

SECOND REGULAR SESSION
[TRULY AGREED TO AND FINALLY PASSED]
CONFERENCE COMMITTEE SUBSTITUTE FOR
HOUSE COMMITTEE SUBSTITUTE FOR
SENATE COMMITTEE SUBSTITUTE FOR

SENATE BILL NO. 823

98TH GENERAL ASSEMBLY

2016

4536S.06T

AN ACT

To repeal sections 137.016, 144.030, and 144.087, RSMo, and to enact in lieu thereof four new sections relating to taxation.

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

Section A. Sections 137.016, 144.030, and 144.087, RSMo, is repealed and
2 four new sections enacted in lieu thereof, to be known as sections 137.016,
3 144.026, 144.030, and 144.087, to read as follows:

137.016. 1. As used in section 4(b) of article X of the Missouri
2 Constitution, the following terms mean:

3 (1) "Residential property", all real property improved by a structure which
4 is used or intended to be used for residential living by human occupants, vacant
5 land in connection with an airport, land used as a golf course, manufactured
6 home parks, **bed and breakfast inns in which the owner resides and uses**
7 **as a primary residence with six or fewer rooms for rent**, and time-share
8 units as defined in section 407.600, except to the extent such units are actually
9 rented and subject to sales tax under subdivision (6) of subsection 1 of section
10 144.020, but residential property shall not include other similar facilities used
11 primarily for transient housing. For the purposes of this section, "transient
12 housing" means all rooms available for rent or lease for which the receipts from
13 the rent or lease of such rooms are subject to state sales tax pursuant to
14 subdivision (6) of subsection 1 of section 144.020;

15 (2) "Agricultural and horticultural property", all real property used for
16 agricultural purposes and devoted primarily to the raising and harvesting of

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

17 crops; to the feeding, breeding and management of livestock which shall include
18 breeding, showing, and boarding of horses; to dairying, or to any other
19 combination thereof; and buildings and structures customarily associated with
20 farming, agricultural, and horticultural uses. Agricultural and horticultural
21 property shall also include land devoted to and qualifying for payments or other
22 compensation under a soil conservation or agricultural assistance program under
23 an agreement with an agency of the federal government. Agricultural and
24 horticultural property shall further include land and improvements, exclusive of
25 structures, on privately owned airports that qualify as reliever airports under the
26 National Plan of Integrated Airports System, to receive federal airport
27 improvement project funds through the Federal Aviation Administration. Real
28 property classified as forest croplands shall not be agricultural or horticultural
29 property so long as it is classified as forest croplands and shall be taxed in
30 accordance with the laws enacted to implement section 7 of article X of the
31 Missouri Constitution. Agricultural and horticultural property shall also include
32 any sawmill or planing mill defined in the U.S. Department of Labor's Standard
33 Industrial Classification (SIC) Manual under Industry Group 242 with the SIC
34 number 2421;

35 (3) "Utility, industrial, commercial, railroad and other real property", all
36 real property used directly or indirectly for any commercial, mining, industrial,
37 manufacturing, trade, professional, business, or similar purpose, including all
38 property centrally assessed by the state tax commission but shall not include
39 floating docks, portions of which are separately owned and the remainder of
40 which is designated for common ownership and in which no one person or
41 business entity owns more than five individual units. All other real property not
42 included in the property listed in subclasses (1) and (2) of section 4(b) of article
43 X of the Missouri Constitution, as such property is defined in this section, shall
44 be deemed to be included in the term "utility, industrial, commercial, railroad and
45 other real property".

46 2. Pursuant to article X of the state constitution, any taxing district may
47 adjust its operating levy to recoup any loss of property tax revenue, except
48 revenues from the surtax imposed pursuant to article X, subsection 2 of section
49 6 of the constitution, as the result of changing the classification of structures
50 intended to be used for residential living by human occupants which contain five
51 or more dwelling units if such adjustment of the levy does not exceed the highest
52 tax rate in effect subsequent to the 1980 tax year. For purposes of this section,

53 loss in revenue shall include the difference between the revenue that would have
54 been collected on such property under its classification prior to enactment of this
55 section and the amount to be collected under its classification under this
56 section. The county assessor of each county or city not within a county shall
57 provide information to each taxing district within its boundaries regarding the
58 difference in assessed valuation of such property as the result of such change in
59 classification.

60 3. All reclassification of property as the result of changing the
61 classification of structures intended to be used for residential living by human
62 occupants which contain five or more dwelling units shall apply to assessments
63 made after December 31, 1994.

