

SECOND REGULAR SESSION
[TRULY AGREED TO AND FINALLY PASSED]
SENATE COMMITTEE SUBSTITUTE FOR
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 2140
98TH GENERAL ASSEMBLY

5496S.04T

2016

AN ACT

To repeal section 32.087, RSMo, and to enact in lieu thereof two new sections relating to local sales tax on motor vehicles.

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

Section A. Section 32.087, RSMo, is repealed and two new sections enacted in lieu
2 thereof, to be known as sections 32.087 and 32.088, to read as follows:

32.087. 1. Within ten days after the adoption of any ordinance or order in favor of
2 adoption of any local sales tax authorized under the local sales tax law by the voters of a taxing
3 entity, the governing body or official of such taxing entity shall forward to the director of
4 revenue by United States registered mail or certified mail a certified copy of the ordinance or
5 order. The ordinance or order shall reflect the effective date thereof.

6 2. Any local sales tax so adopted shall become effective on the first day of the second
7 calendar quarter after the director of revenue receives notice of adoption of the local sales tax,
8 except as provided in subsection 18 of this section, and shall be imposed on all transactions on
9 which the Missouri state sales tax is imposed.

10 3. Every retailer within the jurisdiction of one or more taxing entities which has imposed
11 one or more local sales taxes under the local sales tax law shall add all taxes so imposed along
12 with the tax imposed by the sales tax law of the state of Missouri to the sale price and, when
13 added, the combined tax shall constitute a part of the price, and shall be a debt of the purchaser
14 to the retailer until paid, and shall be recoverable at law in the same manner as the purchase

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.

15 price. The combined rate of the state sales tax and all local sales taxes shall be the sum of the
16 rates, multiplying the combined rate times the amount of the sale.

17 4. The brackets required to be established by the director of revenue under the provisions
18 of section 144.285 shall be based upon the sum of the combined rate of the state sales tax and
19 all local sales taxes imposed under the provisions of the local sales tax law.

20 5. (1) The ordinance or order imposing a local sales tax under the local sales tax law
21 shall impose a tax upon all transactions upon which the Missouri state sales tax is imposed to
22 the extent and in the manner provided in sections 144.010 to 144.525, and the rules and
23 regulations of the director of revenue issued pursuant thereto; except that the rate of the tax shall
24 be the sum of the combined rate of the state sales tax or state highway use tax and all local sales
25 taxes imposed under the provisions of the local sales tax law.

26 (2) Notwithstanding any other provision of law to the contrary, local taxing jurisdictions,
27 except those in which voters have [previously] approved a local use tax under section 144.757,
28 shall have placed on the ballot on or after the general election in November 2014, but no later
29 than the general election in November [2016] **2018**, whether to repeal application of the local
30 sales tax to the titling of motor vehicles, trailers, boats, and outboard motors that are subject to
31 state sales tax under section 144.020 and purchased from a source other than a licensed Missouri
32 dealer. The ballot question presented to the local voters shall contain substantially the following
33 language:

34 Shall the (local jurisdiction's name) discontinue applying and collecting the
35 local sales tax on the titling of motor vehicles, trailers, boats, and outboard motors that were
36 purchased from a source other than a licensed Missouri dealer?

37
38 Approval of this measure will result in a reduction of local revenue to provide for vital services
39 for (local jurisdiction's name) and it will place Missouri dealers of motor vehicles,
40 outboard motors, boats, and trailers at a competitive disadvantage to non-Missouri dealers of
41 motor vehicles, outboard motors, boats, and trailers.

42 YES NO

43
44 If you are in favor of the question, place an "X" in the box opposite "YES". If you are opposed
45 to the question, place an "X" in the box opposite "NO".

46 (3) If the ballot question set forth in subdivision (2) of this subsection receives a majority
47 of the votes cast in favor of the proposal, or if the local taxing jurisdiction fails to place the ballot
48 question before the voters on or before the general election in November [2016] **2018**, the local
49 taxing jurisdiction shall cease applying the local sales tax to the titling of motor vehicles, trailers,

50 boats, and outboard motors that were purchased from a source other than a licensed Missouri
51 dealer.

