

House _____ Amendment NO. _____

Offered By

1 AMEND House Bill No. 2274, Pages 1-2, Section 143.071, Lines 1-32, by deleting all of said
 2 section and lines from the bill and inserting in lieu thereof the following:

3
 4 "143.011. 1. For all tax years ending on or before December 31, 2025, a tax is hereby
 5 imposed for every taxable year on the Missouri taxable income of every resident. The tax shall be
 6 determined by applying the tax table or the rate provided in section 143.021, which is based upon
 7 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 but not over \$2,000	\$15 plus 2% of excess over \$1,000
Over \$2,000 but not over \$3,000	\$35 plus 2 1/2% of excess over \$2,000
Over \$3,000 but not over \$4,000	\$60 plus 3% of excess over \$3,000
Over \$4,000 but not over \$5,000	\$90 plus 3 1/2% of excess over \$4,000
Over \$5,000 but not over \$6,000	\$125 plus 4% of excess over \$5,000
Over \$6,000 but not over \$7,000	\$165 plus 4 1/2% of excess over \$6,000
Over \$7,000 but not over \$8,000	\$210 plus 5% of excess over \$7,000
Over \$8,000 but not over \$9,000	\$260 plus 5 1/2% of excess over \$8,000
Over \$9,000	\$315 plus 6% of excess over \$9,000

Action Taken _____ Date _____

1 2. (1) Notwithstanding the provisions of subsection 1 of this section to the contrary,
2 beginning with the 2023 calendar year, but ending on December 31, 2024, the top rate of tax
3 pursuant to subsection 1 of this section shall be four and ninety-five hundredths percent.

4 (2) The modification of tax rates made pursuant to this subsection shall apply only to tax
5 years that begin on or after January 1, 2023.

6 (3) The director of the department of revenue shall, by rule, adjust the tax table provided in
7 subsection 1 of this section to effectuate the provisions of this subsection. The top remaining rate of
8 tax shall apply to all income in excess of seven thousand dollars, as adjusted pursuant to subsection
9 5 of this section.

10 3. (1) In addition to the rate reduction under subsection 2 of this section, beginning with the
11 2024 calendar year, but ending on December 31, 2024, the top rate of tax under subsection 1 of this
12 section may be reduced by fifteen hundredths of a percent. A reduction in the rate of tax shall take
13 effect on January first of a calendar year and such reduced rates shall continue in effect until the
14 next reduction occurs.

15 (2) A reduction in the rate of tax shall only occur if the amount of net general revenue
16 collected in the previous fiscal year exceeds the highest amount of net general revenue collected in
17 any of the three fiscal years prior to such fiscal year by at least one hundred seventy-five million
18 dollars.

19 (3) Any modification of tax rates under this subsection shall only apply to tax years that
20 begin on or after a modification takes effect.

21 (4) The director of the department of revenue shall, by rule, adjust the tax tables under
22 subsection 1 of this section to effectuate the provisions of this subsection.

23 4. ~~[(1) In addition to the rate reductions under subsections 2 and 3 of this section, beginning~~
24 ~~with the calendar year immediately following the calendar year in which a reduction is made~~
25 ~~pursuant to subsection 3 of this section, the top rate of tax under subsection 1 of this section may be~~
26 ~~further reduced over a period of years. Each reduction in the top rate of tax shall be by one-tenth of~~
27 ~~a percent and no more than one reduction shall occur in a calendar year. No more than three~~
28 ~~reductions shall be made under this subsection. Reductions in the rate of tax shall take effect on~~
29 ~~January first of a calendar year and such reduced rates shall continue in effect until the next~~
30 ~~reduction occurs.~~

31 ~~(2) (a) A reduction in the rate of tax shall only occur if:~~

32 ~~a. The amount of net general revenue collected in the previous fiscal year exceeds the~~
33 ~~highest amount of net general revenue collected in any of the three fiscal years prior to such fiscal~~
34 ~~year by at least two hundred million dollars; and~~

35 ~~b. The amount of net general revenue collected in the previous fiscal year exceeds the~~
36 ~~amount of net general revenue collected in the fiscal year five years prior, adjusted annually by the~~
37 ~~percentage increase in inflation over the preceding five fiscal years.~~

~~(b) The amount of net general revenue collected required by subparagraph a. of paragraph (a) of this subdivision in order to make a reduction pursuant to this subsection shall be adjusted annually by the percent increase in inflation beginning with January 2, 2023.~~

~~(3) Any modification of tax rates under this subsection shall only apply to tax years that begin on or after a modification takes effect.~~

~~(4) The director of the department of revenue shall, by rule, adjust the tax tables under subsection 1 of this section to effectuate the provisions of this subsection. The bracket for income subject to the top rate of tax shall be eliminated once the top rate of tax has been reduced below the rate applicable to such bracket, and the top remaining rate of tax shall apply to all income in excess of the income in the second highest remaining income bracket.]~~ Beginning January 1, 2025, a tax is hereby imposed for every tax 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:

<u>If the Missouri taxable income is:</u>	<u>The tax is:</u>
<u>Not over \$2,500.00</u>	<u>\$0</u>
<u>Over \$2,500 but not over \$5,000</u>	<u>2 1/2% of excess over \$2,500</u>
<u>Over \$5,000 but not over \$7,500</u>	<u>\$62.50 plus 3 1/2% of excess over \$5,000</u>
<u>Over \$7,500 but not over \$10,000</u>	<u>\$150 plus 4 1/2% of excess over \$7,500</u>
<u>Over \$10,000 but not over \$500,000</u>	<u>\$262.50 plus 4 3/4% of excess over \$10,000</u>
<u>Over \$500,000</u>	<u>\$23,275 plus 5 1/2% of excess over \$500,000</u>

5. (1) Beginning with the 2017 calendar year, the brackets of Missouri taxable income identified in subsection 1 of this section for all tax years ending on or before December 31, 2024, or subsection 4 of this section for all tax years beginning on or after January 1, 2025, shall be adjusted annually by the percent increase in inflation. The director shall publish such brackets annually beginning on or after October 1, 2016. Modifications to the brackets shall take effect on January first of each calendar year and shall apply to tax years beginning on or after the effective date of the new brackets.

