

# SENATE BILL NO. 777

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR MOON.

2872S.02I

KRISTINA MARTIN, Secretary

## AN ACT

To repeal sections 144.014 and 144.020, RSMo, and to enact in lieu thereof two new sections relating to sales taxes.

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

Section A. Sections 144.014 and 144.020, RSMo, are  
2 repealed and two new sections enacted in lieu thereof, to be  
3 known as sections 144.014 and 144.020, to read as follows:

144.014. 1. Notwithstanding other provisions of law  
2 to the contrary, [beginning October 1, 1997, the tax levied  
3 and imposed under this chapter on] all retail sales of food  
4 shall be [at the rate of one percent. The revenue derived  
5 from the one percent rate pursuant to this section shall be  
6 deposited by the state treasurer in the school district  
7 trust fund and shall be distributed as provided in section  
8 144.701] **exempted from the provisions of and from the  
9 computation of the tax levied, assessed, or payable pursuant  
10 to this chapter, and may be exempted from the provisions of  
11 and from the computation of the tax levied assessed, or  
12 payable pursuant to the local sales tax law as defined in  
13 section 32.085, and section 238.235.**

14 2. For the purposes of this section, the term "food"  
15 shall include only those products and types of food for  
16 which food stamps may be redeemed pursuant to the provisions  
17 of the Federal Food Stamp Program as contained in 7 U.S.C.  
18 Section 2012, as that section now reads or as it may be

**EXPLANATION-Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

19 amended hereafter, and shall include food dispensed by or  
20 through vending machines. For the purpose of this section,  
21 except for vending machine sales, the term "food" shall not  
22 include food or drink sold by any establishment where the  
23 gross receipts derived from the sale of food prepared by  
24 such establishment for immediate consumption on or off the  
25 premises of the establishment constitutes more than eighty  
26 percent of the total gross receipts of that establishment,  
27 regardless of whether such prepared food is consumed on the  
28 premises of that establishment, including, but not limited  
29 to, sales of food by any restaurant, fast food restaurant,  
30 delicatessen, eating house, or café.

144.020. 1. A tax is hereby levied and imposed for  
2 the privilege of titling new and used motor vehicles,  
3 trailers, boats, and outboard motors purchased or acquired  
4 for use on the highways or waters of this state which are  
5 required to be titled under the laws of the state of  
6 Missouri and, except as provided in subdivision (9) of this  
7 subsection, upon all sellers for the privilege of engaging  
8 in the business of selling tangible personal property or  
9 rendering taxable service at retail in this state. The rate  
10 of tax shall be as follows:

11 (1) Upon every retail sale in this state of tangible  
12 personal property, excluding motor vehicles, trailers,  
13 motorcycles, mopeds, motortricycles, boats and outboard  
14 motors required to be titled under the laws of the state of  
15 Missouri and subject to tax under subdivision (9) of this  
16 subsection, a tax equivalent to four percent of the purchase  
17 price paid or charged, or in case such sale involves the  
18 exchange of property, a tax equivalent to four percent of  
19 the consideration paid or charged, including the fair market

20 value of the property exchanged at the time and place of the  
21 exchange, except as otherwise provided in section 144.025;

22 (2) A tax equivalent to four percent of the amount  
23 paid for admission and seating accommodations, or fees paid  
24 to, or in any place of amusement, entertainment or  
25 recreation, games and athletic events, except amounts paid  
26 for any instructional class;

27 (3) A tax equivalent to four percent of the basic rate  
28 paid or charged on all sales of electricity or electrical  
29 current, water and gas, natural or artificial, to domestic,  
30 commercial or industrial consumers;

31 (4) (a) A tax equivalent to four percent on the basic  
32 rate paid or charged on all sales of local and long distance  
33 telecommunications service to telecommunications subscribers  
34 and to others through equipment of telecommunications  
35 subscribers for the transmission of messages and  
36 conversations and upon the sale, rental or leasing of all  
37 equipment or services pertaining or incidental thereto;  
38 except that, the payment made by telecommunications  
39 subscribers or others, pursuant to section 144.060, and any  
40 amounts paid for access to the internet or interactive  
41 computer services shall not be considered as amounts paid  
42 for telecommunications services;

43 (b) If local and long distance telecommunications  
44 services subject to tax under this subdivision are  
45 aggregated with and not separately stated from charges for  
46 telecommunications service or other services not subject to  
47 tax under this subdivision, including, but not limited to,  
48 interstate or international telecommunications services,  
49 then the charges for nontaxable services may be subject to  
50 taxation unless the telecommunications provider can identify  
51 by reasonable and verifiable standards such portion of the