52 (4) In addition to the requirement that the ballot question set forth in subdivision (2) of
53 this subsection be placed before the voters, the governing body of any local taxing jurisdiction
54 that had previously imposed a local use tax on the use of motor vehicles, trailers, boats, and
55 outboard motors may, at any time, place a proposal on the ballot at any election to repeal
56 application of the local sales tax to the titling of motor vehicles, trailers, boats, and outboard
57 motors purchased from a source other than a licensed Missouri dealer. If a majority of the votes
58 cast by the registered voters voting thereon are in favor of the proposal to repeal application of
59 the local sales tax to such titling, then the local sales tax shall no longer be applied to the titling
60 of motor vehicles, trailers, boats, and outboard motors purchased from a source other than a
61 licensed Missouri dealer. If a majority of the votes cast by the registered voters voting thereon
62 are opposed to the proposal to repeal application of the local sales tax to such titling, such
63 application shall remain in effect.

64 (5) In addition to the requirement that the ballot question set forth in subdivision (2) of
65 this subsection be placed before the voters on or after the general election in November 2014,
66 and on or before the general election in November [2016] **2018**, whenever the governing body
67 of any local taxing jurisdiction imposing a local sales tax on the sale of motor vehicles, trailers,
68 boats, and outboard motors receives a petition, signed by fifteen percent of the registered voters
69 of such jurisdiction voting in the last gubernatorial election, and calling for a proposal to be
70 placed on the ballot at any election to repeal application of the local sales tax to the titling of
71 motor vehicles, trailers, boats, and outboard motors purchased from a source other than a
72 licensed Missouri dealer, the governing body shall submit to the voters of such jurisdiction a
73 proposal to repeal application of the local sales tax to such titling. If a majority of the votes cast
74 by the registered voters voting thereon are in favor of the proposal to repeal application of the
75 local sales tax to such titling, then the local sales tax shall no longer be applied to the titling of
76 motor vehicles, trailers, boats, and outboard motors purchased from a source other than a
77 licensed Missouri dealer. If a majority of the votes cast by the registered voters voting thereon
78 are opposed to the proposal to repeal application of the local sales tax to such titling, such
79 application shall remain in effect.

80 (6) Nothing in this subsection shall be construed to authorize the voters of any
81 jurisdiction to repeal application of any state sales or use tax.

82 (7) If any local sales tax on the titling of motor vehicles, trailers, boats, and outboard
83 motors purchased from a source other than a licensed Missouri dealer is repealed, such repeal
84 shall take effect on the first day of the second calendar quarter after the election. If any local
85 sales tax on the titling of motor vehicles, trailers, boats, and outboard motors purchased from a

86 source other than a licensed Missouri dealer is required to cease to be applied or collected due
87 to failure of a local taxing jurisdiction to hold an election pursuant to subdivision (2) of this
88 subsection, such cessation shall take effect on March 1, [2017] 2019.

89 **(8) Notwithstanding any provision of law to the contrary, if any local sales tax on**
90 **the titling of motor vehicles, trailers, boats, and outboard motors purchased from a source**
91 **other than a licensed Missouri dealer is repealed after the general election in November**
92 **2014, or if the taxing jurisdiction failed to present the ballot to the voters at a general**
93 **election on or before November 2018, then the governing body of such taxing jurisdiction**
94 **may, at any election subsequent to the repeal or after the general election in November**
95 **2018, if the jurisdiction failed to present the ballot to the voters, place before the voters the**
96 **issue of imposing a sales tax on the titling of motor vehicles, trailers, boats, and outboard**
97 **motors that are subject to state sales tax under section 144.020 that were purchased from**
98 **a source other than a licensed Missouri dealer. The ballot question presented to the local**
99 **voters shall contain substantially the following language:**

