

SECOND REGULAR SESSION

HOUSE BILL NO. 2535

103RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE MAYHEW.

4245H.02I

JOSEPH ENGLER, Chief Clerk

AN ACT

To repeal sections 149.011, 149.015, and 149.160, 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Section A. Sections 149.011, 149.015, and 149.160, RSMo, are repealed and five new sections enacted in lieu thereof, to be known as sections 137.1077, 144.1420, 149.011, 149.015, and 149.160, to read as follows:

137.1077. 1. This section shall be known and may be cited as the "Veterans and Gold Star Family Property Tax Relief Act".

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

(1) "Commission", the Missouri veterans' commission;

(2) "Disability rating", the percentage of disability assigned to a disabled veteran by the United States Department of Veterans Affairs, reflecting the degree to which the veteran's disability impacts his or her ability to work and perform daily activities;

(3) "Disabled veteran", a Missouri resident who has served on active duty as a member of the Armed Forces of the United States, has a service-connected disability and has received a disability rating of at least thirty percent as certified by the United States Department of Veterans Affairs, and is an owner of record and liable for the payment of property taxes on the qualified residence for which the exemption allowed under this section is claimed;

(4) "Gold Star spouse", the surviving, unmarried spouse of a veteran who was killed in action, who died from wounds received in combat while serving on active duty,

EXPLANATION — Matter enclosed in bold-faced brackets ~~thus~~ in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

17 or who died as a result of diseases related to a presumed toxic exposure or injury due to
18 a presumed toxic exposure while serving on active duty, and who is certified by the
19 United States Department of Veterans Affairs as a recipient of dependency and
20 indemnity compensation under federal law;

21 (5) "Homestead", the real property actually owned and occupied by an
22 individual as his or her primary residence, and not to exceed five acres of land
23 surrounding it as is reasonably necessary for use of the dwelling as a home;

24 (6) "Purple Heart recipient", any individual who has been awarded the Purple
25 Heart medal for wounds received in action against an enemy of the United States;

26 (7) "Qualified residence", real property used as a homestead by a disabled
27 veteran, Purple Heart recipient, or Gold Star spouse, but less any portion of that
28 property that is used for commercial purposes. If the property, or a portion of the
29 property, is rented out to another person for more than six months, it is presumed to be
30 used for commercial purposes. No more than one property per claimant per tax year
31 may be claimed as a qualified residence under this section.

32 3. In addition to all other exemptions authorized under Article X, Section 6 of
33 the Constitution of Missouri or otherwise authorized by law, and as authorized under
34 Article X, Section 6(a) of the Constitution of Missouri, for all tax years beginning on or
35 after January 1, 2027, an annual exemption is granted from the property taxes levied on
36 the qualified residence of a disabled veteran, Purple Heart recipient, or Gold Star
37 spouse, limited to the amounts set forth as follows:

38 (1) For disabled veterans with a disability rating of thirty percent or more but
39 less than fifty percent, the annual exemption shall be three thousand dollars for a
40 disability rating of thirty percent and such amount shall be increased in proportion to
41 the percentage of the disabled veteran's disability rating for disabled veterans with a
42 disability rating of more than thirty percent but less than fifty percent, not to exceed five
43 thousand dollars;

44 (2) For disabled veterans with a disability rating of fifty percent or more but less
45 than seventy percent or Purple Heart recipients, the annual exemption shall be five
46 thousand dollars for a disability rating of fifty percent and such amount shall be
47 increased in proportion to the percentage of the disabled veteran's disability rating for
48 disabled veterans with a disability rating of more than fifty percent but less than seventy
49 percent, not to exceed ten thousand dollars; and

50 (3) For disabled veterans with a disability rating of seventy percent or more or
51 Gold Star spouses, the annual exemption is equal to one hundred percent of the
52 property tax levied on the qualified residence.

53 4. The exemption under this section carries over to the benefit of the disabled
54 veteran's or Purple Heart recipient's surviving spouse as long as the spouse holds the
55 legal or beneficial title to the qualified residence, permanently resides therein, and does
56 not remarry. No exemption shall be allowed for the tax year in which the surviving
57 spouse remarries. The exemption for a surviving spouse shall remain proportional to
58 the disabled veteran's disability rating as of the time of the veteran's passing.

