

HOUSE BILL NO. 2815

102ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE MERIDETH.

5819H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 143.011, 143.021, 143.071, 143.177, 144.014, 144.030, 144.070, 144.081, 144.140, and 144.608, RSMo, and to enact in lieu thereof ten new sections relating to taxation.

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

Section A. Sections 143.011, 143.021, 143.071, 143.177, 144.014, 144.030, 144.070, 144.081, 144.140, and 144.608, RSMo, are repealed and ten new sections enacted in lieu thereof, to be known as sections 143.011, 143.021, 143.071, 143.177, 144.014, 144.030, 144.070, 144.081, 144.140, and 144.608, to read as follows:

143.011. 1. **For all tax years ending on or before December 31, 2025**, a tax is hereby imposed for every taxable year on the Missouri taxable income of every resident. The tax shall be determined by applying the tax table or the rate provided in section 143.021, which is based upon the following rates:

If the Missouri taxable income is:	The tax is:
Not over \$1,000.00	1 1/2% of the Missouri taxable income
Over \$1,000 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

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.

14	Over \$4,000 but not over	\$90 plus 3 1/2% of excess over \$4,000
15	\$5,000	
16	Over \$5,000 but not over	\$125 plus 4% of excess over \$5,000
17	\$6,000	
18	Over \$6,000 but not over	\$165 plus 4 1/2% of excess over \$6,000
19	\$7,000	
20	Over \$7,000 but not over	\$210 plus 5% of excess over \$7,000
21	\$8,000	
22	Over \$8,000 but not over	\$260 plus 5 1/2% of excess over \$8,000
23	\$9,000	
24	Over \$9,000	\$315 plus 6% of excess over \$9,000

25 2. (1) Notwithstanding the provisions of subsection 1 of this section to the contrary,
 26 beginning with the 2023 calendar year, **but ending on December 31, 2024**, the top rate of tax
 27 pursuant to subsection 1 of this section shall be four and ninety-five hundredths percent.

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

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

34 3. (1) In addition to the rate reduction under subsection 2 of this section, beginning
 35 with the 2024 calendar year, **but ending on December 31, 2024**, the top rate of tax under
 36 subsection 1 of this section may be reduced by fifteen hundredths of a percent. A reduction in
 37 the rate of tax shall take effect on January first of a calendar year and such reduced rates shall
 38 continue in effect until the next reduction occurs.

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

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

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

47 4. ~~[(1) In addition to the rate reductions under subsections 2 and 3 of this section,~~
 48 ~~beginning with the calendar year immediately following the calendar year in which a~~
 49 ~~reduction is made pursuant to subsection 3 of this section, the top rate of tax under subsection~~

50 ~~1 of this section may be further reduced over a period of years. Each reduction in the top rate~~
 51 ~~of tax shall be by one-tenth of a percent and no more than one reduction shall occur in a~~
 52 ~~calendar year. No more than three reductions shall be made under this subsection.~~
 53 ~~Reductions in the rate of tax shall take effect on January first of a calendar year and such~~
 54 ~~reduced rates shall continue in effect until the next reduction occurs.~~

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

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

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

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

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

67 ~~(4) The director of the department of revenue shall, by rule, adjust the tax tables under~~
 68 ~~subsection 1 of this section to effectuate the provisions of this subsection. The bracket for~~
 69 ~~income subject to the top rate of tax shall be eliminated once the top rate of tax has been~~
 70 ~~reduced below the rate applicable to such bracket, and the top remaining rate of tax shall~~
 71 ~~apply to all income in excess of the income in the second highest remaining income bracket.]~~

72 **Beginning January 1, 2025, a tax is hereby imposed for every tax year on the Missouri**
 73 **taxable income of every resident. The tax shall be determined by applying the tax table**
 74 **or the rate provided in section 143.021, which is based upon the following rates:**

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

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84 85	Over \$10,000 but not over \$500,000	\$262.50 plus 4 3/4% of excess over \$10,000
86 87	Over \$500,000	\$23,275 plus 5 1/2% of excess over \$500,000

88 5. **(1)** Beginning with the 2017 calendar year, the brackets of Missouri taxable
89 income identified in subsection 1 of this section **for all tax years ending on or before**
90 **December 31, 2024, or subsection 4 of this section for all tax years beginning on or after**
91 **January 1, 2025**, shall be adjusted annually by the percent increase in inflation. The director
92 shall publish such brackets annually beginning on or after October 1, 2016. Modifications to
93 the brackets shall take effect on January first of each calendar year and shall apply to tax years
94 beginning on or after the effective date of the new brackets.

