

SECOND REGULAR SESSION

HOUSE BILL NO. 1948

100TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE BAILEY.

4730H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal section 144.020, RSMo, and to enact in lieu thereof one new section relating to the rate of sales tax.

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

Section A. Section 144.020, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 144.020, to read as follows:

144.020. 1. A tax is hereby levied and imposed for the privilege of titling new and used motor vehicles, trailers, boats, and outboard motors purchased or acquired for use on the highways or waters of this state which are required to be titled under the laws of the state of Missouri and, except as provided in subdivision (9) of this subsection, upon all sellers for the privilege of engaging in the business of selling tangible personal property or rendering taxable service at retail in this state. The rate of tax **levied and imposed** shall be **equivalent to four percent of the following amounts** as ~~[follows]~~ **described in this section:**

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

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.

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

19 (3) [~~A tax equivalent to four percent of~~] The basic rate paid or charged on all sales of
20 electricity or electrical current, water and gas, natural or artificial, to domestic, commercial or
21 industrial consumers;

22 (4) (a) [~~A tax equivalent to four percent on~~] The basic rate paid or charged on all sales
23 of local and long distance telecommunications service to telecommunications subscribers and
24 to others through equipment of telecommunications subscribers for the transmission of messages
25 and conversations and upon the sale, rental or leasing of all equipment or services pertaining or
26 incidental thereto; except that, the payment made by telecommunications subscribers or others,
27 pursuant to section 144.060, and any amounts paid for access to the internet or interactive
28 computer services shall not be considered as amounts paid for telecommunications services;

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

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

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

52 (5) ~~[A tax equivalent to four percent of]~~ The basic rate paid or charged for all sales of
53 services for transmission of messages of telegraph companies;

54 (6) ~~[A tax equivalent to four percent on]~~ The amount of sales or charges for all rooms,
55 meals and drinks furnished at any hotel, motel, tavern, inn, restaurant, eating house, drugstore,
56 dining car, tourist cabin, tourist camp or other place in which rooms, meals or drinks are
57 regularly served to the public. The tax imposed under this subdivision shall not apply to any
58 automatic mandatory gratuity for a large group imposed by a restaurant when such gratuity is
59 reported as employee tip income and the restaurant withholds income tax under section 143.191
60 on such gratuity;

61 (7) ~~[A tax equivalent to four percent of]~~ The amount paid or charged for intrastate tickets
62 by every person operating a railroad, sleeping car, dining car, express car, boat, airplane and such
63 buses and trucks as are licensed by the division of motor carrier and railroad safety of the
64 department of economic development of Missouri, engaged in the transportation of persons for
65 hire;

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

81 (9) ~~[A tax equivalent to four percent of]~~ The purchase price, as defined in section
82 144.070, of new and used motor vehicles, trailers, boats, and outboard motors purchased or
83 acquired for use on the highways or waters of this state which are required to be registered under
84 the laws of the state of Missouri. This tax is imposed on the person titling such property, and
85 shall be paid according to the procedures in section 144.440.

86 2. All tickets sold which are sold under the provisions of sections 144.010 to 144.525
87 which are subject to the sales tax shall have printed, stamped or otherwise endorsed thereon, the
88 words "This ticket is subject to a sales tax."

89 **3. For all fiscal years beginning on or after July 1, 2021, the director of revenue**
90 **shall reduce the rate of tax imposed in subsection 1 of this section by one-tenth of one**
91 **percent if the total amount of net revenue collected by the state has increased in each of the**
92 **previous three fiscal years by at least seventy-five million dollars. No more than one**
93 **reduction shall occur in a fiscal year and no more than five total reductions shall occur.**

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