

SECOND REGULAR SESSION

# HOUSE BILL NO. 2859

## 101ST GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE BAILEY.

5677H.011

DANA RADEMAN MILLER, Chief Clerk

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### AN ACT

To repeal section 144.030, RSMo, and to enact in lieu thereof one new section relating to sales tax.

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

Section A. Section 144.030, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 144.030, to read as follows:

144.030. 1. There is hereby specifically exempted from the provisions of sections 144.010 to 144.525 and from the computation of the tax levied, assessed or payable pursuant to sections 144.010 to 144.525 such retail sales as may be made in commerce between this state and any other state of the United States, or between this state and any foreign country, and any retail sale which the state of Missouri is prohibited from taxing pursuant to the Constitution or laws of the United States of America, and such retail sales of tangible personal property which the general assembly of the state of Missouri is prohibited from taxing or further taxing by the constitution of this state.

2. There are also specifically exempted from the provisions of the local sales tax law as defined in section 32.085, section 238.235, and sections 144.010 to 144.525 and 144.600 to 144.761 and from the computation of the tax levied, assessed or payable pursuant to the local sales tax law as defined in section 32.085, section 238.235, and sections 144.010 to 144.525 and 144.600 to 144.745:

(1) Motor fuel or special fuel subject to an excise tax of this state, unless all or part of such excise tax is refunded pursuant to section 142.824; or upon the sale at retail of fuel to be consumed in manufacturing or creating gas, power, steam, electrical current or in furnishing water to be sold ultimately at retail; or feed for livestock or poultry; or grain to be converted

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.

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~~ act, sections ~~[281.220]~~ **281.210** to 281.310, which are to be used  
23 in connection with the growth or production of crops, fruit trees or orchards applied before,  
24 during, or after planting, the crop of which when harvested will be sold at retail or will be  
25 converted into 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 (**42 U.S.C. Section 1395y, as**  
140 **amended**), and also specifically including hearing aids and hearing aid supplies and all sales  
141 of drugs which may be legally dispensed by a licensed pharmacist only upon a lawful  
142 prescription of a practitioner licensed to administer those items, including samples and  
143 materials used to manufacture samples which may be dispensed by a practitioner authorized  
144 to dispense such samples and all sales or rental of medical oxygen, home respiratory  
145 equipment and accessories including parts, and hospital beds and accessories and ambulatory  
146 aids including parts, and all sales or rental of manual and powered wheelchairs including  
147 parts, and stairway lifts, Braille writers, electronic Braille equipment and, if purchased or  
148 rented by or on behalf of a person with one or more physical or mental disabilities to enable  
149 them to function more independently, all sales or rental of scooters including parts, and  
150 reading machines, electronic print enlargers and magnifiers, electronic alternative and  
151 augmentative communication devices, and items used solely to modify motor vehicles to  
152 permit the use of such motor vehicles by individuals with disabilities or sales of over-the-  
153 counter or nonprescription drugs to individuals with disabilities, and drugs required by the  
154 Food and Drug Administration to meet the over-the-counter drug product labeling  
155 requirements in 21 CFR 201.66, or its successor, as prescribed by a health care  
156 practitioner licensed to prescribe;

157 (19) All sales made by or to religious and charitable organizations and institutions in  
158 their religious, charitable or educational functions and activities and all sales made by or to all  
159 elementary and secondary schools operated at public expense in their educational functions  
160 and activities;

161 (20) All sales of aircraft to common carriers for storage or for use in interstate  
162 commerce and all sales made by or to not-for-profit civic, social, service or fraternal  
163 organizations, including fraternal organizations which have been declared tax-exempt  
164 organizations pursuant to Section 501(c)(8) or (10) of the 1986 Internal Revenue Code, as  
165 amended, in their civic or charitable functions and activities and all sales made to

166 eleemosynary and penal institutions and industries of the state, and all sales made to any  
167 private not-for-profit institution of higher education not otherwise excluded pursuant to  
168 subdivision (19) of this subsection or any institution of higher education supported by public  
169 funds, and all sales made to a state relief agency in the exercise of relief functions and  
170 activities;

