this state by the company, whether in cash or in notes, during the
5 year ending on the thirty-first day of December, next preceding. Upon receipt of such returns
6 the director of the department of insurance shall verify the same and certify the amount of tax
7 due from the various companies on the basis and at the rates provided in section 148.320, and
8 shall certify the same to the director of revenue together with the amount of the quarterly
9 installments to be made as provided in subsection 2 of this section, on or before the thirtieth day
10 of April of each year.

11 2. Beginning January 1, 1983, the amount of the tax due for that calendar year and each
12 succeeding calendar year thereafter shall be paid in four approximately equal estimated quarterly
13 installments, and a fifth reconciling installment. The first four installments shall be based upon
14 the tax for the immediately preceding taxable year ending on the thirty-first day of December,
15 next preceding. The quarterly installments shall be made on the first day of March, the first day
16 of June, the first day of September and the first day of December. Immediately after receiving
17 certification from the director of the department of insurance of the amount of tax due from the

18 various companies the director of revenue shall notify and assess each company the amount of
19 taxes on its premiums for the calendar year ending on the thirty-first day of December, next
20 preceding. The director of revenue shall also notify and assess each company the amount of the
21 estimated quarterly installments to be made for the calendar year. If the amount of the actual tax
22 due for any year exceeds the total of the installments made for such year, the balance of the tax
23 due shall be paid on the first day of June of the year following, together with the regular quarterly
24 payment due at that time. If the total amount of the tax actually due is less than the total amount
25 of the installments actually paid, the amount by which the amount paid exceeds the amount due
26 shall be credited against the tax for the following year and deducted from the quarterly
27 installment otherwise due on the first day of June. If the March first quarterly installment made
28 by a company is less than the amount assessed by the director of revenue, the difference will be
29 due on June first, but no interest will accrue to the state on the difference unless the amount paid
30 by the company is less than eighty percent of one-fourth of the total amount of tax assessed by
31 the director of revenue for the immediately preceding taxable year. The state treasurer, upon
32 receiving the moneys paid as a tax upon such premiums to the director of revenue, shall place
33 the moneys to the credit of a fund to be known as "The County Stock Insurance Fund", which
34 is hereby created and established. **The county stock insurance fund shall be included in the**
35 **calculation of total state revenue pursuant to article X, section 18, of the Missouri**
36 **Constitution.**

37 3. If the estimated quarterly tax installments are not so paid, the director of revenue shall
38 certify such fact to the director of the division of insurance who shall thereafter suspend such
39 delinquent company or companies from the further transaction of business in this state until such
40 taxes shall be paid and such companies shall be subject to the provisions of sections 148.410 to
41 148.461.

42 4. On or before the first day of September of each year the commissioner of
43 administration shall apportion all moneys in the county stock insurance fund to the general
44 revenue fund of the state, to the county treasurer and to the treasurer of the school district in
45 which the principal office of the company paying the same is located. All premium tax credits
46 described in sections 135.500 to 135.529, RSMo, **and sections 348.430 and 348.432, RSMo,**
47 shall only reduce the amounts apportioned to the general revenue fund of the state and shall not
48 reduce any moneys apportioned **to any county treasurer or** to the treasurer of the school district
49 in which the principal office of the company paying the same is located. Apportionments shall
50 be made in the same ratio which the rates of levy for the same year for state purposes, for county
51 purposes, and for all school district purposes, bear to each other; provided that any proceeds from
52 such tax for prior years remaining on hand in the hands of the county collector or county
53 treasurer undistributed on the effective date of sections 148.310 to 148.460 and any proceeds of

54 such tax for prior years collected thereafter shall be distributed and paid in accordance with the
55 provisions of such sections. Whenever the word "county" occurs herein it shall be construed to
56 include the city of St. Louis.

348.430. 1. The tax credit created in this section shall be known as the "Agricultural
2 Product Utilization Contributor Tax Credit".

3 2. As used in this section, the following terms mean:

4 (1) "Authority", the agriculture and small business development authority as provided
5 in this chapter;

6 (2) "Contributor", an individual, partnership, corporation, trust, limited liability
7 company, entity or person that contributes cash funds to the authority;

8 (3) "Development facility", a facility producing either a good derived from an
9 agricultural commodity or using a process to produce a good derived from an agricultural
10 product;

11 (4) "Eligible new generation cooperative", a nonprofit cooperative association formed
12 pursuant to chapter 274, RSMo, or incorporated pursuant to chapter 357, RSMo, for the purpose
13 of operating a development facility or a renewable fuel production facility;

14 (5) "Eligible new generation processing entity", a partnership, corporation, cooperative,
15 or limited liability company organized or incorporated pursuant to the laws of this state
16 consisting of not less than twelve members, approved by the authority, for the purpose of owning
17 or operating within this state a development facility or a renewable fuel production facility in
18 which producer members:

19 (a) Hold a majority of the governance or voting rights of the entity and any governing
20 committee;

21 (b) Control the hiring and firing of management; and

22 (c) Deliver agricultural commodities or products to the entity for processing, unless
23 processing is required by multiple entities;

24 (6) "Renewable fuel production facility", a facility producing an energy source which is
25 derived from a renewable, domestically grown, organic compound capable of powering
26 machinery, including an engine or power plant, and any by-product derived from such energy
27 source.