95 **(2)** Beginning with the 2026 calendar year, the brackets of Missouri taxable
96 income identified in subsection 4 of this section shall be adjusted annually by the percent
97 increase in inflation. The director shall publish such brackets annually beginning on or
98 after October 1, 2025. Modifications to the brackets shall take effect on January first of
99 each calendar year and shall apply to tax years beginning on or after the effective date
100 of the new brackets. For the purposes of this subdivision, the "percent increase in
101 inflation" means the percentage, if any, by which the CPI for the preceding calendar
102 year exceeds the CPI for the year beginning September 1, 2023, and ending August 31,
103 2024.

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

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

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

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

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

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

5 2. (1) Notwithstanding the provisions of subsection 1 of section 143.011 to the
6 contrary, for all tax years beginning on or after January 1, 2023, **but on or before December**
7 **31, 2024**, there shall be no tax on taxable income of less than or equal to one thousand dollars,
8 as adjusted pursuant to subsection 5 of section 143.011.

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

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

13 **3. (1) Notwithstanding the provisions of section 143.011 to the contrary, for all**
14 **tax years beginning on or after January 1, 2025, there shall be no tax on taxable income**
15 **of less than or equal to two thousand five hundred dollars, as adjusted under**
16 **subdivision (2) of subsection 5 of section 143.011.**

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

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

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

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

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

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

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

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

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

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

5 (2) "Eligible taxpayer", a resident individual with a filing status of single, head of
6 household, widowed, or married filing combined who is subject to the tax imposed under this

7 chapter, excluding withholding tax imposed under sections 143.191 to 143.265, and who is
8 allowed a federal earned income tax credit under 26 U.S.C. Section 32, as amended;

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

11 3. (1) Beginning with the 2023 calendar year, an eligible taxpayer shall be allowed a
12 tax credit in an amount equal to a percentage of the amount such taxpayer would receive
13 under the federal earned income tax credit as such credit existed under 26 U.S.C. Section 32
14 as of January 1, 2021, as provided pursuant to subdivision (2) of this subsection. The tax
15 credit allowed by this section shall be claimed by such taxpayer at the time such taxpayer files
16 a return and shall be applied against the income tax liability imposed by this chapter after
17 reduction for all other credits allowed thereon. If the amount of the credit exceeds the tax
18 liability, the difference shall ~~not~~ be refunded to the taxpayer and shall not be carried forward
19 to any subsequent tax year.

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

29 (3) The initial percentage to be claimed as a tax credit and any increase in the
30 percentage that may be claimed pursuant to subdivision (2) of this subsection shall only occur
31 if the amount of net general revenue collected in the previous fiscal year exceeds the highest
32 amount of net general revenue collected in any of the three fiscal years prior to such fiscal
33 year by at least one hundred fifty million dollars.

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

42 5. The department shall prepare an annual report containing statistical information
43 regarding the tax credits issued under this section for the previous tax year, including the total

44 amount of revenue expended, the number of credits claimed, and the average value of the
45 credits issued to taxpayers whose earned income falls within various income ranges
46 determined by the department.

47 6. The director of the department may promulgate rules and regulations to administer
48 the provisions of this section. Any rule or portion of a rule, as that term is defined in section
49 536.010, that is created under the authority delegated in this section shall become effective
50 only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable,
51 section 536.028. This section and chapter 536 are nonseverable and if any of the powers
52 vested with the general assembly pursuant to chapter 536 to review, to delay the effective
53 date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant
54 of rulemaking authority and any rule proposed or adopted after January 1, 2023, shall be
55 invalid and void.