59 5. The exemption and determination of eligibility under this section applies for
60 tax years beginning on or after January 1, 2027. The claim for an exemption shall not
61 be transferred or assigned, except as provided for under this section.

62 6. In order to verify eligibility for the exemption allowed under this section, no
63 later than April first of each tax year for which an exemption is claimed, a disabled
64 veteran, Purple Heart recipient, Gold Star spouse, or surviving spouse shall:

65 (1) Submit an application on a form provided by the county or city not within a
66 county to the local assessor's or collector's office or other entity as directed by local rule
67 or ordinance;

68 (2) Include documentation that verifies proof of the disability rating, including
69 official documentation from the United States Department of Veterans Affairs; and

70 (3) Include proof of ownership and occupation of the primary residence.

71 7. The collector's office, assessor's office, or other entity designated by rule or
72 ordinance shall review applications and determine eligibility of the residential property
73 based on the criteria set forth under this section and by the application, visual
74 inspection, questionnaire, or other reasonable methods. The determination shall be
75 made in accordance with guidelines established by the commission and any additional
76 local rules or regulations. County assessors and collectors shall record the total number
77 and dollar amount of exemptions claimed and actually redeemed and the corresponding
78 amount of tax revenues lost, if any, by reason of the exemption, and shall provide this
79 information to the commission as required under subsection 9 of this section.

80 8. The governing body of the county or city not within a county may adopt
81 reasonable procedures and promulgate ordinances, rules, and regulations in order to
82 implement and administer the provisions of this section and comply with any additional
83 requirements or regulations promulgated by the commission.

84 9. (1) There is hereby created in the state treasury the "Veterans Property Tax
85 Relief Fund", which shall consist of any gifts, bequests, grants, public or private
86 donations, transfers, moneys collected under subsection 9 of section 149.015, or funds
87 appropriated by the general assembly. The state treasurer shall be the custodian of the
88 fund and, in accordance with sections 30.170 and 30.180, shall approve disbursements of
89 public moneys in accordance with distribution requirements and procedures developed

90 by the commission as outlined by this section. The fund shall be a dedicated fund, and
91 upon appropriation, moneys in this fund shall be used solely as provided under this
92 section.

93 (2) Subject to appropriation, the commission shall use the moneys in the fund
94 solely to reimburse counties or cities not within a county for verified property tax
95 revenue lost as a result of exemptions granted under this section. The commission may
96 retain an amount not to exceed one percent to offset the costs of administration of the
97 provisions of this section. A county commission may retain up to one percent of the total
98 amount reimbursed to the county under this section as an administrative fee to defray
99 the costs of processing exemptions, updating property tax records, and filing the
100 certification required under this section.

101 (3) Each county collector shall, on or before September thirtieth of each year,
102 certify to the commission the total assessed value exempted and the corresponding
103 property tax loss due to veteran exemptions under this section for the preceding tax
104 year. The commission shall verify such certification before authorizing reimbursement.

105 (4) The commission shall submit an annual report on or before December thirty-
106 first of each year to the governor, the speaker of the house of representatives, and the
107 president pro tempore of the senate summarizing disbursements, the number of
108 veterans assisted, and counties and cities not within a county reimbursed.

109 (5) Notwithstanding the provisions of section 33.080 to the contrary, any moneys
110 remaining in the fund at the end of the biennium shall not revert to the credit of the
111 general revenue fund.

112 (6) The state treasurer shall invest moneys in the fund in the same manner as
113 other funds are invested. Any interest and moneys earned on such investments shall be
114 credited to the fund.

115 10. The exemption granted under this section shall not affect the process of
116 setting the tax rate as required under Article X, Section 22 of the Constitution of
117 Missouri and section 137.073 in any prior, current, or subsequent tax year.

