

SECOND REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 1975
99TH GENERAL ASSEMBLY

4994H.02C

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To amend chapter 351, RSMo, by adding thereto one new section relating to the permissible conduct of certain businesses.

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

Section A. Chapter 351, RSMo, is amended by adding thereto one new section, to be
2 known as section 351.725, to read as follows:

**351.725. 1. Any entity, regardless of how it is currently incorporated, that was
2 initially formed under section 70.220 to provide a public service to both:**

**3 (1) A county with a charter form of government and with more than nine hundred
4 fifty thousand inhabitants; and**

5 (2) A city not within a county

**6
7 that exceeds its initial purpose and contracts or provides a service to any individual, entity,
8 municipality, or political subdivision other than those political subdivisions for which it
9 was initially formed shall be treated as a for-profit corporation under this chapter and
10 shall be subject to all laws and taxes applicable to a for-profit corporation. Such forms of
11 current incorporation shall include, but not be limited to, for-profit corporations, not-for-
12 profit corporations, limited liability companies, limited partnerships, limited liability
13 partnerships, and cooperative associations.**

**14 2. Any person who believes an entity is violating subsection 1 of this section may
15 report the alleged violation to the department of revenue.**

**16 3. The department of revenue shall investigate any report under subsection 2 of this
17 section and may investigate any entity the department suspects is violating subsection 1 of
18 this section. If the department determines an entity is violating subsection 1 of this section,**

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.

19 the department shall immediately send notification to the entity. The entity shall have
20 thirty days to bring its activities into compliance with subsection 1 of this section and
21 provide the department with proof thereof. If the department does not receive satisfactory
22 proof the entity is in compliance, the department shall:

23 (1) If the entity is registered as a not-for-profit corporation, instruct the secretary
24 of state to revoke the entity's not-for-profit status;

25 (2) Subject the entity to taxation as a for-profit corporation; and

26 (3) Notify the entity.

27 4. The department of revenue may promulgate rules to implement the provisions
28 of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that
29 is created under the authority delegated in this section shall become effective only if it
30 complies with and is subject to all of the provisions of chapter 536 and, if applicable,
31 section 536.028. This section and chapter 536 are nonseverable, and if any of the powers
32 vested with the general assembly pursuant to chapter 536 to review, to delay the effective
33 date, or to disapprove and annul a rule are subsequently held unconstitutional, then the
34 grant of rulemaking authority and any rule proposed or adopted after August 28, 2018,
35 shall be invalid and void.

36 5. For the purposes of this section, the term "entity" shall not include any
37 corporation that engages primarily in economic development activities.

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