

SECOND REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 1427
102ND GENERAL ASSEMBLY

4228H.05C

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 143.121, 144.030, 144.615, 313.055, and 313.057, RSMo, and to enact in lieu thereof five new sections relating to taxation.

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

Section A. Sections 143.121, 144.030, 144.615, 313.055, and 313.057, RSMo, are
2 repealed and five new sections enacted in lieu thereof, to be known as sections 143.121,
3 144.030, 144.615, 144.813, and 313.057, to read as follows:

143.121. 1. The Missouri adjusted gross income of a resident individual shall be the
2 taxpayer's federal adjusted gross income subject to the modifications in this section.

3 2. There shall be added to the taxpayer's federal adjusted gross income:

4 (1) The amount of any federal income tax refund received for a prior year which
5 resulted in a Missouri income tax benefit. The amount added pursuant to this subdivision
6 shall not include any amount of a federal income tax refund attributable to a tax credit
7 reducing a taxpayer's federal tax liability pursuant to Public Law 116-136 or 116-260, enacted
8 by the 116th United States Congress, for the tax year beginning on or after January 1, 2020,
9 and ending on or before December 31, 2020, and deducted from Missouri adjusted gross
10 income pursuant to section 143.171. The amount added under this subdivision shall also not
11 include any amount of a federal income tax refund attributable to a tax credit reducing a
12 taxpayer's federal tax liability under any other federal law that provides direct economic
13 impact payments to taxpayers to mitigate financial challenges related to the COVID-19
14 pandemic, and deducted from Missouri adjusted gross income under section 143.171;

15 (2) Interest on certain governmental obligations excluded from federal gross income
16 by 26 U.S.C. Section 103 of the Internal Revenue Code, as amended. The previous sentence
17 shall not apply to interest on obligations of the state of Missouri or any of its political

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.

18 subdivisions or authorities and shall not apply to the interest described in subdivision (1) of
19 subsection 3 of this section. The amount added pursuant to this subdivision shall be reduced
20 by the amounts applicable to such interest that would have been deductible in computing the
21 taxable income of the taxpayer except only for the application of 26 U.S.C. Section 265 of the
22 Internal Revenue Code, as amended. The reduction shall only be made if it is at least five
23 hundred dollars;

24 (3) The amount of any deduction that is included in the computation of federal
25 taxable income pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code as amended
26 by the Job Creation and Worker Assistance Act of 2002 to the extent the amount deducted
27 relates to property purchased on or after July 1, 2002, but before July 1, 2003, and to the
28 extent the amount deducted exceeds the amount that would have been deductible pursuant to
29 26 U.S.C. Section 168 of the Internal Revenue Code of 1986 as in effect on January 1, 2002;

30 (4) The amount of any deduction that is included in the computation of federal
31 taxable income for net operating loss allowed by 26 U.S.C. Section 172 of the Internal
32 Revenue Code of 1986, as amended, other than the deduction allowed by 26 U.S.C. Section
33 172(b)(1)(G) and 26 U.S.C. Section 172(i) of the Internal Revenue Code of 1986, as
34 amended, for a net operating loss the taxpayer claims in the tax year in which the net
35 operating loss occurred or carries forward for a period of more than twenty years and carries
36 backward for more than two years. Any amount of net operating loss taken against federal
37 taxable income but disallowed for Missouri income tax purposes pursuant to this subdivision
38 after June 18, 2002, may be carried forward and taken against any income on the Missouri
39 income tax return for a period of not more than twenty years from the year of the initial loss;
40 and

41 (5) For nonresident individuals in all taxable years ending on or after December 31,
42 2006, the amount of any property taxes paid to another state or a political subdivision of
43 another state for which a deduction was allowed on such nonresident's federal return in the
44 taxable year unless such state, political subdivision of a state, or the District of Columbia
45 allows a subtraction from income for property taxes paid to this state for purposes of
46 calculating income for the income tax for such state, political subdivision of a state, or the
47 District of Columbia;

48 (6) For all tax years beginning on or after January 1, 2018, any interest expense paid
49 or accrued in a previous taxable year, but allowed as a deduction under 26 U.S.C. Section
50 163, as amended, in the current taxable year by reason of the carryforward of disallowed
51 business interest provisions of 26 U.S.C. Section 163(j), as amended. For the purposes of this
52 subdivision, an interest expense is considered paid or accrued only in the first taxable year the
53 deduction would have been allowable under 26 U.S.C. Section 163, as amended, if the
54 limitation under 26 U.S.C. Section 163(j), as amended, did not exist;

55 **(7) For all tax years beginning on or after January 1, 2022, the amount deducted**
56 **by the taxpayer under 26 U.S.C. Section 174(a)(2)(B), as amended, for the tax year.**

57 3. There shall be subtracted from the taxpayer's federal adjusted gross income the
58 following amounts to the extent included in federal adjusted gross income:

59 (1) Interest received on deposits held at a federal reserve bank or interest or dividends
60 on obligations of the United States and its territories and possessions or of any authority,
61 commission or instrumentality of the United States to the extent exempt from Missouri
62 income taxes pursuant to the laws of the United States. The amount subtracted pursuant to
63 this subdivision shall be reduced by any interest on indebtedness incurred to carry the
64 described obligations or securities and by any expenses incurred in the production of interest
65 or dividend income described in this subdivision. The reduction in the previous sentence
66 shall only apply to the extent that such expenses including amortizable bond premiums are
67 deducted in determining the taxpayer's federal adjusted gross income or included in the
68 taxpayer's Missouri itemized deduction. The reduction shall only be made if the expenses
69 total at least five hundred dollars;