(2) Beginning with the 2026 calendar year, the brackets of Missouri taxable income identified in subsection 4 of this section shall be adjusted annually by the percent increase in inflation. The director shall publish such brackets annually beginning on or after October 1, 2025. Modifications to the brackets shall take effect on January first of each calendar year and shall apply to tax years beginning on or after the effective date of the new brackets. For the purposes of this subdivision, the "percent increase in inflation" means the percentage, if any, by which the CPI for

1 the preceding calendar year exceeds the CPI for the year beginning September 1, 2023, and ending
2 August 31, 2024.

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

4 (1) "CPI", the Consumer Price Index for All Urban Consumers for the United States as
5 reported by the Bureau of Labor Statistics, or its successor index;

6 (2) "CPI for the preceding calendar year", the average of the CPI as of the close of the
7 twelve-month period ending on August thirty-first of such calendar year;

8 (3) "Net general revenue collected", all revenue deposited into the general revenue fund,
9 less refunds and revenues originally deposited into the general revenue fund but designated by law
10 for a specific distribution or transfer to another state fund;

11 (4) "Percent increase in inflation", the percentage, if any, by which the CPI for the preceding
12 calendar year exceeds the CPI for the year beginning September 1, 2014, and ending August 31,
13 2015.

14 143.021. 1. Every resident having a taxable income shall determine his or her tax from the
15 rates provided in section 143.011. For all tax years beginning on or before December 31, 2022,
16 there shall be no tax on a taxable income of less than one hundred dollars.

17 2. (1) Notwithstanding the provisions of subsection 1 of section 143.011 to the contrary, for
18 all tax years beginning on or after January 1, 2023, but on or before December 31, 2024, there shall
19 be no tax on taxable income of less than or equal to one thousand dollars, as adjusted pursuant to
20 subsection 5 of section 143.011.

21 (2) The modifications made pursuant to this subsection shall only apply to tax years that
22 begin on or after January 1, 2023.

23 (3) The director of the department of revenue shall, by rule, adjust the tax table provided in
24 subsection 1 of section 143.011 to effectuate the provisions of this subsection.

25 3. (1) Notwithstanding the provisions of section 143.011 to the contrary, for all tax years
26 beginning on or after January 1, 2025, there shall be no tax on taxable income of less than or equal
27 to two thousand five hundred dollars, as adjusted under subdivision (2) of subsection 5 of section
28 143.011.

29 (2) The modifications made under this subsection shall apply only to tax years that begin on
30 or after January 1, 2025.

31 (3) The director of the department of revenue shall, by rule, adjust the tax table provided
32 under subsection 4 of section 143.011 to effectuate the provisions of this subsection.

33 143.071. 1. For all tax years beginning before September 1, 1993, a tax is hereby imposed
34 upon the Missouri taxable income of corporations in an amount equal to five percent of Missouri
35 taxable income.

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

1 3. For all tax years beginning on or after January 1, 2020, but on or before December 31,
2 2024, a tax is hereby imposed upon the Missouri taxable income of corporations in an amount equal
3 to four percent of Missouri taxable income.

4 4. For all tax years beginning on or after January 1, 2025, a tax is hereby imposed upon the
5 Missouri taxable income of corporations in an amount equal to five percent of Missouri taxable
6 income.

7 5. The provisions of this section shall not apply to out-of-state businesses operating under
8 sections 190.270 to 190.285.

9 143.177. 1. This section shall be known and may be cited as the "Missouri Working Family
10 Tax Credit Act".

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

12 (1) "Department", the department of revenue;

13 (2) "Eligible taxpayer", a resident individual with a filing status of single, head of
14 household, widowed, or married filing combined who is subject to the tax imposed under this
15 chapter, excluding withholding tax imposed under sections 143.191 to 143.265, and who is allowed
16 a federal earned income tax credit under 26 U.S.C. Section 32, as amended;

17 (3) "Tax credit", a credit against the tax otherwise due under this chapter, excluding
18 withholding tax imposed under sections 143.191 to 143.265.

19 3. (1) Beginning with the 2023 calendar year, an eligible taxpayer shall be allowed a tax
20 credit in an amount equal to a percentage of the amount such taxpayer would receive under the
21 federal earned income tax credit as such credit existed under 26 U.S.C. Section 32 as of January 1,
22 2021, as provided pursuant to subdivision (2) of this subsection. The tax credit allowed by this
23 section shall be claimed by such taxpayer at the time such taxpayer files a return and shall be
24 applied against the income tax liability imposed by this chapter after reduction for all other credits
25 allowed thereon. If the amount of the credit exceeds the tax liability, the difference shall ~~not~~ be
26 refunded to the taxpayer and shall not be carried forward to any subsequent tax year.

27 (2) Subject to the provisions of subdivision (3) of this subsection, the percentage of the
28 federal earned income tax credit to be allowed as a tax credit pursuant to subdivision (1) of this
29 subsection shall be ten percent, which may be increased to twenty percent subject to the provisions
30 of subdivision (3) of this subsection. The maximum percentage that may be claimed as a tax credit
31 pursuant to this section shall be twenty percent of the federal earned income tax credit that may be
32 claimed by such taxpayer. Any increase in the percentage that may be claimed as a tax credit shall
33 take effect on January first of a calendar year and such percentage shall continue in effect until the
34 next percentage increase occurs. An increase shall only apply to tax years that begin on or after the
35 increase takes effect.

36 (3) The initial percentage to be claimed as a tax credit and any increase in the percentage
37 that may be claimed pursuant to subdivision (2) of this subsection shall only occur if the amount of
38 net general revenue collected in the previous fiscal year exceeds the highest amount of net general

1 revenue collected in any of the three fiscal years prior to such fiscal year by at least one hundred
2 fifty million dollars.

3 4. Notwithstanding the provisions of section 32.057 to the contrary, the department shall
4 determine whether any taxpayer filing a report or return with the department who did not apply for
5 the credit authorized under this section may qualify for the credit and, if so, determines a taxpayer
6 may qualify for the credit, shall notify such taxpayer of his or her potential eligibility. In making a
7 determination of eligibility under this section, the department shall use any appropriate and
8 available data including, but not limited to, data available from the Internal Revenue Service, the
9 U.S. Department of Treasury, and state income tax returns from previous tax years.

10 5. The department shall prepare an annual report containing statistical information regarding
11 the tax credits issued under this section for the previous tax year, including the total amount of
12 revenue expended, the number of credits claimed, and the average value of the credits issued to
13 taxpayers whose earned income falls within various income ranges determined by the department.