171 (21) All ticket sales made by benevolent, scientific and educational associations  
172 which are formed to foster, encourage, and promote progress and improvement in the science  
173 of agriculture and in the raising and breeding of animals, and by nonprofit summer theater  
174 organizations if such organizations are exempt from federal tax pursuant to the provisions of  
175 the Internal Revenue Code and all admission charges and entry fees to the Missouri state fair  
176 or any fair conducted by a county agricultural and mechanical society organized and operated  
177 pursuant to sections 262.290 to 262.530;

178 (22) All sales made to any private not-for-profit elementary or secondary school, all  
179 sales of feed additives, medications or vaccines administered to livestock or poultry in the  
180 production of food or fiber, all sales of pesticides used in the production of crops, livestock or  
181 poultry for food or fiber, all sales of bedding used in the production of livestock or poultry for  
182 food or fiber, all sales of propane or natural gas, electricity or diesel fuel used exclusively for  
183 drying agricultural crops, natural gas used in the primary manufacture or processing of fuel  
184 ethanol as defined in section 142.028, natural gas, propane, and electricity used by an eligible  
185 new generation cooperative or an eligible new generation processing entity as defined in  
186 section 348.432, and all sales of farm machinery and equipment, other than airplanes, motor  
187 vehicles and trailers, and any freight charges on any exempt item. As used in this  
188 subdivision, the term "feed additives" means tangible personal property which, when mixed  
189 with feed for livestock or poultry, is to be used in the feeding of livestock or poultry. As used  
190 in this subdivision, the term "pesticides" includes adjuvants such as crop oils, surfactants,  
191 wetting agents and other assorted pesticide carriers used to improve or enhance the effect of a  
192 pesticide and the foam used to mark the application of pesticides and herbicides for the  
193 production of crops, livestock or poultry. As used in this subdivision, the term "farm  
194 machinery and equipment" means new or used farm tractors and such other new or used farm  
195 machinery and equipment and repair or replacement parts thereon and any accessories for and  
196 upgrades to such farm machinery and equipment, rotary mowers used exclusively for  
197 agricultural purposes, and supplies and lubricants used exclusively, solely, and directly for  
198 producing crops, raising and feeding livestock, fish, poultry, pheasants, chukar, quail, or for  
199 producing milk for ultimate sale at retail, including field drain tile, and one-half of each  
200 purchaser's purchase of diesel fuel therefor which is:

201 (a) Used exclusively for agricultural purposes;

202 (b) Used on land owned or leased for the purpose of producing farm products; and

203 (c) Used directly in producing farm products to be sold ultimately in processed form  
204 or otherwise at retail or in producing farm products to be fed to livestock or poultry to be sold  
205 ultimately in processed form at retail;

206 (23) Except as otherwise provided in section 144.032, all sales of metered water  
207 service, electricity, electrical current, natural, artificial or propane gas, wood, coal or home  
208 heating oil for domestic use and in any city not within a county, all sales of metered or  
209 unmetered water service for domestic use:

210 (a) "Domestic use" means that portion of metered water service, electricity, electrical  
211 current, natural, artificial or propane gas, wood, coal or home heating oil, and in any city not  
212 within a county, metered or unmetered water service, which an individual occupant of a  
213 residential premises uses for nonbusiness, noncommercial or nonindustrial purposes. Utility  
214 service through a single or master meter for residential apartments or condominiums,  
215 including service for common areas and facilities and vacant units, shall be deemed to be for  
216 domestic use. Each seller shall establish and maintain a system whereby individual purchases  
217 are determined as exempt or nonexempt;

218 (b) Regulated utility sellers shall determine whether individual purchases are exempt  
219 or nonexempt based upon the seller's utility service rate classifications as contained in tariffs  
220 on file with and approved by the Missouri public service commission. Sales and purchases  
221 made pursuant to the rate classification "residential" and sales to and purchases made by or on  
222 behalf of the occupants of residential apartments or condominiums through a single or master  
223 meter, including service for common areas and facilities and vacant units, shall be considered  
224 as sales made for domestic use and such sales shall be exempt from sales tax. Sellers shall  
225 charge sales tax upon the entire amount of purchases classified as nondomestic use. The  
226 seller's utility service rate classification and the provision of service thereunder shall be  
227 conclusive as to whether or not the utility must charge sales tax;

