

FIRST REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 1089
94TH GENERAL ASSEMBLY

Reported from the Special Committee on Tax Reform April 5, 2007 with recommendation that House Committee Substitute for House Bill No. 1089 Do Pass. Referred to the Committee on Rules pursuant to Rule 25(21)(f).

D. ADAM CRUMBLISS, Chief Clerk

2596L.04C

AN ACT

To repeal sections 71.011, 71.012, 144.030, 144.605, 147.010, 208.750, and 208.755, RSMo, and to enact in lieu thereof fifteen new sections relating to taxation, with an emergency clause.

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

Section A. Sections 71.011, 71.012, 144.030, 144.605, 147.010, 208.750, and 208.755, RSMo, are repealed and fifteen new sections enacted in lieu thereof, to be known as sections 32.130, 67.997, 71.011, 71.012, 135.636, 137.092, 143.006, 143.432, 144.030, 144.054, 144.605, 147.010, 163.016, 208.750, and 208.755, to read as follows:

32.130. 1. For the purposes of this section, "person" means any individual, firm, copartnership, joint venture, association, corporation, municipal or private, and whether organized for profit or not, state, county, political subdivision, state department, commission, board, bureau or agency, estate, trust, business trust, receiver or trustee appointed by a state or federal court, syndicate, or any other group or combination acting as a unit, and plural as well as the singular number.

2. Notwithstanding any provision of law to the contrary, substantial nexus with the state of Missouri for the purpose of determining jurisdiction of the state of Missouri to impose any tax imposed under any chapter of the revised statutes of Missouri shall not be established for any person solely because such person uses the services or technology of a person in Missouri to assemble products or provide data storage services, data

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

12 manipulation services, or data processing services. The provisions of this section shall not
13 apply if such person has otherwise established substantial nexus with the state of Missouri.

67.997. 1. The governing body of any county of the third classification without a
2 township form of government and with more than eighteen thousand one hundred but
3 fewer than eighteen thousand two hundred inhabitants may impose, by order or ordinance,
4 a sales tax on all retail sales made within the county which are subject to sales tax under
5 chapter 144, RSMo. The tax authorized in this section shall not exceed one-fourth of one
6 percent, and shall be imposed solely for the purpose of funding senior services and youth
7 programs provided by the county. One-half of all revenue collected under this section shall
8 be used solely to fund any service or activity deemed necessary by the senior service tax
9 commission established in this section, and one-half of all revenue collected under this
10 section shall be used solely to fund all youth programs administered by an existing county
11 community task force. The tax authorized in this section shall be in addition to all other
12 sales taxes imposed by law, and shall be stated separately from all other charges and taxes.
13 The order or ordinance shall not become effective unless the governing body of the county
14 submits to the voters residing within the county at a state general, primary, or special
15 election a proposal to authorize the governing body of the county to impose a tax under this
16 section.

17 2. The ballot of submission for the tax authorized in this section shall be in
18 substantially the following form:

19 Shall (insert the name of the county) impose a sales tax at a rate of (insert
20 rate of percent) percent, with half of the revenue from the tax to be used solely to fund
21 senior services provided by the county and half of the revenue from the tax to be used
22 solely to fund youth programs provided by the county?

23 ☐ YES

☐ NO

24
25 If you are in favor of the question, place an "X" in the box opposite "YES". If you are
26 opposed to the question, place an "X" in the box opposite "NO".

27
28 If a majority of the votes cast on the question by the qualified voters voting thereon are in
29 favor of the question, then the tax shall become effective on the first day of the second
30 calendar quarter immediately following the approval of the tax or notification to the
31 department of revenue if such tax will be administered by the department of revenue. If
32 a majority of the votes cast on the question by the qualified voters voting thereon are
33 opposed to the question, then the tax shall not become effective unless and until the

34 question is resubmitted under this section to the qualified voters and such question is
35 approved by a majority of the qualified voters voting on the question.

36 **3. On or after the effective date of any tax authorized under this section, the county**
37 **which imposed the tax may adopt one of the two following provisions for the collection and**
38 **administration of the tax:**

39 **(1) The county may adopt rules for the internal collection of such tax by the county**
40 **officers usually responsible for collection and administration of county taxes; or**

41 **(2) The county may enter into an agreement with the director of the department**
42 **of revenue for the purpose of collecting the tax authorized in this section. In the event the**
43 **county enters into an agreement with the director of revenue for the collection of the tax,**
44 **on or after the effective date of the tax the director of revenue shall be responsible for the**
45 **administration, collection, enforcement, and operation of the tax, and sections 32.085 and**
46 **32.087, RSMo, shall apply. All revenue collected under this section by the director of the**
47 **department of revenue on behalf of any county, except for one percent for the cost of**
48 **collection which shall be deposited in the state's general revenue fund, shall be deposited**
49 **in a special trust fund, which is hereby created and shall be known as the "Senior Services**
50 **and Youth Programs Sales Tax Trust Fund", and shall be used solely for the designated**
51 **purposes. Moneys in the fund shall not be deemed to be state funds, and shall not be**
52 **commingled with any funds of the state. The director may make refunds from the amounts**
53 **in the trust fund and credited to the county for erroneous payments and overpayments**
54 **made, and may redeem dishonored checks and drafts deposited to the credit of such**
55 **county. Any funds in the special trust fund which are not needed for current expenditures**
56 **shall be invested in the same manner as other funds are invested. Any interest and moneys**
57 **earned on such investments shall be credited to the fund.**

58 **4. In order to permit sellers required to collect and report the sales tax to collect the**
59 **amount required to be reported and remitted, but not to change the requirements of**
60 **reporting or remitting the tax, or to serve as a levy of the tax, and in order to avoid**
61 **fractions of pennies, the governing body of the county may authorize the use of a bracket**
62 **system similar to that authorized in section 144.285, RSMo, and notwithstanding the**
63 **provisions of that section, this new bracket system shall be used where this tax is imposed**
64 **and shall apply to all taxable transactions. Beginning with the effective date of the tax,**
65 **every retailer in the county shall add the sales tax to the sale price, and this tax shall be a**
66 **debt of the purchaser to the retailer until paid, and shall be recoverable at law in the same**
67 **manner as the purchase price. For purposes of this section, all retail sales shall be deemed**
68 **to be consummated at the place of business of the retailer.**