118 11. The Missouri veterans' commission is authorized to coordinate with or
119 negotiate a memorandum of understanding with the state tax commission in order to
120 effectuate the provisions of this section and may promulgate all necessary rules and
121 regulations for the administration of this section. Any rule or portion of a rule, as that
122 term is defined in section 536.010, that is created under the authority delegated in this
123 section shall become effective only if it complies with and is subject to all of the
124 provisions of chapter 536 and, if applicable, section 536.028. This section and chapter
125 536 are nonseverable and if any of the powers vested with the general assembly
126 pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul

a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2026, shall be invalid and void.

12. No rule promulgated by the commission shall in any way adversely impact, interrupt, or interfere with the performance of the required statutory duties of any elected county official when performing such duties as deemed necessary for the purposes of this section and the distribution of all other real and personal property taxes.

13. This section shall not be subject to the provisions of the Missouri sunset act under sections 23.250 to 23.298.

144.1420. 1. As used in this section, the term "hemp-derived consumable product" shall mean any product intended for human consumption, ingestion, absorption, inhalation, or topical administration, that is manufactured from hemp or hemp extract and contains cannabinoids including, but not limited to, Delta-8 tetrahydrocannabinol, Delta-9 tetrahydrocannabinol, Delta-10 tetrahydrocannabinol, hexahydrocannabinol (HHC), tetrahydrocannabiphoral (THCP), or any other intoxicating cannabinoid or isomer, regardless of whether the product meets the federal definition of hemp. The term shall include consumable hemp products in the form of beverages, shots, drink mixes, edibles, tinctures, oils, vapes, inhalation products, or other ingestible or inhalable forms but shall not include industrial hemp fiber, seed, textiles, animal bedding, hempcrete, rope, non-consumable hemp products, or any product regulated as a drug by the United States Food and Drug Administration.

2. For all tax years beginning on or after January 1, 2027, a tax is levied and imposed upon the first sale of hemp-derived consumable products within this state at a rate of ten percent of the manufacturer's or distributor's invoice price and shall be in addition to any tax imposed under any other provision of federal, state, or local law.

3. The tax imposed under this section shall be reported and remitted monthly by the person making the first sale within this state. The department of revenue shall administer and enforce this section in the same manner as tobacco and vapor product taxes under chapter 149.

4. All moneys collected under this section shall be deposited in the state treasury to the credit of the veterans property tax relief fund created under section 137.1077.

5. Notwithstanding any provision of law to the contrary, hemp-derived consumable products shall not be considered marijuana for the purposes of taxation under Article XIV of the Constitution of Missouri, and such products shall be subject to the excise tax imposed under this section.

6. The department of revenue may promulgate all necessary rules and regulations for the administration of this section. Any rule or portion of a rule, as that

29 term is defined in section 536.010, that is created under the authority delegated in this
30 section shall become effective only if it complies with and is subject to all of the
31 provisions of chapter 536 and, if applicable, section 536.028. This section and chapter
32 536 are nonseverable and if any of the powers vested with the general assembly
33 pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul
34 a rule are subsequently held unconstitutional, then the grant of rulemaking authority
35 and any rule proposed or adopted after August 28, 2026, shall be invalid and void.

149.011. As used in this chapter, unless the context requires otherwise, the following
2 terms mean:

3 (1) "Alternative nicotine product", the same meaning as such term is defined
4 under section 407.925;

5 (2) "Cigar", any roll for smoking, except cigarettes, made chiefly of tobacco or any
6 substitute therefor;

7 ~~[(2)]~~ (3) "Cigarette", an item manufactured of tobacco or any substitute therefor,
8 wrapped in paper or any substitute therefor, weighing not to exceed three pounds per one
9 thousand cigarettes and which is commonly classified, labeled or advertised as a cigarette;

10 ~~[(3)]~~ (4) "Common carrier", any person, association, company, or corporation
11 engaged in the business of operating, for public use, an agency for the transportation of
12 persons or property within the state;

13 ~~[(4)]~~ (5) "Director", the director of Missouri department of revenue;

14 ~~[(5)]~~ (6) "First sale within the state", the first sale of a tobacco product by a
15 manufacturer, wholesaler or other person to a person who intends to sell such tobacco
16 products at retail or to a person at retail within the state of Missouri;

17 ~~[(6)]~~ (7) "Manufacturer", any person engaged in the manufacture or production of
18 cigarettes;