14 6. The director of the department may promulgate rules and regulations to administer the
15 provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010,
16 that is created under the authority delegated in this section shall become effective only if it complies
17 with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This
18 section and chapter 536 are nonseverable and if any of the powers vested with the general assembly
19 pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are
20 subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or
21 adopted after January 1, 2023, shall be invalid and void.

22 7. Tax credits authorized under this section shall not be subject to the requirements of
23 sections 135.800 to 135.830.

24 144.014. 1. Notwithstanding other provisions of law to the contrary, beginning October 1,
25 1997, and ending on December 31, 2024, the tax levied and imposed under this chapter on all retail
26 sales of food shall be at the rate of one percent. The revenue derived from the one percent rate
27 pursuant to this section shall be deposited by the state treasurer in the school district trust fund and
28 shall be distributed as provided in section 144.701.

29 2. Notwithstanding any provision of law to the contrary, beginning January 1, 2025, no state
30 sales or use tax, local sales tax as defined under section 32.085, or local use tax shall be levied or
31 imposed on any retail sale of food in this state.

32 3. For the purposes of this section, the term "food" shall include only those products and
33 types of food for which ~~[food stamps]~~ benefits may be redeemed pursuant to the provisions of the
34 ~~[Federal Food Stamp]~~ Supplemental Nutrition Assistance Program as ~~[contained]~~ described in 7
35 U.S.C. Section 2012, as that section now reads or as it may be amended hereafter, and shall include
36 food dispensed by or through vending machines. For the purpose of this section, except for vending
37 machine sales, the term "food" shall not include food or drink sold by any establishment where the
38 gross receipts derived from the sale of food prepared by such establishment for immediate
39 consumption on or off the premises of the establishment constitutes more than eighty percent of the

1 total gross receipts of that establishment, regardless of whether such prepared food is consumed on
2 the premises of that establishment, including, but not limited to, sales of food by any restaurant, fast
3 food restaurant, delicatessen, eating house, or café.

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

11 2. There are also specifically exempted from the provisions of the local sales tax law as
12 defined in section 32.085, section 238.235, and sections 144.010 to 144.525 and 144.600 to 144.761
13 and from the computation of the tax levied, assessed or payable pursuant to the local sales tax law as
14 defined in section 32.085, section 238.235, and sections 144.010 to 144.525 and 144.600 to
15 144.745:

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

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

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

1 (4) Replacement machinery, equipment, and parts and the materials and supplies solely
2 required for the installation or construction of such replacement machinery, equipment, and parts,
3 used directly in manufacturing, mining, fabricating or producing a product which is intended to be
4 sold ultimately for final use or consumption; and machinery and equipment, and the materials and
5 supplies required solely for the operation, installation or construction of such machinery and
6 equipment, purchased and used to establish new, or to replace or expand existing, material recovery
7 processing plants in this state. For the purposes of this subdivision, a "material recovery processing
8 plant" means a facility that has as its primary purpose the recovery of materials into a usable product
9 or a different form which is used in producing a new product and shall include a facility or
10 equipment which are used exclusively for the collection of recovered materials for delivery to a
11 material recovery processing plant but shall not include motor vehicles used on highways. For
12 purposes of this section, the terms motor vehicle and highway shall have the same meaning pursuant
13 to section 301.010. For the purposes of this subdivision, subdivision (5) of this subsection, and
14 section 144.054, as well as the definition in subdivision (9) of subsection 1 of section 144.010, the
15 term "product" includes telecommunications services and the term "manufacturing" shall include the
16 production, or production and transmission, of telecommunications services. The preceding
17 sentence does not make a substantive change in the law and is intended to clarify that the term
18 "manufacturing" has included and continues to include the production and transmission of
19 "telecommunications services", as enacted in this subdivision and subdivision (5) of this subsection,
20 as well as the definition in subdivision (9) of subsection 1 of section 144.010. The preceding two
21 sentences reaffirm legislative intent consistent with the interpretation of this subdivision and
22 subdivision (5) of this subsection in *Southwestern Bell Tel. Co. v. Director of Revenue*, 78 S.W.3d
23 763 (Mo. banc 2002) and *Southwestern Bell Tel. Co. v. Director of Revenue*, 182 S.W.3d 226 (Mo.
24 banc 2005), and accordingly abrogates the Missouri supreme court's interpretation of those
25 exemptions in *IBM Corporation v. Director of Revenue*, 491 S.W.3d 535 (Mo. banc 2016) to the
26 extent inconsistent with this section and *Southwestern Bell Tel. Co. v. Director of Revenue*, 78
27 S.W.3d 763 (Mo. banc 2002) and *Southwestern Bell Tel. Co. v. Director of Revenue*, 182 S.W.3d
28 226 (Mo. banc 2005). The construction and application of this subdivision as expressed by the
29 Missouri supreme court in *DST Systems, Inc. v. Director of Revenue*, 43 S.W.3d 799 (Mo. banc
30 2001); *Southwestern Bell Tel. Co. v. Director of Revenue*, 78 S.W.3d 763 (Mo. banc 2002); and
31 *Southwestern Bell Tel. Co. v. Director of Revenue*, 182 S.W.3d 226 (Mo. banc 2005), is hereby
32 affirmed. Material recovery is not the reuse of materials within a manufacturing process or the use
33 of a product previously recovered. The material recovery processing plant shall qualify under the
34 provisions of this section regardless of ownership of the material being recovered;

35 (5) Machinery and equipment, and parts and the materials and supplies solely required for
36 the installation or construction of such machinery and equipment, purchased and used to establish
37 new or to expand existing manufacturing, mining or fabricating plants in the state if such machinery
38 and equipment is used directly in manufacturing, mining or fabricating a product which is intended
39 to be sold ultimately for final use or consumption. The construction and application of this

1 subdivision as expressed by the Missouri supreme court in *DST Systems, Inc. v. Director of*
2 *Revenue*, 43 S.W.3d 799 (Mo. banc 2001); *Southwestern Bell Tel. Co. v. Director of Revenue*, 78
3 S.W.3d 763 (Mo. banc 2002); and *Southwestern Bell Tel. Co. v. Director of Revenue*, 182 S.W.3d
4 226 (Mo. banc 2005), is hereby affirmed;

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

8 (7) Animals or poultry used for breeding or feeding purposes, or captive wildlife;