100 **Shall the (local jurisdiction's name) apply and collect the local sales tax**
101 **on the titling of motor vehicles, trailers, boats, and outboard motors that are subject to**
102 **state sales tax under section 144.020 and purchased from a source other than a licensed**
103 **Missouri dealer?**

104
105 **Approval of this measure will result in an increase of local revenue to provide for vital**
106 **services for (local jurisdiction's name), and it will remove a competitive**
107 **advantage that non-Missouri dealers of motor vehicles, outboard motors, boats, and**
108 **trailers have over Missouri dealers of motor vehicles, outboard motors, boats, and trailers.**

109 YES NO

110
111 **If you are in favor of the question, place an "X" in the box opposite "YES". If you are**
112 **opposed to the question, place an "X" in the box opposite "NO".**

113 **(9) If any local sales tax on the titling of motor vehicles, trailers, boats, and**
114 **outboard motors purchased from a source other than a licensed Missouri dealer is adopted,**
115 **such tax shall take effect and be imposed on the first day of the second calendar quarter**
116 **after the election.**

117 6. On and after the effective date of any local sales tax imposed under the provisions of
118 the local sales tax law, the director of revenue shall perform all functions incident to the
119 administration, collection, enforcement, and operation of the tax, and the director of revenue
120 shall collect in addition to the sales tax for the state of Missouri all additional local sales taxes
121 authorized under the authority of the local sales tax law. All local sales taxes imposed under the

122 local sales tax law together with all taxes imposed under the sales tax law of the state of Missouri
123 shall be collected together and reported upon such forms and under such administrative rules and
124 regulations as may be prescribed by the director of revenue.

125 7. All applicable provisions contained in sections 144.010 to 144.525 governing the state
126 sales tax and section 32.057, the uniform confidentiality provision, shall apply to the collection
127 of any local sales tax imposed under the local sales tax law except as modified by the local sales
128 tax law.

129 8. All exemptions granted to agencies of government, organizations, persons and to the
130 sale of certain articles and items of tangible personal property and taxable services under the
131 provisions of sections 144.010 to 144.525, as these sections now read and as they may hereafter
132 be amended, it being the intent of this general assembly to ensure that the same sales tax
133 exemptions granted from the state sales tax law also be granted under the local sales tax law, are
134 hereby made applicable to the imposition and collection of all local sales taxes imposed under
135 the local sales tax law.

136 9. The same sales tax permit, exemption certificate and retail certificate required by
137 sections 144.010 to 144.525 for the administration and collection of the state sales tax shall
138 satisfy the requirements of the local sales tax law, and no additional permit or exemption
139 certificate or retail certificate shall be required; except that the director of revenue may prescribe
140 a form of exemption certificate for an exemption from any local sales tax imposed by the local
141 sales tax law.

142 10. All discounts allowed the retailer under the provisions of the state sales tax law for
143 the collection of and for payment of taxes under the provisions of the state sales tax law are
144 hereby allowed and made applicable to any local sales tax collected under the provisions of the
145 local sales tax law.

146 11. The penalties provided in section 32.057 and sections 144.010 to 144.525 for a
147 violation of the provisions of those sections are hereby made applicable to violations of the
148 provisions of the local sales tax law.

149 12. (1) For the purposes of any local sales tax imposed by an ordinance or order under
150 the local sales tax law, all sales, except the sale of motor vehicles, trailers, boats, and outboard
151 motors required to be titled under the laws of the state of Missouri, shall be deemed to be
152 consummated at the place of business of the retailer unless the tangible personal property sold
153 is delivered by the retailer or his agent to an out-of-state destination. In the event a retailer has
154 more than one place of business in this state which participates in the sale, the sale shall be
155 deemed to be consummated at the place of business of the retailer where the initial order for the
156 tangible personal property is taken, even though the order must be forwarded elsewhere for

157 acceptance, approval of credit, shipment or billing. A sale by a retailer's agent or employee shall
158 be deemed to be consummated at the place of business from which he works.