19 ~~[(7)]~~ (8) "Manufacturer's invoice price", the original net invoice price for which a
20 manufacturer sells a tobacco product to a distributor, wholesaler or first seller in the state as
21 shown by the manufacturer's original invoice;

22 ~~[(8)]~~ (9) "Meter machine", a type of device manufactured for the use of printing or
23 imprinting an inked impression indicating that the cigarette tax has been paid on an individual
24 package of cigarettes;

25 ~~[(9)]~~ (10) "Package of cigarettes", a container of any type composition in which is
26 normally contained twenty individual cigarettes, except as in special instances when the
27 number may be more or less than twenty;

28 ~~[(10)]~~ (11) "Person", any individual, corporation, firm, partnership, incorporated or
29 unincorporated association, or any other legal or commercial entity;

30 ~~[(11)]~~ **(12)** "Retailer", any person who sells to a consumer or to any person for any
31 purpose other than resale;

32 ~~[(12)]~~ **(13)** "Sale" in this instance is defined to be and declared to include sales,
33 barter, exchanges and every other manner, method and form of transferring the ownership of
34 personal property from one person to another. "Sale" also means the possession of cigarettes
35 or tobacco products by any person other than a manufacturer, wholesaler or retailer and shall
36 be prima facie evidence of possession for consumption;

37 ~~[(13)]~~ **(14)** "Smokeless tobacco", chewing tobacco, including, but not limited to,
38 twist, moist plug, loose leaf and firm plug, and all types of snuff, including, but not limited to,
39 moist and dry;

40 ~~[(14)]~~ **(15)** "Stamped cigarettes", an individual package, containing twenty individual
41 cigarettes, more or less, on which appears or is affixed or imprinted thereon a Missouri state
42 cigarette tax stamp or Missouri state meter machine impression;

43 ~~[(15)]~~ **(16)** "Tax stamp", an item manufactured of a paper product or substitute thereof
44 on which is printed, imprinted, or engraved lettering, numerals or symbols indicating that the
45 cigarette tax has been paid on each individual package of cigarettes;

46 **(17) "Tobacco paraphernalia", any equipment, product, or material of any kind**
47 **that is intended or designed for use in consuming, inhaling, or otherwise introducing**
48 **tobacco or a tobacco product into the human body including, but not limited to, pipes,**
49 **water pipes, hookahs, rolling papers, blunt wraps, cigar rollers, cigar cutters, cigarette**
50 **rolling machines, and any device or accessory designed for use in the combustion,**
51 **vaporization, or consumption of tobacco or a tobacco product, but shall not include**
52 **matches, lighters, or any product that is itself defined as a tobacco product under this**
53 **chapter;**

54 ~~[(16)]~~ **(18)** "Tobacco product", cigarettes, cigarette papers, clove cigarettes, cigars,
55 smokeless tobacco, smoking tobacco, or other form of tobacco products or products made
56 with tobacco substitute containing nicotine. **The term "tobacco product" shall include**
57 **alternative nicotine products and vapor products for the purposes of taxation, licensing,**
58 **enforcement, and regulatory authority under this chapter;**

59 ~~[(17)]~~ **(19)** "Unstamped cigarettes", an individual package containing cigarettes on
60 which does not appear a Missouri state cigarette tax stamp or Missouri state meter machine
61 impression;

62 **(20) "Vapor product", the same meaning as such term is defined under section**
63 **407.925;**

64 ~~[(18)]~~ **(21)** "Wholesaler", any person, firm or corporation organized and existing, or
65 doing business, primarily to sell cigarettes or tobacco products to, and render service to,
66 retailers in the territory the person, firm or corporation chooses to serve; that purchases

67 cigarettes or tobacco products directly from the manufacturer; that carries at all times at ~~his~~
68 ~~or its~~ **the person's, firm's, or corporation's** principal place of business a representative
69 stock of cigarettes or tobacco products for sale; and that comes into the possession of
70 cigarettes or tobacco products for the purpose of selling them to retailers or to persons outside
71 or within the state who might resell or retail the cigarettes or tobacco products to consumers.
72 This shall include any manufacturer, jobber, broker, agent or other person, whether or not
73 enumerated in this chapter, who so sells or so distributes cigarettes or tobacco products.