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

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

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

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

20 (12) Electrical energy used in the actual primary manufacture, processing, compounding,
21 mining or producing of a product, or electrical energy used in the actual secondary processing or
22 fabricating of the product, or a material recovery processing plant as defined in subdivision (4) of
23 this subsection, in facilities owned or leased by the taxpayer, if the total cost of electrical energy so
24 used exceeds ten percent of the total cost of production, either primary or secondary, exclusive of
25 the cost of electrical energy so used or if the raw materials used in such processing contain at least
26 twenty-five percent recovered materials as defined in section 260.200. There shall be a rebuttable
27 presumption that the raw materials used in the primary manufacture of automobiles contain at least
28 twenty-five percent recovered materials. For purposes of this subdivision, "processing" means any
29 mode of treatment, act or series of acts performed upon materials to transform and reduce them to a
30 different state or thing, including treatment necessary to maintain or preserve such processing by the
31 producer at the production facility;

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

34 (14) Machinery, equipment, appliances and devices purchased or leased and used solely for
35 the purpose of preventing, abating or monitoring air pollution, and materials and supplies solely
36 required for the installation, construction or reconstruction of such machinery, equipment,
37 appliances and devices;

38 (15) Machinery, equipment, appliances and devices purchased or leased and used solely for
39 the purpose of preventing, abating or monitoring water pollution, and materials and supplies solely

1 required for the installation, construction or reconstruction of such machinery, equipment,
2 appliances and devices;

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

4 (17) All amounts paid or charged for admission or participation or other fees paid by or
5 other charges to individuals in or for any place of amusement, entertainment or recreation, games or
6 athletic events, including museums, fairs, zoos and planetariums, owned or operated by a
7 municipality or other political subdivision where all the proceeds derived therefrom benefit the
8 municipality or other political subdivision and do not inure to any private person, firm, or
9 corporation, provided, however, that a municipality or other political subdivision may enter into
10 revenue-sharing agreements with private persons, firms, or corporations providing goods or
11 services, including management services, in or for the place of amusement, entertainment or
12 recreation, games or athletic events, and provided further that nothing in this subdivision shall
13 exempt from tax any amounts retained by any private person, firm, or corporation under such
14 revenue-sharing agreement;

15 (18) All sales of insulin, and all sales, rentals, repairs, and parts of durable medical
16 equipment, prosthetic devices, and orthopedic devices as defined on January 1, 1980, by the federal
17 Medicare program pursuant to Title XVIII of the Social Security Act of 1965, including the items
18 specified in Section 1862(a)(12) of that act, and also specifically including hearing aids and hearing
19 aid supplies and all sales of drugs which may be legally dispensed by a licensed pharmacist only
20 upon a lawful prescription of a practitioner licensed to administer those items, including samples
21 and materials used to manufacture samples which may be dispensed by a practitioner authorized to
22 dispense such samples and all sales or rental of medical oxygen, home respiratory equipment and
23 accessories including parts, and hospital beds and accessories and ambulatory aids including parts,
24 and all sales or rental of manual and powered wheelchairs including parts, and stairway lifts, Braille
25 writers, electronic Braille equipment and, if purchased or rented by or on behalf of a person with
26 one or more physical or mental disabilities to enable them to function more independently, all sales
27 or rental of scooters including parts, and reading machines, electronic print enlargers and
28 magnifiers, electronic alternative and augmentative communication devices, and items used solely
29 to modify motor vehicles to permit the use of such motor vehicles by individuals with disabilities or
30 sales of over-the-counter or nonprescription drugs to individuals with disabilities, and drugs
31 required by the Food and Drug Administration to meet the over-the-counter drug product labeling
32 requirements in 21 CFR 201.66, or its successor, as prescribed by a health care practitioner licensed
33 to prescribe;

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

37 (20) All sales of aircraft to common carriers for storage or for use in interstate commerce
38 and all sales made by or to not-for-profit civic, social, service or fraternal organizations, including
39 fraternal organizations which have been declared tax-exempt organizations pursuant to Section

1 501(c)(8) or (10) of the 1986 Internal Revenue Code, as amended, in their civic or charitable
2 functions and activities and all sales made to eleemosynary and penal institutions and industries of
3 the state, and all sales made to any private not-for-profit institution of higher education not
4 otherwise excluded pursuant to subdivision (19) of this subsection or any institution of higher
5 education supported by public funds, and all sales made to a state relief agency in the exercise of
6 relief functions and activities;

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

13 (22) All sales made to any private not-for-profit elementary or secondary school, all sales of
14 feed additives, medications or vaccines administered to livestock or poultry in the production of
15 food or fiber, all sales of pesticides used in the production of crops, livestock or poultry for food or
16 fiber, all sales of bedding used in the production of livestock or poultry for food or fiber, all sales of
17 propane or natural gas, electricity or diesel fuel used exclusively for drying agricultural crops,
18 natural gas used in the primary manufacture or processing of fuel ethanol as defined in section
19 142.028, natural gas, propane, and electricity used by an eligible new generation cooperative or an
20 eligible new generation processing entity as defined in section 348.432, and all sales of farm
21 machinery and equipment, other than airplanes, motor vehicles and trailers, and any freight charges
22 on any exempt item. As used in this subdivision, the term "feed additives" means tangible personal
23 property which, when mixed with feed for livestock or poultry, is to be used in the feeding of
24 livestock or poultry. As used in this subdivision, the term "pesticides" includes adjuvants such as
25 crop oils, surfactants, wetting agents and other assorted pesticide carriers used to improve or
26 enhance the effect of a pesticide and the foam used to mark the application of pesticides and
27 herbicides for the production of crops, livestock or poultry. As used in this subdivision, the term
28 "farm machinery and equipment" shall mean:

29 (a) New or used farm tractors and such other new or used farm machinery and equipment,
30 including utility vehicles used for any agricultural use, and repair or replacement parts thereon and
31 any accessories for and upgrades to such farm machinery and equipment and rotary mowers used for
32 any agricultural purposes. For the purposes of this subdivision, "utility vehicle" shall mean any
33 motorized vehicle manufactured and used exclusively for off-highway use which is more than fifty
34 inches but no more than eighty inches in width, measured from outside of tire rim to outside of tire
35 rim, with an unladen dry weight of three thousand five hundred pounds or less, traveling on four or
36 six wheels;

37 (b) Supplies and lubricants used exclusively, solely, and directly for producing crops, raising
38 and feeding livestock, fish, poultry, pheasants, chukar, quail, or for producing milk for ultimate sale
39 at retail, including field drain tile; and

1 (c) One-half of each purchaser's purchase of diesel fuel therefor which is:

2 a. Used exclusively for agricultural purposes;