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

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

6 2. **Notwithstanding any provision of law to the contrary, beginning January 1,**
7 **2025, no state sales or use tax, local sales tax as defined under section 32.085, or local use**
8 **tax shall be levied or imposed on any retail sale of food in this state.**

9 3. For the purposes of this section, the term "food" shall include only those products
10 and types of food for which ~~[food stamps]~~ **benefits** may be redeemed pursuant to the
11 provisions of the ~~[Federal Food Stamp]~~ **Supplemental Nutrition Assistance** Program as
12 ~~[contained]~~ **described** in 7 U.S.C. Section 2012, as that section now reads or as it may be
13 amended hereafter, and shall include food dispensed by or through vending machines. For
14 the purpose of this section, except for vending machine sales, the term "food" shall not
15 include food or drink sold by any establishment where the gross receipts derived from the sale
16 of food prepared by such establishment for immediate consumption on or off the premises of
17 the establishment constitutes more than eighty percent of the total gross receipts of that
18 establishment, regardless of whether such prepared food is consumed on the premises of that
19 establishment, including, but not limited to, sales of food by any restaurant, fast food
20 restaurant, delicatessen, eating house, or café.

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,
139 including the items specified in Section 1862(a)(12) of that act, and also specifically
140 including hearing aids and hearing aid supplies and all sales of drugs which may be legally
141 dispensed by a licensed pharmacist only upon a lawful prescription of a practitioner licensed
142 to administer those items, including samples and materials used to manufacture samples
143 which may be dispensed by a practitioner authorized to dispense such samples and all sales or
144 rental of medical oxygen, home respiratory equipment and accessories including parts, and
145 hospital beds and accessories and ambulatory aids including parts, and all sales or rental of
146 manual and powered wheelchairs including parts, and stairway lifts, Braille writers, electronic
147 Braille equipment and, if purchased or rented by or on behalf of a person with one or more
148 physical or mental disabilities to enable them to function more independently, all sales or
149 rental of scooters including parts, and reading machines, electronic print enlargers and

150 magnifiers, electronic alternative and augmentative communication devices, and items used
151 solely to modify motor vehicles to permit the use of such motor vehicles by individuals with
152 disabilities or sales of over-the-counter or nonprescription drugs to individuals with
153 disabilities, and drugs required by the Food and Drug Administration to meet the over-the-
154 counter drug product labeling requirements in 21 CFR 201.66, or its successor, as prescribed
155 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 necessary personal hygiene products and toiletries. For the**
403 **purposes of this subdivision, "necessary personal hygiene products and toiletries" shall**
404 **mean goods, merchandise, or products necessary for personal hygiene, health, safety, or**
405 **cleanliness of an individual including, but not limited to, feminine hygiene products,**

406 **diapers, incontinence products, toilet paper, toothbrushes, toothpaste, soap, shampoo,**
407 **deodorant, antiperspirant, and other similar products necessary for reasonable hygiene;**
408 **but such term shall not include luxury or cosmetic personal care items.**

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

144.070. 1. At the time the owner of any new or used motor vehicle, trailer, boat, or
2 outboard motor which was acquired in a transaction subject to sales tax under the Missouri
3 sales tax law makes application to the director of revenue for an official certificate of title and
4 the registration of the motor vehicle, trailer, boat, or outboard motor as otherwise provided by
5 law, the owner shall present to the director of revenue evidence satisfactory to the director of
6 revenue showing the purchase price exclusive of any charge incident to the extension of credit
7 paid by or charged to the applicant in the acquisition of the motor vehicle, trailer, boat, or
8 outboard motor, or that no sales tax was incurred in its acquisition, and if sales tax was
9 incurred in its acquisition, the applicant shall pay or cause to be paid to the director of revenue
10 the sales tax provided by the Missouri sales tax law in addition to the registration fees now or
11 hereafter required according to law, and the director of revenue shall not issue a certificate of
12 title for any new or used motor vehicle, trailer, boat, or outboard motor subject to sales tax as
13 provided in the Missouri sales tax law until the tax levied for the sale of the same under
14 sections 144.010 to 144.510 has been paid as provided in this section or is registered under
15 the provisions of subsection 5 of this section.

