

SECOND REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 1967
97TH GENERAL ASSEMBLY

5663H.02C

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 143.011, 144.010, 144.011, 144.012, 144.014, 144.018, 144.020, 144.021, 144.030, 144.034, 144.037, 144.038, 144.039, 144.043, 144.044, 144.045, 144.046, 144.047, 144.049, 144.053, 144.054, 144.057, 144.062, 144.063, 144.064, 144.140, 144.513, 144.517, 144.518, 144.525, 144.526, 144.600, 144.615, 144.617, 144.805, 144.807, 144.809, 144.811, 144.815, and 144.817, RSMo, and to enact in lieu thereof twelve new sections relating to taxation.

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

Section A. Sections 143.011, 144.010, 144.011, 144.012, 144.014, 144.018, 144.020, 144.021, 144.030, 144.034, 144.037, 144.038, 144.039, 144.043, 144.044, 144.045, 144.046, 144.047, 144.049, 144.053, 144.054, 144.057, 144.062, 144.063, 144.064, 144.140, 144.513, 144.517, 144.518, 144.525, 144.526, 144.600, 144.615, 144.617, 144.805, 144.807, 144.809, 144.811, 144.815, and 144.817, RSMo, are repealed and twelve new sections enacted in lieu thereof, to be known as sections 143.011, 144.005, 144.010, 144.012, 144.014, 144.017, 144.018, 144.020, 144.021, 144.030, 144.140, and 144.615, to read as follows:

143.011. **1. For all tax years beginning on or before December 31, 2014**, a tax is hereby imposed for every taxable year on the Missouri taxable income of every resident. The tax shall be determined by applying the tax table or the rate provided in section 143.021, which is based upon the following rates: If the Missouri taxable income is: The tax is:

Not over \$1,000.00	1 1/2% of the Missouri taxable income
Over \$1,000	\$15 plus 2% of excess
but not over \$2,000	over \$1,000

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.

10

11 Over \$2,000 \$35 plus 2 1/2% of excess
12 but not over \$3,000 over \$2,000

13

14 Over \$3,000 \$60 plus 3% of excess
15 but not over \$4,000 over \$3,000

16

17 Over \$4,000 \$90 plus 3 1/2% of excess
18 but not over \$5,000 over \$4,000

19

20 Over \$5,000 \$125 plus 4% of excess
21 but not over \$6,000 over \$5,000

22

23 Over \$6,000 \$165 plus 4 1/2% of excess
24 but not over \$7,000 over \$6,000

25

26 Over \$7,000 \$210 plus 5% of excess
27 but not over \$8,000 over \$7,000

28

29 Over \$8,000 \$260 plus 5 1/2% of excess
30 but not over \$9,000 over \$8,000

31

32 Over \$9,000 \$315 plus 6% of excess
33 over \$9,000

34 **2. For all tax years beginning on or after January 1, 2015, the director of the**
35 **department of revenue shall by rule make an annual adjustment to the rates provided in**
36 **subsection 1 of this section to reduce the rates of tax imposed if the department calculates**
37 **that the total amount of tax revenue collected by the state when including the rate**
38 **reduction would be substantially equal to or greater than the total amount of tax revenue**
39 **collected by the state in the prior taxable year. One adjustment shall be made for the 2015**
40 **tax year, one adjustment shall be made for the 2016 tax year, and one adjustment shall be**
41 **made for all tax years beginning on or after January 1, 2017. All such adjustments shall**
42 **be subject to review and verification by the state treasurer. The rates of tax imposed under**
43 **subsection 1 of this section shall, after an adjustment, be rounded to the nearest one-tenth**
44 **of one percent.**

144.005. 1. For the purposes of this section, the term “cumulative sales tax rate” shall mean the rate of the state sales tax levied and imposed under section 144.020 plus the rate of the taxes imposed by article IV, sections 43(a) and 47(a) of the Constitution of Missouri, plus the rate of sales and use taxes calculated under this section, or newly imposed sales and use taxes imposed by counties, other political subdivisions, and other taxing jurisdictions, but excluding any taxes imposed by transportation development districts or community improvement districts.

2. On or before September 1, 2014, all rates of sales and services imposed by counties, other political subdivisions, or other taxing jurisdictions shall be recalculated by the department of revenue, and upon review and verification of the recalculated rates by the state treasurer, be supplied to the counties, other political subdivisions, or other taxing jurisdictions. The recalculated rates shall produce reasonably equivalent amounts of revenue as those produced by the prior rates of tax, averaged over the previous five tax years and factor in changes to the consumer price index. The department may recalculate the new rates one time after January 1, 2015, but before January 1, 2017.

3. The new rates calculated under subsection 2 of this section shall go into effect January 1, 2015.

4. Any county, other political subdivision, or other taxing jurisdiction may appeal to the department of revenue the recalculation of its taxing rate under the rules prescribed by the department of revenue.

(1) Any appeal made under this subsection shall:

(a) Be filed before January 1, 2017; and

(b) Concern only questions related to the recalculation.

(2) The department of revenue may inquire of the county, other political subdivision, other taxing jurisdiction, or any other party to the appeal regarding any matter or issue relevant to the recalculation. The department may make its decision regarding the calculation based solely upon its inquiry and any evidence presented by the parties.

(3) Upon timely filing of an appeal to the department of revenue, the department shall send notice to the county, other political subdivision, or other taxing jurisdiction that an appeal has been filed.

5. Beginning January 1, 2015, the cumulative sales tax rate shall not exceed ten percent of the consideration paid or charged on a transaction unless the cumulative sales tax rate exceeds ten percent as a result of the inclusion of the rate calculated under subsection 2 of this section.

144.010. 1. The following words, terms, and phrases when used in sections 144.010 to 144.525 have the meanings ascribed to them in this section, except when the context indicates a different meaning:

(1) "Admission" includes seats and tables, reserved or otherwise, and other similar accommodations and charges made therefor and amount paid for admission, exclusive of any admission tax imposed by the federal government or by sections 144.010 to 144.525;

(2) "Business" includes any activity engaged in by any person, or caused to be engaged in by him, with the object of gain, benefit or advantage, either direct or indirect, and the classification of which business is of such character as to be subject to the terms of sections 144.010 to 144.525. A person is "engaging in business" in this state for purposes of sections 144.010 to 144.525 if such person "engages in business in this state" or "maintains a place of business in this state" under section 144.605. The isolated or occasional sale of tangible personal property, service, substance, or thing, by a person not engaged in such business, does not constitute engaging in business within the meaning of sections 144.010 to 144.525 unless the total amount of the gross receipts from such sales, exclusive of receipts from the sale of tangible personal property by persons which property is sold in the course of the partial or complete liquidation of a household, farm or nonbusiness enterprise, exceeds three thousand dollars in any calendar year. The provisions of this subdivision shall not be construed to make any sale of property which is exempt from sales tax or use tax on June 1, 1977, subject to that tax thereafter;

(3) ["Captive wildlife", includes but is not limited to exotic partridges, gray partridge, northern bobwhite quail, ring-necked pheasant, captive waterfowl, captive white-tailed deer, captive elk, and captive furbearers held under permit issued by the Missouri department of conservation for hunting purposes. The provisions of this subdivision shall not apply to sales tax on a harvested animal] **"Food", only those products and types of food for which food stamps may be redeemed under the provisions of the Federal Food Stamp Program as contained in 7 U.S.C. Section 2012, as that section now reads or as it may be amended hereafter, and shall include food dispensed by or through vending machines. Except for vending machine sales, the term "food" shall not include food or drink sold by any establishment where the gross receipts derived from the sale of food prepared by such establishment for immediate consumption on or off the premises of the establishment constitutes more than eighty percent of the total gross receipts of that establishment, regardless of whether such prepared food is consumed on the premises of that establishment including, but not limited to, sales of food by any restaurant, fast food restaurant, delicatessen, eating house, or cafe;**

(4) "Gross receipts", except as provided in section 144.012, means the total amount of the sale price of the sales at retail including any services other than charges incident to the

37 extension of credit that are a part of such sales made by the businesses herein referred to, capable
38 of being valued in money, whether received in money or otherwise; except that, the term "gross
39 receipts" shall not include the sale price of property returned by customers when the full sale
40 price thereof is refunded either in cash or by credit. In determining any tax due under sections
41 144.010 to 144.525 on the gross receipts, charges incident to the extension of credit shall be
42 specifically exempted. For the purposes of sections 144.010 to 144.525 the total amount of the
43 sale price above mentioned shall be deemed to be the amount received. It shall also include the
44 lease or rental consideration where the right to continuous possession or use of any article of
45 tangible personal property is granted under a lease or contract and such transfer of possession
46 would be taxable if outright sale were made and, in such cases, the same shall be taxable as if
47 outright sale were made and considered as a sale of such article, and the tax shall be computed
48 and paid by the lessee upon the rentals paid;

49 (5) "Livestock", cattle, calves, sheep, swine, ratite birds, including but not limited to,
50 ostrich and emu, aquatic products as defined in section 277.024, llamas, alpaca, buffalo, elk
51 documented as obtained from a legal source and not from the wild, goats, horses, other equine,
52 or rabbits raised in confinement for human consumption;

53 (6) "Motor vehicle leasing company" shall be a company obtaining a permit from the
54 director of revenue to operate as a motor vehicle leasing company. Not all persons renting or
55 leasing trailers or motor vehicles need to obtain such a permit; however, no person failing to
56 obtain such a permit may avail itself of the optional tax provisions of subsection 5 of section
57 144.070, as hereinafter provided;

58 (7) "Person" includes any individual, firm, copartnership, joint adventure, association,
59 corporation, municipal or private, and whether organized for profit or not, state, county, political
60 subdivision, state department, commission, board, bureau or agency, except the state
61 transportation department, estate, trust, business trust, receiver or trustee appointed by the state
62 or federal court, syndicate, or any other group or combination acting as a unit, and the plural as
63 well as the singular number;

64 (8) **"Professional services", services rendered by an accountant, real estate agent,**
65 **real estate broker, or real estate appraiser;**

66 (9) "Purchaser" means a person who purchases tangible personal property or to whom
67 are rendered services, receipts from which are taxable under sections 144.010 to 144.525;

68 [(9)] (10) "Research or experimentation activities" are the development of an
69 experimental or pilot model, plant process, formula, invention or similar property, and the
70 improvement of existing property of such type. Research or experimentation activities do not
71 include activities such as ordinary testing or inspection of materials or products for quality

72 control, efficiency surveys, advertising promotions or research in connection with literary,
73 historical or similar projects;

74 [(10)] (11) "Sale" or "sales" includes installment and credit sales, and the exchange of
75 properties as well as the sale thereof for money, every closed transaction constituting a sale, and
76 means any transfer, **rental, lease**, exchange or barter, conditional or otherwise, in any manner
77 or by any means whatsoever, of tangible personal property for valuable consideration and the
78 rendering, furnishing or selling for a valuable consideration any of the substances, things and
79 services herein designated and defined as taxable under the terms of sections 144.010 to 144.525;

80 [(11)] (12) "Sale at retail" means any transfer made by any person engaged in business
81 as defined herein of the ownership of, or title to, tangible personal property to the purchaser, for
82 use or consumption and not for resale in any form as tangible personal property, for a valuable
83 consideration; except that, for the purposes of sections 144.010 to 144.525 and the tax imposed
84 thereby: (i) purchases of tangible personal property made by duly licensed physicians, dentists,
85 optometrists and veterinarians and used in the practice of their professions shall be deemed to
86 be purchases for use or consumption and not for resale; and (ii) the selling of computer printouts,
87 computer output or microfilm or microfiche and computer-assisted photo compositions to a
88 purchaser to enable the purchaser to obtain for his or her own use the desired information
89 contained in such computer printouts, computer output on microfilm or microfiche and
90 computer-assisted photo compositions shall be considered as the sale of a service and not as the
91 sale of tangible personal property. Where necessary to conform to the context of sections
92 144.010 to 144.525 and the tax imposed thereby, the term "sale at retail" shall be construed to
93 embrace:

94 (a) Sales of admission tickets, cash admissions, charges and fees to or in places of
95 amusement, entertainment and recreation, games and athletic events;

96 (b) Sales of electricity, electrical current, water and gas, natural or artificial, to domestic,
97 commercial or industrial consumers;

98 (c) Sales of local and long distance telecommunications service to telecommunications
99 subscribers and to others through equipment of telecommunications subscribers for the
100 transmission of messages and conversations, and the sale, rental or leasing of all equipment or
101 services pertaining or incidental thereto;

102 (d) Sales of service for transmission of messages by telegraph companies;

103 (e) Sales or charges for all rooms, meals and drinks furnished at any hotel, motel, tavern,
104 inn, restaurant, eating house, drugstore, dining car, tourist camp, tourist cabin, or other place in
105 which rooms, meals or drinks are regularly served to the public;

106 (f) Sales of tickets by every person operating a railroad, sleeping car, dining car, express
107 car, boat, airplane, and such buses and trucks as are licensed by the division of motor carrier and

108 railroad safety of the department of economic development of Missouri, engaged in the
109 transportation of persons for hire;

110 [(12)] (13) "Seller" means a person selling or furnishing tangible personal property or
111 rendering services, on the receipts from which a tax is imposed pursuant to section 144.020;

112 [(13)] (14) **"Services", all activities for the benefit, use, or consumption of the**
113 **taxpayer, regardless of whether paid by a fee, retainer, commission, or other consideration,**
114 **when such activities involve predominantly the performance of a service as distinguished**
115 **from the sale of property;**

116 (15) The noun "tax" means either the tax payable by the purchaser of a commodity or
117 service subject to tax, or the aggregate amount of taxes due from the vendor of such commodities
118 or services during the period for which he or she is required to report his or her collections, as
119 the context may require;

120 [(14)] (16) "Telecommunications service", for the purpose of this chapter, the
121 transmission of information by wire, radio, optical cable, coaxial cable, electronic impulses, or
122 other similar means. As used in this definition, "information" means knowledge or intelligence
123 represented by any form of writing, signs, signals, pictures, sounds, or any other symbols.
124 Telecommunications service does not include the following if such services are separately stated
125 on the customer's bill or on records of the seller maintained in the ordinary course of business:

126 (a) Access to the internet, access to interactive computer services or electronic publishing
127 services, except the amount paid for the telecommunications service used to provide such access;

128 (b) Answering services and one-way paging services;

129 (c) Private mobile radio services which are not two-way commercial mobile radio
130 services such as wireless telephone, personal communications services or enhanced specialized
131 mobile radio services as defined pursuant to federal law; or

132 (d) Cable or satellite television or music services; and

133 [(15)] (17) "Product which is intended to be sold ultimately for final use or consumption"
134 means tangible personal property, or any service that is subject to state or local sales or use taxes,
135 or any tax that is substantially equivalent thereto, in this state or any other state.

136 2. For purposes of the taxes imposed under sections 144.010 to 144.525, and any other
137 provisions of law pertaining to sales or use taxes which incorporate the provisions of sections
138 144.010 to 144.525 by reference, the term "manufactured homes" shall have the same meaning
139 given it in section 700.010.

140 3. Sections 144.010 to 144.525 may be known and quoted as the "Sales Tax Law".

144.012. 1. Notwithstanding any other provision of law to the contrary, any sale of
2 tangible personal property, other than photocopies, cigarettes, cigars, or other tobacco-related
3 products, by a vendor through a vending machine located in the state of Missouri shall be

4 deemed a sale at retail occurring at the location of the vending machine through which the
5 tangible personal property is sold. Such sale by the vendor shall be subject to the provisions of
6 sections 66.600 to 66.635, sections 67.500 to 67.545, 67.547, 67.548, 67.550 to 67.580, 67.581,
7 67.582, 67.590 to 67.596, 67.671 to 67.685, 67.700 to 67.729, 67.730 to 67.739, 67.782, sections
8 92.400 to 92.420, sections 94.500 to 94.570, 94.577, 94.600 to 94.655, 94.700 to 94.755,
9 sections 144.010 to 144.510, and 144.600 to 144.745. For the purpose of transactions covered
10 under this section, "gross receipts" means the net invoice price of the property vended during the
11 reporting period multiplied by one hundred thirty-five percent. All local sales taxes shall be
12 based on the location of the vending machines from which the tangible personal property is sold.

13 2. The taxes required by the sections listed in subsection 1 of this section are to be
14 reported directly to the director of revenue and remitted by the vendor selling tangible personal
15 property.

16 3. For purposes of this section, the following terms mean:

17 (1) "Net invoice price", the cost of the products, including freight, less any timely
18 payment discounts, with no allowance for spoilage or loss;

19 (2) "Vending machine", a coin or currency operated device which is used to sell tangible
20 personal property without requiring the vendor's physical attention at the time of sale;

21 (3) "Vendor", the person who owns the tangible personal property sold in the vending
22 machine.

23 [4. In addition to the exemptions granted under the provisions of section 144.030, there
24 is hereby specifically exempted from the provisions of sections 66.600 to 66.635, sections 67.500
25 to 67.545, 67.547, 67.548, 67.550 to 67.580, 67.581, 67.582, 67.590 to 67.596, 67.671 to 67.685,
26 67.700 to 67.729, 67.730 to 67.739, 67.782, sections 92.400 to 92.420, sections 94.500 to
27 94.570, 94.577, 94.600 to 94.655, 94.700 to 94.755, sections 144.010 to 144.510, and 144.600
28 to 144.745, and from computation of the tax levied, assessed or payable under sections 66.600
29 to 66.635, sections 67.500 to 67.545, 67.547, 67.548, 67.550 to 67.580, 67.581, 67.582, 67.590
30 to 67.596, 67.671 to 67.685, 67.700 to 67.729, 67.730 to 67.739, 67.782, sections 92.400 to
31 92.420, sections 94.500 to 94.570, 94.577, 94.600 to 94.655, 94.700 to 94.755, sections 144.010
32 to 144.510, and 144.600 to 144.745, all sales by a vendor of tangible personal property from
33 vending machines located on the premises of any organization, institution or school whose sales
34 are exempt under subdivision (19) of subsection 2 of section 144.030.]

144.014. 1. Notwithstanding other provisions of law to the contrary, beginning October
2 1, 1997, **but ending on December 31, 2014**, the tax levied and imposed pursuant to sections
3 144.010 to 144.525 and sections 144.600 to 144.746 on all retail sales of food shall be at the rate
4 of one percent. The revenue derived from the one percent rate pursuant to this section shall be

5 deposited by the state treasurer in the school district trust fund and shall be distributed as
6 provided in section 144.701.

7 2. [For the purposes of this section, the term "food" shall include only those products and
8 types of food for which food stamps may be redeemed pursuant to the provisions of the Federal
9 Food Stamp Program as contained in 7 U.S.C. Section 2012, as that section now reads or as it
10 may be amended hereafter, and shall include food dispensed by or through vending machines.
11 For the purpose of this section, except for vending machine sales, the term "food" shall not
12 include food or drink sold by any establishment where the gross receipts derived from the sale
13 of food prepared by such establishment for immediate consumption on or off the premises of the
14 establishment constitutes more than eighty percent of the total gross receipts of that
15 establishment, regardless of whether such prepared food is consumed on the premises of that
16 establishment, including, but not limited to, sales of food by any restaurant, fast food restaurant,
17 delicatessen, eating house, or cafe.] **For all tax years beginning on or after January 1, 2015,**
18 **there shall be no tax levied and imposed on the retail sales of food at the state level.**
19 **Nothing in this section shall be construed to limit or prevent the levying and imposition of**
20 **tax on the retail sales of food by a local taxing jurisdiction.**

144.017. The burden of proof for establishing tax liability for any taxes imposed
2 **under this chapter shall be borne by the state in all legal proceedings.**

144.018. 1. Notwithstanding any other provision of law to the contrary, except as
2 provided under subsection 2 or 3 of this section, when a purchase of tangible personal property
3 or service subject to tax is made for the purpose of resale, such purchase shall be either exempt
4 or excluded under this chapter if the subsequent sale is:

- 5 (1) Subject to a tax in this or any other state;
- 6 (2) For resale;
- 7 (3) Excluded from tax under this chapter;
- 8 (4) Subject to tax but exempt under this chapter; or
- 9 (5) Exempt from the sales tax laws of another state, if the subsequent sale is in such
10 other state.

11

12 The purchase of tangible personal property by a taxpayer shall not be deemed to be for resale if
13 such property is used or consumed by the taxpayer in providing a service on which tax is not
14 imposed by subsection 1 of section 144.020, except purchases made in fulfillment of any
15 obligation under a defense contract with the United States government.

16 2. [For purposes of subdivision (2) of subsection 1 of section 144.020, a place of
17 amusement, entertainment or recreation, including games or athletic events, shall remit tax on
18 the amount paid for admissions or seating accommodations, or fees paid to, or in such place of

19 amusement, entertainment or recreation. Any subsequent sale of such admissions or seating
20 accommodations shall not be subject to tax if the initial sale was an arms length transaction for
21 fair market value with an unaffiliated entity. If the sale of such admissions or seating
22 accommodations is exempt or excluded from payment of sales and use taxes, the provisions of
23 this subsection shall not require the place of amusement, entertainment, or recreation to remit
24 tax on that sale.

25 3. For purposes of subdivision (6) of subsection 1 of section 144.020, a hotel, motel,
26 tavern, inn, restaurant, eating house, drugstore, dining car, tourist cabin, tourist camp, or other
27 place in which rooms, meals, or drinks are regularly served to the public shall remit tax on the
28 amount of sales or charges for all rooms, meals, and drinks furnished at such hotel, motel, tavern,
29 inn, restaurant, eating house, drugstore, dining car, tourist cabin, tourist camp, or other place in
30 which rooms, meals, or drinks are regularly served to the public. Any subsequent sale of such
31 rooms, meals, or drinks shall not be subject to tax if the initial sale was an arms length
32 transaction for fair market value with an unaffiliated entity. If the sale of such rooms, meals, or
33 drinks is exempt or excluded from payment of sales and use taxes, the provisions of this
34 subsection shall not require the hotel, motel, tavern, inn, restaurant, eating house, drugstore,
35 dining car, tourist cabin, tourist camp, or other place in which rooms, meals, or drinks are
36 regularly served to the public to remit tax on that sale.

37 4.] The provisions of this section are intended to reject and abrogate earlier case law
38 interpretations of the state's sales and use tax law with regard to sales for resale as extended in
39 Music City Centre Management, LLC v. Director of Revenue, 295 S.W.3d 465, (Mo. 2009) and
40 ICC Management, Inc. v. Director of Revenue, 290 S.W.3d 699, (Mo. 2009). The provisions
41 of this section are intended to clarify the exemption or exclusion of purchases for resale from
42 sales and use taxes as originally enacted in this chapter.