3 b. Used on land owned or leased for the purpose of producing farm products; and

4 c. Used directly in producing farm products to be sold ultimately in processed form or
5 otherwise at retail or in producing farm products to be fed to livestock or poultry to be sold
6 ultimately in processed form at retail;

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

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

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

29 (c) Each person making domestic use purchases of services or property and who uses any
30 portion of the services or property so purchased for a nondomestic use shall, by the fifteenth day of
31 the fourth month following the year of purchase, and without assessment, notice or demand, file a
32 return and pay sales tax on that portion of nondomestic purchases. Each person making
33 nondomestic purchases of services or property and who uses any portion of the services or property
34 so purchased for domestic use, and each person making domestic purchases on behalf of occupants
35 of residential apartments or condominiums through a single or master meter, including service for
36 common areas and facilities and vacant units, under a nonresidential utility service rate
37 classification may, between the first day of the first month and the fifteenth day of the fourth month
38 following the year of purchase, apply for credit or refund to the director of revenue and the director
39 shall give credit or make refund for taxes paid on the domestic use portion of the purchase. The

1 person making such purchases on behalf of occupants of residential apartments or condominiums
2 shall have standing to apply to the director of revenue for such credit or refund;

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

6 (25) Excise taxes, collected on sales at retail, imposed by Sections 4041, 4071, 4081,
7 [4091,] 4161, 4181, 4251, 4261 and 4271 of Title 26, United States Code. The director of revenue
8 shall promulgate rules pursuant to chapter 536 to eliminate all state and local sales taxes on such
9 excise taxes;

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

15 (27) All sales made to an interstate compact agency created pursuant to sections 70.370 to
16 70.441 or sections 238.010 to 238.100 in the exercise of the functions and activities of such agency
17 as provided pursuant to the compact;

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

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

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

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

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

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

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

36 (35) All sales of feed which are developed for and used in the feeding of pets owned by a
37 commercial breeder when such sales are made to a commercial breeder, as defined in section
38 273.325, and licensed pursuant to sections 273.325 to 273.357;

1 (36) All purchases by a contractor on behalf of an entity located in another state, provided
2 that the entity is authorized to issue a certificate of exemption for purchases to a contractor under the
3 provisions of that state's laws. For purposes of this subdivision, the term "certificate of exemption"
4 shall mean any document evidencing that the entity is exempt from sales and use taxes on purchases
5 pursuant to the laws of the state in which the entity is located. Any contractor making purchases on
6 behalf of such entity shall maintain a copy of the entity's exemption certificate as evidence of the
7 exemption. If the exemption certificate issued by the exempt entity to the contractor is later
8 determined by the director of revenue to be invalid for any reason and the contractor has accepted
9 the certificate in good faith, neither the contractor or the exempt entity shall be liable for the
10 payment of any taxes, interest and penalty due as the result of use of the invalid exemption
11 certificate. Materials shall be exempt from all state and local sales and use taxes when purchased by
12 a contractor for the purpose of fabricating tangible personal property which is used in fulfilling a
13 contract for the purpose of constructing, repairing or remodeling facilities for the following:

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

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

19 (37) All sales or other transfers of tangible personal property to a lessor who leases the
20 property under a lease of one year or longer executed or in effect at the time of the sale or other
21 transfer to an interstate compact agency created pursuant to sections 70.370 to 70.441 or sections
22 238.010 to 238.100;

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

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

32 (40) All materials, replacement parts, and equipment purchased for use directly upon, and
33 for the modification, replacement, repair, and maintenance of aircraft, aircraft power plants, and
34 aircraft accessories;

35 (41) Sales of sporting clays, wobble, skeet, and trap targets to any shooting range or similar
36 places of business for use in the normal course of business and money received by a shooting range
37 or similar places of business from patrons and held by a shooting range or similar place of business
38 for redistribution to patrons at the conclusion of a shooting event;

1 (42) All sales of motor fuel, as defined in section 142.800, used in any watercraft, as defined
2 in section 306.010;

3 (43) Any new or used aircraft sold or delivered in this state to a person who is not a resident
4 of this state or a corporation that is not incorporated in this state, and such aircraft is not to be based
5 in this state and shall not remain in this state more than ten business days subsequent to the last to
6 occur of:

7 (a) The transfer of title to the aircraft to a person who is not a resident of this state or a
8 corporation that is not incorporated in this state; or

9 (b) The date of the return to service of the aircraft in accordance with 14 CFR 91.407 for
10 any maintenance, preventive maintenance, rebuilding, alterations, repairs, or installations that are
11 completed contemporaneously with the transfer of title to the aircraft to a person who is not a
12 resident of this state or a corporation that is not incorporated in this state;

13 (44) Motor vehicles registered in excess of fifty-four thousand pounds, and the trailers
14 pulled by such motor vehicles, that are actually used in the normal course of business to haul
15 property on the public highways of the state, and that are capable of hauling loads commensurate
16 with the motor vehicle's registered weight; and the materials, replacement parts, and equipment
17 purchased for use directly upon, and for the repair and maintenance or manufacture of such vehicles.
18 For purposes of this subdivision, "motor vehicle" and "public highway" shall have the meaning as
19 ascribed in section 390.020;

20 (45) All internet access or the use of internet access regardless of whether the tax is imposed
21 on a provider of internet access or a buyer of internet access. For purposes of this subdivision, the
22 following terms shall mean:

23 (a) "Direct costs", costs incurred by a governmental authority solely because of an internet
24 service provider's use of the public right-of-way. The term shall not include costs that the
25 governmental authority would have incurred if the internet service provider did not make such use
26 of the public right-of-way. Direct costs shall be determined in a manner consistent with generally
27 accepted accounting principles;

28 (b) "Internet", computer and telecommunications facilities, including equipment and
29 operating software, that comprises the interconnected worldwide network that employ the
30 transmission control protocol or internet protocol, or any predecessor or successor protocols to that
31 protocol, to communicate information of all kinds by wire or radio;

32 (c) "Internet access", a service that enables users to connect to the internet to access content,
33 information, or other services without regard to whether the service is referred to as
34 telecommunications, communications, transmission, or similar services, and without regard to
35 whether a provider of the service is subject to regulation by the Federal Communications
36 Commission as a common carrier under 47 U.S.C. Section 201, et seq. For purposes of this
37 subdivision, internet access also includes: the purchase, use, or sale of communications services,
38 including telecommunications services as defined in section 144.010, to the extent the
39 communications services are purchased, used, or sold to provide the service described in this