5. All applicable provisions in sections 144.010 to 144.525, RSMo, governing the state sales tax, and section 32.057, RSMo, the uniform confidentiality provision, shall apply to the collection of the tax, and all exemptions granted to agencies of government, organizations, and persons under sections 144.010 to 144.525, RSMo, are hereby made applicable to the imposition and collection of the tax. The same sales tax permit, exemption certificate, and retail certificate required by sections 144.010 to 144.525, RSMo, for the administration and collection of the state sales tax shall satisfy the requirements of this section, and no additional permit or exemption certificate or retail certificate shall be required; except that, the director of revenue may prescribe a form of exemption certificate for an exemption from the tax. All discounts allowed the retailer under the state sales tax for the collection of and for payment of taxes are hereby allowed and made applicable to the tax. The penalties for violations provided in section 32.057, RSMo, and sections 144.010 to 144.525, RSMo, are hereby made applicable to violations of this section. If any person is delinquent in the payment of the amount required to be paid under this section, or in the event a determination has been made against the person for taxes and penalty under this section, the limitation for bringing suit for the collection of the delinquent tax and penalty shall be the same as that provided in sections 144.010 to 144.525, RSMo.

6. The governing body of any county that has adopted the sales tax authorized in this section may submit the question of repeal of the tax to the voters on any date available for elections for the county. The ballot of submission shall be in substantially the following form:

Shall (insert the name of the county) repeal the sales tax imposed at a rate of (insert rate of percent) percent for the purpose of funding senior services and youth programs provided by the county?

☐ YES

☐ NO

If you are in favor of the question, place an "X" in the box opposite "YES". If you are opposed to the question, place an "X" in the box opposite "NO".

If a majority of the votes cast on the question by the qualified voters voting thereon are in favor of repeal, that repeal shall become effective on December thirty-first of the calendar year in which such repeal was approved. If a majority of the votes cast on the question by the qualified voters voting thereon are opposed to the repeal, then the sales tax authorized in this section shall remain effective until the question is resubmitted under this section to the qualified voters and the repeal is approved by a majority of the qualified voters voting on the question.

7. Whenever the governing body of any county that has adopted the sales tax authorized in this section receives a petition, signed by ten percent of the registered voters of the county voting in the last gubernatorial election, calling for an election to repeal the sales tax imposed under this section, the governing body shall submit to the voters of the county a proposal to repeal the tax. If a majority of the votes cast on the question by the qualified voters voting thereon are in favor of the repeal, the repeal shall become effective on December thirty-first of the calendar year in which such repeal was approved. If a majority of the votes cast on the question by the qualified voters voting thereon are opposed to the repeal, then the sales tax authorized in this section shall remain effective until the question is resubmitted under this section to the qualified voters and the repeal is approved by a majority of the qualified voters voting on the question.

8. If the tax is repealed or terminated by any means, all funds remaining in the special trust fund shall continue to be used solely for the designated purposes, and the county shall notify the director of the department of revenue of the action at least thirty days before the effective date of the repeal and the director may order retention in the trust fund, for a period of one year, of two percent of the amount collected after receipt of such notice to cover possible refunds or overpayment of the tax and to redeem dishonored checks and drafts deposited to the credit of such accounts. After one year has elapsed after the effective date of abolition of the tax in such county, the director shall remit the balance in the account to the county and close the account of that county. The director shall notify each county of each instance of any amount refunded or any check redeemed from receipts due the county.

9. Each county imposing the tax authorized in this section shall establish a senior services tax commission to administer the portion of the sales tax revenue dedicated to providing senior services. Such commission shall consist of seven members appointed by the county commission. The county commission shall determine the qualifications, terms of office, compensation, powers, duties, restrictions, procedures, and all other necessary functions of the commission.

135.636. 1. This section shall be known and may be cited as the "Motherhood/Fatherhood Stay-at-Home Tax Credit".

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

(1) "Eligible child", any natural, adopted, or stepchild of a stay-at-home parent if such eligible child is between the ages of newborn to twenty-four months;

(2) "Stay-at-home parent", any married parent of an eligible child if such stay-at-home parent was gainfully employed before the birth or adoption of the eligible child or marriage to a person with an eligible child, who is no longer gainfully employed as a result

9 of the decision to stay at home to provide care for the eligible child, and whose annual
10 salary while the stay-at-home parent was gainfully employed was one hundred thousand
11 dollars or less. "Stay-at-home parent" shall not include any recipient of any public
12 assistance;

13 (3) "Tax credit", a credit against the tax otherwise due under chapter 143, RSMo,
14 excluding withholding tax imposed by sections 143.191 to 143.265, RSMo;

15 (4) "Taxpayer", any stay-at-home parent or such parent's spouse whose filing
16 status is married filing combined who is subject to the tax imposed in chapter 143, RSMo,
17 excluding withholding tax imposed by sections 143.191 to 143.265, RSMo.

18 3. For all taxable years beginning on or after January 1, 2007, a taxpayer shall be
19 allowed a tax credit for providing care for an eligible child. The tax credit amount shall
20 be equal to twenty-five percent of the stay-at-home parent's annual salary in the year
21 before the stay-at-home parent terminated gainful employment to become a stay-at-home
22 parent. If the amount of the tax credit issued exceeds the amount of the taxpayer's state
23 tax liability for the tax year for which the credit is claimed, the difference shall not be
24 refundable but may be carried forward to any of the taxpayer's three subsequent taxable
25 years. No tax credit granted under this section shall be transferred, sold, or assigned. The
26 cumulative amount of tax credits which may be issued under this section in any one fiscal
27 year shall not exceed two million dollars.

28 4. The director of the department of revenue shall establish a procedure by which,
29 from the beginning of the fiscal year until some point in time later in the fiscal year to be
30 determined by the director, the cumulative amount of tax credits are equally apportioned
31 among all taxpayers allowed a tax credit under this section. The director may establish
32 more than one period of time and reapportion more than once during each fiscal year. To
33 the maximum extent possible, the director shall establish the procedure described in this
34 subsection in such a manner as to ensure that taxpayers can claim all the tax credits
35 possible up to the cumulative amount of tax credits available for the fiscal year.

36 5. Each stay-at-home parent claiming a tax credit under this section shall file an
37 affidavit verifying that such parent is a stay-at-home parent, and shall provide a copy of
38 the most recent W-2 form received before becoming a stay-at-home parent to verify the tax
39 credit amount claimed.