144.020. 1. A tax is hereby levied and imposed for the privilege of titling new and used
2 motor vehicles, trailers, boats, and outboard motors purchased or acquired for use on the
3 highways or waters of this state which are required to be titled under the laws of the state of
4 Missouri and, except as provided in subdivision (9) of this subsection, upon all sellers for the
5 privilege of engaging in the business of selling tangible personal property or rendering taxable
6 service at retail in this state. [The rate of tax shall be as follows:

7 (1)] Upon every retail sale in this state of **services and** tangible personal property,
8 excluding motor vehicles, trailers, motorcycles, mopeds, motortricycles, boats and outboard
9 motors required to be titled under the laws of the state of Missouri and subject to tax under
10 subdivision (9) of this subsection, a tax **is levied and imposed** equivalent to four percent of:

11 (1) The purchase price paid or charged, or in case such sale involves the exchange of
12 property, a tax equivalent to four percent of the consideration paid or charged, including the fair

13 market value of the property exchanged at the time and place of the exchange, except as
14 otherwise provided in section 144.025;

15 (2) [A tax equivalent to four percent of] The amount paid for admission and seating
16 accommodations, or fees paid to, or in any place of amusement, entertainment or recreation,
17 games and athletic events;

18 (3) [A tax equivalent to four percent of] The basic rate paid or charged on all sales of
19 electricity or electrical current, water and gas, natural or artificial, to domestic, commercial or
20 industrial consumers;

21 (4) [A tax equivalent to four percent on] The basic rate paid or charged on all sales of
22 local and long distance telecommunications service to telecommunications subscribers and to
23 others through equipment of telecommunications subscribers for the transmission of messages
24 and conversations and upon the sale, rental or leasing of all equipment or services pertaining or
25 incidental thereto; except that, the payment made by telecommunications subscribers or others,
26 pursuant to section 144.060, and any amounts paid for access to the internet or interactive
27 computer services shall not be considered as amounts paid for telecommunications services;

28 (5) [A tax equivalent to four percent of] The basic rate paid or charged for all sales of
29 services for transmission of messages of telegraph companies;

30 (6) [A tax equivalent to four percent on] The amount of sales or charges for all rooms,
31 meals and drinks furnished at any hotel, motel, tavern, inn, restaurant, eating house, drugstore,
32 dining car, tourist cabin, tourist camp or other place in which rooms, meals or drinks are
33 regularly served to the public;

34 (7) [A tax equivalent to four percent of] The amount paid or charged for intrastate tickets
35 by every person operating a railroad, sleeping car, dining car, express car, boat, airplane and such
36 buses and trucks as are licensed by the division of motor carrier and railroad safety of the
37 department of economic development of Missouri, engaged in the transportation of persons for
38 hire;

39 (8) [A tax equivalent to four percent of] The amount paid or charged for rental or lease
40 of tangible personal property, provided that if the lessor or renter of any tangible personal
41 property had previously purchased the property under the conditions of "sale at retail" or leased
42 or rented the property and the tax was paid at the time of purchase, lease or rental, the lessor,
43 sublessor, renter or subrenter shall not apply or collect the tax on the subsequent lease, sublease,
44 rental or subrental receipts from that property. The purchase, rental or lease of motor vehicles,
45 trailers, motorcycles, mopeds, motortricycles, boats, and outboard motors shall be taxed and the
46 tax paid as provided in this section and section 144.070. In no event shall the rental or lease of
47 boats and outboard motors be considered a sale, charge, or fee to, for or in places of amusement,
48 entertainment or recreation nor shall any such rental or lease be subject to any tax imposed to,

49 for, or in such places of amusement, entertainment or recreation. Rental and leased boats or
50 outboard motors shall be taxed under the provisions of the sales tax laws as provided under such
51 laws for motor vehicles and trailers. Tangible personal property which is exempt from the sales
52 or use tax under section 144.030 upon a sale thereof is likewise exempt from the sales or use tax
53 upon the lease or rental thereof;

54 (9) [A tax equivalent to four percent of] The purchase price, as defined in section
55 144.070, of new and used motor vehicles, trailers, boats, and outboard motors purchased or
56 acquired for use on the highways or waters of this state which are required to be registered under
57 the laws of the state of Missouri. This tax is imposed on the person titling such property, and
58 shall be paid according to the procedures in section 144.440.

59 2. All tickets sold which are sold under the provisions of sections 144.010 to 144.525
60 which are subject to the sales tax shall have printed, stamped or otherwise endorsed thereon, the
61 words "This ticket is subject to a sales tax."

144.021. The purpose and intent of sections 144.010 to 144.510 is to impose a tax upon
2 the privilege of engaging in the business, in this state, of selling tangible personal property and
3 those services listed in section 144.020 and for the privilege of titling new and used motor
4 vehicles, trailers, boats, and outboard motors purchased or acquired for use on the highways or
5 waters of this state which are required to be registered under the laws of the state of Missouri.
6 Except as otherwise provided, the primary tax burden is placed upon the seller making the
7 taxable sales of property or service and is levied at the rate provided for in section 144.020.
8 Excluding subdivision (9) of subsection 1 of section 144.020 and sections 144.070, 144.440 and
9 144.450, the extent to which a seller is required to collect the tax from the purchaser of the
10 taxable property or service is governed by section 144.285 and in no way affects sections
11 144.080 and 144.100, which require all sellers to report to the director of revenue their "gross
12 receipts", defined herein to mean the aggregate amount of the sales price of all sales at retail, and
13 remit tax at [four percent of] **the rate imposed under section 144.020** on their gross receipts.

144.030. 1. There is hereby specifically exempted from the provisions of sections
2 144.010 to 144.525, **section 32.085, and section 238.235** and from the computation of the tax
3 levied, assessed or payable pursuant to sections 144.010 to 144.525, **section 32.085, and section**
4 **238.235** [such retail sales as may be made in commerce between this state and any other state
5 of the United States, or between this state and any foreign country, and any retail sale which the
6 state of Missouri is prohibited from taxing pursuant to the Constitution or laws of the United
7 States of America, and such retail sales of tangible personal property which the general assembly
8 of the state of Missouri is prohibited from taxing or further taxing by the constitution of this
9 state.

10 2. There are also specifically exempted from the provisions of the local sales tax law as
11 defined in section 32.085, section 238.235, and sections 144.010 to 144.525 and 144.600 to
12 144.761 and from the computation of the tax levied, assessed or payable pursuant to the local
13 sales tax law as defined in section 32.085, section 238.235, and sections 144.010 to 144.525 and
14 144.600 to 144.745]:

15 (1) Motor fuel or special fuel subject to an excise tax of this state, unless all or part of
16 such excise tax is refunded pursuant to section 142.824; or upon the sale at retail of fuel to be
17 consumed in manufacturing or creating gas, power, steam, electrical current or in furnishing
18 water to be sold ultimately at retail; or feed for livestock or poultry; or grain to be converted into
19 foodstuffs which are to be sold ultimately in processed form at retail; or seed, limestone or
20 fertilizer which is to be used for seeding, liming or fertilizing crops which when harvested will
21 be sold at retail or will be fed to livestock or poultry to be sold ultimately in processed form at
22 retail; economic poisons registered pursuant to the provisions of the Missouri pesticide
23 registration law (sections 281.220 to 281.310) which are to be used in connection with the
24 growth or production of crops, fruit trees or orchards applied before, during, or after planting,
25 the crop of which when harvested will be sold at retail or will be converted into foodstuffs which
26 are to be sold ultimately in processed form at retail;

27 (2) [Materials, manufactured goods, machinery and parts which when used in
28 manufacturing, processing, compounding, mining, producing or fabricating become a component
29 part or ingredient of the new personal property resulting from such manufacturing, processing,
30 compounding, mining, producing or fabricating and which new personal property is intended to
31 be sold ultimately for final use or consumption; and materials, including without limitation,
32 gases and manufactured goods, including without limitation slagging materials and firebrick,
33 which are ultimately consumed in the manufacturing process by blending, reacting or interacting
34 with or by becoming, in whole or in part, component parts or ingredients of steel products
35 intended to be sold ultimately for final use or consumption] **Sales of personal property other
36 than a motor vehicle, trailer, boat, or outboard motor for which the tax authorized under
37 section 144.020 has been collected due to a prior taxable transaction or sales for resale;**

38 (3) [Materials, replacement parts and equipment purchased for use directly upon, and for
39 the repair and maintenance or manufacture of, motor vehicles, watercraft, railroad rolling stock
40 or aircraft engaged as common carriers of persons or property] **Professional services;**

41 (4) [Motor vehicles registered in excess of fifty-four thousand pounds, and the trailers
42 pulled by such motor vehicles, that are actually used in the normal course of business to haul
43 property on the public highways of the state, and that are capable of hauling loads commensurate
44 with the motor vehicle's registered weight; and the materials, replacement parts, and equipment
45 purchased for use directly upon, and for the repair and maintenance or manufacture of such

46 vehicles. For purposes of this subdivision "motor vehicle" and "public highway" shall have the
47 meaning as ascribed in section 390.020] **Sales, leases, or rents of real property including all**
48 **fees, charges, or commissions resulting directly or indirectly from the sale, lease, or rent**
49 **of the real property;**

50 (5) [Replacement machinery, equipment, and parts and the materials and supplies solely
51 required for the installation or construction of such replacement machinery, equipment, and
52 parts, used directly in manufacturing, mining, fabricating or producing a product which is
53 intended to be sold ultimately for final use or consumption; and machinery and equipment, and
54 the materials and supplies required solely for the operation, installation or construction of such
55 machinery and equipment, purchased and used to establish new, or to replace or expand existing,
56 material recovery processing plants in this state. For the purposes of this subdivision, a "material
57 recovery processing plant" means a facility that has as its primary purpose the recovery of
58 materials into a useable product or a different form which is used in producing a new product and
59 shall include a facility or equipment which are used exclusively for the collection of recovered
60 materials for delivery to a material recovery processing plant but shall not include motor vehicles
61 used on highways. For purposes of this section, the terms motor vehicle and highway shall have
62 the same meaning pursuant to section 301.010. Material recovery is not the reuse of materials
63 within a manufacturing process or the use of a product previously recovered. The material
64 recovery processing plant shall qualify under the provisions of this section regardless of
65 ownership of the material being recovered] **Sales of metered or unmetered water or**
66 **wastewater service, electric energy or capacity, electric service, natural, artificial, or**
67 **propane gas, wood, coal, or heating oil;**

68 (6) [Machinery and equipment, and parts and the materials and supplies solely required
69 for the installation or construction of such machinery and equipment, purchased and used to
70 establish new or to expand existing manufacturing, mining or fabricating plants in the state if
71 such machinery and equipment is used directly in manufacturing, mining or fabricating a product
72 which is intended to be sold ultimately for final use or consumption] **All sales of the following,**
73 **as prescribed by a health care practitioner licensed to prescribe: over-the-counter drugs**
74 **to individuals with disabilities, durable medical equipment, prosthetic devices, mobility**
75 **enhancing equipment, and drugs;**

76 (7) [Tangible personal property which is used exclusively in the manufacturing,
77 processing, modification or assembling of products sold to the United States government or to
78 any agency of the United States government] **Child care services and services provided for**
79 **by a residential care, assisted living, intermediate care, or skilled nursing facility;**

80 (8) [Animals or poultry used for breeding or feeding purposes, or captive wildlife]
81 **Tuition and fees of any early childhood, prekindergarten, kindergarten, elementary,**

82 **secondary, vocational or technical school, or an accredited institution of higher education**
83 **for educational services;**

84 (9) [Newsprint, ink, computers, photosensitive paper and film, toner, printing plates and
85 other machinery, equipment, replacement parts and supplies used in producing newspapers
86 published for dissemination of news to the general public] **Services rendered by an employee**
87 **for his or her employer;**

88 (10) [The rentals of films, records or any type of sound or picture transcriptions for public
89 commercial display] **Services between entities that in the given year consolidate earnings;**

90 (11) [Pumping machinery and equipment used to propel products delivered by pipelines
91 engaged as common carriers] **Sales or services directly used for agricultural trade or**
92 **agricultural business purposes;**

93 (12) [Railroad rolling stock for use in transporting persons or property in interstate
94 commerce and motor vehicles licensed for a gross weight of twenty-four thousand pounds or
95 more or trailers used by common carriers, as defined in section 390.020, in the transportation of
96 persons or property] **Sales of materials, fuel, manufactured goods, machinery, equipment,**
97 **parts, or replacement parts used or consumed in manufacturing, processing, compounding,**
98 **mining, producing, fabricating, researching, or developing a product or producing a**
99 **service, or controlling pollution, or that become a component part or ingredient of a**
100 **product or service;**