64 4. Where real property is used or held for use for more than one purpose
65 and such uses result in different classifications, the county assessor shall allocate
66 to each classification the percentage of the true value in money of the property
67 devoted to each use; except that, where agricultural and horticultural property,
68 as defined in this section, also contains a dwelling unit or units, the farm
69 dwelling, appurtenant residential-related structures and up to five acres
70 immediately surrounding such farm dwelling shall be residential property, as
71 defined in this section.

72 5. All real property which is vacant, unused, or held for future use; which
73 is used for a private club, a not-for-profit or other nonexempt lodge, club,
74 business, trade, service organization, or similar entity; or for which a
75 determination as to its classification cannot be made under the definitions set out
76 in subsection 1 of this section, shall be classified according to its immediate most
77 suitable economic use, which use shall be determined after consideration of:

- 78 (1) Immediate prior use, if any, of such property;
- 79 (2) Location of such property;
- 80 (3) Zoning classification of such property; except that, such zoning
81 classification shall not be considered conclusive if, upon consideration of all
82 factors, it is determined that such zoning classification does not reflect the
83 immediate most suitable economic use of the property;
- 84 (4) Other legal restrictions on the use of such property;
- 85 (5) Availability of water, electricity, gas, sewers, street lighting, and other
86 public services for such property;
- 87 (6) Size of such property;
- 88 (7) Access of such property to public thoroughfares; and

89 (8) Any other factors relevant to a determination of the immediate most
90 suitable economic use of such property.

91 6. All lands classified as forest croplands shall not, for taxation purposes,
92 be classified as subclass (1), subclass (2), or subclass (3) real property, as such
93 classes are prescribed in section 4(b) of article X of the Missouri Constitution and
94 defined in this section, but shall be taxed in accordance with the laws enacted to
95 implement section 7 of article X of the Missouri Constitution.

**144.026. The director of revenue shall not send notice to any
2 taxpayer under subsection 2 of section 144.021 regarding the decision
3 in IBM Corporation v. Director of Revenue, Case No. 94999 (Mo. banc
4 2016) prior to August 28, 2017.**

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

10 2. There are also specifically exempted from the provisions of the local
11 sales tax law as defined in section 32.085, section 238.235, and sections 144.010
12 to 144.525 and 144.600 to 144.761 and from the computation of the tax levied,
13 assessed or payable pursuant to the local sales tax law as defined in section
14 32.085, section 238.235, and sections 144.010 to 144.525 and 144.600 to 144.745:

15 (1) Motor fuel or special fuel subject to an excise tax of this state, unless
16 all or part of such excise tax is refunded pursuant to section 142.824; or upon the
17 sale at retail of fuel to be consumed in manufacturing or creating gas, power,
18 steam, electrical current or in furnishing water to be sold ultimately at retail; or
19 feed for livestock or poultry; or grain to be converted into foodstuffs which are to
20 be sold ultimately in processed form at retail; or seed, limestone or fertilizer
21 which is to be used for seeding, liming or fertilizing crops which when harvested
22 will be sold at retail or will be fed to livestock or poultry to be sold ultimately in
23 processed form at retail; economic poisons registered pursuant to the provisions
24 of the Missouri pesticide registration law (sections 281.220 to 281.310) which are
25 to be used in connection with the growth or production of crops, fruit trees or

26 orchards applied before, during, or after planting, the crop of which when
27 harvested will be sold at retail or will be converted into foodstuffs which are to
28 be sold ultimately in processed form at retail;

29 (2) Materials, manufactured goods, machinery and parts which when used
30 in manufacturing, processing, compounding, mining, producing or fabricating
31 become a component part or ingredient of the new personal property resulting
32 from such manufacturing, processing, compounding, mining, producing or
33 fabricating and which new personal property is intended to be sold ultimately for
34 final use or consumption; and materials, including without limitation, gases and
35 manufactured goods, including without limitation slagging materials and
36 firebrick, which are ultimately consumed in the manufacturing process by
37 blending, reacting or interacting with or by becoming, in whole or in part,
38 component parts or ingredients of steel products intended to be sold ultimately
39 for final use or consumption;

40 (3) Materials, replacement parts and equipment purchased for use directly
41 upon, and for the repair and maintenance or manufacture of, motor vehicles,
42 watercraft, railroad rolling stock or aircraft engaged as common carriers of
43 persons or property;