40 6. The department of revenue may promulgate rules to implement the provisions
41 of this section. Any rule or portion of a rule, as that term is defined in section 536.010,
42 RSMo, that is created under the authority delegated in this section shall become effective
43 only if it complies with and is subject to all of the provisions of chapter 536, RSMo, and,
44 if applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are

45 **nonseverable and if any of the powers vested with the general assembly pursuant to**
46 **chapter 536, RSMo, to review, to delay the effective date, or to disapprove and annul a rule**
47 **are subsequently held unconstitutional, then the grant of rulemaking authority and any**
48 **rule proposed or adopted after August 28, 2007, shall be invalid and void.**

49 **7. Under section 23.253, RSMo, of the Missouri Sunset Act:**

50 **(1) The provisions of the new program authorized under this section shall**
51 **automatically sunset on December thirty-first six years after the effective date of this**
52 **section unless reauthorized by an act of the general assembly; and**

53 **(2) If such program is reauthorized, the program authorized under this section**
54 **shall automatically sunset on December thirty-first twelve years after the effective date of**
55 **the reauthorization of this section; and**

56 **(3) This section shall terminate on September first of the calendar year immediately**
57 **following the calendar year in which the program authorized under this section is sunset.**

71.011. 1. Except as provided in subsection 2 of this section, property of a municipality
2 which abuts another municipality may be concurrently detached from one municipality and
3 annexed by the other municipality by the enactment by the governing bodies of each municipality
4 of an ordinance describing by metes and bounds the property, declaring the property so described
5 to be concurrently detached and annexed, and stating the reasons for and the purposes to be
6 accomplished by the detachment and annexation. One certified copy of each ordinance shall be
7 filed with the county clerk, **with the county assessor**, with the county recorder of deeds, and
8 with the clerk of the circuit court of the county in which the property is located, whereupon the
9 concurrent detachment and annexation shall be complete and final. Thereafter all courts of this
10 state shall take notice of the limits of both municipalities as changed by the ordinances. No
11 declaratory judgment or election shall be required for any concurrent detachment and annexation
12 permitted by this section if there are no residents living in the area or if there are residents in the
13 area and they be notified of the annexation and do not object within sixty days.

14 2. In a county of the first classification with a charter form of government containing all
15 or a portion of a city with a population of at least three hundred thousand inhabitants,
16 unimproved property of a municipality which overlaps another municipality may be concurrently
17 detached from one municipality and annexed by the other municipality by the enactment by the
18 governing body of the receiving municipality of an ordinance describing by metes and bounds
19 the property, declaring the property so described to be detached and annexed, and stating the
20 reasons for and the purposes to be accomplished by the detachment and annexation. A copy of
21 said ordinance shall be mailed to the city clerk of the contributing municipality, which shall have
22 thirty days from receipt of said notice to pass an ordinance disapproving the change of boundary.
23 If such ordinance is not passed within thirty days, the change shall be effective and one certified

24 copy of the ordinance shall be filed with the county clerk, **with the county assessor**, with the
25 county recorder of deeds, and with the clerk of the circuit court of the county in which the
26 property is located, whereupon the concurrent detachment and annexation shall be complete and
27 final. Thereafter all courts of this state shall take notice of the limits of both municipalities as
28 changed by the ordinances. No declaratory judgment or election shall be required for any
29 concurrent detachment and annexation permitted by this section if the landowners in the area are
30 notified and do not object within sixty days.

71.012. 1. Notwithstanding the provisions of sections 71.015 and 71.860 to 71.920, the
2 governing body of any city, town or village may annex unincorporated areas which are
3 contiguous and compact to the existing corporate limits of the city, town or village pursuant to
4 this section. The term "contiguous and compact" does not include a situation whereby the
5 unincorporated area proposed to be annexed is contiguous to the annexing city, town or village
6 only by a railroad line, trail, pipeline or other strip of real property less than one-quarter mile in
7 width within the city, town or village so that the boundaries of the city, town or village after
8 annexation would leave unincorporated areas between the annexed area and the prior boundaries
9 of the city, town or village connected only by such railroad line, trail, pipeline or other such strip
10 of real property. The term "contiguous and compact" does not prohibit voluntary annexations
11 pursuant to this section merely because such voluntary annexation would create an island of
12 unincorporated area within the city, town or village, so long as the owners of the unincorporated
13 island were also given the opportunity to voluntarily annex into the city, town or village.
14 Notwithstanding the provisions of this section, the governing body of any city, town or village
15 in any county of the third classification which borders a county of the fourth classification, a
16 county of the second classification and Mississippi River may annex areas along a road or
17 highway up to two miles from existing boundaries of the city, town or village or the governing
18 body in any city, town or village in any county of the third classification without a township form
19 of government with a population of at least twenty-four thousand inhabitants but not more than
20 thirty thousand inhabitants and such county contains a state correctional center may voluntarily
21 annex such correctional center pursuant to the provisions of this section if the correctional center
22 is along a road or highway within two miles from the existing boundaries of the city, town or
23 village.

24 2. (1) When a verified petition, requesting annexation and signed by the owners of all
25 fee interests of record in all tracts of real property located within the area proposed to be
26 annexed, or a request for annexation signed under the authority of the governing body of any
27 common interest community and approved by a majority vote of unit owners located within the
28 area proposed to be annexed is presented to the governing body of the city, town or village, the
29 governing body shall hold a public hearing concerning the matter not less than fourteen nor more

30 than sixty days after the petition is received, and the hearing shall be held not less than seven
31 days after notice of the hearing is published in a newspaper of general circulation qualified to
32 publish legal matters and located within the boundary of the petitioned city, town or village. If
33 no such newspaper exists within the boundary of such city, town or village, then the notice shall
34 be published in the qualified newspaper nearest the petitioned city, town or village. For the
35 purposes of this subdivision, the term "common-interest community" shall mean a condominium
36 as said term is used in chapter 448, RSMo, or a common-interest community, a cooperative, or
37 a planned community.