70 (2) The portion of any gain, from the sale or other disposition of property having a
71 higher adjusted basis to the taxpayer for Missouri income tax purposes than for federal
72 income tax purposes on December 31, 1972, that does not exceed such difference in basis. If
73 a gain is considered a long-term capital gain for federal income tax purposes, the modification
74 shall be limited to one-half of such portion of the gain;

75 (3) The amount necessary to prevent the taxation pursuant to this chapter of any
76 annuity or other amount of income or gain which was properly included in income or gain and
77 was taxed pursuant to the laws of Missouri for a taxable year prior to January 1, 1973, to the
78 taxpayer, or to a decedent by reason of whose death the taxpayer acquired the right to receive
79 the income or gain, or to a trust or estate from which the taxpayer received the income or
80 gain;

81 (4) Accumulation distributions received by a taxpayer as a beneficiary of a trust to the
82 extent that the same are included in federal adjusted gross income;

83 (5) The amount of any state income tax refund for a prior year which was included in
84 the federal adjusted gross income;

85 (6) The portion of capital gain specified in section 135.357 that would otherwise be
86 included in federal adjusted gross income;

87 (7) The amount that would have been deducted in the computation of federal taxable
88 income pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code as in effect on
89 January 1, 2002, to the extent that amount relates to property purchased on or after July 1,
90 2002, but before July 1, 2003, and to the extent that amount exceeds the amount actually

91 deducted pursuant to 26 U.S.C. Section 168 of the Internal Revenue Code as amended by the
92 Job Creation and Worker Assistance Act of 2002;

93 (8) For all tax years beginning on or after January 1, 2005, the amount of any income
94 received for military service while the taxpayer serves in a combat zone which is included in
95 federal adjusted gross income and not otherwise excluded therefrom. As used in this section,
96 "combat zone" means any area which the President of the United States by Executive Order
97 designates as an area in which Armed Forces of the United States are or have engaged in
98 combat. Service is performed in a combat zone only if performed on or after the date
99 designated by the President by Executive Order as the date of the commencing of combat
100 activities in such zone, and on or before the date designated by the President by Executive
101 Order as the date of the termination of combatant activities in such zone;

102 (9) For all tax years ending on or after July 1, 2002, with respect to qualified property
103 that is sold or otherwise disposed of during a taxable year by a taxpayer and for which an
104 additional modification was made under subdivision (3) of subsection 2 of this section, the
105 amount by which additional modification made under subdivision (3) of subsection 2 of this
106 section on qualified property has not been recovered through the additional subtractions
107 provided in subdivision (7) of this subsection;

108 (10) For all tax years beginning on or after January 1, 2014, the amount of any
109 income received as payment from any program which provides compensation to agricultural
110 producers who have suffered a loss as the result of a disaster or emergency, including the:

- 111 (a) Livestock Forage Disaster Program;
- 112 (b) Livestock Indemnity Program;
- 113 (c) Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish;
- 114 (d) Emergency Conservation Program;
- 115 (e) Noninsured Crop Disaster Assistance Program;
- 116 (f) Pasture, Rangeland, Forage Pilot Insurance Program;
- 117 (g) Annual Forage Pilot Program;
- 118 (h) Livestock Risk Protection Insurance Plan;
- 119 (i) Livestock Gross Margin Insurance Plan;

120 (11) For all tax years beginning on or after January 1, 2018, any interest expense paid
121 or accrued in the current taxable year, but not deducted as a result of the limitation imposed
122 under 26 U.S.C. Section 163(j), as amended. For the purposes of this subdivision, an interest
123 expense is considered paid or accrued only in the first taxable year the deduction would have
124 been allowable under 26 U.S.C. Section 163, as amended, if the limitation under 26 U.S.C.
125 Section 163(j), as amended, did not exist;

126 (12) One hundred percent of any retirement benefits received by any taxpayer as a
127 result of the taxpayer's service in the Armed Forces of the United States, including reserve

128 components and the National Guard of this state, as defined in 32 U.S.C. Sections 101(3) and
129 109, and any other military force organized under the laws of this state; ~~and~~

130 (13) One hundred percent of any federal grant moneys received for the purpose of
131 providing or expanding access to broadband internet to areas of the state deemed to be lacking
132 such access; **and**

133 **(14) For all tax years beginning on or after January 1, 2022, the amount of**
134 **specified research or experimental expenditures that are both required to be charged to**
135 **capital account and actually are charged to capital account as required by 26 U.S.C.**
136 **Section 174(a)(2)(A), as amended, for the tax year, after any reduction to that amount**
137 **under 26 U.S.C. Section 280C(c), as amended.**

138 4. There shall be added to or subtracted from the taxpayer's federal adjusted gross
139 income the taxpayer's share of the Missouri fiduciary adjustment provided in section 143.351.

140 5. There shall be added to or subtracted from the taxpayer's federal adjusted gross
141 income the modifications provided in section 143.411.

142 6. In addition to the modifications to a taxpayer's federal adjusted gross income in this
143 section, to calculate Missouri adjusted gross income there shall be subtracted from the
144 taxpayer's federal adjusted gross income any gain recognized pursuant to 26 U.S.C. Section
145 1033 of the Internal Revenue Code of 1986, as amended, arising from compulsory or
146 involuntary conversion of property as a result of condemnation or the imminence thereof.