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

52 (5) Replacement machinery, equipment, and parts and the materials and
53 supplies solely required for the installation or construction of such replacement
54 machinery, equipment, and parts, used directly in manufacturing, mining,
55 fabricating or producing a product which is intended to be sold ultimately for
56 final use or consumption; and machinery and equipment, and the materials and
57 supplies required solely for the operation, installation or construction of such
58 machinery and equipment, purchased and used to establish new, or to replace or
59 expand existing, material recovery processing plants in this state. For the
60 purposes of this subdivision, a "material recovery processing plant" means a
61 facility that has as its primary purpose the recovery of materials into a usable

62 product or a different form which is used in producing a new product and shall
63 include a facility or equipment which are used exclusively for the collection of
64 recovered materials for delivery to a material recovery processing plant but shall
65 not include motor vehicles used on highways. For purposes of this section, the
66 terms motor vehicle and highway shall have the same meaning pursuant to
67 section 301.010. Material recovery is not the reuse of materials within a
68 manufacturing process or the use of a product previously recovered. The material
69 recovery processing plant shall qualify under the provisions of this section
70 regardless of ownership of the material being recovered;

71 (6) Machinery and equipment, and parts and the materials and supplies
72 solely required for the installation or construction of such machinery and
73 equipment, purchased and used to establish new or to expand existing
74 manufacturing, mining or fabricating plants in the state if such machinery and
75 equipment is used directly in manufacturing, mining or fabricating a product
76 which is intended to be sold ultimately for final use or consumption;

77 (7) Tangible personal property which is used exclusively in the
78 manufacturing, processing, modification or assembling of products sold to the
79 United States government or to any agency of the United States government;

80 (8) Animals or poultry used for breeding or feeding purposes, or captive
81 wildlife;

82 (9) Newsprint, ink, computers, photosensitive paper and film, toner,
83 printing plates and other machinery, equipment, replacement parts and supplies
84 used in producing newspapers published for dissemination of news to the general
85 public;

86 (10) The rentals of films, records or any type of sound or picture
87 transcriptions for public commercial display;

88 (11) Pumping machinery and equipment used to propel products delivered
89 by pipelines engaged as common carriers;

90 (12) Railroad rolling stock for use in transporting persons or property in
91 interstate commerce and motor vehicles licensed for a gross weight of twenty-four
92 thousand pounds or more or trailers used by common carriers, as defined in
93 section 390.020, in the transportation of persons or property;

94 (13) Electrical energy used in the actual primary manufacture, processing,
95 compounding, mining or producing of a product, or electrical energy used in the
96 actual secondary processing or fabricating of the product, or a material recovery
97 processing plant as defined in subdivision (5) of this subsection, in facilities

98 owned or leased by the taxpayer, if the total cost of electrical energy so used
99 exceeds ten percent of the total cost of production, either primary or secondary,
100 exclusive of the cost of electrical energy so used or if the raw materials used in
101 such processing contain at least twenty-five percent recovered materials as
102 defined in section 260.200. There shall be a rebuttable presumption that the raw
103 materials used in the primary manufacture of automobiles contain at least
104 twenty-five percent recovered materials. For purposes of this subdivision,
105 "processing" means any mode of treatment, act or series of acts performed upon
106 materials to transform and reduce them to a different state or thing, including
107 treatment necessary to maintain or preserve such processing by the producer at
108 the production facility;

109 (14) Anodes which are used or consumed in manufacturing, processing,
110 compounding, mining, producing or fabricating and which have a useful life of
111 less than one year;

112 (15) Machinery, equipment, appliances and devices purchased or leased
113 and used solely for the purpose of preventing, abating or monitoring air pollution,
114 and materials and supplies solely required for the installation, construction or
115 reconstruction of such machinery, equipment, appliances and devices;

116 (16) Machinery, equipment, appliances and devices purchased or leased
117 and used solely for the purpose of preventing, abating or monitoring water
118 pollution, and materials and supplies solely required for the installation,
119 construction or reconstruction of such machinery, equipment, appliances and
120 devices;

121 (17) Tangible personal property purchased by a rural water district;

122 (18) All amounts paid or charged for admission or participation or other
123 fees paid by or other charges to individuals in or for any place of amusement,
124 entertainment or recreation, games or athletic events, including museums, fairs,
125 zoos and planetariums, owned or operated by a municipality or other political
126 subdivision where all the proceeds derived therefrom benefit the municipality or
127 other political subdivision and do not inure to any private person, firm, or
128 corporation, provided, however, that a municipality or other political subdivision
129 may enter into revenue-sharing agreements with private persons, firms, or
130 corporations providing goods or services, including management services, in or for
131 the place of amusement, entertainment or recreation, games or athletic events,
132 and provided further that nothing in this subdivision shall exempt from tax any
133 amounts retained by any private person, firm, or corporation under such