38 (a) A "common-interest community" shall be defined as real property with respect to
39 which a person, by virtue of such person's ownership of a unit, is obliged to pay for real property
40 taxes, insurance premiums, maintenance or improvement of other real property described in a
41 declaration. "Ownership of a unit" does not include a leasehold interest of less than twenty years
42 in a unit, including renewal options;

43 (b) A "cooperative" shall be defined as a common-interest community in which the real
44 property is owned by an association, each of whose members is entitled by virtue of such
45 member's ownership interest in the association to exclusive possession of a unit;

46 (c) A "planned community" **shall be defined as** a common-interest community that is
47 not a condominium or a cooperative. A condominium or cooperative may be part of a planned
48 community.

49 (2) At the public hearing any interested person, corporation or political subdivision may
50 present evidence regarding the proposed annexation. If, after holding the hearing, the governing
51 body of the city, town or village determines that the annexation is reasonable and necessary to
52 the proper development of the city, town or village, and the city, town or village has the ability
53 to furnish normal municipal services to the area to be annexed within a reasonable time, it may,
54 subject to the provisions of subdivision (3) of this subsection, annex the territory by ordinance
55 without further action.

56 (3) If a written objection to the proposed annexation is filed with the governing body of
57 the city, town or village not later than fourteen days after the public hearing by at least five
58 percent of the qualified voters of the city, town or village, or two qualified voters of the area
59 sought to be annexed if the same contains two qualified voters, the provisions of sections 71.015
60 and 71.860 to 71.920, shall be followed.

61 3. If no objection is filed, the city, town or village shall extend its limits by ordinance
62 to include such territory, specifying with accuracy the new boundary lines to which the city's,
63 town's or village's limits are extended. Upon duly enacting such annexation ordinance, the city,
64 town or village shall cause three certified copies of the same to be filed with the clerk of the
65 county **and county assessor** wherein the city, town or village is located, and one certified copy

66 to be filed with the election authority, if different from the clerk of the county which has
 67 jurisdiction over the area being annexed, whereupon the annexation shall be complete and final
 68 and thereafter all courts of this state shall take judicial notice of the limits of that city, town or
 69 village as so extended.

137.092. 1. As used in this section, the following terms mean:

2 (1) "Personal property", any house trailer, manufactured home, boat, vessel,
 3 floating home, floating structure, airplane, or aircraft;

4 (2) "Rental or leasing facility", any manufactured home park, manufactured home
 5 storage facility, marina or comparable facility providing dockage or storage space, or any
 6 hangar or similar aircraft storage facility.

7 2. For all calendar years beginning on or after January 1, 2008, every owner of a
 8 rental or leasing facility shall, by January thirtieth of each year, furnish the assessor of the
 9 county in which the rental or leasing facility is located a list of the personal property
 10 located at the rental or leasing facility on January first of each year. The list shall include:

11 (1) The name of the owner of the personal property;

12 (2) The owner's address and county of residency, if known;

13 (3) A description of the personal property located at the facility if the owner of the
 14 rental or leasing facility knows of or has been made aware of the nature of such personal
 15 property.

16 3. If the owner of a rental or leasing facility fails to submit the list by January
 17 thirtieth of each year, or fails to include all the information required by this section on the
 18 list, the valuation of the personal property that is not listed as required by this section and
 19 that is located at the rental or leasing facility shall be assessed to the owner of the rental
 20 or leasing facility.

21 4. The assessor of the county in which the rental or leasing facility is located shall
 22 also collect a penalty as additional tax on the assessed valuation of such personal property
 23 that is not listed as required by this section. The penalty shall be collected as follows:

24	Assessed valuation	Penalty
25	\$0 to \$1,000	\$10.00
26	\$1,001 to \$2,000	\$20.00
27	\$2,001 to \$3,000	\$30.00
28	\$3,001 to \$4,000	\$40.00
29	\$4,001 to \$5,000	\$50.00
30	\$5,001 to \$6,000	\$60.00
31	\$6,001 to \$7,000	\$70.00
32	\$7,001 to \$8,000	\$80.00

33	\$8,001 to \$9,000	\$90.00
34	\$9,001 and above	\$100.00

35 **5. The funds derived from the penalty collected under this section shall be**
36 **disbursed proportionately to any taxing entity authorized to levy a tax on such personal**
37 **property. No rental or leasing facility owner penalized under this section shall be subject**
38 **to any penalty authorized in section 137.280 or 137.345 for the same personal property in**
39 **the same tax year.**

143.006. Notwithstanding any other provision of this chapter to the contrary,
2 **whether a corporation or an individual has substantial nexus with this state for income tax**
3 **purposes is determined without regard to whether the corporation or individual:**

4 **(1) Is a related taxpayer within the meaning of the definition found in subdivision**
5 **(9) of section 135.100, RSMo, in regard to either a distribution facility in this state or a data**
6 **storage facility in this state and/or;**

7 **(2) Either:**

8 **(a) Utilizes such distribution facility;**

9 **(b) Utilizes property at such distribution facility that is used at, or distributed from,**
10 **that facility;**

11 **(c) Sells property shipped or distributed from such distribution facility;**

12 **(d) Utilizes such data storage facility;**

13 **(e) Utilizes property at such data storage facility within this state where data is**
14 **stored, manipulated, or processed from that facility; or**

15 **(f) Sells information that was stored, manipulated, or processed from a data storage**
16 **facility.**

143.432. 1. For all taxable years beginning on or after January 1, 2008, no tax shall
2 **be imposed under this chapter on the corporate income of any manufacturer in this state,**
3 **as certified by the department of economic development under this section, for the first five**
4 **taxable years of such manufacturer's existence in this state.**

5 **2. A corporation may take an annual election to abate the corporation's income**
6 **taxes. The annual election shall be made by the filing of a corporate income tax return**
7 **reflecting the use of such election and by filing a copy of the certificate issued by the**
8 **director of the department of economic development stating that the corporation has**
9 **qualified for the abatement.**

10 **3. The director shall prescribe the method for making application for certification,**
11 **and may issue such rules as are necessary to administer this section and sections 620.1350**
12 **to 620.1355, RSMo. Any rule or portion of a rule, as that term is defined in section**
13 **536.010, RSMo, that is created under the authority delegated in this section shall become**

14 **effective only if it complies with and is subject to all of the provisions of chapter 536,**
15 **RSMo, and, if applicable, section 536.028, RSMo. This section and chapter 536, RSMo, are**
16 **nonseverable and if any of the powers vested with the general assembly pursuant to**
17 **chapter 536, RSMo, to review, to delay the effective date, or to disapprove and annul a rule**
18 **are subsequently held unconstitutional, then the grant of rulemaking authority and any**
19 **rule proposed or adopted after August 28, 2007, shall be invalid and void.**