149.015. 1. **Except as provided in subsection 9 of this section,** a tax shall be levied
2 upon the sale of cigarettes at an amount equal to eight and one-half mills per cigarette, until
3 such time as the general assembly appropriates an amount equal to twenty-five percent of the
4 net federal reimbursement allowance to the health initiatives fund, then the tax shall be six
5 and one-half mills per cigarette beginning July first of the fiscal year immediately after such
6 appropriation. As used in this section, "net federal reimbursement allowance" shall mean that
7 amount of the federal reimbursement allowance in excess of the amount of state matching
8 funds necessary for the state to make payments required by subsection 1 of section 208.471
9 or, if the payments exceed the amount so required, the actual payments made for the purposes
10 specified in subsection 1 of section 208.471.

11 2. The tax shall be evidenced by stamps which shall be furnished by and purchased
12 from the director or by an impression of the tax by the use of a metering machine when
13 authorized by the director as provided in this chapter, and the stamps or impression shall be
14 securely affixed to one end of each package in which cigarettes are contained. All cigarettes
15 must be stamped before being sold in this state.

16 3. Cigarette tax stamps shall be purchased only from the director. All stamps shall be
17 purchased by the director in proper denominations, shall contain such appropriate wording as
18 the director may prescribe, and shall be of such design, character, color combinations, color
19 changes, sizes and material as the director may, by rules and regulations, determine to afford
20 the greatest security to the state. It shall be the duty of the director to manufacture or contract
21 for revenue stamps required by this chapter; provided that if the stamps are contracted for, the
22 manufacturer thereof shall be within the jurisdiction of the criminal and civil courts of this
23 state, unless the stamps cannot be obtained in this state at a fair price or of acceptable quality.
24 If stamps are manufactured outside of the state, the director shall take any precautions which
25 he deems necessary to safeguard the state against forgery and misdelivery of any stamps. The
26 director may require of the manufacturer from whom stamps are purchased a bond in an
27 amount to be determined by him commensurate with the monetary value of the stamps,
28 containing such conditions as he may deem necessary in order to protect the state against loss.

29 4. It shall be the intent of this chapter that the impact of the tax levied hereunder be
30 absorbed by the consumer or user and when the tax is paid by any other person, the payment

31 shall be considered as an advance payment and shall thereafter be added to the price of the
32 cigarettes and recovered from the ultimate consumer or user with the person first selling the
33 cigarettes acting as an agent of the state for the payment and collection of the tax to the state,
34 except that in furtherance of the intent of this chapter no refund of any tax collected and
35 remitted by a retailer upon gross receipts from a sale of cigarettes subject to tax pursuant to
36 this chapter shall be claimed pursuant to chapter 144 for any amount illegally or erroneously
37 overcharged or overcollected as a result of imposition of sales tax by the retailer upon
38 amounts representing the tax imposed pursuant to this chapter and any such tax shall either be
39 refunded to the person who paid such tax or paid to the director. The director may recoup
40 from any retailer any tax illegally or erroneously overcharged or overcollected unless such tax
41 has been refunded to the person who paid such tax.

42 5. In making sales of cigarettes in the state, a wholesaler shall keep a record of the
43 amount of tax on his gross sales. The tax shall be evidenced by appropriate stamps attached
44 to each package of cigarettes sold. Notwithstanding any other law to the contrary, no tax
45 stamp need be attached to a package of cigarettes transported in the state between wholesalers
46 or distributors unless and until such package is sold to a retailer or consumer.

47 6. The tax on any cigarettes contained in packages of four, ten, twenty or similar
48 quantities to be used solely for distribution as samples shall be computed on a per cigarette
49 basis at the rate set forth in this section, and payment of the tax shall be remitted to the
50 director at such time and in such manner as he may prescribe.

51 7. The revenue generated by the additional two mills tax imposed effective August
52 13, 1982, less any three percent reduction allowed pursuant to the provisions of section
53 149.021, shall be placed in a separate fund entitled "The Fair Share Fund". Such moneys in
54 the fair share fund shall be transferred monthly to the state school moneys fund and
55 distributed to the school districts in this state as provided in section 163.031.