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

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

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

27 5. Any person, company, or corporation engaged in the business of renting or leasing
28 motor vehicles, trailers, boats, or outboard motors, which are to be used exclusively for rental
29 or lease purposes, and not for resale, may apply to the director of revenue for authority to
30 operate as a leasing or rental company and pay an annual fee of two hundred fifty dollars for
31 such authority. Any company approved by the director of revenue may pay the tax due on
32 any motor vehicle, trailer, boat, or outboard motor as required in section 144.020 at the time
33 of registration thereof or in lieu thereof may pay a sales tax as provided in sections 144.010,
34 144.020, 144.070 and 144.440. A sales tax shall be charged to and paid by a leasing company
35 which does not exercise the option of paying in accordance with section 144.020, on the
36 amount charged for each rental or lease agreement while the motor vehicle, trailer, boat, or
37 outboard motor is domiciled in this state. Any motor vehicle, trailer, boat, or outboard motor
38 which is leased as the result of a contract executed in this state shall be presumed to be
39 domiciled in this state.

40 6. Every applicant to be a registered fleet owner as described in subsections 6 to 10 of
41 section 301.032 shall furnish with the application to operate as a registered fleet owner a
42 corporate surety bond or irrevocable letter of credit, as defined in section 400.5-102, issued
43 by any state or federal financial institution in the penal sum of one hundred thousand dollars,
44 on a form approved by the department. The bond or irrevocable letter of credit shall be
45 conditioned upon the registered fleet owner complying with the provisions of any statutes
46 applicable to registered fleet owners, and the bond shall be an indemnity for any loss
47 sustained by reason of the acts of the person bonded when such acts constitute grounds for the
48 suspension or revocation of the registered fleet owner license. The bond shall be executed in
49 the name of the state of Missouri for the benefit of all aggrieved parties or the irrevocable
50 letter of credit shall name the state of Missouri as the beneficiary; except that, the aggregate
51 liability of the surety or financial institution to the aggrieved parties shall, in no event, exceed
52 the amount of the bond or irrevocable letter of credit. The proceeds of the bond or irrevocable
53 letter of credit shall be paid upon receipt by the department of a final judgment from a
54 Missouri court of competent jurisdiction against the principal and in favor of an aggrieved
55 party.

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

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

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

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

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

66 (5) Operates each of its divisions on a basis separate from each of its other divisions.
67 However, when the transfer of a motor vehicle, trailer, boat or outboard motor occurs within a
68 corporation which holds a license to operate as a motor vehicle or boat dealer pursuant to
69 sections 301.550 to 301.573 the provisions in subdivision (3) of this subsection shall not
70 apply.

71 8. If the owner of any motor vehicle, trailer, boat, or outboard motor desires to charge
72 and collect sales tax as provided in this section, the owner shall make application to the
73 director of revenue for a permit to operate as a motor vehicle, trailer, boat, or outboard motor
74 leasing company. The director of revenue shall promulgate rules and regulations determining
75 the qualifications of such a company, and the method of collection and reporting of sales tax
76 charged and collected. Such regulations shall apply only to owners of motor vehicles, trailers,
77 boats, or outboard motors, electing to qualify as motor vehicle, trailer, boat, or outboard
78 motor leasing companies under the provisions of subsection 5 of this section, and no motor
79 vehicle renting or leasing, trailer renting or leasing, or boat or outboard motor renting or
80 leasing company can come under sections 144.010, 144.020, 144.070 and 144.440 unless all
81 motor vehicles, trailers, boats, and outboard motors held for renting and leasing are included.

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

87 10. Beginning July 1, 2010, any motor vehicle dealer licensed under section 301.560
88 engaged in the business of selling motor vehicles or trailers shall apply to the director of
89 revenue for authority to collect and remit the sales tax required under this section on all motor
90 vehicles sold by the motor vehicle dealer. A motor vehicle dealer receiving authority to
91 collect and remit the tax is subject to all provisions under sections 144.010 to 144.525. ~~Any~~
92 ~~motor vehicle dealer authorized to collect and remit sales taxes on motor vehicles under this~~
93 ~~subsection shall be entitled to deduct and retain an amount equal to two percent of the motor~~
94 ~~vehicle sales tax pursuant to section 144.140. Any amount of the tax collected under this~~
95 ~~subsection that is retained by a motor vehicle dealer pursuant to section 144.140 shall not~~