147 7. (1) As used in this subsection, "qualified health insurance premium" means the
148 amount paid during the tax year by such taxpayer for any insurance policy primarily
149 providing health care coverage for the taxpayer, the taxpayer's spouse, or the taxpayer's
150 dependents.

151 (2) In addition to the subtractions in subsection 3 of this section, one hundred percent
152 of the amount of qualified health insurance premiums shall be subtracted from the taxpayer's
153 federal adjusted gross income to the extent the amount paid for such premiums is included in
154 federal taxable income. The taxpayer shall provide the department of revenue with proof of
155 the amount of qualified health insurance premiums paid.

156 8. (1) Beginning January 1, 2014, in addition to the subtractions provided in this
157 section, one hundred percent of the cost incurred by a taxpayer for a home energy audit
158 conducted by an entity certified by the department of natural resources under section 640.153
159 or the implementation of any energy efficiency recommendations made in such an audit shall
160 be subtracted from the taxpayer's federal adjusted gross income to the extent the amount paid
161 for any such activity is included in federal taxable income. The taxpayer shall provide the
162 department of revenue with a summary of any recommendations made in a qualified home
163 energy audit, the name and certification number of the qualified home energy auditor who
164 conducted the audit, and proof of the amount paid for any activities under this subsection for

165 which a deduction is claimed. The taxpayer shall also provide a copy of the summary of any
166 recommendations made in a qualified home energy audit to the department of natural
167 resources.

168 (2) At no time shall a deduction claimed under this subsection by an individual
169 taxpayer or taxpayers filing combined returns exceed one thousand dollars per year for
170 individual taxpayers or cumulatively exceed two thousand dollars per year for taxpayers
171 filing combined returns.

172 (3) Any deduction claimed under this subsection shall be claimed for the tax year in
173 which the qualified home energy audit was conducted or in which the implementation of the
174 energy efficiency recommendations occurred. If implementation of the energy efficiency
175 recommendations occurred during more than one year, the deduction may be claimed in more
176 than one year, subject to the limitations provided under subdivision (2) of this subsection.

177 (4) A deduction shall not be claimed for any otherwise eligible activity under this
178 subsection if such activity qualified for and received any rebate or other incentive through a
179 state-sponsored energy program or through an electric corporation, gas corporation, electric
180 cooperative, or municipally owned utility.

181 9. The provisions of subsection 8 of this section shall expire on December 31, 2020.

182 10. (1) As used in this subsection, the following terms mean:

183 (a) "Beginning farmer", a taxpayer who:

184 a. Has filed at least one but not more than ten Internal Revenue Service Schedule F
185 (Form 1040) Profit or Loss From Farming forms since turning eighteen years of age;

186 b. Is approved for a beginning farmer loan through the USDA Farm Service Agency
187 Beginning Farmer direct or guaranteed loan program;

188 c. Has a farming operation that is determined by the department of agriculture to be
189 new production agriculture but is the principal operator of a farm and has substantial farming
190 knowledge; or

191 d. Has been determined by the department of agriculture to be a qualified family
192 member;

193 (b) "Farm owner", an individual who owns farmland and disposes of or relinquishes
194 use of all or some portion of such farmland as follows:

195 a. A sale to a beginning farmer;

196 b. A lease or rental agreement not exceeding ten years with a beginning farmer; or

197 c. A crop-share arrangement not exceeding ten years with a beginning farmer;

198 (c) "Qualified family member", an individual who is related to a farm owner within
199 the fourth degree by blood, marriage, or adoption and who is purchasing or leasing or is in a
200 crop-share arrangement for land from all or a portion of such farm owner's farming operation.

201 (2) (a) In addition to all other subtractions authorized in this section, a taxpayer who
202 is a farm owner who sells all or a portion of such farmland to a beginning farmer may subtract
203 from such taxpayer's Missouri adjusted gross income an amount to the extent included in
204 federal adjusted gross income as provided in this subdivision.

205 (b) Subject to the limitations in paragraph (c) of this subdivision, the amount that may
206 be subtracted shall be equal to the portion of capital gains received from the sale of such
207 farmland that such taxpayer receives in the tax year for which such taxpayer subtracts such
208 capital gain.

209 (c) A taxpayer may subtract the following amounts and percentages per tax year in
210 total capital gains received from the sale of such farmland under this subdivision:

- 211 a. For the first two million dollars received, one hundred percent;
- 212 b. For the next one million dollars received, eighty percent;
- 213 c. For the next one million dollars received, sixty percent;
- 214 d. For the next one million dollars received, forty percent; and
- 215 e. For the next one million dollars received, twenty percent.

216 (d) The department of revenue shall prepare an annual report reviewing the costs and
217 benefits and containing statistical information regarding the subtraction of capital gains
218 authorized under this subdivision for the previous tax year including, but not limited to, the
219 total amount of all capital gains subtracted and the number of taxpayers subtracting such
220 capital gains. Such report shall be submitted before February first of each year to the
221 committee on agriculture policy of the Missouri house of representatives and the committee
222 on agriculture, food production and outdoor resources of the Missouri senate, or the successor
223 committees.

224 (3) (a) In addition to all other subtractions authorized in this section, a taxpayer who
225 is a farm owner who enters a lease or rental agreement for all or a portion of such farmland
226 with a beginning farmer may subtract from such taxpayer's Missouri adjusted gross income an
227 amount to the extent included in federal adjusted gross income as provided in this
228 subdivision.