159 (2) For the purposes of any local sales tax imposed by an ordinance or order under the
160 local sales tax law, the sales tax upon the titling of all motor vehicles, trailers, boats, and
161 outboard motors shall be imposed at the rate in effect at the location of the residence of the
162 purchaser, and remitted to that local taxing entity, and not at the place of business of the retailer,
163 or the place of business from which the retailer's agent or employee works.

164 (3) For the purposes of any local tax imposed by an ordinance or under the local sales
165 tax law on charges for mobile telecommunications services, all taxes of mobile
166 telecommunications service shall be imposed as provided in the Mobile Telecommunications
167 Sourcing Act, 4 U.S.C. Sections 116 through 124, as amended.

168 13. Local sales taxes shall not be imposed on the seller of motor vehicles, trailers, boats,
169 and outboard motors required to be titled under the laws of the state of Missouri, but shall be
170 collected from the purchaser by the director of revenue at the time application is made for a
171 certificate of title, if the address of the applicant is within a taxing entity imposing a local sales
172 tax under the local sales tax law.

173 14. The director of revenue and any of his deputies, assistants and employees who have
174 any duties or responsibilities in connection with the collection, deposit, transfer, transmittal,
175 disbursement, safekeeping, accounting, or recording of funds which come into the hands of the
176 director of revenue under the provisions of the local sales tax law shall enter a surety bond or
177 bonds payable to any and all taxing entities in whose behalf such funds have been collected
178 under the local sales tax law in the amount of one hundred thousand dollars for each such tax;
179 but the director of revenue may enter into a blanket bond covering himself and all such deputies,
180 assistants and employees. The cost of any premium for such bonds shall be paid by the director
181 of revenue from the share of the collections under the sales tax law retained by the director of
182 revenue for the benefit of the state.

183 15. The director of revenue shall annually report on his management of each trust fund
184 which is created under the local sales tax law and administration of each local sales tax imposed
185 under the local sales tax law. He shall provide each taxing entity imposing one or more local
186 sales taxes authorized by the local sales tax law with a detailed accounting of the source of all
187 funds received by him for the taxing entity. Notwithstanding any other provisions of law, the
188 state auditor shall annually audit each trust fund. A copy of the director's report and annual audit
189 shall be forwarded to each taxing entity imposing one or more local sales taxes.

190 16. Within the boundaries of any taxing entity where one or more local sales taxes have
191 been imposed, if any person is delinquent in the payment of the amount required to be paid by
192 him under the local sales tax law or in the event a determination has been made against him for

193 taxes and penalty under the local sales tax law, the limitation for bringing suit for the collection
194 of the delinquent tax and penalty shall be the same as that provided in sections 144.010 to
195 144.525. Where the director of revenue has determined that suit must be filed against any person
196 for the collection of delinquent taxes due the state under the state sales tax law, and where such
197 person is also delinquent in payment of taxes under the local sales tax law, the director of
198 revenue shall notify the taxing entity in the event any person fails or refuses to pay the amount
199 of any local sales tax due so that appropriate action may be taken by the taxing entity.

200 17. Where property is seized by the director of revenue under the provisions of any law
201 authorizing seizure of the property of a taxpayer who is delinquent in payment of the tax imposed
202 by the state sales tax law, and where such taxpayer is also delinquent in payment of any tax
203 imposed by the local sales tax law, the director of revenue shall permit the taxing entity to join
204 in any sale of property to pay the delinquent taxes and penalties due the state and to the taxing
205 entity under the local sales tax law. The proceeds from such sale shall first be applied to all sums
206 due the state, and the remainder, if any, shall be applied to all sums due such taxing entity.