134 revenue-sharing agreement;

135 (19) All sales of insulin and prosthetic or orthopedic devices as defined on
136 January 1, 1980, by the federal Medicare program pursuant to Title XVIII of the
137 Social Security Act of 1965, including the items specified in Section 1862(a)(12)
138 of that act, and also specifically including hearing aids and hearing aid supplies
139 and all sales of drugs which may be legally dispensed by a licensed pharmacist
140 only upon a lawful prescription of a practitioner licensed to administer those
141 items, including samples and materials used to manufacture samples which may
142 be dispensed by a practitioner authorized to dispense such samples and all sales
143 or rental of medical oxygen, home respiratory equipment and accessories, hospital
144 beds and accessories and ambulatory aids, all sales or rental of manual and
145 powered wheelchairs, stairway lifts, Braille writers, electronic Braille equipment
146 and, if purchased or rented by or on behalf of a person with one or more physical
147 or mental disabilities to enable them to function more independently, all sales or
148 rental of scooters, reading machines, electronic print enlargers and magnifiers,
149 electronic alternative and augmentative communication devices, and items used
150 solely to modify motor vehicles to permit the use of such motor vehicles by
151 individuals with disabilities or sales of over-the-counter or nonprescription drugs
152 to individuals with disabilities, and drugs required by the Food and Drug
153 Administration to meet the over-the-counter drug product labeling requirements
154 in 21 CFR 201.66, or its successor, as prescribed by a health care practitioner
155 licensed to prescribe;

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

160 (21) All sales of aircraft to common carriers for storage or for use in
161 interstate commerce and all sales made by or to not-for-profit civic, social, service
162 or fraternal organizations, including fraternal organizations which have been
163 declared tax-exempt organizations pursuant to Section 501(c)(8) or (10) of the
164 1986 Internal Revenue Code, as amended, in their civic or charitable functions
165 and activities and all sales made to eleemosynary and penal institutions and
166 industries of the state, and all sales made to any private not-for-profit institution
167 of higher education not otherwise excluded pursuant to subdivision (20) of this
168 subsection or any institution of higher education supported by public funds, and
169 all sales made to a state relief agency in the exercise of relief functions and

170 activities;

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

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

- 206 (a) Used exclusively for agricultural purposes;
- 207 (b) Used on land owned or leased for the purpose of producing farm
208 products; and
- 209 (c) Used directly in producing farm products to be sold ultimately in
210 processed form or otherwise at retail or in producing farm products to be fed to
211 livestock or poultry to be sold ultimately in processed form at retail;
- 212 (24) Except as otherwise provided in section 144.032, all sales of metered
213 water service, electricity, electrical current, natural, artificial or propane gas,
214 wood, coal or home heating oil for domestic use and in any city not within a
215 county, all sales of metered or unmetered water service for domestic use:
- 216 (a) "Domestic use" means that portion of metered water service,
217 electricity, electrical current, natural, artificial or propane gas, wood, coal or
218 home heating oil, and in any city not within a county, metered or unmetered
219 water service, which an individual occupant of a residential premises uses for
220 nonbusiness, noncommercial or nonindustrial purposes. Utility service through
221 a single or master meter for residential apartments or condominiums, including
222 service for common areas and facilities and vacant units, shall be deemed to be
223 for domestic use. Each seller shall establish and maintain a system whereby
224 individual purchases are determined as exempt or nonexempt;
- 225 (b) Regulated utility sellers shall determine whether individual purchases
226 are exempt or nonexempt based upon the seller's utility service rate
227 classifications as contained in tariffs on file with and approved by the Missouri
228 public service commission. Sales and purchases made pursuant to the rate
229 classification "residential" and sales to and purchases made by or on behalf of the
230 occupants of residential apartments or condominiums through a single or master
231 meter, including service for common areas and facilities and vacant units, shall
232 be considered as sales made for domestic use and such sales shall be exempt from
233 sales tax. Sellers shall charge sales tax upon the entire amount of purchases
234 classified as nondomestic use. The seller's utility service rate classification and
235 the provision of service thereunder shall be conclusive as to whether or not the
236 utility must charge sales tax;
- 237 (c) Each person making domestic use purchases of services or property
238 and who uses any portion of the services or property so purchased for a
239 nondomestic use shall, by the fifteenth day of the fourth month following the year
240 of purchase, and without assessment, notice or demand, file a return and pay
241 sales tax on that portion of nondomestic purchases. Each person making