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 144.761 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 142.824, 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 that has as its primary purpose the recovery of
46 materials into a useable product or a different form which is used in producing a new product and
47 shall include a facility or equipment which are used exclusively for the collection of recovered
48 materials for delivery to a material recovery processing plant but shall not include motor vehicles
49 used on highways. For purposes of this section, the terms "motor vehicle" and "highway" shall
50 have the same meaning pursuant to section 301.010, RSMo. Material recovery is not the reuse
51 of materials within a manufacturing process or the use of a product previously recovered. The
52 material recovery processing plant shall qualify under the provisions of this section regardless
53 of ownership of the material being recovered;

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

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

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

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

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

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

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

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

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

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

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

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

100 (17) All amounts paid or charged for admission or participation or other fees paid by or
101 other charges to individuals in or for any place of amusement, entertainment or recreation, games

102 or athletic events, including museums, fairs, zoos and planetariums, owned or operated by a
103 municipality or other political subdivision where all the proceeds derived therefrom benefit the
104 municipality or other political subdivision and do not inure to any private person, firm, or
105 corporation;

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

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

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

134 (21) All ticket sales made by benevolent, scientific and educational associations which
135 are formed to foster, encourage, and promote progress and improvement in the science of
136 agriculture and in the raising and breeding of animals, and by nonprofit summer theater
137 organizations if such organizations are exempt from federal tax pursuant to the provisions of the

138 Internal Revenue Code and all admission charges and entry fees to the Missouri state fair or any
139 fair conducted by a county agricultural and mechanical society organized and operated pursuant
140 to sections 262.290 to 262.530, RSMo;

141 (22) All sales made to any private not-for-profit elementary or secondary school, all sales
142 of feed additives, medications or vaccines administered to livestock or poultry in the production
143 of food or fiber, all sales of pesticides used in the production of crops, livestock or poultry for
144 food or fiber, all sales of bedding used in the production of livestock or poultry for food or fiber,
145 all sales of propane or natural gas, electricity or diesel fuel used exclusively for drying
146 agricultural crops, natural gas used in the primary manufacture or processing of fuel ethanol as
147 defined in section 142.028, RSMo, natural gas, propane, and electricity used by an eligible new
148 generation cooperative or an eligible new generation processing entity as defined in section
149 348.432, RSMo, and all sales of farm machinery and equipment, other than airplanes, motor
150 vehicles and trailers. As used in this subdivision, the term "feed additives" means tangible
151 personal property which, when mixed with feed for livestock or poultry, is to be used in the
152 feeding of livestock or poultry. As used in this subdivision, the term "pesticides" includes
153 adjuvants such as crop oils, surfactants, wetting agents and other assorted pesticide carriers used
154 to improve or enhance the effect of a pesticide and the foam used to mark the application of
155 pesticides and herbicides for the production of crops, livestock or poultry. As used in this
156 subdivision, the term "farm machinery and equipment" means new or used farm tractors and such
157 other new or used farm machinery and equipment and repair or replacement parts thereon, and
158 supplies and lubricants used exclusively, solely, and directly for producing crops, raising and
159 feeding livestock, fish, poultry, pheasants, chukar, quail, or for producing milk for ultimate sale
160 at retail, including field drain tile, and one-half of each purchaser's purchase of diesel fuel
161 therefor which is:

162 (a) Used exclusively for agricultural purposes;
163 (b) Used on land owned or leased for the purpose of producing farm products; and
164 (c) Used directly in producing farm products to be sold ultimately in processed form or
165 otherwise at retail or in producing farm products to be fed to livestock or poultry to be sold
166 ultimately in processed form at retail;

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

171 (a) "Domestic use" means that portion of metered water service, electricity, electrical
172 current, natural, artificial or propane gas, wood, coal or home heating oil, and in any city not
173 within a county, metered or unmetered water service, which an individual occupant of a

174 residential premises uses for nonbusiness, noncommercial or nonindustrial purposes. Utility
175 service through a single or master meter for residential apartments or condominiums, including
176 service for common areas and facilities and vacant units, shall be deemed to be for domestic use.
177 Each seller shall establish and maintain a system whereby individual purchases are determined
178 as exempt or nonexempt;

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

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

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

206 (25) Excise taxes, collected on sales at retail, imposed by Sections 4041, 4061, 4071,
207 4081, 4091, 4161, 4181, 4251, 4261 and 4271 of Title 26, United States Code. The director of
208 revenue shall promulgate rules pursuant to chapter 536, RSMo, to eliminate all state and local
209 sales taxes on such excise taxes;

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

215 (27) All sales made to an interstate compact agency created pursuant to sections 70.370
216 to 70.441, RSMo, or sections 238.010 to 238.100, RSMo, in the exercise of the functions and
217 activities of such agency as provided pursuant to the compact;

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

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

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

227 (31) Electrical energy or gas, whether natural, artificial or propane, water, or other
228 utilities which are ultimately consumed in connection with the manufacturing of cellular glass
229 products or in any material recovery processing plant as defined in subdivision (4) of subsection
230 2 of this section;

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

233 (33) Tangible personal property **and utilities** purchased for use or consumption directly
234 or exclusively in the research and development of **agricultural/biotechnology and plant**
235 **genomics products and** prescription pharmaceuticals consumed by humans or animals;

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

237 (35) All sales of feed which are developed for and used in the feeding of pets owned by
238 a commercial breeder when such sales are made to a commercial breeder, as defined in section
239 273.325, RSMo, and licensed pursuant to sections 273.325 to 273.357, RSMo;

240 (36) All purchases by a contractor on behalf of an entity located in another state,
241 provided that the entity is authorized to issue a certificate of exemption for purchases to a
242 contractor under the provisions of that state's laws. For purposes of this subdivision, the term
243 "certificate of exemption" shall mean any document evidencing that the entity is exempt from
244 sales and use taxes on purchases pursuant to the laws of the state in which the entity is located.
245 Any contractor making purchases on behalf of such entity shall maintain a copy of the entity's

exemption certificate as evidence of the exemption. If the exemption certificate issued by the exempt entity to the contractor is later determined by the director of revenue to be invalid for any reason and the contractor has accepted the certificate in good faith, neither the contractor or the exempt entity shall be liable for the payment of any taxes, interest and penalty due as the result of use of the invalid exemption certificate. Materials shall be exempt from all state and local sales and use taxes when purchased by a contractor for the purpose of fabricating tangible personal property which is used in fulfilling a contract for the purpose of constructing, repairing or remodeling facilities for the following:

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

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

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

(38)] All sales or other transfers of tangible personal property to a lessor who leases the property under a lease of one year or longer executed or in effect at the time of the sale or other transfer to an interstate compact agency created pursuant to sections 70.370 to 70.441, RSMo, or sections 238.010 to 238.100, RSMo; and

[(39)] (38) Sales of tickets to any collegiate athletic championship event that is held in a facility owned or operated by a governmental authority or commission, a quasi-governmental agency, a state university or college or by the state or any political subdivision thereof, including a municipality, and that is played on a neutral site and may reasonably be played at a site located outside the state of Missouri. For purposes of this subdivision, "neutral site" means any site that is not located on the campus of a conference member institution participating in the event.

144.054. 1. As used in this section, the following terms mean:

(1) "Processing", any mode of treatment, act, or series of acts performed upon materials to transform or reduce them to a different state or thing, including treatment

4 necessary to maintain or preserve such processing by the producer at the production
5 facility;

6 (2) "Recovered materials", those materials which have been diverted or removed
7 from the solid waste stream for sale, use, reuse, or recycling, whether or not they require
8 subsequent separation and processing.

9 2. In addition to all other exemptions granted under this chapter, there is hereby
10 specifically exempted from the provisions of sections 144.010 to 144.525 and 144.600 to
11 144.761, and section 238.235, RSMo, and the local sales tax law as defined in section 32.085,
12 RSMo, and from the computation of the tax levied, assessed, or payable under sections
13 144.010 to 144.525 and 144.600 to 144.761, and section 238.235, RSMo, and the local sales
14 tax law as defined in section 32.085, RSMo, electrical energy and gas, whether natural,
15 artificial, or propane, water, coal, and other utilities, chemicals, machinery, equipment,
16 and materials used or consumed in the manufacturing, processing, compounding, mining,
17 or producing of any product, or used or consumed in the processing of recovered materials,
18 or used in research and development related to manufacturing, processing, compounding,
19 mining, or producing any product.

144.605. The following words and phrases as used in sections 144.600 to 144.745 mean
2 and include:

3 (1) "Calendar quarter", the period of three consecutive calendar months ending on March
4 thirty-first, June thirtieth, September thirtieth or December thirty-first;

5 (2) "Engages in business activities within this state" includes:

6 (a) [Purposefully or systematically exploiting the market provided by this state by any
7 media-assisted, media-facilitated, or media-solicited means, including, but not limited to, direct
8 mail advertising, distribution of catalogs, computer-assisted shopping, telephone, television,
9 radio, or other electronic media, or magazine or newspaper advertisements, or other media; or

10 (b) Being owned or controlled by the same interests which own or control any seller
11 engaged in the same or similar line of business in this state; or

12 (c) Maintaining or having a franchisee or licensee operating under the seller's trade
13 name in this state if the franchisee or licensee is required to collect sales tax pursuant to sections
14 144.010 to 144.525; or

15 [(d)] (b) Soliciting sales or taking orders by sales agents or traveling representatives in
16 this state.

17 (c) Notwithstanding any other provision of this chapter to the contrary, whether
18 a person engages in business activities within this state and whether the person has
19 substantial nexus with this state shall be determined without regard to whether the person
20 is a related taxpayer within the meaning of the definition found in subdivision (9) of section

21 **135.100, RSMo, in regard to either a distribution facility in this state or a data storage**
22 **facility in this state and/or either:**

23 **a. Utilizes such distribution facility;**

24 **b. Utilizes property at such distribution facility that is used at, or distributed from,**
25 **that facility;**

26 **c. Sells property shipped or distributed from such distribution facility;**

27 **d. Utilizes such data storage facility;**

28 **e. Utilizes property at such data storage facility; or**

29 **f. Sells information that was stored, manipulated, or processed from such data**
30 **storage facility;**

31 (3) "Maintains a place of business in this state" includes **directly** maintaining,
32 occupying, or using[, permanently or temporarily, directly or indirectly, or through a subsidiary,
33 or agent, by whatever name called,] an office, [place of distribution, sales or sample room or
34 place,] warehouse or storage place, or other place of business **in this state;**

35 (4) "Person", any individual, firm, copartnership, joint venture, association, corporation,
36 municipal or private, and whether organized for profit or not, state, county, political subdivision,
37 state department, commission, board, bureau or agency, except the state transportation
38 department, estate, trust, business trust, receiver or trustee appointed by the state or federal court,
39 syndicate, or any other group or combination acting as a unit, and the plural as well as the
40 singular number;

41 (5) "Purchase", the acquisition of the ownership of, or title to, tangible personal property,
42 through a sale, as defined herein, for the purpose of storage, use or consumption in this state;

43 (6) "Purchaser", any person who is the recipient for a valuable consideration of any sale
44 of tangible personal property acquired for use, storage or consumption in this state;

45 (7) "Sale", any transfer, barter or exchange of the title or ownership of tangible personal
46 property, or the right to use, store or consume the same, for a consideration paid or to be paid,
47 and any transaction whether called leases, rentals, bailments, loans, conditional sales or
48 otherwise, and notwithstanding that the title or possession of the property or both is retained for
49 security. For the purpose of this law the place of delivery of the property to the purchaser, user,
50 storer or consumer is deemed to be the place of sale, whether the delivery be by the vendor or
51 by common carriers, private contractors, mails, express, agents, salesmen, solicitors, hawkers,
52 representatives, consignors, peddlers, canvassers or otherwise;

53 (8) "Sales price", the consideration including the charges for services, except charges
54 incident to the extension of credit, paid or given, or contracted to be paid or given, by the
55 purchaser to the vendor for the tangible personal property, including any services that are a part
56 of the sale, valued in money, whether paid in money or otherwise, and any amount for which

