

FIRST REGULAR SESSION

HOUSE BILL NO. 816

102ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE DEATON.

1867H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 143.071, 144.020, and 144.021, RSMo, and to enact in lieu thereof three new sections relating to taxation, with a delayed effective date for certain sections.

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

Section A. Sections 143.071, 144.020, and 144.021, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 143.071, 144.020, and 144.021, to read as follows:

143.071. 1. For all tax years beginning before September 1, 1993, a tax is hereby imposed upon the Missouri taxable income of corporations in an amount equal to five percent of Missouri taxable income.

2. For all tax years beginning on or after September 1, 1993, and ending on or before December 31, 2019, a tax is hereby imposed upon the Missouri taxable income of corporations in an amount equal to six and one-fourth percent of Missouri taxable income.

3. For all tax years beginning on or after January 1, 2020, **but on or before December 31, 2023**, a tax is hereby imposed upon the Missouri taxable income of corporations in an amount equal to four percent of Missouri taxable income.

4. **For all tax years beginning on or after January 1, 2024, a tax is hereby imposed upon the Missouri taxable income of corporations in an amount equal to two percent of Missouri taxable income.**

5. **(1) Beginning with the 2025 calendar year, the rate of tax under subsection 4 of this section may be reduced by one percent. No more than one reduction shall occur in a calendar year and no more than one reduction shall be made under this subsection. The reduction in the rate of tax shall take effect on January first of a calendar year and**

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.

17 **such reduced rate shall continue in effect for all tax years on and after the year of the**
18 **reduction.**

19 **(2) A reduction in the rate of tax shall occur only if the amount of revenue from**
20 **tax on income of corporations collected in the immediately preceding fiscal year exceeds**
21 **the highest amount of revenue from tax on income of corporations collected in any fiscal**
22 **year prior to the immediately preceding fiscal year by at least fifty million dollars.**

23 **(3) The modification of the tax rate under this subsection shall apply only to tax**
24 **years that begin on or after a modification takes effect.**

25 **(4) The director of the department of revenue shall, by rule, adjust the tax rate**
26 **under subsection 4 of this section to effectuate the provisions of this subsection.**

27 **6.** The provisions of this section shall not apply to out-of-state businesses operating
28 under sections 190.270 to 190.285.

144.020. 1. A tax is hereby levied and imposed for the privilege of titling new and
2 used 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
6 taxable service at retail in this state. The rate of tax shall be as follows:

7 (1) Upon every retail sale in this state of tangible personal property, excluding motor
8 vehicles, trailers, motorcycles, mopeds, motortricycles, boats and outboard motors required to
9 be titled under the laws of the state of Missouri and subject to tax under subdivision (9) of this
10 subsection, a tax equivalent to ~~[four]~~ **three and five hundred seventy-five thousandths**
11 percent of the purchase price paid or charged, or in case such sale involves the exchange of
12 property, a tax equivalent to ~~[four]~~ **three and five hundred seventy-five thousandths**
13 percent of the consideration paid or charged, including the fair market value of the property
14 exchanged at the time and place of the exchange, except as otherwise provided in section
15 144.025;

16 (2) A tax equivalent to ~~[four]~~ **three and five hundred seventy-five thousandths**
17 percent of the amount paid for admission and seating accommodations, or fees paid to, or in
18 any place of amusement, entertainment or recreation, games and athletic events, except
19 amounts paid for any instructional class;

20 (3) A tax equivalent to ~~[four]~~ **three and five hundred seventy-five thousandths**
21 percent of the basic rate paid or charged on all sales of electricity or electrical current, water
22 and gas, natural or artificial, to domestic, commercial or industrial consumers;

23 (4) (a) A tax equivalent to ~~[four]~~ **three and five hundred seventy-five thousandths**
24 percent on the basic rate paid or charged on all sales of local and long distance
25 telecommunications service to telecommunications subscribers and to others through

26 equipment of telecommunications subscribers for the transmission of messages and
27 conversations and upon the sale, rental or leasing of all equipment or services pertaining
28 or incidental thereto; except that, the payment made by telecommunications subscribers or
29 others, pursuant to section 144.060, and any amounts paid for access to the internet or
30 interactive computer services shall not be considered as amounts paid for telecommunications
31 services;

32 (b) If local and long distance telecommunications services subject to tax under this
33 subdivision are aggregated with and not separately stated from charges for
34 telecommunications service or other services not subject to tax under this subdivision,
35 including, but not limited to, interstate or international telecommunications services, then the
36 charges for nontaxable services may be subject to taxation unless the telecommunications
37 provider can identify by reasonable and verifiable standards such portion of the charges not
38 subject to such tax from its books and records that are kept in the regular course of business,
39 including, but not limited to, financial statement, general ledgers, invoice and billing systems
40 and reports, and reports for regulatory tariffs and other regulatory matters;

41 (c) A telecommunications provider shall notify the director of revenue of its intention
42 to utilize the standards described in paragraph (b) of this subdivision to determine the charges
43 that are subject to sales tax under this subdivision. Such notification shall be in writing and
44 shall meet standardized criteria established by the department regarding the form and format
45 of such notice;

46 (d) The director of revenue may promulgate and enforce reasonable rules and
47 regulations for the administration and enforcement of the provisions of this subdivision. Any
48 rule or portion of a rule, as that term is defined in section 536.010, that is created under the
49 authority delegated in this section shall become effective only if it complies with and is
50 subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section
51 and chapter 536 are nonseverable and if any of the powers vested with the general assembly
52 pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a
53 rule are subsequently held unconstitutional, then the grant of rulemaking authority and any
54 rule proposed or adopted after August 28, 2019, shall be invalid and void;