1 subdivision or to otherwise enable users to access content, information, or other services offered
2 over the internet; services that are incidental to the provision of a service described in this
3 subdivision, when furnished to users as part of such service, including a home page, electronic mail,
4 and instant messaging, including voice-capable and video-capable electronic mail and instant
5 messaging, video clips, and personal electronic storage capacity; a home page electronic mail and
6 instant messaging, including voice-capable and video-capable electronic mail and instant
7 messaging, video clips, and personal electronic storage capacity that are provided independently or
8 that are not packed with internet access. As used in this subdivision, internet access does not
9 include voice, audio, and video programming or other products and services, except services
10 described in this paragraph or this subdivision, that use internet protocol or any successor protocol
11 and for which there is a charge, regardless of whether the charge is separately stated or aggregated
12 with the charge for services described in this paragraph or this subdivision;

13 (d) "Tax", any charge imposed by the state or a political subdivision of the state for the
14 purpose of generating revenues for governmental purposes and that is not a fee imposed for a
15 specific privilege, service, or benefit conferred, except as described as otherwise under this
16 subdivision, or any obligation imposed on a seller to collect and to remit to the state or a political
17 subdivision of the state any gross retail tax, sales tax, or use tax imposed on a buyer by such a
18 governmental entity. The term tax shall not include any franchise fee or similar fee imposed or
19 authorized under sections 67.1830 to 67.1846 or section 67.2689; Section 622 or 653 of the
20 Communications Act of 1934, 47 U.S.C. Section 542 and 47 U.S.C. Section 573; or any other fee
21 related to obligations of telecommunications carriers under the Communications Act of 1934, 47
22 U.S.C. Section 151, et seq., except to the extent that:

23 a. The fee is not imposed for the purpose of recovering direct costs incurred by the
24 franchising or other governmental authority from providing the specific privilege, service, or benefit
25 conferred to the payer of the fee; or

26 b. The fee is imposed for the use of a public right-of-way based on a percentage of the
27 service revenue, and the fee exceeds the incremental direct costs incurred by the governmental
28 authority associated with the provision of that right-of-way to the provider of internet access service.

29
30 Nothing in this subdivision shall be interpreted as an exemption from taxes due on goods or services
31 that were subject to tax on January 1, 2016;

32 (46) All purchases by a company of solar photovoltaic energy systems, components used to
33 construct a solar photovoltaic energy system, and all purchases of materials and supplies used
34 directly to construct or make improvements to such systems, provided that such systems:

35 (a) Are sold or leased to an end user; or

36 (b) Are used to produce, collect and transmit electricity for resale or retail;

37 (47) All sales of necessary personal hygiene products and toiletries. For the purposes of this
38 subdivision, "necessary personal hygiene products and toiletries" shall mean goods, merchandise, or
39 products necessary for personal hygiene, health, safety, or cleanliness of an individual including, but

1 not limited to, feminine hygiene products, diapers, incontinence products, toilet paper, toothbrushes,
2 toothpaste, soap, shampoo, deodorant, antiperspirant, and other similar products necessary for
3 reasonable hygiene; but such term shall not include luxury or cosmetic personal care items.

4 3. Any ruling, agreement, or contract, whether written or oral, express or implied, between a
5 person and this state's executive branch, or any other state agency or department, stating, agreeing,
6 or ruling that such person is not required to collect sales and use tax in this state despite the presence
7 of a warehouse, distribution center, or fulfillment center in this state that is owned or operated by the
8 person or an affiliated person shall be null and void unless it is specifically approved by a majority
9 vote of each of the houses of the general assembly. For purposes of this subsection, an "affiliated
10 person" means any person that is a member of the same controlled group of corporations as defined
11 in Section 1563(a) of the Internal Revenue Code of 1986, as amended, as the vendor or any other
12 entity that, notwithstanding its form of organization, bears the same ownership relationship to the
13 vendor as a corporation that is a member of the same controlled group of corporations as defined in
14 Section 1563(a) of the Internal Revenue Code, as amended.

15 144.070. 1. At the time the owner of any new or used motor vehicle, trailer, boat, or
16 outboard motor which was acquired in a transaction subject to sales tax under the Missouri sales tax
17 law makes application to the director of revenue for an official certificate of title and the registration
18 of the motor vehicle, trailer, boat, or outboard motor as otherwise provided by law, the owner shall
19 present to the director of revenue evidence satisfactory to the director of revenue showing the
20 purchase price exclusive of any charge incident to the extension of credit paid by or charged to the
21 applicant in the acquisition of the motor vehicle, trailer, boat, or outboard motor, or that no sales tax
22 was incurred in its acquisition, and if sales tax was incurred in its acquisition, the applicant shall pay
23 or cause to be paid to the director of revenue the sales tax provided by the Missouri sales tax law in
24 addition to the registration fees now or hereafter required according to law, and the director of
25 revenue shall not issue a certificate of title for any new or used motor vehicle, trailer, boat, or
26 outboard motor subject to sales tax as provided in the Missouri sales tax law until the tax levied for
27 the sale of the same under sections 144.010 to 144.510 has been paid as provided in this section or is
28 registered under the provisions of subsection 5 of this section.

29 2. As used in subsection 1 of this section, the term "purchase price" shall mean the total
30 amount of the contract price agreed upon between the seller and the applicant in the acquisition of
31 the motor vehicle, trailer, boat, or outboard motor, regardless of the medium of payment therefor.

32 3. In the event that the purchase price is unknown or undisclosed, or that the evidence
33 thereof is not satisfactory to the director of revenue, the same shall be fixed by appraisalment by the
34 director.

35 4. The director of the department of revenue shall endorse upon the official certificate of
36 title issued by the director upon such application an entry showing that such sales tax has been paid
37 or that the motor vehicle, trailer, boat, or outboard motor represented by such certificate is exempt
38 from sales tax and state the ground for such exemption.

1 5. Any person, company, or corporation engaged in the business of renting or leasing motor
2 vehicles, trailers, boats, or outboard motors, which are to be used exclusively for rental or lease
3 purposes, and not for resale, may apply to the director of revenue for authority to operate as a
4 leasing or rental company and pay an annual fee of two hundred fifty dollars for such authority.
5 Any company approved by the director of revenue may pay the tax due on any motor vehicle, trailer,
6 boat, or outboard motor as required in section 144.020 at the time of registration thereof or in lieu
7 thereof may pay a sales tax as provided in sections 144.010, 144.020, 144.070 and 144.440. A sales
8 tax shall be charged to and paid by a leasing company which does not exercise the option of paying
9 in accordance with section 144.020, on the amount charged for each rental or lease agreement while
10 the motor vehicle, trailer, boat, or outboard motor is domiciled in this state. Any motor vehicle,
11 trailer, boat, or outboard motor which is leased as the result of a contract executed in this state shall
12 be presumed to be domiciled in this state.