28 3. For **all tax [year] years beginning on or after January 1, 1999**, a contributor who
29 contributes funds to the authority may receive a credit against the tax **or estimated quarterly**
30 **tax** otherwise due pursuant to chapter 143, RSMo, other than taxes withheld pursuant to sections
31 143.191 to 143.265, RSMo, chapter 148, RSMo, chapter 147, RSMo, in an amount of up to one
32 hundred percent of such contribution. **Tax credits claimed in a taxable year may be done so**
33 **on a quarterly basis and applied to the estimated quarterly tax pursuant to this subsection.**

34 **If a quarterly tax credit claim or series of claims contributes to causing an overpayment**
35 **of taxes for a taxable year, such overpayment shall not be refunded but shall be applied to**
36 **the next taxable year.** The awarding of such credit shall be at the approval of the authority,
37 based on the least amount of credits necessary to provide incentive for the contributions. A
38 contributor that receives tax credits for a contribution to the authority shall receive no other
39 consideration or compensation for such contribution, other than a federal tax deduction, if
40 applicable, and goodwill. A contributor that receives tax credits for a contribution provided in
41 this section may not be a member, owner, investor or lender of an eligible new generation
42 cooperative or eligible new generation processing entity that receives financial assistance from
43 the authority either at the time the contribution is made or for a period of two years thereafter.

44 4. A contributor shall submit to the authority an application for the tax credit authorized
45 by this section on a form provided by the authority. If the contributor meets all criteria
46 prescribed by this section and the authority, the authority shall issue a tax credit certificate in the
47 appropriate amount. Tax credits issued pursuant to this section [shall initially] **may** be claimed
48 in the taxable year in which the contributor contributes funds to the authority. [Any amount of
49 credit that exceeds the tax due for a contributor's taxable year] **For all fiscal years beginning**
50 **on or after July 1, 2004, tax credits allowed pursuant to this section may be carried back**
51 **to any of the contributor's three prior tax years and** may be carried forward to any of the
52 contributor's five subsequent taxable years. Tax credits issued pursuant to this section may be
53 assigned, transferred or sold **and the new owner of the tax credit shall have the same rights**
54 **in the credit as the contributor.** Whenever a certificate of tax credit is assigned, transferred,
55 sold or otherwise conveyed, a notarized endorsement shall be filed with the authority specifying
56 the name and address of the new owner of the tax credit or the value of the credit.

57 5. The funds derived from contributions in this section shall be used for financial
58 assistance or technical assistance for the purposes provided in section 348.407, to rural
59 agricultural business concepts as approved by the authority. The authority may provide or
60 facilitate loans, equity investments, or guaranteed loans for rural agricultural business concepts,
61 but limited to two million dollars per project or the net state economic impact, whichever is less.
62 Loans, equity investments or guaranteed loans may only be provided to feasible projects, and for
63 an amount that is the least amount necessary to cause the project to occur, as determined by the
64 authority. The authority may structure the loans, equity investments or guaranteed loans in a way
65 that facilitates the project, but also provides for a compensatory return on investment or loan
66 payment to the authority, based on the risk of the project.

67 6. In any given year, at least ten percent of the funds granted to rural agricultural business
68 concepts shall be awarded to grant requests of twenty-five thousand dollars or less. No single
69 rural agricultural business concept shall receive more than two hundred thousand dollars in grant

70 awards from the authority. Agricultural businesses owned by minority members or women shall
71 be given consideration in the allocation of funds.

348.432. 1. The tax credit created in this section shall be known as the "New Generation
2 Cooperative Incentive Tax Credit".

3 2. As used in this section, the following terms mean:

4 (1) "Authority", the agriculture and small business development authority as provided
5 in this chapter;

6 (2) "Development facility", a facility producing either a good derived from an
7 agricultural commodity or using a process to produce a good derived from an agricultural
8 product;

9 (3) "Eligible new generation cooperative", a nonprofit cooperative association formed
10 pursuant to chapter 274, RSMo, or incorporated pursuant to chapter 357, RSMo, for the purpose
11 of operating a development facility or a renewable fuel production facility and approved by the
12 authority;

13 (4) "Eligible new generation processing entity", a partnership, corporation, cooperative,
14 or limited liability company organized or incorporated pursuant to the laws of this state
15 consisting of not less than twelve members, approved by the authority, for the purpose of owning
16 or operating within this state a development facility or a renewable fuel production facility in
17 which producer members:

18 (a) Hold a majority of the governance or voting rights of the entity and any governing
19 committee;

20 (b) Control the hiring and firing of management; and

21 (c) Deliver agricultural commodities or products to the entity for processing, unless
22 processing is required by multiple entities;

23 (5) "Employee-qualified capital project", an eligible new generation cooperative with
24 capital costs greater than fifteen million dollars which will employ at least [one hundred] **sixty**
25 employees;

26 (6) "Large capital project", an eligible new generation cooperative with capital costs
27 greater than one million dollars;

28 (7) "Producer member", a person, partnership, corporation, trust or limited liability
29 company whose main purpose is agricultural production that invests cash funds to an eligible
30 new generation cooperative or eligible new generation processing entity;

31 (8) "Renewable fuel production facility", a facility producing an energy source which is
32 derived from a renewable, domestically grown, organic compound capable of powering
33 machinery, including an engine or power plant, and any by-product derived from such energy
34 source;

35 (9) "Small capital project", an eligible new generation cooperative with capital costs of
36 no more than one million dollars.