57 credit is given to the purchaser by the vendor, without any deduction therefrom on account of the
58 cost of the property sold, the cost of materials used, labor or service cost, losses or any other
59 expenses whatsoever, except that cash discounts allowed and taken on sales shall not be included
60 and "sales price" shall not include the amount charged for property returned by customers upon
61 rescission of the contract of sales when the entire amount charged therefor is refunded either in
62 cash or credit or the amount charged for labor or services rendered in installing or applying the
63 property sold, the use, storage or consumption of which is taxable pursuant to sections 144.600
64 to 144.745. In determining the amount of tax due pursuant to sections 144.600 to 144.745, any
65 charge incident to the extension of credit shall be specifically exempted;

66 (9) "Selling agent", every person acting as a representative of a principal, when such
67 principal is not registered with the director of revenue of the state of Missouri for the collection
68 of the taxes imposed pursuant to sections 144.010 to 144.525 or sections 144.600 to 144.745 and
69 who receives compensation by reason of the sale of tangible personal property of the principal,
70 if such property is to be stored, used, or consumed in this state;

71 (10) "Storage", any keeping or retention in this state of tangible personal property
72 purchased from a vendor, except property for sale or property that is temporarily kept or retained
73 in this state for subsequent use outside the state;

74 (11) "Tangible personal property", all items subject to the Missouri sales tax as provided
75 in subdivisions (1) and (3) of section 144.020;

76 (12) "Taxpayer", any person remitting the tax or who should remit the tax levied by
77 sections 144.600 to 144.745;

78 (13) "Use", the exercise of any right or power over tangible personal property incident
79 to the ownership or control of that property, except that it does not include the temporary storage
80 of property in this state for subsequent use outside the state, or the sale of the property in the
81 regular course of business;

82 (14) "Vendor", every person engaged in making sales of tangible personal property by
83 mail order, by advertising, by agent or peddling tangible personal property, soliciting or taking
84 orders for sales of tangible personal property, for storage, use or consumption in this state, all
85 salesmen, solicitors, hawkers, representatives, consignees, peddlers or canvassers, as agents of
86 the dealers, distributors, consignors, supervisors, principals or employers under whom they
87 operate or from whom they obtain the tangible personal property sold by them, and every person
88 who maintains a place of business in this state, maintains a stock of goods in this state, or
89 engages in business activities within this state and every person who engages in this state in the
90 business of acting as a selling agent for persons not otherwise vendors as defined in this
91 subdivision. Irrespective of whether they are making sales on their own behalf or on behalf of
92 the dealers, distributors, consignors, supervisors, principals or employers, they must be regarded

93 as vendors and the dealers, distributors, consignors, supervisors, principals or employers must
94 be regarded as vendors for the purposes of sections 144.600 to 144.745. A person shall not be
95 considered a vendor for the purposes of sections 144.600 to 144.745 if all of the following apply:

96 (a) The person's total gross receipts did not exceed five hundred thousand dollars in this
97 state, or twelve and one-half million dollars in the entire United States, in the immediately
98 preceding calendar year;

99 (b) The person maintains no place of business in this state; and

100 (c) The person has no selling agents in this state.

147.010. 1. For the transitional year defined in subsection 4 of this section and each
2 taxable year beginning on or after January 1, 1980, but before January 1, 2000, every corporation
3 organized pursuant to or subject to chapter 351, RSMo, or pursuant to any other law of this state
4 shall, in addition to all other fees and taxes now required or paid, pay an annual franchise tax to
5 the state of Missouri equal to one-twentieth of one percent of the par value of its outstanding
6 shares and surplus if its outstanding shares and surplus exceed two hundred thousand dollars, or
7 if the outstanding shares of such corporation or any part thereof consist of shares without par
8 value, then, in that event, for the purpose contained in this section, such shares shall be
9 considered as having a value of five dollars per share unless the actual value of such shares
10 exceeds five dollars per share, in which case the tax shall be levied and collected on the actual
11 value and the surplus if the actual value and the surplus exceed two hundred thousand dollars.
12 If such corporation employs a part of its outstanding shares in business in another state or
13 country, then such corporation shall pay an annual franchise tax equal to one-twentieth of one
14 percent of its outstanding shares and surplus employed in this state if its outstanding shares and
15 surplus employed in this state **exceed** two hundred thousand dollars, and for the purposes of
16 sections 147.010 to 147.120, such corporation shall be deemed to have employed in this state
17 that proportion of its entire outstanding shares and surplus that its property and assets employed
18 in this state bears to all its property and assets wherever located. A foreign corporation engaged
19 in business in this state, whether pursuant to a certificate of authority issued pursuant to chapter
20 351, RSMo, or not, shall be subject to this section. Any corporation whose outstanding shares
21 and surplus as calculated in this subsection does not exceed two hundred thousand dollars shall
22 state that fact on the annual report form prescribed by the secretary of state. For all taxable years
23 beginning on or after January 1, 2000, the annual franchise tax shall be equal to one-thirtieth of
24 one percent of the corporation's outstanding shares and surplus if the outstanding shares and
25 surplus exceed one million dollars. Any corporation whose outstanding shares and surplus do
26 not exceed one million dollars shall state that fact on the annual report form prescribed by the
27 director of revenue.

28 2. Sections 147.010 to 147.120 shall not apply to corporations not organized for profit,
29 nor to corporations organized pursuant to the provisions of chapter 349, RSMo, nor to express
30 companies, which now pay an annual tax on their gross receipts in this state, nor to insurance
31 companies, which pay an annual tax on their premium receipts in this state, nor to state, district,
32 county, town and farmers' mutual companies now organized or that may be hereafter organized
33 pursuant to any of the laws of this state, organized for the sole purpose of writing fire, lightning,
34 windstorm, tornado, cyclone, hail and plate glass and mutual automobile insurance and for the
35 purpose of paying any loss incurred by any member by assessment, nor to any mutual insurance
36 corporation not having shares, nor to a company or association organized to transact business of
37 life or accident insurance on the assessment plan for the purpose of mutual protection and benefit
38 to its members and the payment of stipulated sums of moneys to the family, heirs, executors,
39 administrators or assigns of the deceased member, nor to foreign life, fire, accident, surety,
40 liability, steam boiler, tornado, health, or other kind of insurance company of whatever nature
41 coming within the provisions of section 147.050 and doing business in this state, nor to savings
42 and loan associations and domestic and foreign regulated investment companies as defined by
43 Section 170 of the Act of Congress commonly known as the "Revenue Act of 1942", nor to
44 electric and telephone corporations organized pursuant to chapter 351, RSMo, and chapter 392,
45 RSMo, prior to January 1, 1980, which have been declared tax exempt organizations pursuant
46 to Section 501(c) of the Internal Revenue Code of 1986, nor for taxable years beginning after
47 December 31, 1986, to banking institutions subject to the annual franchise tax imposed by
48 sections 148.010 to 148.110, RSMo; but bank deposits shall be considered as funds of the
49 individual depositor left for safekeeping and shall not be considered in computing the amount
50 of tax collectible pursuant to the provisions of sections 147.010 to 147.120.

