

(Vetoed by the Governor)

This bill changes the laws regarding taxation. In its main provisions, the bill:

(1) Changes the laws regarding tax liability disputes. Currently, the Director of the Department of Revenue has the burden of proof with respect to any factual issue relevant to ascertaining the liability of a taxpayer in a tax liability dispute under specified circumstances. The bill repeals the burden of proof requirement when, in the case of a partnership, corporation, or trust, the net worth of the taxpayer does not exceed \$7 million and the taxpayer does not have more than 500 employees at the time the final decision of the department director is issued and only requires the department director to have the burden of proof if the taxpayer has produced evidence that establishes that there is a reasonable dispute with respect to the tax issue and the taxpayer has adequate records of the transactions and provides the department reasonable access to the records. Currently, the provisions of Section 136.300, RSMo, cannot apply to any issue with respect to the applicability of any tax exemption or credit. The bill removes the applicability of any tax exemption and specifies that the provisions cannot apply to any issue with respect to the applicability of any tax credit (Section 136.300);

(2) Requires any correspondence by the St. Louis County Assessor with a taxpayer to include in bold, 14-point font a statement that disclosure of the information requested is voluntary and not required by law and that any information disclosed may become public record. This provision does not apply to a request for information regarding the required listing of property or listing of lessees (Section 137.133);

(3) Authorizes an exemption for motor fuel used exclusively for watercraft in this state from the motor fuel tax and any state or local sales and use taxes. No taxes can be imposed or levied on any motor fuel delivered to a marina within this state that sells the fuel solely for use in any watercraft and is not accessible to other motor vehicles. Currently, a taxpayer must pay the motor fuel tax with the purchase of the fuel and then request a refund of the tax from the Department of Revenue within one year of the purchase. The bill specifies that any motor fuel distributor who delivers motor fuel to a marina in this state for use solely in any watercraft at a location other than a Missouri marina may claim the exemption by filing a refund claim for the fuel tax paid from the department. Currently, the sales and use tax only applies to fuel not subject to the motor fuel tax (Sections 142.815 and 144.030);

(4) Changes the provisions regarding the filing of withholding tax returns. Currently, an employer is allowed to file an annual withholding tax return instead of four quarterly returns when the aggregate amount withheld is less than \$20 in each of the four preceding quarters. The bill changes the amount to less than \$100 in each of the four preceding quarters if the employer is not otherwise required to file a withholding return on a quarterly or monthly basis (Section 143.221);

(5) Adds receipts of royalties, license fees, and other income for the use of intangible property and services for compensation to the definition of "sales" in the formula a corporation uses to determine Missouri taxable income and provides guidance on how the items are apportioned to the state. Currently, in determining what portion of a corporation's income is taxable in Missouri, the business may use a method whereby the ratio of instate sales to total sales is multiplied by the net income. A method for determining whether sales of tangible property are to be considered instate is already established in current law. The bill specifies a process for all other sales (Section 143.451);

(6) Authorizes a state and local sales and use tax exemption for the amount paid that results in the right of first refusal for tickets to events but does not itself result in admission. Currently, there is a state and local sales and use tax on the sales of admission tickets, cash admissions, charges, and fees to or in places of amusement, entertainment, recreation, games, and athletic events. The bill specifies the tax will only apply to sales of admission tickets and charges and fees for admission to view sporting events; dance performances; theater performances; orchestra, concerts, and other performing arts productions; and amounts paid for admission to racetracks, arcades, theme and amusement parks, water parks, circuses, carnivals, festivals, air shows, museums, marinas, motion picture theaters, and other commercial attractions (Sections 144.010, 144.018, and 144.020);

(7) Authorizes a state and local sales and use tax exemption on the sale of a used manufactured home (Section 144.044);

(8) Authorizes a state and local sales and use tax exemption on the sale of specified drugs, biological products, and devices used to treat terminal illness, including components and repair parts and the disposable or single-use supplies required for the use of the devices, that have successfully completed phase one of a clinical trial but have not been approved by the United States Food and Drug Administration for general use (Section 144.052);

(9) Authorizes a state sales and use tax exemption for specified

sales of electrical energy, gas, water, coal, and energy sources and specified materials used or consumed and the specified related infrastructure involved in the production or transmission of electricity to customers (Section 144.058);

(10) Authorizes a state and local sales and use tax exemption for specified sales of utilities, materials, and machinery used in connection with a data processing or storage center (Section 144.058);

(11) Removes the prohibition and allows a seller to advertise or state that the required sales tax will be assumed or absorbed into the price of the property sold or the service rendered if the amount of the tax is stated on the invoice or receipt (Section 144.080);

(12) Clarifies the limitations on sales tax refund claims by specifying that for a sales tax refund claim to be offset by the Department of Revenue, the offset or claim must have been assessed and the assessment must no longer be subject to appeal (Section 144.190); and

(13) Extends the authority of a regional jail district to impose a sales tax of up to .5% on sales in the district to September 30, 2027. The current authority expires on September 30, 2015 (Section 221.407).