228 (c) Each person making domestic use purchases of services or property and who uses  
229 any portion of the services or property so purchased for a nondomestic use shall, by the  
230 fifteenth day of the fourth month following the year of purchase, and without assessment,  
231 notice or demand, file a return and pay sales tax on that portion of nondomestic purchases.  
232 Each person making nondomestic purchases of services or property and who uses any portion  
233 of the services or property so purchased for domestic use, and each person making domestic  
234 purchases on behalf of occupants of residential apartments or condominiums through a single  
235 or master meter, including service for common areas and facilities and vacant units, under a  
236 nonresidential utility service rate classification may, between the first day of the first month  
237 and the fifteenth day of the fourth month following the year of purchase, apply for credit or  
238 refund to the director of revenue and the director shall give credit or make refund for taxes  
239 paid on the domestic use portion of the purchase. The person making such purchases on

240 behalf of occupants of residential apartments or condominiums shall have standing to apply to  
241 the director of revenue for such credit or refund;

242 (24) All sales of handicraft items made by the seller or the seller's spouse if the seller  
243 or the seller's spouse is at least sixty-five years of age, and if the total gross proceeds from  
244 such sales do not constitute a majority of the annual gross income of the seller;

245 (25) Excise taxes, collected on sales at retail, imposed by Sections 4041, 4071, 4081,  
246 ~~4091,~~ 4161, 4181, 4251, 4261 and 4271 of Title 26, United States Code. The director of  
247 revenue shall promulgate rules pursuant to chapter 536 to eliminate all state and local sales  
248 taxes on such excise taxes;

249 (26) Sales of fuel consumed or used in the operation of ships, barges, or waterborne  
250 vessels which are used primarily in or for the transportation of property or cargo, or the  
251 conveyance of persons for hire, on navigable rivers bordering on or located in part in this  
252 state, if such fuel is delivered by the seller to the purchaser's barge, ship, or waterborne vessel  
253 while it is afloat upon such river;

254 (27) All sales made to an interstate compact agency created pursuant to sections  
255 70.370 to 70.441 or sections 238.010 to 238.100 in the exercise of the functions and activities  
256 of such agency as provided pursuant to the compact;

257 (28) Computers, computer software and computer security systems purchased for use  
258 by architectural or engineering firms headquartered in this state. For the purposes of this  
259 subdivision, "headquartered in this state" means the office for the administrative management  
260 of at least four integrated facilities operated by the taxpayer is located in the state of Missouri;

261 (29) All livestock sales when either the seller is engaged in the growing, producing or  
262 feeding of such livestock, or the seller is engaged in the business of buying and selling,  
263 bartering or leasing of such livestock;

264 (30) All sales of barges which are to be used primarily in the transportation of  
265 property or cargo on interstate waterways;

266 (31) Electrical energy or gas, whether natural, artificial or propane, water, or other  
267 utilities which are ultimately consumed in connection with the manufacturing of cellular glass  
268 products or in any material recovery processing plant as defined in subdivision (4) of this  
269 subsection;

270 (32) Notwithstanding other provisions of law to the contrary, all sales of pesticides or  
271 herbicides used in the production of crops, aquaculture, livestock or poultry;

272 (33) Tangible personal property and utilities purchased for use or consumption  
273 directly or exclusively in the research and development of agricultural/biotechnology and  
274 plant genomics products and prescription pharmaceuticals consumed by humans or animals;

275 (34) All sales of grain bins for storage of grain for resale;



276 (35) All sales of feed which are developed for and used in the feeding of pets owned  
277 by a commercial breeder when such sales are made to a commercial breeder, as defined in  
278 section 273.325, and licensed pursuant to sections 273.325 to 273.357;