51 3. A corporation's "taxable year" for purposes of sections 147.010 to 147.120 shall be
52 its taxable year as provided in section 143.271, RSMo.

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

55 5. The franchise tax payable for a corporation's transitional year shall be computed by
56 multiplying the amount otherwise due for that year by a fraction, the numerator of which is the
57 number of months between January 1, 1980, and the end of the taxable year and the denominator
58 of which is twelve. The franchise tax payable, if a corporation's taxable year is changed as
59 provided in section 143.271, RSMo, shall be similarly computed pursuant to regulations
60 prescribed by the director of revenue.

61 6. All franchise reports and franchise taxes shall be returned to the director of revenue.
62 All checks and drafts remitted for payment of franchise taxes shall be made payable to the
63 director of revenue.

64 7. Pursuant to section 32.057, RSMo, the director of revenue shall maintain the
65 confidentiality of all franchise tax reports returned to the director.

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

68 **9. Notwithstanding any other provision of this chapter to the contrary, whether a**
69 **corporation has substantial nexus with this state for franchise tax purposes is determined**
70 **without regard to whether the corporation:**

71 **(1) Is a related taxpayer within the meaning of the definition found in subdivision**
72 **(9) of section 135.100, RSMo, in regard to either a distribution facility in this state or a data**
73 **storage facility in this state and/or;**

74 **(2) Either:**

75 **(a) Utilizes such distribution facility;**

76 **(b) Utilizes property at such distribution facility that is used at, or distributed from,**
77 **that facility;**

78 **(c) Sells property shipped or distributed from such distribution facility;**

79 **(d) Utilizes such data storage facility;**

80 **(e) Utilizes property at such data storage facility where data is stored, manipulated,**
81 **or processed from that facility; or**

82 **(f) Sells information that was stored, manipulated, or processed from such data**
83 **storage facility.**

163.016. Notwithstanding the provisions of section 163.011, for any school district
2 **located in more than one county and whose headquarters are located within a city of the**
3 **fourth classification with more than two thousand five hundred but fewer than two**
4 **thousand six hundred inhabitants and located in more than one county, the county**
5 **signified in the school district number shall be the county in the district with the highest**
6 **dollar value modifier.**

 208.750. 1. Sections 208.750 to 208.775 shall be known and may be cited as the
2 "Family Development Account Program".

3 2. For purposes of sections 208.750 to 208.775, the following terms mean:

4 (1) "Account holder", a person who is the owner of a family development account;

5 (2) "Community-based organization", any religious or charitable association formed
6 pursuant to chapter 352, RSMo, **or any nonprofit corporation formed under chapter 355,**
7 **RSMo**, that is approved by the director of the department of economic development to
8 implement the family development account program;

9 (3) "Department", the department of economic development;

10 (4) "Director", the director of the department of economic development;

11 (5) "Family development account", a financial instrument established pursuant to section
12 208.760;

13 (6) "Family development account reserve fund", the fund created by an approved
14 community-based organization for the purposes of funding the costs incurred in the
15 administration of the program and for providing matching funds for moneys in family
16 development accounts;

17 (7) "Federal poverty level", the most recent poverty income guidelines published in the
18 calendar year by the United States Department of Health and Human Services;

19 (8) "Financial institution", any bank, trust company, savings bank, credit union or
20 savings and loan association as defined in chapter 362, 369 or 370, RSMo, and with an office
21 in Missouri which is approved by the director for participation in the program;

22 (9) "Program", the Missouri family development account program established in sections
23 208.750 to 208.775;

24 (10) "Program contributor", a person or entity who makes a contribution to a family
25 development account reserve fund and is not the account holder.

208.755. 1. There is hereby established within the department of economic development
2 a program to be known as the "Family Development Account Program". The program shall
3 provide eligible families and individuals with an opportunity to establish special savings
4 accounts for moneys which may be used by such families and individuals for education, home
5 ownership or small business capitalization.

6 2. The department shall solicit proposals from community-based organizations seeking
7 to administer the accounts on a not-for-profit basis. Community-based organization proposals
8 shall include:

9 (1) A requirement that the individual account holder or the family of an account holder
10 match the contributions of a community-based organization member by contributing cash;

11 (2) A process for including account holders in decision making regarding the investment
12 of funds in the accounts;

13 (3) Specifications of the population or populations targeted for priority participation in
14 the program;

15 (4) A requirement that the individual account holder or the family of an account holder
16 attend economic literacy seminars;

17 (5) A process for including economic literacy seminars in the family development
18 account program; and

19 (6) A process for regular evaluation and review of family development accounts to
20 ensure program compliance by account holders.

21 3. In reviewing the proposals of community-based organizations, the department shall
22 consider the following factors:

23 (1) The not-for-profit status of such organization;

24 (2) The fiscal accountability of the community-based organization;

25 (3) The ability of the community-based organization to provide or raise moneys for
26 matching contributions;

27 (4) The ability of the community-based organization to establish and administer a reserve
28 fund account which shall receive all contributions from program contributors; and

29 (5) The significance and quality of proposed auxiliary services, including economic
30 literacy seminars, and their relationship to the goals of the family development account program.

31 4. No more than [twenty] **fifteen** percent of all funds in the reserve fund account may
32 be used for administrative costs of the program in each of the first two years of the program, and
33 no more than [fifteen] **ten** percent of such funds may be used for administrative costs for any
34 subsequent year. Funds deposited by account holders shall not be used for administrative costs.

35 5. The department shall promulgate rules and regulations to implement and administer
36 the provisions of sections 208.750 to 208.775. No rule or portion of a rule promulgated pursuant
37 to the authority of sections 208.750 to 208.775 shall become effective unless it has been
38 promulgated pursuant to the provisions of chapter 536, RSMo.

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

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