207 18. If a local sales tax has been in effect for at least one year under the provisions of the
208 local sales tax law and voters approve reimposition of the same local sales tax at the same rate
209 at an election as provided for in the local sales tax law prior to the date such tax is due to expire,
210 the tax so reimposed shall become effective the first day of the first calendar quarter after the
211 director receives a certified copy of the ordinance, order or resolution accompanied by a map
212 clearly showing the boundaries thereof and the results of such election, provided that such
213 ordinance, order or resolution and all necessary accompanying materials are received by the
214 director at least thirty days prior to the expiration of such tax. Any administrative cost or
215 expense incurred by the state as a result of the provisions of this subsection shall be paid by the
216 city or county reimposing such tax.

**32.088. 1. There is hereby created the "Missouri Task Force on Fair,
2 Nondiscriminatory Local Taxation Concerning Motor Vehicles, Trailers, Boats, and
3 Outboard Motors" to consist of the following members:**

4 **(1) The following six members of the general assembly:**

5 **(a) Three members of the house of representatives, with no more than two members
6 from the same political party and each member to be appointed by the speaker of the house
7 of representatives; and**

8 **(b) Three members of the senate, with no more than two members from the same
9 political party and each member to be appointed by the president pro tempore of the
10 senate;**

11 **(2) The director of the department of revenue or the director's designee;**

12 **(3) Two Missouri motor vehicle dealers, with one to be appointed by the speaker**
13 **of the house of representatives and one to be appointed by the president pro tempore of the**
14 **senate;**

15 **(4) Two representatives from Missouri county governments, with one to be**
16 **appointed by the speaker of the house of representatives and one to be appointed by the**
17 **president pro tempore of the senate;**

18 **(5) Two representatives from Missouri city governments, with one to be appointed**
19 **by the speaker of the house of representatives and one to be appointed by the president pro**
20 **tempore of the senate; and**

21 **(6) One Missouri marine dealer, to be appointed by the speaker of the house of**
22 **representatives.**

23 **2. The task force shall meet within thirty days after its creation and organize by**
24 **selecting a chair and a vice chair, one of whom shall be a member of the senate and the**
25 **other of whom shall be a member of the house of representatives. The chair shall designate**
26 **a person to keep the records of the task force. A majority of the task force constitutes a**
27 **quorum and a majority vote of a quorum is required for any action.**

28 **3. The task force shall meet at least quarterly. However, the task force shall meet**
29 **at least monthly during each term of the general assembly. Meetings may be held by**
30 **telephone or video conference at the discretion of the chair.**

31 **4. Members shall serve on the task force without compensation but may, subject**
32 **to appropriation, be reimbursed for actual and necessary expenses incurred in the**
33 **performance of their official duties as members of the task force.**

34 **5. The goals of the task force shall address:**

35 **(1) The disparity in taxation that resulted from the Missouri Supreme Court's**
36 **decision in *Street v. Director of Revenue*, 361 S.W.3d 355 (Mo. 2012)(en banc), concerning**
37 **the local taxation of motor vehicles, boats, trailers, and outboard motors if purchased from**
38 **a source other than a licensed Missouri dealer;**

39 **(2) The need for local jurisdictions to continue to receive revenue to provide vital**
40 **services restored by S.B. 23, effective July 5, 2013; and**

41 **(3) The need to avoid placing Missouri dealers of motor vehicles, outboard motors,**
42 **boats, and trailers at a competitive disadvantage to non-Missouri dealers of motor vehicles,**
43 **outboard motors, boats, and trailers.**

44 **6. The task force shall:**

45 **(1) Review evidence regarding the methods to address the goals of the task force;**

46 **(2) Review the methods used by other states to address the goals of the task force;**

47 **(3) Review the impact of the disparity of treatment on Missouri dealers; and**

48 **(4) Develop legislation that will not discriminate against Missouri dealers and will**
49 **safeguard local revenue to provide vital local services.**

50 **7. On or before December 31, 2017, the task force shall submit a report on its**
51 **findings to the governor and general assembly. The report shall include any dissenting**
52 **opinions in addition to any majority opinions.**

53 **8. The task force shall expire on January 1, 2018, or upon submission of a report**
54 **under subsection 7 of this section, whichever is earlier.**

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