229 (b) Subject to the limitation in paragraph (c) of this subdivision, the amount that may
230 be subtracted shall be equal to the portion of cash rent income received from the lease or
231 rental of such farmland that such taxpayer receives in the tax year for which such taxpayer
232 subtracts such income.

233 (c) No taxpayer shall subtract more than twenty-five thousand dollars per tax year in
234 total cash rent income received from the lease or rental of such farmland under this
235 subdivision.

236 (4) (a) In addition to all other subtractions authorized in this section, a taxpayer who
237 is a farm owner who enters a crop-share arrangement on all or a portion of such farmland with

238 a beginning farmer may subtract from such taxpayer's Missouri adjusted gross income an
239 amount to the extent included in federal adjusted gross income as provided in this
240 subdivision.

241 (b) Subject to the limitation in paragraph (c) of this subdivision, the amount that may
242 be subtracted shall be equal to the portion of income received from the crop-share
243 arrangement on such farmland that such taxpayer receives in the tax year for which such
244 taxpayer subtracts such income.

245 (c) No taxpayer shall subtract more than twenty-five thousand dollars per tax year in
246 total income received from the lease or rental of such farmland under this subdivision.

247 (5) The department of agriculture shall, by rule, establish a process to verify that a
248 taxpayer is a beginning farmer for purposes of this section and shall provide verification to
249 the beginning farmer and farm seller of such farmer's and seller's certification and
250 qualification for the exemption provided in this subsection.

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

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

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

24 planting, the crop of which when harvested will be sold at retail or will be converted into
25 foodstuffs which are to be sold ultimately in processed form at retail;

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

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

39 (4) Replacement machinery, equipment, and parts and the materials and supplies
40 solely required for the installation or construction of such replacement machinery, equipment,
41 and parts, used directly in manufacturing, mining, fabricating or producing a product which is
42 intended to be sold ultimately for final use or consumption; and machinery and equipment,
43 and the materials and supplies required solely for the operation, installation or construction of
44 such machinery and equipment, purchased and used to establish new, or to replace or expand
45 existing, material recovery processing plants in this state. For the purposes of this
46 subdivision, a "material recovery processing plant" means a facility that has as its primary
47 purpose the recovery of materials into a usable product or a different form which is used in
48 producing a new product and shall include a facility or equipment which are used exclusively
49 for the collection of recovered materials for delivery to a material recovery processing plant
50 but shall not include motor vehicles used on highways. For purposes of this section, the terms
51 motor vehicle and highway shall have the same meaning pursuant to section 301.010. For the
52 purposes of this subdivision, subdivision (5) of this subsection, and section 144.054, as well
53 as the definition in subdivision (9) of subsection 1 of section 144.010, the term "product"
54 includes telecommunications services and the term "manufacturing" shall include the
55 production, or production and transmission, of telecommunications services. The preceding
56 sentence does not make a substantive change in the law and is intended to clarify that the term
57 "manufacturing" has included and continues to include the production and transmission of
58 "telecommunications services", as enacted in this subdivision and subdivision (5) of this
59 subsection, as well as the definition in subdivision (9) of subsection 1 of section 144.010.
60 The preceding two sentences reaffirm legislative intent consistent with the interpretation of

61 this subdivision and subdivision (5) of this subsection in *Southwestern Bell Tel. Co. v.*
62 *Director of Revenue*, 78 S.W.3d 763 (Mo. banc 2002) and *Southwestern Bell Tel. Co. v.*
63 *Director of Revenue*, 182 S.W.3d 226 (Mo. banc 2005), and accordingly abrogates the
64 Missouri supreme court's interpretation of those exemptions in *IBM Corporation v. Director*
65 *of Revenue*, 491 S.W.3d 535 (Mo. banc 2016) to the extent inconsistent with this section and
66 *Southwestern Bell Tel. Co. v. Director of Revenue*, 78 S.W.3d 763 (Mo. banc 2002) and
67 *Southwestern Bell Tel. Co. v. Director of Revenue*, 182 S.W.3d 226 (Mo. banc 2005). The
68 construction and application of this subdivision as expressed by the Missouri supreme court
69 in *DST Systems, Inc. v. Director of Revenue*, 43 S.W.3d 799 (Mo. banc 2001); *Southwestern*
70 *Bell Tel. Co. v. Director of Revenue*, 78 S.W.3d 763 (Mo. banc 2002); and *Southwestern Bell*
71 *Tel. Co. v. Director of Revenue*, 182 S.W.3d 226 (Mo. banc 2005), is hereby affirmed.
72 Material recovery is not the reuse of materials within a manufacturing process or the use of a
73 product previously recovered. The material recovery processing plant shall qualify under the
74 provisions of this section regardless of ownership of the material being recovered;

75 (5) Machinery and equipment, and parts and the materials and supplies solely
76 required for the installation or construction of such machinery and equipment, purchased and
77 used to establish new or to expand existing manufacturing, mining or fabricating plants in the
78 state if such machinery and equipment is used directly in manufacturing, mining or
79 fabricating a product which is intended to be sold ultimately for final use or consumption.
80 The construction and application of this subdivision as expressed by the Missouri supreme
81 court in *DST Systems, Inc. v. Director of Revenue*, 43 S.W.3d 799 (Mo. banc 2001);
82 *Southwestern Bell Tel. Co. v. Director of Revenue*, 78 S.W.3d 763 (Mo. banc 2002); and
83 *Southwestern Bell Tel. Co. v. Director of Revenue*, 182 S.W.3d 226 (Mo. banc 2005), is
84 hereby affirmed;