13 6. Every applicant to be a registered fleet owner as described in subsections 6 to 10 of
14 section 301.032 shall furnish with the application to operate as a registered fleet owner a corporate
15 surety bond or irrevocable letter of credit, as defined in section 400.5-102, issued by any state or
16 federal financial institution in the penal sum of one hundred thousand dollars, on a form approved
17 by the department. The bond or irrevocable letter of credit shall be conditioned upon the registered
18 fleet owner complying with the provisions of any statutes applicable to registered fleet owners, and
19 the bond shall be an indemnity for any loss sustained by reason of the acts of the person bonded
20 when such acts constitute grounds for the suspension or revocation of the registered fleet owner
21 license. The bond shall be executed in the name of the state of Missouri for the benefit of all
22 aggrieved parties or the irrevocable letter of credit shall name the state of Missouri as the
23 beneficiary; except that, the aggregate liability of the surety or financial institution to the aggrieved
24 parties shall, in no event, exceed the amount of the bond or irrevocable letter of credit. The
25 proceeds of the bond or irrevocable letter of credit shall be paid upon receipt by the department of a
26 final judgment from a Missouri court of competent jurisdiction against the principal and in favor of
27 an aggrieved party.

28 7. Any corporation may have one or more of its divisions separately apply to the director of
29 revenue for authorization to operate as a leasing company, provided that the corporation:

30 (1) Has filed a written consent with the director authorizing any of its divisions to apply for
31 such authority;

32 (2) Is authorized to do business in Missouri;

33 (3) Has agreed to treat any sale of a motor vehicle, trailer, boat, or outboard motor from one
34 of its divisions to another of its divisions as a sale at retail;

35 (4) Has registered under the fictitious name provisions of sections 417.200 to 417.230 each
36 of its divisions doing business in Missouri as a leasing company; and

37 (5) Operates each of its divisions on a basis separate from each of its other divisions.

38 However, when the transfer of a motor vehicle, trailer, boat or outboard motor occurs within a

1 corporation which holds a license to operate as a motor vehicle or boat dealer pursuant to sections
2 301.550 to 301.573 the provisions in subdivision (3) of this subsection shall not apply.

3 8. If the owner of any motor vehicle, trailer, boat, or outboard motor desires to charge and
4 collect sales tax as provided in this section, the owner shall make application to the director of
5 revenue for a permit to operate as a motor vehicle, trailer, boat, or outboard motor leasing company.
6 The director of revenue shall promulgate rules and regulations determining the qualifications of
7 such a company, and the method of collection and reporting of sales tax charged and collected.
8 Such regulations shall apply only to owners of motor vehicles, trailers, boats, or outboard motors,
9 electing to qualify as motor vehicle, trailer, boat, or outboard motor leasing companies under the
10 provisions of subsection 5 of this section, and no motor vehicle renting or leasing, trailer renting or
11 leasing, or boat or outboard motor renting or leasing company can come under sections 144.010,
12 144.020, 144.070 and 144.440 unless all motor vehicles, trailers, boats, and outboard motors held
13 for renting and leasing are included.

14 9. Any person, company, or corporation engaged in the business of renting or leasing three
15 thousand five hundred or more motor vehicles which are to be used exclusively for rental or leasing
16 purposes and not for resale, and that has applied to the director of revenue for authority to operate as
17 a leasing company may also operate as a registered fleet owner as prescribed in section 301.032.

18 10. Beginning July 1, 2010, any motor vehicle dealer licensed under section 301.560
19 engaged in the business of selling motor vehicles or trailers shall apply to the director of revenue for
20 authority to collect and remit the sales tax required under this section on all motor vehicles sold by
21 the motor vehicle dealer. A motor vehicle dealer receiving authority to collect and remit the tax is
22 subject to all provisions under sections 144.010 to 144.525. ~~[Any motor vehicle dealer authorized to
23 collect and remit sales taxes on motor vehicles under this subsection shall be entitled to deduct and
24 retain an amount equal to two percent of the motor vehicle sales tax pursuant to section 144.140.
25 Any amount of the tax collected under this subsection that is retained by a motor vehicle dealer
26 pursuant to section 144.140 shall not constitute state revenue.]~~ In no event shall revenues from the
27 general revenue fund or any other state fund be utilized to compensate motor vehicle dealers for
28 their role in collecting and remitting sales taxes on motor vehicles. In the event this subsection or
29 any portion thereof is held to violate Article IV, Section 30(b) of the Missouri Constitution, no
30 motor vehicle dealer shall be authorized to collect and remit sales taxes on motor vehicles under this
31 section. ~~[No motor vehicle dealer shall seek compensation from the state of Missouri or its agencies
32 if a court of competent jurisdiction declares that the retention of two percent of the motor vehicle
33 sales tax is unconstitutional and orders the return of such revenues.]~~

34 11. (1) Every motor vehicle dealer licensed under section 301.560, as soon as
35 technologically possible following the development and maintenance of a modernized, integrated
36 system for the titling of vehicles, issuance and renewal of vehicle registrations, issuance and
37 renewal of driver's licenses and identification cards, and perfection and release of liens and
38 encumbrances on vehicles, to be funded by the motor vehicle administration technology fund as
39 created in section 301.558, shall collect and remit the sales tax required under this section on all

1 motor vehicles that such dealer sells. In collecting and remitting this sales tax, motor vehicle
2 dealers shall be subject to all applicable provisions under sections 144.010 to 144.527.

3 (2) The director of revenue may promulgate all necessary rules and regulations for the
4 administration of this subsection. Any rule or portion of a rule, as that term is defined in section
5 536.010, that is created under the authority delegated in this subsection shall become effective only
6 if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section
7 536.028. This subsection and chapter 536 are nonseverable and if any of the powers vested with the
8 general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and
9 annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any
10 rule proposed or adopted after August 28, 2023, shall be invalid and void.