56 8. The revenue generated by the additional two mills tax imposed effective October 1,
57 1993, less any three percent reduction allowed pursuant to the provisions of section 149.021,
58 shall be deposited in the health initiatives fund created in section 191.831. When the general
59 assembly appropriates an amount equal to twenty-five percent of the net federal
60 reimbursement allowance to the health initiatives fund, this subsection shall expire. The
61 additional two mills tax levied pursuant to this section shall not apply to an amount of
62 stamped cigarettes in the possession of licensed wholesalers on October 1, 1993, up to thirty-
63 five percent of the total cigarette sales made by such licensed wholesaler during the six
64 months immediately preceding October 1, 1993.

65 **9. (1) Beginning January 1, 2027, in addition to the tax levied on the sale of**
66 **cigarettes in subsection 1 of this section, a tax shall be levied upon the sale of cigarettes**
67 **at an amount equal to five mills per cigarette.**

68 **(2) The revenue generated by the additional tax imposed under this subsection,**
69 **less any three-percent reduction allowed under the provisions of section 149.021, shall**
70 **be deposited to the credit of the veterans property tax relief fund created under section**
71 **137.1077.**

72 **(3) For a period of up to six months prior to the effective date of a tax**
73 **modification under this subsection, licensees shall not be allowed to purchase stamps in**
74 **a number greater than one hundred ten percent of the number that were purchased by**
75 **such licensee during the same period in the preceding year.**

149.160. 1. A tax is levied upon the first sale of tobacco products, other than
2 cigarettes, within the state. The tax on tobacco products shall be at the rate of ten percent of
3 the manufacturer's invoice price before discounts and deals, and shall be paid by the person
4 making the first sale within the state. Licensed persons making first sales within the state
5 shall be allowed approved credit for returned merchandise provided the tax was paid on the
6 returned merchandise and the purchaser was given a refund or credit. Such licensed person
7 shall take such approved credit on the return for the month in which the purchaser was given
8 the refund or credit.

9 2. The tax shall not apply to tobacco products when the first sale within the state has
10 occurred on such tobacco products prior to October 1, 1993.

11 3. Amounts generated by the tax levied in this section shall be deposited in the health
12 initiatives fund created by section 191.831.

13 4. When the general assembly appropriates an amount equal to twenty-five percent of
14 the net federal reimbursement allowance to the health initiatives fund, this section shall
15 expire. As used in this section, "net federal reimbursement allowance" shall mean that
16 amount of the federal reimbursement allowance in excess of the amount of state matching
17 funds necessary for the state to make payments required by subsection 1 of section 208.471
18 or, if the payments exceed the amount so required, the actual payments made for the purposes
19 specified in subsection 1 of section 208.471.

20 **5. (1) Beginning January 1, 2027, in addition to all other taxes imposed under**
21 **this chapter, a tax is hereby levied upon the first sale of vapor products, alternative**
22 **nicotine products, and tobacco paraphernalia within this state at a rate of ten percent of**
23 **the manufacturer's or distributor's invoice price before discounts and deals. The tax**
24 **imposed under this subsection shall be reported and remitted in the same manner as**
25 **taxes imposed under this section.**

26 **(2) All moneys collected under this subsection shall be deposited in the state**
27 **treasury to the credit of the veterans property tax relief fund created under section**
28 **137.1077.**

29 **6. (1) Beginning January 1, 2027, in addition to the tax imposed under**
30 **subsection 1 of this section, a tax is hereby levied upon the first sale of tobacco products,**
31 **other than cigarettes, within this state an additional tax at a rate of two percent of the**
32 **manufacturer's or distributor's invoice price before discounts and deals. The additional**
33 **tax imposed under this subsection shall be reported and remitted in the same manner as**
34 **the tax imposed under subsection 1 of this section.**

35 **(2) All moneys collected under this subsection shall be deposited in the state**
36 **treasury to the credit of the veterans property tax relief fund created under section**
37 **137.1077.**

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