96 ~~constitute state revenue.] In no event shall revenues from the general revenue fund or any~~
97 ~~other state fund be utilized to compensate motor vehicle dealers for their role in collecting and~~
98 ~~remitting sales taxes on motor vehicles. In the event this subsection or any portion thereof is~~
99 ~~held to violate Article IV, Section 30(b) of the Missouri Constitution, no motor vehicle dealer~~
100 ~~shall be authorized to collect and remit sales taxes on motor vehicles under this section. [No~~
101 ~~motor vehicle dealer shall seek compensation from the state of Missouri or its agencies if a~~
102 ~~court of competent jurisdiction declares that the retention of two percent of the motor vehicle~~
103 ~~sales tax is unconstitutional and orders the return of such revenues.]~~

104 11. (1) Every motor vehicle dealer licensed under section 301.560, as soon as
105 technologically possible following the development and maintenance of a modernized,
106 integrated system for the titling of vehicles, issuance and renewal of vehicle registrations,
107 issuance and renewal of driver's licenses and identification cards, and perfection and release
108 of liens and encumbrances on vehicles, to be funded by the motor vehicle administration
109 technology fund as created in section 301.558, shall collect and remit the sales tax required
110 under this section on all motor vehicles that such dealer sells. In collecting and remitting this
111 sales tax, motor vehicle dealers shall be subject to all applicable provisions under sections
112 144.010 to 144.527.

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

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

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

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

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

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

- 23 (1) The first seven days of a calendar month;
- 24 (2) The eighth to fifteenth day of a calendar month;
- 25 (3) The sixteenth to twenty-second day of a calendar month; and
- 26 (4) The portion following the twenty-second of a calendar month.

27 6. (1) In the case of an underpayment of any amount required to be paid pursuant to
28 this section, a seller shall be liable for a penalty in lieu of all other penalties, interest or
29 additions to tax imposed by this chapter for violating this section. The penalty shall be five
30 percent of the amount of the underpayment determined under subdivision (2) of this
31 subsection.

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

- 33 (a) Ninety percent of the unpaid amount at the end of a quarter-monthly period, over
- 34 (b) The amount, if any, of the timely remittance for the quarter-monthly period.

35 7. (1) The penalty with respect to any quarter-monthly period shall not be imposed if
36 the seller's timely remittance for the quarter-monthly period equals or exceeds one-fourth of
37 the average monthly state sales tax liability of the seller for the preceding calendar year. The
38 month of highest liability and the month of lowest liability shall be excluded in computing the
39 average. This subdivision shall apply only to a seller who had a state sales tax liability for at
40 least six months of the previous calendar year.

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

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

46 8. Tax amounts remitted under this section shall be treated as payments on the seller's
47 monthly return required by sections 144.080 and 144.090. Tax amounts remitted under this
48 section shall be deemed to have been paid on the last day prescribed for filing the return. The

49 preceding sentence shall apply in computing [~~compensation under section 144.140,~~] interest,
50 penalties, and additions to tax and for purposes of all sections of this chapter, except this
51 section.

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

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

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

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

11 4.] 2. For the purposes of this section, "certified service provider" shall mean an agent
12 certified by the department of revenue to perform all the seller's sales and use tax functions,
13 other than the seller's obligation to remit tax on its own purchases.

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

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

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

7 (2) To consult, contract, and work with certified service providers independently. The
8 department is authorized to determine the method and amount of compensation to be
9 provided to certified service providers by this state for the services of such certified service
10 providers to certain sellers[~~, provided that no certified service provider or seller utilizing a
11 certified service provider shall be entitled to the deduction provided in subsection 1 of section
12 144.140].~~

13 2. The department is also hereby authorized to independently take such actions as
14 may be reasonably necessary to secure the payment of and account for the tax collected and
15 remitted by retailers and vendors. The department shall independently carry out any or all

16 activities relating to the collection of online use tax if the department, in its own judgment,
17 determines that independently carrying out such activities would promote cost-saving to the
18 state.

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

29 4. The provisions of this section shall automatically sunset five years after January 1,
30 2023, unless reauthorized by an act of the general assembly.

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