11 144.081. 1. The director of revenue, by regulation, may require a seller to timely remit the
12 unpaid state sales tax for each quarter-monthly period, only if the seller's aggregate state sales tax
13 was ten thousand dollars or more in each of at least six months during the prior twelve months. The
14 term "state sales tax" as used in this section means the tax imposed by sections 144.010 to 144.510
15 and the additional sales tax imposed by Sections 43(a) to 43(c) and 47(a) to 47(c) of Article IV of
16 the Missouri Constitution and does not include any sales taxes imposed by political subdivisions of
17 the state pursuant to other provisions of law.

18 2. The director may increase the monthly requirement to more than ten thousand dollars or
19 otherwise narrow the application of the quarter-monthly remittance system authorized by this
20 section. The director may not require the remittance of state sales taxes more often than monthly
21 unless authorized by this section.

22 3. A remittance shall be timely if mailed as provided in section 143.851 within three
23 banking days after the end of the quarter-monthly period or if received by the director or deposited
24 in a depository designated by the director within four banking days after the end of the quarter-
25 monthly period.

26 4. ~~[The unpaid amount shall be after a reduction for the compensation provided by section~~
27 ~~144.140.]~~ The unpaid amount at the end of a quarter-monthly period shall not include unpaid
28 amounts for a prior quarter-monthly period only if the seller made a remittance with respect to the
29 prior quarter-monthly period. The excess, if any, of a remittance over the actual amount for a period
30 shall be applied in order of time to each of the seller's succeeding remittances with respect to the
31 same return period.

32 5. For purposes of this section, "quarter-monthly period" means:

- 33 (1) The first seven days of a calendar month;
- 34 (2) The eighth to fifteenth day of a calendar month;
- 35 (3) The sixteenth to twenty-second day of a calendar month; and
- 36 (4) The portion following the twenty-second of a calendar month.

37 6. (1) In the case of an underpayment of any amount required to be paid pursuant to this
38 section, a seller shall be liable for a penalty in lieu of all other penalties, interest or additions to tax

1 imposed by this chapter for violating this section. The penalty shall be five percent of the amount of
2 the underpayment determined under subdivision (2) of this subsection.

3 (2) The amount of the underpayment shall be the excess of:

4 (a) Ninety percent of the unpaid amount at the end of a quarter-monthly period, over

5 (b) The amount, if any, of the timely remittance for the quarter-monthly period.

6 7. (1) The penalty with respect to any quarter-monthly period shall not be imposed if the
7 seller's timely remittance for the quarter-monthly period equals or exceeds one-fourth of the average
8 monthly state sales tax liability of the seller for the preceding calendar year. The month of highest
9 liability and the month of lowest liability shall be excluded in computing the average. This
10 subdivision shall apply only to a seller who had a state sales tax liability for at least six months of
11 the previous calendar year.

12 (2) The penalty shall not be imposed if the seller establishes that the failure to make a timely
13 remittance of at least ninety percent was due to reasonable cause, and not due to willful neglect.

14 (3) The penalty shall not be imposed against any seller for the first two months the seller is
15 obligated to make quarter-monthly remittance of state sales taxes.

16 8. Tax amounts remitted under this section shall be treated as payments on the seller's
17 monthly return required by sections 144.080 and 144.090. Tax amounts remitted under this section
18 shall be deemed to have been paid on the last day prescribed for filing the return. The preceding
19 sentence shall apply in computing [~~compensation under section 144.140,~~] interest, penalties, and
20 additions to tax and for purposes of all sections of this chapter, except this section.

21 9. The director of revenue may prescribe the use of an electronic funds payment system for
22 the payment of sales and use taxes by any seller subject to the requirement of quarter-monthly
23 remittance as provided in this section.

24 144.140. 1. [~~From every remittance to the director of revenue made on or before the date~~
25 ~~when the same becomes due, the person required to remit the same shall be entitled to deduct and~~
26 ~~retain an amount equal to two percent thereof.~~

27 2.] The director shall provide a monetary allowance from the taxes collected to a certified
28 service provider under the terms of the certified service contract signed with the provider, provided
29 that such allowance shall be funded entirely from moneys collected by the certified service provider.

30 [~~3. Any certified service provider receiving an allowance under subsection 2 of this section~~
31 ~~shall not be entitled to simultaneously deduct the allowance provided for under subsection 1 of this~~
32 ~~section.~~

33 4.] 2. For the purposes of this section, "certified service provider" shall mean an agent
34 certified by the department of revenue to perform all the seller's sales and use tax functions, other
35 than the seller's obligation to remit tax on its own purchases.

36 [~~5. The provisions of this section relating to the allowance for timely remittance of sales tax~~
37 ~~payment shall also be applicable to the timely remittance of use tax payment under sections~~
38 ~~144.600 to 144.746.]~~

1 144.608. 1. For the purpose of more efficiently securing the payment of and accounting for
2 the tax collected and remitted by retailers and vendors, the department is hereby authorized:

3 (1) To consult, contract, and work jointly with the streamlined sales and use tax agreement's
4 governing board to allow sellers to use the governing board's certified service providers and central
5 registration system services; or

6 (2) To consult, contract, and work with certified service providers independently. The
7 department is authorized to determine the method and amount of compensation to be provided to
8 certified service providers by this state for the services of such certified service providers to certain
9 sellers[, provided that no certified service provider or seller utilizing a certified service provider
10 shall be entitled to the deduction provided in subsection 1 of section 144.140].

11 2. The department is also hereby authorized to independently take such actions as may be
12 reasonably necessary to secure the payment of and account for the tax collected and remitted by
13 retailers and vendors. The department shall independently carry out any or all activities relating to
14 the collection of online use tax if the department, in its own judgment, determines that
15 independently carrying out such activities would promote cost-saving to the state.

16 3. The director of revenue shall make, promulgate, and enforce reasonable rules and
17 regulations for the administration and enforcement of the provisions of this chapter relating to the
18 collection and remittance of sales and use tax by certified service providers. Any rule or portion of
19 a rule, as that term is defined in section 536.010, that is created under the authority delegated in this
20 section shall become effective only if it complies with and is subject to all of the provisions of
21 chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and
22 if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the
23 effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the
24 grant of rulemaking authority and any rule proposed or adopted after January 1, 2023, shall be
25 invalid and void.

26 4. The provisions of this section shall automatically sunset five years after January 1, 2023,
27 unless reauthorized by an act of the general assembly."; and

28
29 Further amend said bill by amending the title, enacting clause, and intersectional references
30 accordingly.