55 (5) A tax equivalent to ~~four~~ **three and five hundred seventy-five thousandths**
56 percent of the basic rate paid or charged for all sales of services for transmission of messages
57 of telegraph companies;

58 (6) A tax equivalent to ~~four~~ **three and five hundred seventy-five thousandths**
59 percent on the amount of sales or charges for all rooms, meals and drinks furnished at any
60 hotel, motel, tavern, inn, restaurant, eating house, drugstore, dining car, tourist cabin, tourist
61 camp or other place in which rooms, meals or drinks are regularly served to the public. The
62 tax imposed under this subdivision shall not apply to any automatic mandatory gratuity for a

63 large group imposed by a restaurant when such gratuity is reported as employee tip income
64 and the restaurant withholds income tax under section 143.191 on such gratuity;

65 (7) A tax equivalent to ~~[four]~~ **three and five hundred seventy-five thousandths**
66 percent of the amount paid or charged for intrastate tickets by every person operating a
67 railroad, sleeping car, dining car, express car, boat, airplane and such buses and trucks as are
68 licensed by the division of motor carrier and railroad safety of the department of economic
69 development of Missouri, engaged in the transportation of persons for hire;

70 (8) A tax equivalent to ~~[four]~~ **three and five hundred seventy-five thousandths**
71 percent of the amount paid or charged for rental or lease of tangible personal property,
72 provided that if the lessor or renter of any tangible personal property had previously
73 purchased the property under the conditions of sale at retail or leased or rented the property
74 and the tax was paid at the time of purchase, lease or rental, the lessor, sublessor, renter or
75 subrenter shall not apply or collect the tax on the subsequent lease, sublease, rental or
76 subrental receipts from that property. The purchase, rental or lease of motor vehicles, trailers,
77 motorcycles, mopeds, motortricycles, boats, and outboard motors shall be taxed and the tax
78 paid as provided in this section and section 144.070. In no event shall the rental or lease of
79 boats and outboard motors be considered a sale, charge, or fee to, for or in places of
80 amusement, entertainment or recreation nor shall any such rental or lease be subject to any tax
81 imposed to, for, or in such places of amusement, entertainment or recreation. Rental and
82 leased boats or outboard motors shall be taxed under the provisions of the sales tax laws as
83 provided under such laws for motor vehicles and trailers. Tangible personal property which is
84 exempt from the sales or use tax under section 144.030 upon a sale thereof is likewise exempt
85 from the sales or use tax upon the lease or rental thereof;

86 (9) A tax equivalent to ~~[four]~~ **three and five hundred seventy-five thousandths**
87 percent of the purchase price, as defined in section 144.070, of new and used motor vehicles,
88 trailers, boats, and outboard motors purchased or acquired for use on the highways or waters
89 of this state which are required to be registered under the laws of the state of Missouri. This
90 tax is imposed on the person titling such property, and shall be paid according to the
91 procedures in section 144.440.

92 2. All tickets sold which are sold under the provisions of this chapter which are
93 subject to the sales tax shall have printed, stamped or otherwise endorsed thereon, the words
94 "This ticket is subject to a sales tax."

144.021. 1. The purpose and intent of sections 144.010 to 144.510 is to impose a tax
2 upon the privilege of engaging in the business, in this state, of selling tangible personal
3 property and those services listed in section 144.020 and for the privilege of titling new and
4 used motor vehicles, trailers, boats, and outboard motors purchased or acquired for use on the
5 highways or waters of this state which are required to be registered under the laws of the state

6 of Missouri. Except as otherwise provided, the primary tax burden is placed upon the seller
7 making the taxable sales of property or service and is levied at the rate provided for in section
8 144.020. Excluding subdivision (9) of subsection 1 of section 144.020 and sections 144.070,
9 144.440 and 144.450, the extent to which a seller is required to collect the tax from the
10 purchaser of the taxable property or service is governed by section 144.285 and in no way
11 affects sections 144.080 and 144.100, which require all sellers to report to the director of
12 revenue their "gross receipts", defined herein to mean the aggregate amount of the sales price
13 of all sales at retail, and remit tax at ~~four~~ **three and five hundred seventy-five thousandths**
14 percent of their gross receipts.

15 2. If any item of tangible personal property or service determined to be taxable under
16 the sales tax law or the compensating use tax law is modified by a decision or order of:

- 17 (1) The director of revenue;
18 (2) The administrative hearing commission; or
19 (3) A court of competent jurisdiction;

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21 which changes which items of tangible personal property or services are taxable, and a
22 reasonable person would not have expected the decision or order based solely on prior law or
23 regulation, all affected sellers shall be notified by the department of revenue before such
24 modification shall take effect for such sellers. Failure of the department of revenue to notify a
25 seller shall relieve such seller of liability for taxes that would be due under the modification
26 until the seller is notified. The waiver of liability for taxes under this subsection shall only
27 apply to sellers actively selling the type of tangible personal property or service affected by
28 the decision on the date the decision or order is made or handed down and shall not apply to
29 any seller that has previously remitted tax on the tangible personal property or taxable
30 services subject to the decision or order or to any seller that had prior notice that the seller
31 must collect and remit the tax.

32 3. The notification required by subsection 2 of this section shall be delivered by
33 United States mail, electronic mail, or other secure electronic means of direct
34 communications. The department of revenue shall update its website with information
35 regarding modifications in sales tax law but such updates shall not constitute a notification
36 required by subsection 2 of this section.

Section B. The repeal and reenactment of sections 144.020 and 144.021 of this act
2 shall become effective on January 1, 2024.

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