101 (13) [Electrical energy used in the actual primary manufacture, processing, compounding,
102 mining or producing of a product, or electrical energy used in the actual secondary processing
103 or fabricating of the product, or a material recovery processing plant as defined in subdivision
104 (5) of this subsection, in facilities owned or leased by the taxpayer, if the total cost of electrical
105 energy so used exceeds ten percent of the total cost of production, either primary or secondary,
106 exclusive of the cost of electrical energy so used or if the raw materials used in such processing
107 contain at least twenty-five percent recovered materials as defined in section 260.200. There
108 shall be a rebuttable presumption that the raw materials used in the primary manufacture of
109 automobiles contain at least twenty-five percent recovered materials. For purposes of this
110 subdivision, "processing" means any mode of treatment, act or series of acts performed upon
111 materials to transform and reduce them to a different state or thing, including treatment necessary
112 to maintain or preserve such processing by the producer at the production facility] **Sales of**
113 **stocks, bonds, financial instruments, and any other similar intangible personal property;**

114 (14) [Anodes which are used or consumed in manufacturing, processing, compounding,
115 mining, producing or fabricating and which have a useful life of less than one year] **Sales of**
116 **bullion or coins, artistic works, precious stones, or other tangible personal property held**
117 **exclusively for investment purposes;**

118 (15) [Machinery, equipment, appliances and devices purchased or leased and used solely
119 for the purpose of preventing, abating or monitoring air pollution, and materials and supplies
120 solely required for the installation, construction or reconstruction of such machinery, equipment,
121 appliances and devices] **Sales of barges which are to be used primarily in the transportation**
122 **of property or cargo on interstate waterways;**

123 (16) [Machinery, equipment, appliances and devices purchased or leased and used solely
124 for the purpose of preventing, abating or monitoring water pollution, and materials and supplies
125 solely required for the installation, construction or reconstruction of such machinery, equipment,
126 appliances and devices] **Sales of insurance products and insurance services;**

127 (17) [Tangible personal property purchased by a rural water district] **Sales of railroad**
128 **rolling stock for use in transporting persons or property in interstate commerce and motor**
129 **vehicles licensed for a gross weight of twenty-four thousand pounds or more or trailers**
130 **used by common carriers in the transportation of persons or property;**

131 (18) [All amounts paid or charged for admission or participation or other fees paid by or
132 other charges to individuals in or for any place of amusement, entertainment or recreation, games
133 or athletic events, including museums, fairs, zoos and planetariums, owned or operated by a
134 municipality or other political subdivision where all the proceeds derived therefrom benefit the
135 municipality or other political subdivision and do not inure to any private person, firm, or
136 corporation, provided, however, that a municipality or other political subdivision may enter into
137 revenue-sharing agreements with private persons, firms, or corporations providing goods or
138 services, including management services, in or for the place of amusement, entertainment or
139 recreation, games or athletic events, and provided further that nothing in this subdivision shall
140 exempt from tax any amounts retained by any private person, firm, or corporation under such
141 revenue-sharing agreement] **The purchase or storage of tangible personal property by any**
142 **common carrier engaged in the interstate air transportation of persons and cargo;**

143 (19) [All sales of insulin and prosthetic or orthopedic devices as defined on January 1,
144 1980, by the federal Medicare program pursuant to Title XVIII of the Social Security Act of
145 1965, including the items specified in Section 1862(a)(12) of that act, and also specifically
146 including hearing aids and hearing aid supplies and all sales of drugs which may be legally
147 dispensed by a licensed pharmacist only upon a lawful prescription of a practitioner licensed to
148 administer those items, including samples and materials used to manufacture samples which may
149 be dispensed by a practitioner authorized to dispense such samples and all sales or rental of
150 medical oxygen, home respiratory equipment and accessories, hospital beds and accessories and
151 ambulatory aids, all sales or rental of manual and powered wheelchairs, stairway lifts, Braille
152 writers, electronic Braille equipment and, if purchased or rented by or on behalf of a person with
153 one or more physical or mental disabilities to enable them to function more independently, all

154 sales or rental of scooters, reading machines, electronic print enlargers and magnifiers, electronic
155 alternative and augmentative communication devices, and items used solely to modify motor
156 vehicles to permit the use of such motor vehicles by individuals with disabilities or sales of
157 over-the-counter or nonprescription drugs to individuals with disabilities, and drugs required by
158 the Food and Drug Administration to meet the over-the-counter drug product labeling
159 requirements in 21 CFR 201.66, or its successor, as prescribed by a health care practitioner
160 licensed to prescribe] **Gaming sales, services, waters, winnings, or admission fees relating**
161 **to licensed bingo, racing, or excursion gambling boat activities;**

162 (20) [All sales made by or to religious and charitable organizations and institutions in
163 their religious, charitable or educational functions and activities and all sales made by or to all
164 elementary and secondary schools operated at public expense in their educational functions and
165 activities] **Sales or services to or for the benefit of the United States of America, any state,**
166 **county, other political subdivision, foreign government, or a charitable organization**
167 **exempt from taxation under federal law, and the sale or service is in furtherance of the**
168 **purpose of the state, county, or other political subdivision, or a charitable organization;**

169 (21) [All sales of aircraft to common carriers for storage or for use in interstate commerce
170 and all sales made by or to not-for-profit civic, social, service or fraternal organizations,
171 including fraternal organizations which have been declared tax-exempt organizations pursuant
172 to Section 501(c)(8) or (10) of the 1986 Internal Revenue Code, as amended, in their civic or
173 charitable functions and activities and all sales made to eleemosynary and penal institutions and
174 industries of the state, and all sales made to any private not-for-profit institution of higher
175 education not otherwise excluded pursuant to subdivision (20) of this subsection or any
176 institution of higher education supported by public funds, and all sales made to a state relief
177 agency in the exercise of relief functions and activities] **Sales made through the use of federal**
178 **food stamp coupons or any successor program;**

179 (22) [All ticket sales made by benevolent, scientific and educational associations which
180 are formed to foster, encourage, and promote progress and improvement in the science of
181 agriculture and in the raising and breeding of animals, and by nonprofit summer theater
182 organizations if such organizations are exempt from federal tax pursuant to the provisions of the
183 Internal Revenue Code and all admission charges and entry fees to the Missouri state fair or any
184 fair conducted by a county agricultural and mechanical society organized and operated pursuant
185 to sections 262.290 to 262.530] **Sales for which federal government coupons or vouchers**
186 **under the supplemental feeding for women, infants, and children program, or any**
187 **successor program, are used as payment;**

188 (23) [All sales made to any private not-for-profit elementary or secondary school, all sales
189 of feed additives, medications or vaccines administered to livestock or poultry in the production

of food or fiber, all sales of pesticides used in the production of crops, livestock or poultry for food or fiber, all sales of bedding used in the production of livestock or poultry for food or fiber, all sales of propane or natural gas, electricity or diesel fuel used exclusively for drying agricultural crops, natural gas used in the primary manufacture or processing of fuel ethanol as defined in section 142.028, natural gas, propane, and electricity used by an eligible new generation cooperative or an eligible new generation processing entity as defined in section 348.432, and all sales of farm machinery and equipment, other than airplanes, motor vehicles and trailers, and any freight charges on any exempt item. As used in this subdivision, the term "feed additives" means tangible personal property which, when mixed with feed for livestock or poultry, is to be used in the feeding of livestock or poultry. As used in this subdivision, the term "pesticides" includes adjuvants such as crop oils, surfactants, wetting agents and other assorted pesticide carriers used to improve or enhance the effect of a pesticide and the foam used to mark the application of pesticides and herbicides for the production of crops, livestock or poultry. As used in this subdivision, the term "farm machinery and equipment" means new or used farm tractors and such other new or used farm machinery and equipment and repair or replacement parts thereon and any accessories for and upgrades to such farm machinery and equipment, rotary mowers used exclusively for agricultural purposes, and supplies and lubricants used exclusively, solely, and directly for producing crops, raising and feeding livestock, fish, poultry, pheasants, chukar, quail, or for producing milk for ultimate sale at retail, including field drain tile, and one-half of each purchaser's purchase of diesel fuel therefor which is:

- (a) Used exclusively for agricultural purposes;
 - (b) Used on land owned or leased for the purpose of producing farm products; and
 - (c) Used directly in producing farm products to be sold ultimately in processed form or otherwise at retail or in producing farm products to be fed to livestock or poultry to be sold ultimately in processed form at retail]
- Sales exempted from state taxation under any other federal program that requires a state that chooses to participate in such a program to be exempt from tax;**

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

- (a) "Domestic use" means that portion of metered water service, electricity, electrical current, natural, artificial or propane gas, wood, coal or home heating oil, and in any city not within a county, metered or unmetered water service, which an individual occupant of a residential premises uses for nonbusiness, noncommercial or nonindustrial purposes. Utility service through a single or master meter for residential apartments or condominiums, including

226 service for common areas and facilities and vacant units, shall be deemed to be for domestic use.
227 Each seller shall establish and maintain a system whereby individual purchases are determined
228 as exempt or nonexempt;

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

239 (c) Each person making domestic use purchases of services or property and who uses any
240 portion of the services or property so purchased for a nondomestic use shall, by the fifteenth day
241 of the fourth month following the year of purchase, and without assessment, notice or demand,
242 file a return and pay sales tax on that portion of nondomestic purchases. Each person making
243 nondomestic purchases of services or property and who uses any portion of the services or
244 property so purchased for domestic use, and each person making domestic purchases on behalf
245 of occupants of residential apartments or condominiums through a single or master meter,
246 including service for common areas and facilities and vacant units, under a nonresidential utility
247 service rate classification may, between the first day of the first month and the fifteenth day of
248 the fourth month following the year of purchase, apply for credit or refund to the director of
249 revenue and the director shall give credit or make refund for taxes paid on the domestic use
250 portion of the purchase. The person making such purchases on behalf of occupants of residential
251 apartments or condominiums shall have standing to apply to the director of revenue for such
252 credit or refund] **Nonproprietary sales made by or nonproprietary services performed by**
253 **the state, a county, or other political subdivision;**

254 (25) [All sales of handcraft items made by the seller or the seller's spouse if the seller or
255 the seller's spouse is at least sixty-five years of age, and if the total gross proceeds from such
256 sales do not constitute a majority of the annual gross income of the seller] **Sales which the state**
257 **of Missouri is prohibited from taxing under the Constitution of Missouri or the**
258 **Constitution or laws of the United States of America;**

259 (26) [Excise taxes, collected on sales at retail, imposed by Sections 4041, 4061, 4071,
260 4081, 4091, 4161, 4181, 4251, 4261 and 4271 of Title 26, United States Code. The director of
261 revenue shall promulgate rules pursuant to chapter 536 to eliminate all state and local sales taxes

on such excise taxes] All sales of aviation jet fuel in a given calendar year to common carriers engaged in the interstate air transportation of passengers and cargo, and the storage, use, and consumption of such aviation jet fuel by such common carriers, if such common carrier has first paid to the state of Missouri, in accordance with the provisions of this chapter, state sales and use taxes under the foregoing provisions and applicable to the purchase, storage, use, or consumption of such aviation jet fuel in a maximum and aggregate amount of one million five hundred thousand dollars of state sales and use taxes in such calendar year.

(a) To qualify for the exemption prescribed in subdivision 26 of subsection 1 of this section, the common carrier shall furnish to the seller a certificate in writing to the effect that an exemption under this section is applicable to the aviation jet fuel so purchased, stored, used, and consumed. The director of revenue shall permit any such common carrier to enter into a direct-pay agreement with the department of revenue, pursuant to which such common carrier may pay directly to the department of revenue any applicable sales and use taxes on such aviation jet fuel up to the maximum aggregate amount of one million five hundred thousand dollars in each calendar year. The director of revenue shall adopt appropriate rules and regulations to implement the provisions of this section and permit appropriate claims for refunds of any excess sales and use taxes collected with respect to any such common carrier and aviation jet fuel.