279 (36) All purchases by a contractor on behalf of an entity located in another state,  
280 provided that the entity is authorized to issue a certificate of exemption for purchases to a  
281 contractor under the provisions of that state's laws. For purposes of this subdivision, the term  
282 "certificate of exemption" shall mean any document evidencing that the entity is exempt from  
283 sales and use taxes on purchases pursuant to the laws of the state in which the entity is  
284 located. Any contractor making purchases on behalf of such entity shall maintain a copy of  
285 the entity's exemption certificate as evidence of the exemption. If the exemption certificate  
286 issued by the exempt entity to the contractor is later determined by the director of revenue to  
287 be invalid for any reason and the contractor has accepted the certificate in good faith, neither  
288 the contractor or the exempt entity shall be liable for the payment of any taxes, interest and  
289 penalty due as the result of use of the invalid exemption certificate. Materials shall be exempt  
290 from all state and local sales and use taxes when purchased by a contractor for the purpose of  
291 fabricating tangible personal property which is used in fulfilling a contract for the purpose of  
292 constructing, repairing or remodeling facilities for the following:

293 (a) An exempt entity located in this state, if the entity is one of those entities able to  
294 issue project exemption certificates in accordance with the provisions of section 144.062; or

295 (b) An exempt entity located outside the state if the exempt entity is authorized to  
296 issue an exemption certificate to contractors in accordance with the provisions of that state's  
297 law and the applicable provisions of this section;

298 (37) All sales or other transfers of tangible personal property to a lessor who leases  
299 the property under a lease of one year or longer executed or in effect at the time of the sale or  
300 other transfer to an interstate compact agency created pursuant to sections 70.370 to 70.441 or  
301 sections 238.010 to 238.100;

302 (38) Sales of tickets to any collegiate athletic championship event that is held in a  
303 facility owned or operated by a governmental authority or commission, a quasi-governmental  
304 agency, a state university or college or by the state or any political subdivision thereof,  
305 including a municipality, and that is played on a neutral site and may reasonably be played at  
306 a site located outside the state of Missouri. For purposes of this subdivision, "neutral site"  
307 means any site that is not located on the campus of a conference member institution  
308 participating in the event;

309 (39) All purchases by a sports complex authority created under section 64.920, and all  
310 sales of utilities by such authority at the authority's cost that are consumed in connection with  
311 the operation of a sports complex leased to a professional sports team;

312 (40) All materials, replacement parts, and equipment purchased for use directly upon,  
313 and for the modification, replacement, repair, and maintenance of aircraft, aircraft power  
314 plants, and aircraft accessories;

315 (41) Sales of sporting clays, wobble, skeet, and trap targets to any shooting range or  
316 similar places of business for use in the normal course of business and money received by a  
317 shooting range or similar places of business from patrons and held by a shooting range or  
318 similar place of business for redistribution to patrons at the conclusion of a shooting event;

319 (42) All sales of motor fuel, as defined in section 142.800, used in any watercraft, as  
320 defined in section 306.010;

321 (43) Any new or used aircraft sold or delivered in this state to a person who is not a  
322 resident of this state or a corporation that is not incorporated in this state, and such aircraft is  
323 not to be based in this state and shall not remain in this state more than ten business days  
324 subsequent to the last to occur of:

325 (a) The transfer of title to the aircraft to a person who is not a resident of this state or a  
326 corporation that is not incorporated in this state; or

327 (b) The date of the return to service of the aircraft in accordance with 14 CFR 91.407  
328 for any maintenance, preventive maintenance, rebuilding, alterations, repairs, or installations  
329 that are completed contemporaneously with the transfer of title to the aircraft to a person who  
330 is not a resident of this state or a corporation that is not incorporated in this state;

331 (44) Motor vehicles registered in excess of fifty-four thousand pounds, and the  
332 trailers pulled by such motor vehicles, that are actually used in the normal course of business  
333 to haul property on the public highways of the state, and that are capable of hauling loads  
334 commensurate with the motor vehicle's registered weight; and the materials, replacement  
335 parts, and equipment purchased for use directly upon, and for the repair and maintenance or  
336 manufacture of such vehicles. For purposes of this subdivision, "motor vehicle" and "public  
337 highway" shall have the meaning as ascribed in section 390.020;