37 3. Beginning tax year 1999, and ending December 31, 2002, any producer member who
38 invests cash funds in an eligible new generation cooperative or eligible new generation
39 processing entity may receive a credit against the tax **or estimated quarterly tax** otherwise due
40 pursuant to chapter 143, RSMo, other than taxes withheld pursuant to sections 143.191 to
41 143.265, RSMo, or chapter 148, RSMo, chapter 147, RSMo, in an amount equal to the lesser of
42 fifty percent of such producer member's investment or fifteen thousand dollars.

43 4. For all tax years beginning on or after January 1, 2003, any producer member who
44 invests cash funds in an eligible new generation cooperative **or eligible new generation**
45 **processing entity** may receive a credit against the tax **or estimated quarterly tax** otherwise due
46 pursuant to chapter 143, RSMo, other than taxes withheld pursuant to sections 143.191 to
47 143.265, RSMo, chapter 147, RSMo, or chapter 148, RSMo, in an amount equal to the lesser of
48 fifty percent of such producer member's investment or fifteen thousand dollars. **Tax credits**
49 **claimed in a taxable year may be done so on a quarterly basis and applied to the estimated**
50 **quarterly tax pursuant to subsection 3 of this section. If a quarterly tax credit claim or**
51 **series of claims contributes to causing an overpayment of taxes for a taxable year, such**
52 **overpayment shall not be refunded but shall be applied to the next taxable year.**

53 5. A producer member shall submit to the authority an application for the tax credit
54 authorized by this section on a form provided by the authority. If the producer member meets
55 all criteria prescribed by this section and is approved by the authority, the authority shall issue
56 a tax credit certificate in the appropriate amount. Tax credits issued pursuant to this section
57 [shall initially be claimed in the taxable year in which the producer member contributes capital
58 to an eligible new generation cooperative or eligible new generation processing entity. Any
59 amount of credit that exceeds the tax due for a producer member's taxable year] may be carried
60 back to any of the producer member's three prior taxable years and carried forward to any of the
61 producer member's five subsequent taxable years **regardless of the type of tax liability to**
62 **which such credits are applied as authorized pursuant to subsection 3 of this section.** Tax
63 credits issued pursuant to this section may be assigned, transferred, sold or otherwise conveyed
64 and the new owner of the tax credit shall have the same rights in the credit as the producer
65 member. Whenever a certificate of tax credit is assigned, transferred, sold or otherwise
66 conveyed, a notarized endorsement shall be filed with the authority specifying the name and
67 address of the new owner of the tax credit or the value of the credit.

68 6. Ten percent of the tax credits authorized pursuant to this section initially shall be
69 offered in any fiscal year to small capital projects. If any portion of the ten percent of tax credits
70 offered to small capital costs projects is unused in any calendar year, then the unused portion of

71 tax credits may be offered to employee-qualified capital projects and large capital projects. If
72 the authority receives more applications for tax credits for small capital projects than tax credits
73 are authorized therefor, then the authority, by rule, shall determine the method of distribution of
74 tax credits authorized for small capital projects.

75 7. Ninety percent of the tax credits authorized pursuant to this section initially shall be
76 offered in any fiscal year to employee-qualified capital projects and large capital projects. If any
77 portion of the ninety percent of tax credits offered to employee-qualified capital projects and
78 large capital costs projects is unused in any fiscal year, then the unused portion of tax credits may
79 be offered to small capital projects. The maximum tax credit allowed per employee-qualified
80 capital project is three million dollars and the maximum tax credit allowed per large capital
81 project is one million five hundred thousand dollars. If the authority approves the maximum tax
82 credit allowed for any employee-qualified capital project or any large capital project, then the
83 authority, by rule, shall determine the method of distribution of such maximum tax credit. In
84 addition, if the authority receives more tax credit applications for employee-qualified capital
85 projects and large capital projects than the amount of tax credits authorized therefor, then the
86 authority, by rule, shall determine the method of distribution of tax credits authorized for
87 employee-qualified capital projects and large capital projects.

Section B. Because immediate action is necessary to protect the economic welfare of the
2 citizens of this state, section A of this act is deemed necessary for the immediate preservation
3 of the public health, welfare, peace and safety, and is hereby declared to be an emergency act
4 within the meaning of the constitution, and section A of this act shall be in full force and effect
5 upon its passage and approval.