(b) All sales and use tax revenues upon aviation jet fuel received under this chapter, less the amounts specifically designated under the constitution or under section 144.701 for other purposes, shall be deposited to the credit of the aviation trust fund established under section 155.090, provided however, the amount of such state sales and use tax revenues deposited to the credit of such aviation trust fund shall not exceed ten million dollars in each calendar year;

(27) [Sales of fuel consumed or used in the operation of ships, barges, or waterborne vessels which are used primarily in or for the transportation of property or cargo, or the conveyance of persons for hire, on navigable rivers bordering on or located in part in this state, if such fuel is delivered by the seller to the purchaser's barge, ship, or waterborne vessel while it is afloat upon such river] The sale, storage, use, or consumption of aviation jet fuel at or upon airports within the state of Missouri that are recipients of federal grant funds, have submitted applications for or have been approved for federal grant funds or are otherwise eligible to apply for federal grant funds;

(28) [All sales made to an interstate compact agency created pursuant to sections 70.370 to 70.441 or sections 238.010 to 238.100 in the exercise of the functions and activities of such

297 agency as provided pursuant to the compact] **Construction of an entirely new building or**
298 **structure;**

299 (29) [Computers, computer software and computer security systems purchased for use
300 by architectural or engineering firms headquartered in this state. For the purposes of this
301 subdivision, "headquartered in this state" means the office for the administrative management
302 of at least four integrated facilities operated by the taxpayer is located in the state of Missouri]
303 **All sales made to a business entity for use in that business for resale, to produce, provide,**
304 **render, or sell taxable property or services;**

305 [(30) All livestock sales when either the seller is engaged in the growing, producing or
306 feeding of such livestock, or the seller is engaged in the business of buying and selling, bartering
307 or leasing of such livestock;

308 (31) All sales of barges which are to be used primarily in the transportation of property
309 or cargo on interstate waterways;

310 (32) Electrical energy or gas, whether natural, artificial or propane, water, or other
311 utilities which are ultimately consumed in connection with the manufacturing of cellular glass
312 products or in any material recovery processing plant as defined in subdivision (5) of this
313 subsection;

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

316 (34) Tangible personal property and utilities purchased for use or consumption directly
317 or exclusively in the research and development of agricultural/biotechnology and plant genomics
318 products and prescription pharmaceuticals consumed by humans or animals;

319 (35) All sales of grain bins for storage of grain for resale;

320 (36) All sales of feed which are developed for and used in the feeding of pets owned by
321 a commercial breeder when such sales are made to a commercial breeder, as defined in section
322 273.325, and licensed pursuant to sections 273.325 to 273.357;

323 (37) All purchases by a contractor on behalf of an entity located in another state,
324 provided that the entity is authorized to issue a certificate of exemption for purchases to a
325 contractor under the provisions of that state's laws. For purposes of this subdivision, the term
326 "certificate of exemption" shall mean any document evidencing that the entity is exempt from
327 sales and use taxes on purchases pursuant to the laws of the state in which the entity is located.
328 Any contractor making purchases on behalf of such entity shall maintain a copy of the entity's
329 exemption certificate as evidence of the exemption. If the exemption certificate issued by the
330 exempt entity to the contractor is later determined by the director of revenue to be invalid for any
331 reason and the contractor has accepted the certificate in good faith, neither the contractor or the
332 exempt entity shall be liable for the payment of any taxes, interest and penalty due as the result

333 of use of the invalid exemption certificate. Materials shall be exempt from all state and local
334 sales and use taxes when purchased by a contractor for the purpose of fabricating tangible
335 personal property which is used in fulfilling a contract for the purpose of constructing, repairing
336 or remodeling facilities for the following:

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

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

342 (38) All sales or other transfers of tangible personal property to a lessor who leases the
343 property under a lease of one year or longer executed or in effect at the time of the sale or other
344 transfer to an interstate compact agency created pursuant to sections 70.370 to 70.441 or sections
345 238.010 to 238.100;

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

352 (40) All purchases by a sports complex authority created under section 64.920, and all
353 sales of utilities by such authority at the authority's cost that are consumed in connection with
354 the operation of a sports complex leased to a professional sports team;

355 (41) Beginning January 1, 2009, but not after January 1, 2015, materials, replacement
356 parts, and equipment purchased for use directly upon, and for the modification, replacement,
357 repair, and maintenance of aircraft, aircraft power plants, and aircraft accessories;

358 (42) Sales of sporting clays, wobble, skeet, and trap targets to any shooting range or
359 similar places of business for use in the normal course of business and money received by a
360 shooting range or similar places of business from patrons and held by a shooting range or similar
361 place of business for redistribution to patrons at the conclusion of a shooting event].

362 [3.] 2. Any ruling, agreement, or contract, whether written or oral, express or implied,
363 between a person and this state's executive branch, or any other state agency or department,
364 stating, agreeing, or ruling that such person is not required to collect sales and use tax in this
365 state despite the presence of a warehouse, distribution center, or fulfillment center in this state
366 that is owned or operated by the person or an affiliated person shall be null and void unless it is
367 specifically approved by a majority vote of each of the houses of the general assembly. For
368 purposes of this subsection, an "affiliated person" means any person that is a member of the same

369 controlled group of corporations as defined in Section 1563(a) of the Internal Revenue Code of
370 1986, as amended, as the vendor or any other entity that, notwithstanding its form of
371 organization, bears the same ownership relationship to the vendor as a corporation that is a
372 member of the same controlled group of corporations as defined in Section 1563(a) of the
373 Internal Revenue Code, as amended.

144.140. From every remittance to the director of revenue made on or before the date
2 when the same becomes due, the person required to remit the same shall be entitled to deduct and
3 retain an amount equal to [two] **one** percent thereof.

144.615. There are specifically exempted from the taxes levied in sections 144.600 to
2 144.745 **those exemptions granted under section 144.030. [:**

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 subsection 2 of section 144.030;

10 (4) Motor vehicles, trailers, boats, and outboard motors subject to the tax imposed by
11 section 144.020;

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.]

22

[144.011. 1. For purposes of sections 144.010 to 144.525 and 144.600
2 to 144.748, and the taxes imposed thereby, the definition of "retail sale" or "sale
3 at retail" shall not be construed to include any of the following:

4 (1) The transfer by one corporation of substantially all of its tangible
5 personal property to another corporation pursuant to a merger or consolidation
6 effected under the laws of the state of Missouri or any other jurisdiction;

7 (2) The transfer of tangible personal property incident to the liquidation
8 or cessation of a taxpayer's trade or business, conducted in proprietorship,
9 partnership or corporate form, except to the extent any transfer is made in the
10 ordinary course of the taxpayer's trade or business;

11 (3) The transfer of tangible personal property to a corporation solely in
12 exchange for its stock or securities;

13 (4) The transfer of tangible personal property to a corporation by a
14 shareholder as a contribution to the capital of the transferee corporation;

15 (5) The transfer of tangible personal property to a partnership solely in
16 exchange for a partnership interest therein;

17 (6) The transfer of tangible personal property by a partner as a
18 contribution to the capital of the transferee partnership;

19 (7) The transfer of tangible personal property by a corporation to one or
20 more of its shareholders as a dividend, return of capital, distribution in the partial
21 or complete liquidation of the corporation or distribution in redemption of the
22 shareholder's interest therein;

23 (8) The transfer of tangible personal property by a partnership to one or
24 more of its partners as a current distribution, return of capital or distribution in
25 the partial or complete liquidation of the partnership or of the partner's interest
26 therein;

27 (9) The transfer of reusable containers used in connection with the sale
28 of tangible personal property contained therein for which a deposit is required
29 and refunded on return;

30 (10) The purchase by persons operating eating or food service
31 establishments, of items of a nonreusable nature which are furnished to the
32 customers of such establishments with or in conjunction with the retail sales of
33 their food or beverage. Such items shall include, but not be limited to, wrapping
34 or packaging materials and nonreusable paper, wood, plastic and aluminum
35 articles such as containers, trays, napkins, dishes, silverware, cups, bags, boxes,
36 straws, sticks and toothpicks;

37 (11) The purchase by persons operating hotels, motels or other transient
38 accommodation establishments, of items of a nonreusable nature which are
39 furnished to the guests in the guests' rooms of such establishments and such items
40 are included in the charge made for such accommodations. Such items shall
41 include, but not be limited to, soap, shampoo, tissue and other toiletries and food
42 or confectionery items offered to the guests without charge;

43 (12) The transfer of a manufactured home other than:

44 (a) A transfer which involves the delivery of the document known as the
45 "Manufacturer's Statement of Origin" to a person other than a manufactured
46 home dealer, as defined in section 700.010, for purposes of allowing such person
47 to obtain a title to the manufactured home from the department of revenue of this
48 state or the appropriate agency or officer of any other state;

(b) A transfer which involves the delivery of "Reposessed Title" to a resident of this state if the tax imposed by sections 144.010 to 144.525 was not paid on the transfer of the manufactured home described in paragraph (a) of this subdivision;

(c) The first transfer which occurs after December 31, 1985, if the tax imposed by sections 144.010 to 144.525 was not paid on any transfer of the same manufactured home which occurred before December 31, 1985; or

(13) Charges for initiation fees or dues to:

(a) Fraternal beneficiaries societies, or domestic fraternal societies, orders or associations operating under the lodge system a substantial part of the activities of which are devoted to religious, charitable, scientific, literary, educational or fraternal purposes; or

(b) Posts or organizations of past or present members of the Armed Forces of the United States or an auxiliary unit or society of, or a trust or foundation for, any such post or organization substantially all of the members of which are past or present members of the Armed Forces of the United States or who are cadets, spouses, widows, or widowers of past or present members of the Armed Forces of the United States, no part of the net earnings of which inures to the benefit of any private shareholder or individual.

2. The assumption of liabilities of the transferor by the transferee incident to any of the transactions enumerated in the above subdivisions (1) to (8) of subsection 1 of this section shall not disqualify the transfer from the exclusion described in this section, where such liability assumption is related to the property transferred and where the assumption does not have as its principal purpose the avoidance of Missouri sales or use tax.]

[144.034. The sales of advertising by legal newspapers pursuant to chapter 493, advertising agencies, broadcast stations, and standardized outdoor billboard advertising shall be considered the sale of a service and not the sale of tangible personal property. Purchases of tangible personal property which are for use in producing advertising by the businesses listed in the preceding sentence shall be deemed to be purchases for use or consumption and not for resale. In addition to the exemptions granted under the provisions of section 144.030, the sale of services as defined in this section shall be specifically exempted from the provisions of sections 66.600 to 66.635, sections 67.500 to 67.545, sections 92.400 to 92.420, sections 94.500 to 94.570, sections 94.600 to 94.655, sections 94.700 to 94.755, and sections 144.010 to 144.510 and 144.600 to 144.745 and from the computation of the tax levied, assessed or payable under sections 66.600 to 66.635, sections 67.500 to 67.545, sections 92.400 to 92.420, sections 94.500 to 94.570, sections 94.600 to 94.655, sections 94.700 to 94.755, and sections 144.010 to 144.510 and 144.600 to 144.745.]

2 [144.037. In addition to the exemptions granted under the provisions of
3 section 144.030, there is hereby specifically exempted from the provisions of
4 sections 66.600 to 66.635, sections 67.500 to 67.545, sections 67.671 to 67.685,
5 sections 67.700 to 67.729, sections 92.400 to 92.420, sections 94.500 to 94.570,
6 sections 94.600 to 94.655, sections 94.700 to 94.755, and sections 144.010 to
7 144.510 and 144.600 to 144.745, and from the computation of the tax levied,
8 assessed or payable under sections 66.600 to 66.635, sections 67.500 to 67.545,
9 sections 67.671 to 67.685, sections 67.700 to 67.729, sections 92.400 to 92.420,
10 sections 94.500 to 94.570, sections 94.600 to 94.655, sections 94.700 to 94.755,
11 and sections 144.010 to 144.510 and 144.600 to 144.745, all sales at retail made
12 through the use of federal food stamp coupons.]