52 charges not subject to such tax from its books and records  
53 that are kept in the regular course of business, including,  
54 but not limited to, financial statement, general ledgers,  
55 invoice and billing systems and reports, and reports for  
56 regulatory tariffs and other regulatory matters;

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

64 (d) The director of revenue may promulgate and enforce  
65 reasonable rules and regulations for the administration and  
66 enforcement of the provisions of this subdivision. Any rule  
67 or portion of a rule, as that term is defined in section  
68 536.010, that is created under the authority delegated in  
69 this section shall become effective only if it complies with  
70 and is subject to all of the provisions of chapter 536 and,  
71 if applicable, section 536.028. This section and chapter  
72 536 are nonseverable and if any of the powers vested with  
73 the general assembly pursuant to chapter 536 to review, to  
74 delay the effective date, or to disapprove and annul a rule  
75 are subsequently held unconstitutional, then the grant of  
76 rulemaking authority and any rule proposed or adopted after  
77 August 28, 2019, shall be invalid and void;

78 (5) A tax equivalent to four percent of the basic rate  
79 paid or charged for all sales of services for transmission  
80 of messages of telegraph companies;

81 (6) A tax equivalent to four percent on the amount of  
82 sales or charges for all rooms, meals and drinks furnished  
83 at any hotel, motel, tavern, inn, restaurant, eating house,

84 drugstore, dining car, tourist cabin, tourist camp or other  
85 place in which rooms, meals or drinks are regularly served  
86 to the public. The tax imposed under this subdivision shall  
87 not apply to any automatic mandatory gratuity for a large  
88 group imposed by a restaurant when such gratuity is reported  
89 as employee tip income and the restaurant withholds income  
90 tax under section 143.191 on such gratuity;

91 (7) A tax equivalent to four percent of the amount  
92 paid or charged for intrastate tickets by every person  
93 operating a railroad, sleeping car, dining car, express car,  
94 boat, airplane and such buses and trucks as are licensed by  
95 the division of motor carrier and railroad safety of the  
96 department of economic development of Missouri, engaged in  
97 the transportation of persons for hire;

98 (8) A tax equivalent to four percent of the amount  
99 paid or charged for rental or lease of tangible personal  
100 property, provided that if the lessor or renter of any  
101 tangible personal property had previously purchased the  
102 property under the conditions of sale at retail or leased or  
103 rented the property and the tax was paid at the time of  
104 purchase, lease or rental, the lessor, sublessor, renter or  
105 subrenter shall not apply or collect the tax on the  
106 subsequent lease, sublease, rental or subrental receipts  
107 from that property. The purchase, rental or lease of motor  
108 vehicles, trailers, motorcycles, mopeds, motortricycles,  
109 boats, and outboard motors shall be taxed and the tax paid  
110 as provided in this section and section 144.070. In no  
111 event shall the rental or lease of boats and outboard motors  
112 be considered a sale, charge, or fee to, for or in places of  
113 amusement, entertainment or recreation nor shall any such  
114 rental or lease be subject to any tax imposed to, for, or in  
115 such places of amusement, entertainment or recreation.

116 Rental and leased boats or outboard motors shall be taxed  
117 under the provisions of the sales tax laws as provided under  
118 such laws for motor vehicles and trailers. Tangible  
119 personal property which is exempt from the sales or use tax  
120 under section 144.030 upon a sale thereof is likewise exempt  
121 from the sales or use tax upon the lease or rental thereof;

122 (9) A tax equivalent to four percent of the purchase  
123 price, as defined in section 144.070, of new and used motor  
124 vehicles, trailers, boats, and outboard motors purchased or  
125 acquired for use on the highways or waters of this state  
126 which are required to be registered under the laws of the  
127 state of Missouri. This tax is imposed on the person  
128 titling such property, and shall be paid according to the  
129 procedures in section 144.070 or 144.440.

130 2. All tickets sold which are sold under the  
131 provisions of this chapter which are subject to the sales  
132 tax shall have printed, stamped or otherwise endorsed  
133 thereon, the words "This ticket is subject to a sales tax."

134 **3. Twenty-eight and one hundred twenty-five**  
135 **thousandths percent of the revenue derived from the tax**  
136 **imposed pursuant to this section shall be deposited by the**  
137 **state treasurer in the school district trust fund and shall**  
138 **be distributed as provided in section 144.701.**

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