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

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

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

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

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

96 (11) Railroad rolling stock for use in transporting persons or property in interstate
97 commerce and motor vehicles licensed for a gross weight of twenty-four thousand pounds or

98 more or trailers used by common carriers, as defined in section 390.020, in the transportation
99 of persons or property;

100 (12) Electrical energy used in the actual primary manufacture, processing,
101 compounding, mining or producing of a product, or electrical energy used in the actual
102 secondary processing or fabricating of the product, or a material recovery processing plant as
103 defined in subdivision (4) of this subsection, in facilities owned or leased by the taxpayer, if
104 the total cost of electrical energy so used exceeds ten percent of the total cost of production,
105 either primary or secondary, exclusive of the cost of electrical energy so used or if the raw
106 materials used in such processing contain at least twenty-five percent recovered materials as
107 defined in section 260.200. There shall be a rebuttable presumption that the raw materials
108 used in the primary manufacture of automobiles contain at least twenty-five percent
109 recovered materials. For purposes of this subdivision, "processing" means any mode of
110 treatment, act or series of acts performed upon materials to transform and reduce them to a
111 different state or thing, including treatment necessary to maintain or preserve such processing
112 by the producer at the production facility;

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

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

120 (15) Machinery, equipment, appliances and devices purchased or leased and used
121 solely for the purpose of preventing, abating or monitoring water pollution, and materials and
122 supplies solely required for the installation, construction or reconstruction of such machinery,
123 equipment, appliances and devices;

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

125 (17) All amounts paid or charged for admission or participation or other fees paid by
126 or other charges to individuals in or for any place of amusement, entertainment or recreation,
127 games or athletic events, including museums, fairs, zoos and planetariums, owned or operated
128 by a municipality or other political subdivision where all the proceeds derived therefrom
129 benefit the municipality or other political subdivision and do not inure to any private person,
130 firm, or corporation, provided, however, that a municipality or other political subdivision may
131 enter into revenue-sharing agreements with private persons, firms, or corporations providing
132 goods or services, including management services, in or for the place of amusement,
133 entertainment or recreation, games or athletic events, and provided further that nothing in this

134 subdivision shall exempt from tax any amounts retained by any private person, firm, or
135 corporation under such revenue-sharing agreement;

136 (18) All sales of insulin, and all sales, rentals, repairs, and parts of durable medical
137 equipment, prosthetic devices, and orthopedic devices as defined [~~on January 1, 1980,~~] by the
138 federal Medicare program pursuant to Title XVIII of the Social Security Act of 1965, **as**
139 **amended**, including the items specified in Section 1862(a)(12) of that act, and also
140 specifically including hearing aids and hearing aid supplies and all sales of drugs which may
141 be legally dispensed by a licensed pharmacist only upon a lawful prescription of a practitioner
142 licensed to administer those items, including samples and materials used to manufacture
143 samples which may be dispensed by a practitioner authorized to dispense such samples and
144 all sales or rental of medical oxygen, home respiratory equipment and accessories including
145 parts, and hospital beds and accessories and ambulatory aids including parts, and all sales or
146 rental of manual and powered wheelchairs including parts **and accessories**, and stairway lifts,
147 Braille writers, electronic Braille equipment and, if purchased or rented by or on behalf of a
148 person with one or more physical or mental disabilities to enable them to function more
149 independently, all sales or rental of scooters including parts, and reading machines, electronic
150 print enlargers and magnifiers, electronic alternative and augmentative communication
151 devices, and items used solely to modify motor vehicles to permit the use of such motor
152 vehicles by individuals with disabilities or sales of over-the-counter or nonprescription drugs
153 to individuals with disabilities, and drugs required by the Food and Drug Administration to
154 meet the over-the-counter drug product labeling requirements in 21 CFR 201.66, or its
155 successor, as prescribed by a health care practitioner licensed to prescribe;

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

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

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

177 (22) All sales made to any private not-for-profit elementary or secondary school, all
178 sales of feed additives, medications or vaccines administered to livestock or poultry in the
179 production of food or fiber, all sales of pesticides used in the production of crops, livestock or
180 poultry for food or fiber, all sales of bedding used in the production of livestock or poultry for
181 food or fiber, all sales of propane or natural gas, electricity or diesel fuel used exclusively for
182 drying agricultural crops, natural gas used in the primary manufacture or processing of fuel
183 ethanol as defined in section 142.028, natural gas, propane, and electricity used by an eligible
184 new generation cooperative or an eligible new generation processing entity as defined in
185 section 348.432, and all sales of farm machinery and equipment, other than airplanes, motor
186 vehicles and trailers, and any freight charges on any exempt item. As used in this
187 subdivision, the term "feed additives" means tangible personal property which, when mixed
188 with feed for livestock or poultry, is to be used in the feeding of livestock or poultry. As used
189 in this subdivision, the term "pesticides" includes adjuvants such as crop oils, surfactants,
190 wetting agents and other assorted pesticide carriers used to improve or enhance the effect of a
191 pesticide and the foam used to mark the application of pesticides and herbicides for the
192 production of crops, livestock or poultry. As used in this subdivision, the term "farm
193 machinery and equipment" shall mean:

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

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

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

206 a. Used exclusively for agricultural purposes;

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

208 c. Used directly in producing farm products to be sold ultimately in processed form or
209 otherwise at retail or in producing farm products to be fed to livestock or poultry to be sold
210 ultimately in processed form at retail;

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

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

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

233 (c) Each person making domestic use purchases of services or property and who uses
234 any portion of the services or property so purchased for a nondomestic use shall, by the
235 fifteenth day of the fourth month following the year of purchase, and without assessment,
236 notice or demand, file a return and pay sales tax on that portion of nondomestic purchases.
237 Each person making nondomestic purchases of services or property and who uses any portion
238 of the services or property so purchased for domestic use, and each person making domestic
239 purchases on behalf of occupants of residential apartments or condominiums through a single
240 or master meter, including service for common areas and facilities and vacant units, under a
241 nonresidential utility service rate classification may, between the first day of the first month
242 and the fifteenth day of the fourth month following the year of purchase, apply for credit or
243 refund to the director of revenue and the director shall give credit or make refund for taxes

244 paid on the domestic use portion of the purchase. The person making such purchases on
245 behalf of occupants of residential apartments or condominiums shall have standing to apply to
246 the director of revenue for such credit or refund;

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

250 (25) Excise taxes, collected on sales at retail, imposed by Sections 4041, 4071, 4081,
251 [4091,] 4161, 4181, 4251, 4261 and 4271 of Title 26, United States Code. The director of
252 revenue shall promulgate rules pursuant to chapter 536 to eliminate all state and local sales
253 taxes on such excise taxes;

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

259 (27) All sales made to an interstate compact agency created pursuant to sections
260 70.370 to 70.441 or sections 238.010 to 238.100 in the exercise of the functions and activities
261 of such agency as provided pursuant to the compact;

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

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

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

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

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

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

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

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

284 (36) All purchases by a contractor on behalf of an entity located in another state,
285 provided that the entity is authorized to issue a certificate of exemption for purchases to a
286 contractor under the provisions of that state's laws. For purposes of this subdivision, the term
287 "certificate of exemption" shall mean any document evidencing that the entity is exempt from
288 sales and use taxes on purchases pursuant to the laws of the state in which the entity is
289 located. Any contractor making purchases on behalf of such entity shall maintain a copy of
290 the entity's exemption certificate as evidence of the exemption. If the exemption certificate
291 issued by the exempt entity to the contractor is later determined by the director of revenue to
292 be invalid for any reason and the contractor has accepted the certificate in good faith, neither
293 the contractor or the exempt entity shall be liable for the payment of any taxes, interest and
294 penalty due as the result of use of the invalid exemption certificate. Materials shall be exempt
295 from all state and local sales and use taxes when purchased by a contractor for the purpose of
296 fabricating tangible personal property which is used in fulfilling a contract for the purpose of
297 constructing, repairing or remodeling facilities for the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

351 (b) "Internet", computer and telecommunications facilities, including equipment and
352 operating software, that comprises the interconnected worldwide network that employ the

353 transmission control protocol or internet protocol, or any predecessor or successor protocols
354 to that protocol, to communicate information of all kinds by wire or radio;

355 (c) "Internet access", a service that enables users to connect to the internet to access
356 content, information, or other services without regard to whether the service is referred to as
357 telecommunications, communications, transmission, or similar services, and without regard to
358 whether a provider of the service is subject to regulation by the Federal Communications
359 Commission as a common carrier under 47 U.S.C. Section 201, et seq. For purposes of this
360 subdivision, internet access also includes: the purchase, use, or sale of communications
361 services, including telecommunications services as defined in section 144.010, to the extent
362 the communications services are purchased, used, or sold to provide the service described in
363 this subdivision or to otherwise enable users to access content, information, or other services
364 offered over the internet; services that are incidental to the provision of a service described in
365 this subdivision, when furnished to users as part of such service, including a home page,
366 electronic mail, and instant messaging, including voice-capable and video-capable electronic
367 mail and instant messaging, video clips, and personal electronic storage capacity; a home
368 page electronic mail and instant messaging, including voice-capable and video-capable
369 electronic mail and instant messaging, video clips, and personal electronic storage capacity
370 that are provided independently or that are not packed with internet access. As used in this
371 subdivision, internet access does not include voice, audio, and video programming or other
372 products and services, except services described in this paragraph or this subdivision, that use
373 internet protocol or any successor protocol and for which there is a charge, regardless of
374 whether the charge is separately stated or aggregated with the charge for services described in
375 this paragraph or this subdivision;

376 (d) "Tax", any charge imposed by the state or a political subdivision of the state for
377 the purpose of generating revenues for governmental purposes and that is not a fee imposed
378 for a specific privilege, service, or benefit conferred, except as described as otherwise under
379 this subdivision, or any obligation imposed on a seller to collect and to remit to the state or a
380 political subdivision of the state any gross retail tax, sales tax, or use tax imposed on a buyer
381 by such a governmental entity. The term tax shall not include any franchise fee or similar fee
382 imposed or authorized under sections 67.1830 to 67.1846 or section 67.2689; Section 622 or
383 653 of the Communications Act of 1934, 47 U.S.C. Section 542 and 47 U.S.C. Section 573;
384 or any other fee related to obligations of telecommunications carriers under the
385 Communications Act of 1934, 47 U.S.C. Section 151, et seq., except to the extent that:

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

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

393

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

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

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

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

402 **(47) All sales of used tangible personal property purchased by a consumer for**
403 **use or consumption, and not for resale, for valuable consideration directly from a seller**
404 **at an auction of used tangible personal property or from another consumer. For the**
405 **purposes of this section, "used tangible personal property" is any tangible personal**
406 **property that is sold a second time at an auction or any number of additional**
407 **subsequent times after the initial point of sale at an auction, upon which a sales tax is**
408 **levied. The term "used tangible personal property" shall not include motor vehicles,**
409 **trailers, boats, or outboard motors purchased or acquired for use on the highways or**
410 **waters of this state that are required to be titled under the laws of the state of Missouri.**

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

 144.615. There are specifically exempted from the taxes levied in sections 144.600 to
2 144.745:

3 (1) Property, the storage, use or consumption of which this state is prohibited from
4 taxing pursuant to the constitution or laws of the United States or of this state;

5 (2) Property, the gross receipts from the sale of which are required to be included in
6 the measure of the tax imposed pursuant to the Missouri sales tax law;

7 (3) Tangible personal property, the sale or other transfer of which, if made in this
8 state, would be exempt from or not subject to the Missouri sales tax pursuant to the provisions
9 of subsection 2 of section 144.030;

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

12 (5) Tangible personal property which has been subjected to a tax by any other state in
13 this respect to its sales or use; provided, if such tax is less than the tax imposed by sections
14 144.600 to 144.745, such property, if otherwise taxable, shall be subject to a tax equal to the
15 difference between such tax and the tax imposed by sections 144.600 to 144.745;

16 (6) Tangible personal property held by processors, retailers, importers, manufacturers,
17 wholesalers, or jobbers solely for resale in the regular course of business;

18 (7) Personal and household effects and farm machinery used while an individual was
19 a bona fide resident of another state and who thereafter became a resident of this state, or
20 tangible personal property brought into the state by a nonresident for his own storage, use or
21 consumption while temporarily within the state;

22 **(8) Used tangible personal property purchased by a consumer for use or**
23 **consumption, and not for resale, for valuable consideration directly from a seller at an**
24 **auction of used tangible personal property or from another consumer. For the purposes**
25 **of this section, "used tangible personal property" is any tangible personal property that**
26 **is sold a second time at an auction or any number of additional subsequent times after**
27 **the initial point of sale at an auction, upon which a sales tax is levied. The term "used**
28 **tangible personal property" shall not include motor vehicles, trailers, boats, or outboard**
29 **motors purchased or acquired for use on the highways or waters of this state that are**
30 **required to be titled under the laws of the state of Missouri.**

144.813. In addition to all other exemptions granted under this chapter, there is
2 **hereby specifically exempted from state and local sales and use taxes defined, levied, or**
3 **calculated under section 32.085, sections 144.010 to 144.525, sections 144.600 to 144.761,**
4 **and section 238.235 all sales of class III medical devices as described in 21 U.S.C. 360c(a)**
5 **(1)(C) that use electric fields for the purposes of the treatment of cancer, including**
6 **components and repair parts and the disposable or single-patient-use supplies required**
7 **for the use of such devices.**

313.057. 1. It is unlawful for any person, either as an owner, lessee or employee, to
2 operate, carry on, conduct or maintain any form of manufacturing, selling, leasing or

3 distribution of any bingo equipment or supplies without having first procured and maintained
4 a Missouri bingo equipment and supplies manufacturer or supplier license.

5 2. The commission shall submit two sets of fingerprints for each key person, as
6 defined in commission rules and regulations, of an entity or organization seeking issuance or
7 renewal of a Missouri bingo equipment and supplies manufacturer or supplier license, for the
8 purpose of checking the person's prior criminal history when the commission determines a
9 nationwide check is warranted. The fingerprint cards and any required fees shall be sent to
10 the Missouri state highway patrol's criminal records division. The first set of fingerprints
11 shall be used for searching the state repository of criminal history information. The second
12 set of fingerprints shall be forwarded to the Federal Bureau of Investigation, Identification
13 Division, for the searching of the federal criminal history files. The patrol shall notify the
14 commission of any criminal history information or lack of criminal history information
15 discovered on the individual. Notwithstanding the provisions of section 610.120, all records
16 related to any criminal history information discovered shall be accessible and available to the
17 commission.

18 3. The holder of a state bingo license may, within two years of cessation of
19 conducting bingo or upon specific approval by the commission, dispose of by sale in a
20 manner approved by the commission, any or all of his bingo equipment and supplies, without
21 a supplier's license. In case of foreclosure of a lien by a bank or other person holding a
22 security interest for which bingo equipment is security in whole or in part for the lien, the
23 commission may authorize the disposition of the bingo equipment without requiring a
24 supplier's license.

25 4. Any person whom the commission determines to be a suitable person to receive a
26 license pursuant to the provisions of this section may be issued a manufacturer's or supplier's
27 license. The commission may require suppliers to post a bond with the commission in an
28 amount and in the manner prescribed by the commission. The burden of proving his
29 qualification to receive or hold a license pursuant to this section is at all times on the applicant
30 or licensee.