2 [144.038. In addition to the exemptions granted under the provisions of
3 section 144.030, there is hereby specifically exempted from the provisions of
4 sections 66.600 to 66.635, sections 67.500 to 67.545, sections 67.671 to 67.685,
5 sections 67.700 to 67.729, sections 92.400 to 92.420, sections 94.500 to 94.570,
6 sections 94.600 to 94.655, sections 94.700 to 94.755, and sections 144.010 to
7 144.510 and 144.600 to 144.745, and from the computation of the tax levied,
8 assessed or payable under sections 66.600 to 66.635, sections 67.500 to 67.545,
9 sections 67.671 to 67.685, sections 67.700 to 67.729, sections 92.400 to 92.420,
10 sections 94.500 to 94.570, sections 94.600 to 94.655, sections 94.700 to 94.755,
11 and sections 144.010 to 144.510 and 144.600 to 144.745, all sales at retail for
12 which federal government coupons or vouchers under the supplemental feeding
13 for women, infants and children program are used as payment.]

2 [144.039. In addition to the exemptions granted under the provisions of
3 section 144.030, there shall also be specifically exempted from the provisions of
4 sections 66.600 to 66.635, sections 67.500 to 67.545, 67.547, 67.581, 67.582,
5 67.671 to 67.685, 67.700 to 67.729, 67.730 to 67.739, 67.782, sections 92.400
6 to 92.420, sections 94.500 to 94.570, 94.600 to 94.655, 94.700 to 94.755, and
7 sections 144.010 to 144.510 and 144.600 to 144.745 and from the computation
8 of the tax levied, assessed or payable under sections 66.600 to 66.635, sections
9 67.500 to 67.545, 67.547, 67.581, 67.582, 67.671 to 67.685, 67.700 to 67.729,
10 67.730 to 67.739, 67.782, sections 92.400 to 92.420, sections 94.500 to 94.570,
11 94.600 to 94.655, 94.700 to 94.755, and sections 144.010 to 144.510 and 144.600
12 to 144.745, purchases of all tangible personal property made by, or on behalf of,
13 a state senator or state representative if such purchases are made from funds in
14 such state senator's or state representative's state expense account.]

2 [144.043. 1. As used in this section, the following terms mean:
3 (1) "Light aircraft", a light airplane that seats no more than four persons,
4 with a gross weight of three thousand pounds or less, which is primarily used for
recreational flying or flight training;

(2) "Light aircraft kit", factory manufactured parts and components, including engine, propeller, instruments, wheels, brakes, and air frame parts which make up a complete aircraft kit or partial kit designed to be assembled into a light aircraft and then operated by a qualified purchaser for recreational and educational purposes;

(3) "Parts and components", manufactured light aircraft parts, including air frame and engine parts, that are required by the qualified purchaser to complete a light aircraft kit, or spare or replacement parts for an already completed light aircraft;

(4) "Qualified purchaser", a purchaser of a light aircraft, light aircraft kit, parts or components who is nonresident of this state, who will transport the light aircraft, light aircraft kit, parts or components outside this state within ten days after the date of purchase, and who will register any light aircraft so purchased in another state or country. Such purchaser shall not base such aircraft in this state and such purchaser shall not be a resident of the state unless such purchaser has paid sales or use tax on such aircraft in another state.

2. In addition to the exemptions granted under the provisions of section 144.030, there shall also be specifically exempted from the provisions of sections 144.010 to 144.525, sections 144.600 to 144.748, section 238.235, and from the provisions of any local sales tax law, as defined in section 32.085, and from the computation of the tax levied, assessed or payable under sections 144.010 to 144.525, sections 144.600 to 144.748, section 238.235, and under any local sales tax law, as defined in section 32.085, all sales of new light aircraft, light aircraft kits, parts or components manufactured or substantially completed within this state, when such new light aircraft, light aircraft kits, parts or components are sold by the manufacturer to a qualified purchaser. The director of revenue shall prescribe the manner for a purchaser of a light aircraft, light aircraft kit, parts or components to establish that such person is a qualified purchaser and is eligible for the exemption established in this section.]

[144.044. 1. As used in this section, the following terms mean: (1) "Sale of a modular unit", a transfer of a modular unit as defined in section 700.010; (2) "Sale of a new manufactured home", a transfer of a manufactured home, as defined in section 700.010, which involves the delivery of the document known as the manufacturer's statement of origin to a person other than a manufactured home dealer, as dealer is defined in section 700.010, for purposes of allowing such person to obtain a title to the manufactured home from the department of revenue of this state or the appropriate agency or officer of any other state.

2. In the event of the sale of a new manufactured home, forty percent of the purchase price, as defined in section 700.320, shall be considered the sale of a service and not the sale of tangible personal property. In addition to the exemptions granted under the provisions of section 144.030, the sale of services as defined in this section shall be specifically exempted from the provisions of

sections 238.235 and 238.410, the local sales tax law as defined in section 32.085, sections 144.010 to 144.525 and 144.600 to 144.745, and from the computation of the tax levied, assessed or payable under sections 238.235 and 238.410, the local sales tax law as defined in section 32.085, sections 144.010 to 144.525 and 144.600 to 144.745, and section 238.235.

3. In the event of the sale of a new modular unit, forty percent of the retail sale of the unit or forty percent of the manufacturer's sales price of the unit if the manufacturer makes a sale to a consumer that is not a retail sale, plus any carrier charge and freight charges shall be considered the sale of a service and sixty percent shall be the retail sale of tangible personal property. In addition to the exemptions granted under the provisions of section 144.030, the sale of services as defined in this section shall be specifically exempted from the provisions of sections 238.235 and 238.410, the local sales tax law as defined in section 32.085, sections 144.010 to 144.525 and 144.600 to 144.745, and from the computation of the tax levied, assessed, or payable under sections 238.235 and 238.410, the local sales tax law as defined in section 32.085, sections 144.010 to 144.525 and 144.600 to 144.745, and section 238.235.]

[144.045. 1. Notwithstanding any other provision of law to the contrary, the department of revenue shall not consider the transfer for consideration of court transcripts, depositions, compressed transcripts, exhibits, computer disks containing any such item, or copies of any such item which are prepared by a court reporter as tangible personal property, but rather as a nontaxable service for purposes of administrative interpretation. In addition, the department of revenue shall, for purposes of administrative interpretation, consider as nontaxable any machinery or equipment meeting the definition of "farm machinery" under subdivision (22) of subsection 2 of section 144.030, whether or not such machinery or equipment is attached to a vehicle or real property.

2. In addition to the exemptions granted under the provisions of section 144.030, there shall also be specifically exempted from the provisions of sections 144.010 to 144.525, sections 144.600 to 144.748, section 238.235, and from the provisions of any local sales tax law, as defined in section 32.085, and from the computation of the tax levied, assessed or payable under sections 144.010 to 144.525, sections 144.600 to 144.748, section 238.235, and under any local sales tax law, as defined in section 32.085, all sales of court transcripts, depositions, compressed transcripts, exhibits, computer disks containing any such item, and all copies of any such item, which are prepared by a court reporter.]

[144.046. In addition to the exemptions granted under the provisions of section 144.030, there is hereby specifically exempted from the provisions of sections 144.010 to 144.525 and sections 144.600 to 144.748 and from the computation of the tax levied, assessed or payable under sections 144.010 to 144.525 and sections 144.600 to 144.748, the sale at retail of separately measured

6 electrical current to manufacturers of batteries in this state for conversion to
7 stored chemical energy in new lead-acid storage batteries solely for the purpose
8 of providing an initial charge in such batteries during the manufacturing process
9 but not for the purpose of recharging any previously manufactured batteries. The
10 sale at retail of such separately measured electrical current described in this
11 section shall not be exempted from any local sales tax imposed under a local
12 sales tax law, as defined in section 32.085.]
13

2 [144.047. Notwithstanding any other provision of law to the contrary, for
3 purposes of department of revenue administrative interpretation, all sales of
4 aircraft used solely for aerial application of agricultural chemicals shall be
5 considered farm machinery and therefore, exempt from state and local sales and
6 use tax, as provided for other farm machinery in subdivision (22) of subsection
7 2 of section 144.030.]

2 [144.049. 1. For purposes of this section, the following terms mean:
3 (1) "Clothing", any article of wearing apparel, including footwear,
4 intended to be worn on or about the human body. The term shall include but not
5 be limited to cloth and other material used to make school uniforms or other
6 school clothing. Items normally sold in pairs shall not be separated to qualify for
7 the exemption. The term shall not include watches, watchbands, jewelry,
8 handbags, handkerchiefs, umbrellas, scarves, ties, headbands, or belt buckles; and
9 (2) "Personal computers", a laptop, desktop, or tower computer system
10 which consists of a central processing unit, random access memory, a storage
11 drive, a display monitor, and a keyboard and devices designed for use in
12 conjunction with a personal computer, such as a disk drive, memory module,
13 compact disk drive, daughterboard, digitalizer, microphone, modem,
14 motherboard, mouse, multimedia speaker, printer, scanner, single-user hardware,
15 single-user operating system, soundcard, or video card;

16 (3) "School supplies", any item normally used by students in a standard
17 classroom for educational purposes, including but not limited to textbooks,
18 notebooks, paper, writing instruments, crayons, art supplies, rulers, book bags,
19 backpacks, handheld calculators, chalk, maps, and globes. The term shall not
20 include watches, radios, CD players, headphones, sporting equipment, portable
21 or desktop telephones, copiers or other office equipment, furniture, or fixtures.
22 School supplies shall also include computer software having a taxable value of
23 three hundred fifty dollars or less.

24 2. In each year beginning on or after January 1, 2005, there is hereby
25 specifically exempted from state sales tax law all retail sales of any article of
26 clothing having a taxable value of one hundred dollars or less, all retail sales of
27 school supplies not to exceed fifty dollars per purchase, all computer software
28 with a taxable value of three hundred fifty dollars or less, and all retail sales of
personal computers or computer peripheral devices not to exceed three thousand

29 five hundred dollars, during a three-day period beginning at 12:01 a.m. on the
30 first Friday in August and ending at midnight on the Sunday following.

31 3. If the governing body of any political subdivision adopted an
32 ordinance that applied to the 2004 sales tax holiday to prohibit the provisions of
33 this section from allowing the sales tax holiday to apply to such political
34 subdivision's local sales tax, then, notwithstanding any provision of a local
35 ordinance to the contrary, the 2005 sales tax holiday shall not apply to such
36 political subdivision's local sales tax. However, any such political subdivision
37 may enact an ordinance to allow the 2005 sales tax holiday to apply to its local
38 sales taxes. A political subdivision must notify the department of revenue not
39 less than forty-five calendar days prior to the beginning date of the sales tax
40 holiday occurring in that year of any ordinance or order rescinding an ordinance
41 or order to opt out.

42 4. This section shall not apply to any sales which take place within the
43 Missouri state fairgrounds.

44 5. This section applies to sales of items bought for personal use only.

45 6. After the 2005 sales tax holiday, any political subdivision may, by
46 adopting an ordinance or order, choose to prohibit future annual sales tax
47 holidays from applying to its local sales tax. After opting out, the political
48 subdivision may rescind the ordinance or order. The political subdivision must
49 notify the department of revenue not less than forty-five calendar days prior to the
50 beginning date of the sales tax holiday occurring in that year of any ordinance or
51 order rescinding an ordinance or order to opt out.

52 7. This section may not apply to any retailer when less than two percent
53 of the retailer's merchandise offered for sale qualifies for the sales tax holiday.
54 The retailer shall offer a sales tax refund in lieu of the sales tax holiday.]
55

[144.053. 1. As used in this section, "machinery and equipment" means
2 new or used farm tractors and such other new or used machinery and equipment
3 and repair or replacement parts thereon, and supplies and lubricants used
4 exclusively, solely, and directly for the planting, harvesting, processing, or
5 transporting of a forestry product.