338 (45) All internet access or the use of internet access regardless of whether the tax is  
339 imposed on a provider of internet access or a buyer of internet access. For purposes of this  
340 subdivision, the following terms shall mean:

341 (a) "Direct costs", costs incurred by a governmental authority solely because of an  
342 internet service provider's use of the public right-of-way. The term shall not include costs that  
343 the governmental authority would have incurred if the internet service provider did not make  
344 such use of the public right-of-way. Direct costs shall be determined in a manner consistent  
345 with generally accepted accounting principles;

346 (b) "Internet", computer and telecommunications facilities, including equipment and  
347 operating software, that comprises the interconnected worldwide network that employ the

348 transmission control protocol or internet protocol, or any predecessor or successor protocols  
349 to that protocol, to communicate information of all kinds by wire or radio;

350 (c) "Internet access", a service that enables users to connect to the internet to access  
351 content, information, or other services without regard to whether the service is referred to as  
352 telecommunications, communications, transmission, or similar services, and without regard to  
353 whether a provider of the service is subject to regulation by the Federal Communications  
354 Commission as a common carrier under 47 U.S.C. Section 201, et seq. For purposes of this  
355 subdivision, internet access also includes: the purchase, use, or sale of communications  
356 services, including telecommunications services as defined in section 144.010, to the extent  
357 the communications services are purchased, used, or sold to provide the service described in  
358 this subdivision or to otherwise enable users to access content, information, or other services  
359 offered over the internet; services that are incidental to the provision of a service described in  
360 this subdivision, when furnished to users as part of such service, including a home page,  
361 electronic mail, and instant messaging, including voice-capable and video-capable electronic  
362 mail and instant messaging, video clips, and personal electronic storage capacity; a home  
363 page electronic mail and instant messaging, including voice-capable and video-capable  
364 electronic mail and instant messaging, video clips, and personal electronic storage capacity  
365 that are provided independently or that are not packed with internet access. As used in this  
366 subdivision, internet access does not include voice, audio, and video programming or other  
367 products and services, except services described in this paragraph or this subdivision, that use  
368 internet protocol or any successor protocol and for which there is a charge, regardless of  
369 whether the charge is separately stated or aggregated with the charge for services described in  
370 this paragraph or this subdivision;

371 (d) "Tax", any charge imposed by the state or a political subdivision of the state for  
372 the purpose of generating revenues for governmental purposes and that is not a fee imposed  
373 for a specific privilege, service, or benefit conferred, except as described as otherwise under  
374 this subdivision, or any obligation imposed on a seller to collect and to remit to the state or a  
375 political subdivision of the state any gross retail tax, sales tax, or use tax imposed on a buyer  
376 by such a governmental entity. The term tax shall not include any franchise fee or similar fee  
377 imposed or authorized under ~~section~~ **sections 67.1830 [or 67.2689] to 67.1846**; Section 622  
378 or 653 of the Communications Act of 1934, 47 U.S.C. Section 542 and 47 U.S.C. Section  
379 573; or any other fee related to obligations of telecommunications carriers under the  
380 Communications Act of 1934, 47 U.S.C. Section 151, et seq., except to the extent that:

381 a. The fee is not imposed for the purpose of recovering direct costs incurred by the  
382 franchising or other governmental authority from providing the specific privilege, service, or  
383 benefit conferred to the payer of the fee; or

384 b. The fee is imposed for the use of a public right-of-way based on a percentage of the  
385 service revenue, and the fee exceeds the incremental direct costs incurred by the  
386 governmental authority associated with the provision of that right-of-way to the provider  
387 of internet access service.

388

389 Nothing in this subdivision shall be interpreted as an exemption from taxes due on goods or  
390 services that were subject to tax on January 1, 2016;

391 **(46) All sales of diapers. For the purposes of this subdivision, "diapers" means**  
392 **absorbent garments worn by infants or toddlers who are not toilet-trained or by**  
393 **individuals who are incapable of controlling their bladder or bowel movements. The**  
394 **exemption provided under this subdivision shall end August 28, 2027.**

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

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