31 5. The commission shall charge and collect from each applicant for a supplier's
32 license a one-time application fee set by the commission, not to exceed five thousand dollars.
33 The commission shall charge and collect an annual renewal fee for each supplier licensee not
34 to exceed one thousand dollars. The applicant shall be responsible for the total cost of the
35 criminal history investigation. If the cost of the investigation exceeds the total amount of fees
36 filed by the applicant in this subsection, the commission may assess additional fees as it
37 deems appropriate.

38 6. The commission shall charge and collect from each applicant for a manufacturer's
39 license a one-time application fee set by the commission, not to exceed five thousand dollars.

40 The commission shall charge and collect an annual renewal fee for each manufacturer
41 licensee not to exceed one thousand dollars. The applicant shall be responsible for the total
42 cost of the criminal history investigation. If the cost of the investigation exceeds the total
43 amount of fees filed by the applicant in this subsection, the commission may assess additional
44 fees as it deems appropriate.

45 7. The commission shall charge and collect from each applicant for a hall provider's
46 license a one-time application fee set by the commission, not to exceed seven hundred fifty
47 dollars. The commission shall charge and collect an annual renewal fee for each hall provider
48 licensee not to exceed five hundred dollars.

49 8. All licenses issued pursuant to this section shall be issued for the calendar year and
50 shall expire on December thirty-first of each year. Regardless of the date of application or
51 issuance of the license, the fee to be charged and collected pursuant to this section shall be the
52 full annual fee.

53 9. All license fees collected pursuant to this section shall be paid over immediately to
54 the state treasurer to be deposited to the credit of the gaming commission fund.

55 10. All licensees pursuant to this section shall maintain for a period of not less than
56 three years full and complete records of all business carried on in this state and shall make
57 same available for inspection to any duly authorized representative of the commission. If a
58 supplier does not receive payment in full from an organization within thirty days of the
59 delivery of bingo supplies, the supplier shall notify the commission in writing, or in a manner
60 specified by the commission in its rules and regulations, of the delinquency. Upon receipt of
61 the notice of delinquency, the commission shall notify all suppliers that until further notice
62 from the commission, all sales of bingo supplies to the delinquent organizations shall be on a
63 cash-only basis. Upon receipt of the notice from the commission, no supplier may extend
64 credit to the delinquent organization until such time as the commission approves credit sales.
65 If a manufacturer does not receive payment in full from a supplier within ninety days of the
66 delivery of bingo supplies, the manufacturer shall notify the commission in writing, or in a
67 manner specified by the commission in its rules and regulations, of the delinquency. Upon
68 receipt of the notice of delinquency, the commission shall notify all manufacturers that until
69 further notice from the commission, all sales of bingo supplies to the delinquent supplier shall
70 be on a cash-only basis. Upon receipt of the notice from the commission, no manufacturer
71 may extend credit to the delinquent supplier until such time as the commission approves
72 credit sales.

73 11. ~~Until January 1, 1995, all suppliers shall pay a tax on all pull tab cards~~
74 ~~distributed by them in the amount of ten dollars per box when sold by any organization~~
75 ~~licensed to conduct bingo pursuant to the provisions of sections 313.005 to 313.080. No box~~
76 ~~sold shall contain more than twenty-four hundred pull tab cards. Beginning January 1, 1995,~~

77 a tax is hereby imposed in the amount of two percent of the gross receipts of the retail sales
78 value charged for each pull-tab card sold in Missouri to be paid by the supplier. The taxes,
79 less two percent of the total amount paid which may be retained by the supplier, if timely filed
80 and paid, shall be paid on a monthly basis to the commission by each supplier of pull-tabs and
81 shall be due on the last day of each month following the month in which the pull-tabs were
82 sold. ~~The taxes shall be deposited in the state treasury, credited to the bingo proceeds for
83 education fund.]~~ All pull-tab cards sold by suppliers in this state shall bear on the face thereof
84 the amount for which such pull-tab cards will be sold. Each unit container shall contain cards
85 printed in such a manner as to ensure that at least sixty percent of the gross revenues
86 generated by the ultimate sale of such cards shall be returned to the final purchasers of such
87 cards. ~~[Any supplier who fails to pay the tax imposed pursuant to this subsection shall have
88 his license issued pursuant to this section revoked and shall be guilty of a class A
89 misdemeanor.]~~

2 ~~[313.055. 1. A tax is hereby imposed on each organization conducting
3 the game of bingo which awards to winners of bingo games prizes or
4 merchandise having an aggregate retail value of more than five thousand
5 dollars annually and more than one hundred dollars in any single day. The tax
6 shall be in the amount of two tenths of one cent upon each bingo card and
7 progressive bingo game card sold in Missouri to be paid by the supplier. The
8 taxes, less two percent of the total amount paid which may be retained by the
9 supplier, shall be paid on a monthly basis to the commission, by each supplier
10 of bingo supplies and shall be due on the last day of the month following the
11 month in which the bingo card was sold, with the date of sale being the date on
12 the invoice evidencing the sale, along with such reports as may be required by
13 the commission. The taxes shall be deposited in the state treasury, credited to
14 the bingo proceeds for education fund.~~

15 ~~2. All taxes not paid to the commission by the person or licensee
16 required to remit the same on the date when the same becomes due and
17 payable to the commission under the provisions of sections 313.005 to
18 313.085 shall bear interest at the rate to be set by the commission not to exceed
19 two percent per calendar month, or fraction thereof, from and after such date
20 until paid. In addition, the commission may impose a penalty not to exceed
21 three times the amount of taxes due for failure to submit the reports required
by this section and pay the taxes due.]~~

✓