6 2. Notwithstanding any other provision of law to the contrary, for
7 purposes of department of revenue administrative interpretation, all machinery
8 and equipment used solely for the planting, harvesting, processing, or
9 transporting of a forestry product shall be considered farm machinery, and shall
10 be exempt from state and local sales and use tax, as provided for other farm
11 machinery in section 144.030. For purposes of the exemption in section 144.063,
12 the planting, harvesting, processing, or transporting of a forestry product is
13 deemed an agricultural purpose.]
14

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

2 (1) "Processing", any mode of treatment, act, or series of acts performed
3 upon materials to transform or reduce them to a different state or thing, including
4 treatment necessary to maintain or preserve such processing by the producer at
5 the production facility;

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

9 2. In addition to all other exemptions granted under this chapter, there is
10 hereby specifically exempted from the provisions of sections 144.010 to 144.525
11 and 144.600 to 144.761, and from the computation of the tax levied, assessed, or
12 payable under sections 144.010 to 144.525 and 144.600 to 144.761, electrical
13 energy and gas, whether natural, artificial, or propane, water, coal, and energy
14 sources, chemicals, machinery, equipment, and materials used or consumed in the
15 manufacturing, processing, compounding, mining, or producing of any product,
16 or used or consumed in the processing of recovered materials, or used in research
17 and development related to manufacturing, processing, compounding, mining, or
18 producing any product. The exemptions granted in this subsection shall not apply
19 to local sales taxes as defined in section 32.085 and the provisions of this
20 subsection shall be in addition to any state and local sales tax exemption provided
21 in section 144.030.

22 3. In addition to all other exemptions granted under this chapter, there is
23 hereby specifically exempted from the provisions of sections 144.010 to 144.525
24 and 144.600 to 144.761, and section 238.235, and the local sales tax law as
25 defined in section 32.085, and from the computation of the tax levied, assessed,
26 or payable under sections 144.010 to 144.525 and 144.600 to 144.761, and
27 section 238.235, and the local sales tax law as defined in section 32.085, all
28 utilities, machinery, and equipment used or consumed directly in television or
29 radio broadcasting and all sales and purchases of tangible personal property,
30 utilities, services, or any other transaction that would otherwise be subject to the
31 state or local sales or use tax when such sales are made to or purchases are made
32 by a contractor for use in fulfillment of any obligation under a defense contract
33 with the United States government, and all sales and leases of tangible personal
34 property by any county, city, incorporated town, or village, provided such sale or
35 lease is authorized under chapter 100, and such transaction is certified for sales
36 tax exemption by the department of economic development, and tangible
37 personal property used for railroad infrastructure brought into this state for
38 processing, fabrication, or other modification for use outside the state in the
39 regular course of business.

40 4. In addition to all other exemptions granted under this chapter, there is
41 hereby specifically exempted from the provisions of sections 144.010 to 144.525
42 and 144.600 to 144.761, and section 238.235, and the local sales tax law as
43 defined in section 32.085, and from the computation of the tax levied, assessed,
44 or payable under sections 144.010 to 144.525 and 144.600 to 144.761, and

section 238.235, and the local sales tax law as defined in section 32.085, all sales and purchases of tangible personal property, utilities, services, or any other transaction that would otherwise be subject to the state or local sales or use tax when such sales are made to or purchases are made by a private partner for use in completing a project under sections 227.600 to 227.669.]

[144.057. In addition to the exemptions granted under this chapter, there shall also be specifically exempted from state and local sales and use taxes defined, levied, or calculated under section 32.085, sections 144.010 to 144.525, sections 144.600 to 144.761, or section 238.235, all tangible personal property included on the United States munitions list, as provided in 22 CFR 121.1, sold to or purchased by any foreign government or agency or instrumentality of such foreign government which is used for a governmental purpose.]

[144.062. 1. With respect to exempt sales at retail of tangible personal property and materials for the purpose of constructing, repairing or remodeling facilities for:

(1) A county, other political subdivision or instrumentality thereof exempt from taxation under subdivision (10) of section 39 of article III of the Constitution of Missouri; or

(2) An organization sales to which are exempt from taxation under the provisions of subdivision (19) of subsection 2 of section 144.030; or

(3) Any institution of higher education supported by public funds or any private not-for-profit institution of higher education, exempt from taxation under subdivision (20) of subsection 2 of section 144.030; or

(4) Any private not-for-profit elementary or secondary school exempt from taxation under subdivision (22) of subsection 2 of section 144.030; or

(5) Any authority exempt from taxation under subdivision (39) of subsection 2 of section 144.030; or

(6) After June 30, 2007, the department of transportation or the state highways and transportation commission; hereinafter collectively referred to as exempt entities, such exemptions shall be allowed for such purchases if the purchases are related to the entities' exempt functions and activities. In addition, the sales shall not be rendered nonexempt nor shall any material supplier or contractor be obligated to pay, collect or remit sales tax with respect to such purchases made by or on behalf of an exempt entity due to such purchases being billed to or paid for by a contractor or the exempt entity contracting with any entity to render any services in relation to such purchases, including but not limited to selection of materials, ordering, pickup, delivery, approval on delivery, taking of delivery, transportation, storage, assumption of risk of loss to materials or providing warranties on materials as specified by contract, use of materials or other purchases for construction of the building or other facility, providing labor, management services, administrative services, design or technical services or

advice to the exempt entity, whether or not the contractor or other entity exercises dominion or control in any other manner over the materials in conjunction with services or labor provided to the exempt entity.

2. When any exempt entity contracts for the purpose of constructing, repairing or remodeling facilities, and purchases of tangible personal property and materials to be incorporated into or consumed in the construction of the project are to be made on a tax-exempt basis, such entity shall furnish to the contractor an exemption certificate authorizing such purchases for the construction, repair or remodeling project. The form and content of such project exemption certificate shall be approved by the director of revenue. The project exemption certificate shall include but not be limited to:

- (1) The exempt entity's name, address, Missouri tax identification number and signature of authorized representative;
- (2) The project location, description, and unique identification number;
- (3) The date the contract is entered into, which is the earliest date materials may be purchased for the project on a tax-exempt basis;
- (4) The estimated project completion date; and
- (5) The certificate expiration date.

Such certificate is renewable for a given project at the option of the exempt entity, only for the purpose of revising the certificate expiration date as necessary to complete the project.

3. The contractor shall furnish the certificate prescribed in subsection 2 of this section to all subcontractors, and any contractor purchasing materials shall present such certificate to all material suppliers as authorization to purchase, on behalf of the exempt entity, all tangible personal property and materials to be incorporated into or consumed in the construction of that project and no other on a tax-exempt basis. Such suppliers shall execute to the purchasing contractor invoices bearing the name of the exempt entity and the project identification number. Nothing in this section shall be deemed to exempt the purchase of any construction machinery, equipment or tools used in constructing, repairing or remodeling facilities for the exempt entity. All invoices for all personal property and materials purchased under a project exemption certificate shall be retained by the purchasing contractor for a period of five years and shall be subject to audit by the director of revenue.

4. Any excess resalable tangible personal property or materials which were purchased for the project by a contractor under a project exemption certificate but which were not incorporated into or consumed in the construction of the project shall either be returned to the supplier for credit or the appropriate sales or use tax on such excess property or materials shall be reported on a return and paid by such contractor not later than the due date of the contractor's Missouri sales or use tax return following the month in which it was determined that the materials were not to be used in the project.

73 5. No contractor or material supplier shall, upon audit, be required to pay
74 tax on tangible personal property and materials incorporated into or consumed in
75 the construction of the project due to the failure of the exempt entity to revise the
76 certificate expiration date as necessary to complete any work required by the
77 contract. If it is determined that tax is owed on such property and materials due
78 to the failure of the exempt entity to revise such certificate expiration date, the
79 exempt entity shall be liable for the tax owed.

80 6. If an entity issues exemption certificates for the purchase of tangible
81 personal property and materials which are incorporated into or consumed in the
82 construction of its project and such entity is found not to have had the authority
83 granted by this section to issue such exemption certificates, then such entity shall
84 be liable for the tax owed on such personal property and materials. In addition,
85 if an entity which does have the authority granted by this section to issue
86 exemption certificates issues such certificates for the purchase of tangible
87 personal property and materials which are incorporated into or consumed in the
88 construction of a project, or part of a project, which is found not to be related to
89 such entity's exempt functions and activities, then such entity shall be liable for
90 the tax owed on such personal property and materials.]
91

2 [144.063. In addition to the exemptions granted under this chapter, there
3 shall also be specifically exempted from state and local sales and use taxes
4 defined, levied, or calculated under section 32.085, sections 144.010 to 144.525,
5 sections 144.600 to 144.761, or section 238.235, all sales of fencing materials
6 used for agricultural purposes, and the purchase of motor fuel, as defined in
7 section 142.800, therefor which is used for agricultural purposes.]

2 [144.064. No sales tax levied under this chapter on any firearms or
3 ammunition shall be levied at a rate that is higher than the sales tax levied under
4 this chapter or any other excise tax levied on any sporting goods or equipment or
5 any hunting equipment.]

2 [144.513. Notwithstanding the provisions of section 144.030 to the
3 contrary, sales by institutions of higher education in retail establishments,
4 including, but not limited to, those commonly known as bookstores shall be
5 subject to sales taxes as provided in this chapter.]

2 [144.517. In addition to the exemptions granted pursuant to section
3 144.030, there shall also be exempted from state sales and use taxes all sales of
4 textbooks, as defined by section 170.051, when such textbook is purchased by a
5 student who possesses proof of current enrollment at any Missouri public or
6 private university, college or other postsecondary institution of higher learning
7 offering a course of study leading to a degree in the liberal arts, humanities or
sciences or in a professional, vocational or technical field, provided that the

8 books which are exempt from state sales tax are those required or recommended
9 for a class. Upon request the institution or department must provide at least one
10 list of textbooks to the bookstore each semester. Alternately, the student may
11 provide to the bookstore a list from the instructor, department or institution of his
12 or her required or recommended textbooks. This exemption shall not apply to
13 any locally imposed sales or use tax.]
14

[144.518. 1. In addition to the exemptions granted pursuant to section
2 144.030, there is hereby specifically exempted from the provisions of sections
3 144.010 to 144.525, sections 144.600 to 144.761, sections 190.335 to 190.337,
4 section 238.235, section 238.236, section 238.410, section 321.242, section
5 573.505, section 644.032, and any local sales tax law as defined in section
6 32.085, and from the computation of the tax levied, assessed or payable pursuant
7 to sections 144.010 to 144.525, sections 144.600 to 144.761, sections 190.335 to
8 190.337, section 238.235, section 238.236, section 238.410, section 321.242,
9 section 573.505, section 644.032, and any local sales tax law as defined in
10 section 32.085, coin-operated amusement devices and parts for such devices
11 purchased prior to September 1, 2007, where sales tax is paid on the gross
12 receipts derived from the use of such devices.

13 2. Beginning September 1, 2007, in addition to any other exemption
14 provided by law, there is hereby specifically exempted from the provisions of
15 sections 144.010 to 144.525, sections 144.600 to 144.761, sections 190.335 to
16 190.337, section 238.235, section 238.236, section 238.410, section 321.242,
17 section 573.505, section 644.032, and any local sales tax law as defined in
18 section 32.085, and from the computation of the tax levied, assessed, or payable
19 pursuant to sections 144.010 to 144.525, sections 144.600 to 144.761, sections
20 190.335 to 190.337, section 238.235, section 238.236, section 238.410, section
21 321.242, section 573.505, section 644.032, and any local sales tax law as defined
22 in section 32.085, amounts paid for the temporary use of a coin-operated
23 amusement device.

24 3. As used in this section, "coin-operated amusement device" means a
25 device accepting payment or items representing payments to allow one or more
26 users temporary use of the device for entertainment or amusement purposes.
27 Examples of coin-operated amusement devices include, but are not limited to,
28 video games, pinball games, table games such as billiards and air hockey, and
29 redemption games such as the claw and skee ball that may award prizes of
30 tangible personal property.

31 4. In addition to any other exemptions provided by law, there is hereby
32 specifically exempted from the provisions of sections 144.010 to 144.525,
33 sections 144.600 to 144.761, sections 190.335 to 190.337, section 238.235,
34 section 238.236, section 238.410, section 321.242, section 573.505, section
35 644.032, and any local sales tax law as defined in section 32.085, and from the
36 computation of the tax levied, assessed, or payable pursuant to sections 144.010

to 144.525, sections 144.600 to 144.761, sections 190.335 to 190.337, section 238.235, section 238.236, section 238.410, section 321.242, section 573.505, section 644.032, and any local sales tax law as defined in section 32.085, vending machines or parts for vending machines used in a commercial vending business where sales tax is paid on the gross receipts derived from such vending machines.]

[144.525. Notwithstanding any other provision of law, the amount of any state and local sales taxes due on the purchase of a motor vehicle, trailer, boat or outboard motor required to be registered under the provisions of sections 301.001 to 301.660 and sections 306.010 to 306.900 shall be computed on the rate of such taxes in effect on the date the purchaser submits application for a certificate of ownership to the director of revenue; except that, in the case of a sale at retail of an outboard motor by a retail business which is not required to be registered under the provisions of section 301.251, the amount of state and local taxes due shall be computed on the rate of such taxes in effect as of the calendar date of the retail sale.]

[144.526. 1. This section shall be known and may be cited as the "Show Me Green Sales Tax Holiday".

2. For purposes of this section, the following terms mean:

(1) "Appliance", clothes washers and dryers, water heaters, trash compactors, dishwashers, conventional ovens, ranges, stoves, air conditioners, furnaces, refrigerators and freezers; and

(2) "Energy star certified", any appliance approved by both the United States Environmental Protection Agency and the United States Department of Energy as eligible to display the energy star label, as amended from time to time.

3. In each year beginning on or after January 1, 2009, there is hereby specifically exempted from state sales tax law all retail sales of any energy star certified new appliance, up to one thousand five hundred dollars per appliance, during a seven-day period beginning at 12:01 a.m. on April nineteenth and ending at midnight on April twenty-fifth.

4. A political subdivision may allow the sales tax holiday under this section to apply to its local sales taxes by enacting an ordinance to that effect. Any such political subdivision shall notify the department of revenue not less than forty-five calendar days prior to the beginning date of the sales tax holiday occurring in that year of any such ordinance or order.

5. This section may not apply to any retailer when less than two percent of the retailer's merchandise offered for sale qualifies for the sales tax holiday. The retailer shall offer a sales tax refund in lieu of the sales tax holiday.]

[144.600. This law may be cited as the "Compensating Use Tax Law".]

[144.617. 1. For purposes of section 144.440 and sections 144.600 to 144.745, and the taxes imposed thereby, the definition of "storing", "using" or "consuming" shall not be construed to include any of the following:

(1) The transfer by one corporation of substantially all of its tangible personal property to another corporation pursuant to a merger or consolidation effected under the laws of the state of Missouri or any other jurisdiction;

(2) The transfer of tangible personal property incident to the liquidation or cessation to a taxpayer's trade or business, conducted in proprietorship, partnership or corporate form, except to the extent any transfer is made in the ordinary course of the taxpayer's trade or business;

(3) The transfer of tangible personal property to a corporation solely in exchange for its stock or securities;

(4) The transfer of tangible personal property to a corporation by a shareholder as a contribution to the capital of the transferee corporation;

(5) The transfer of tangible personal property to a partnership solely in exchange for a partnership interest therein;

(6) The transfer of tangible personal property by a partner as a contribution to the capital of the transferee partnership;

(7) The transfer of tangible personal property by a corporation to one or more of its shareholders as a dividend, return of capital, distribution in the partial or complete liquidation of the corporation or distribution in redemption of the shareholder's interest therein;

(8) The transfer of tangible personal property by a partnership to one or more of its partners as a current distribution, return of capital or distribution in the partial or complete liquidation of the partnership or of the partner's interest therein.

2. The assumption of liabilities of the transferor by the transferee incident to any of the transactions enumerated in subdivisions (1) through (8) of subsection 1 of this section, shall not disqualify the transfer from the exclusion described herein provided such liability assumption is related to the property transferred and, further provided, that the assumption does not have as its principal purpose the avoidance of Missouri sales or use tax.]

[144.805. 1. In addition to the exemptions granted pursuant to the provisions of section 144.030, there shall also be specifically exempted from the provisions of sections 144.010 to 144.525, sections 144.600 to 144.746, and section 238.235, and the provisions of any local sales tax law, as defined in section 32.085, and from the computation of the tax levied, assessed or payable pursuant to sections 144.010 to 144.525, sections 144.600 to 144.746, and section 238.235, and the provisions of any local sales tax law, as defined in section 32.085, all sales of aviation jet fuel in a given calendar year to common carriers engaged in the interstate air transportation of passengers and cargo, and the storage, use and consumption of such aviation jet fuel by such common

carriers, if such common carrier has first paid to the state of Missouri, in accordance with the provisions of this chapter, state sales and use taxes pursuant to the foregoing provisions and applicable to the purchase, storage, use or consumption of such aviation jet fuel in a maximum and aggregate amount of one million five hundred thousand dollars of state sales and use taxes in such calendar year.

2. To qualify for the exemption prescribed in subsection 1 of this section, the common carrier shall furnish to the seller a certificate in writing to the effect that an exemption pursuant to this section is applicable to the aviation jet fuel so purchased, stored, used and consumed. The director of revenue shall permit any such common carrier to enter into a direct-pay agreement with the department of revenue, pursuant to which such common carrier may pay directly to the department of revenue any applicable sales and use taxes on such aviation jet fuel up to the maximum aggregate amount of one million five hundred thousand dollars in each calendar year. The director of revenue shall adopt appropriate rules and regulations to implement the provisions of this section, and to permit appropriate claims for refunds of any excess sales and use taxes collected in calendar year 1993 or any subsequent year with respect to any such common carrier and aviation jet fuel.

3. The provisions of this section shall apply to all purchases and deliveries of aviation jet fuel from and after May 10, 1993.

4. All sales and use tax revenues upon aviation jet fuel received pursuant to this chapter, less the amounts specifically designated pursuant to the constitution or pursuant to section 144.701 for other purposes, shall be deposited to the credit of the aviation trust fund established pursuant to section 155.090; provided however, the amount of such state sales and use tax revenues deposited to the credit of such aviation trust fund shall not exceed ten million dollars in each calendar year.

5. The provisions of this section and section 144.807 shall expire on December 31, 2023.]

[144.807. 1. In addition to the exemptions granted under the provisions of section 144.030, there shall also be specifically exempted from the provisions of sections 144.010 to 144.525, 144.600 to 144.748, and section 238.235, and the provisions of any local sales tax law, as defined in section 32.085, and from the computation of the tax levied, assessed or payable under sections 144.010 to 144.525, 144.600 to 144.748, and section 238.235, and the provisions of any local sales tax law, as defined in section 32.085, the purchase or storage by any common carrier engaged in the interstate air transportation of persons and cargo of tangible personal property, other than catered food and beverage products purchased for in-flight consumption and aviation jet fuel, within the state of Missouri, which tangible personal property is purchased or stored in the state of Missouri and is subsequently transported out of state by the common carrier and

13 is used by the common carrier in the conduct of its business as a common carrier.

14 2. Any use of the tangible personal property by the common carrier, other
15 than that incident to the delivery of the property to the carrier, the storage of the
16 property by the carrier pending out-of-state transportation of the property by the
17 carrier and the out-of-state transportation of the property by the carrier and
18 subsequent use in the conduct of its business as a common carrier, shall subject
19 the common carrier to liability for payment of sales and use tax, as applicable,
20 with respect to such property so used by the common carrier in the state of
21 Missouri, as if this exemption did not apply.

22 3. To qualify for the exemption under this section, the common carrier
23 shall file an election with the department of revenue whereby the common carrier
24 will agree to pay the state three hundred thousand dollars annually in equal
25 monthly payments, on or before the fifteenth day of each such month, for the
26 privilege of this election, and shall further agree that it will maintain records
27 documenting the use and transportation of the tangible personal property outside
28 the state of Missouri, as required under this section. Once a common carrier
29 makes this election, it may furnish its vendors a certificate in writing that it is a
30 common carrier qualifying for exemption under this section and can purchase
31 tangible personal property free of sales and use taxes. To the extent the
32 purchased property is used for its intended purpose in the state of Missouri, the
33 carrier shall remit the appropriate tax directly to the department of revenue.]
34

2 [144.809. In addition to the exemptions granted pursuant to the
3 provisions of section 144.030, there is hereby specifically exempted from the
4 provisions of, and the computation of the tax levied, assessed or payable under,
5 any state or local sales or use tax, or any increase in any state or local sales or use
6 tax rate, which tax or increase was not in effect on December 30, 1987, the sale,
7 storage, use or consumption of aviation jet fuel at or upon airports within the
8 state of Missouri, which airports are recipients of federal grant funds, have
9 submitted applications for or have been approved for federal grant funds, or
10 which are otherwise eligible to apply for federal grant funds.]

2 [144.811. 1. In addition to the exemptions granted under the provisions
3 of section 144.030, there shall also be specifically exempted from the provisions
4 of sections 144.010 to 144.525, sections 144.600 to 144.748, section 238.235,
5 and from the provisions of any local sales tax law, as defined in section 32.085,
6 and from the computation of the tax levied, assessed or payable under sections
7 144.010 to 144.525, sections 144.600 to 144.748, section 238.235, and under any
8 local sales tax law, as defined in section 32.085, any equipment purchased by a
9 federally licensed commercial or public broadcast station when such equipment
10 purchase is made as a result of federal mandate and the technological change that
11 results. This exemption does not apply to replacement of equipment necessitated
by a result of use or equipment replaced due to damage or theft.

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

13 (1) "Broadcast equipment", such equipment as may be necessary for the
14 broadcast station to fulfill those obligations as set forth under federal guidelines;

15 (2) "Federal mandate", any action of the Congress of the United States
16 or any federal regulatory agency having jurisdiction with regard to broadcast
17 stations when such action requires broadcasters to alter methods of operation;

18 (3) "Federally licensed broadcast station", any enterprise, either
19 commercial or noncommercial, which operates under a license granted by the
20 Federal Communications Commission for the purpose of the free distribution of
21 audio and/or video services when such distribution occurs by means of
22 transmission over the public airwaves;

23 (4) "Technological change", those changes in the design and methods of
24 operation of broadcast equipment which would, by virtue of these changes,
25 require the implementation and/or installation of replacement equipment and the
26 updating of existing equipment.]
27

2 [144.815. In addition to the exemptions granted pursuant to the
3 provisions of section 144.030, there shall also be specifically exempted from all
4 local sales taxes, as defined in section 32.085, and sections 144.010 to 144.510
5 and 144.600 to 144.757, and from the computation of the tax levied, assessed or
6 payable pursuant to all local sales taxes as defined in section 32.085 and sections
7 144.010 to 144.525 and 144.600 to 144.811, purchases of bullion and investment
8 coins. For purposes of this section, the following terms shall mean: (1)
9 "Bullion", gold, silver, platinum or palladium in a bulk state, where its value
10 depends on its content rather than its form, with a purity of not less than nine
11 hundred parts per one thousand; and (2) "Investment coins", numismatic coins
12 or other forms of money and legal tender manufactured of gold, silver, platinum,
13 palladium or metals with a fair market value greater than the face value of the
14 coins.]

2 [144.817. In addition to the exemptions granted pursuant to the
3 provisions of section 144.030, there shall also be specifically exempted from the
4 provisions of the local sales tax law as defined in section 32.085, section
5 238.235, and sections 144.010 to 144.525 and 144.600 to 144.745, and from the
6 computation of the tax levied, assessed, or payable pursuant to the local sales tax
7 law as defined in section 32.085, section 238.235, and sections 144.010 to
8 144.525 and 144.600 to 144.761, purchases of any item of tangible personal
9 property which is, within one year of such purchase, donated without charge to
10 the state of Missouri. The exemption prescribed in this section includes
11 purchases of all items of tangible personal property converted into an item
donated as a gift to the state of Missouri.]

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