242 nondomestic purchases of services or property and who uses any portion of the
243 services or property so purchased for domestic use, and each person making
244 domestic purchases on behalf of occupants of residential apartments or
245 condominiums through a single or master meter, including service for common
246 areas and facilities and vacant units, under a nonresidential utility service rate
247 classification may, between the first day of the first month and the fifteenth day
248 of the fourth month following the year of purchase, apply for credit or refund to
249 the director of revenue and the director shall give credit or make refund for taxes
250 paid on the domestic use portion of the purchase. The person making such
251 purchases on behalf of occupants of residential apartments or condominiums shall
252 have standing to apply to the director of revenue for such credit or refund;

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

257 (26) Excise taxes, collected on sales at retail, imposed by Sections 4041,
258 4061, 4071, 4081, 4091, 4161, 4181, 4251, 4261 and 4271 of Title 26, United
259 States Code. The director of revenue shall promulgate rules pursuant to chapter
260 536 to eliminate all state and local sales taxes on such excise taxes;

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

267 (28) All sales made to an interstate compact agency created pursuant to
268 sections 70.370 to 70.441 or sections 238.010 to 238.100 in the exercise of the
269 functions and activities of such agency as provided pursuant to the compact;

270 (29) Computers, computer software and computer security systems
271 purchased for use by architectural or engineering firms headquartered in this
272 state. For the purposes of this subdivision, "headquartered in this state" means
273 the office for the administrative management of at least four integrated facilities
274 operated by the taxpayer is located in the state of Missouri;

275 (30) All livestock sales when either the seller is engaged in the growing,
276 producing or feeding of such livestock, or the seller is engaged in the business of
277 buying and selling, bartering or leasing of such livestock;

278 (31) All sales of barges which are to be used primarily in the
279 transportation of property or cargo on interstate waterways;

280 (32) Electrical energy or gas, whether natural, artificial or propane, water,
281 or other utilities which are ultimately consumed in connection with the
282 manufacturing of cellular glass products or in any material recovery processing
283 plant as defined in subdivision (5) of this subsection;

284 (33) Notwithstanding other provisions of law to the contrary, all sales of
285 pesticides or herbicides used in the production of crops, aquaculture, livestock or
286 poultry;

287 (34) Tangible personal property and utilities purchased for use or
288 consumption directly or exclusively in the research and development of
289 agricultural/biotechnology and plant genomics products and prescription
290 pharmaceuticals consumed by humans or animals;

291 (35) All sales of grain bins for storage of grain for resale;

292 (36) All sales of feed which are developed for and used in the feeding of
293 pets owned by a commercial breeder when such sales are made to a commercial
294 breeder, as defined in section 273.325, and licensed pursuant to sections 273.325
295 to 273.357;

296 (37) All purchases by a contractor on behalf of an entity located in another
297 state, provided that the entity is authorized to issue a certificate of exemption for
298 purchases to a contractor under the provisions of that state's laws. For purposes
299 of this subdivision, the term "certificate of exemption" shall mean any document
300 evidencing that the entity is exempt from sales and use taxes on purchases
301 pursuant to the laws of the state in which the entity is located. Any contractor
302 making purchases on behalf of such entity shall maintain a copy of the entity's
303 exemption certificate as evidence of the exemption. If the exemption certificate
304 issued by the exempt entity to the contractor is later determined by the director
305 of revenue to be invalid for any reason and the contractor has accepted the
306 certificate in good faith, neither the contractor or the exempt entity shall be liable
307 for the payment of any taxes, interest and penalty due as the result of use of the
308 invalid exemption certificate. Materials shall be exempt from all state and local
309 sales and use taxes when purchased by a contractor for the purpose of fabricating
310 tangible personal property which is used in fulfilling a contract for the purpose
311 of constructing, repairing or remodeling facilities for the following:

312 (a) An exempt entity located in this state, if the entity is one of those
313 entities able to issue project exemption certificates in accordance with the

314 provisions of section 144.062; or

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

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

322 (39) Sales of tickets to any collegiate athletic championship event that is
323 held in a facility owned or operated by a governmental authority or commission,
324 a quasi-governmental agency, a state university or college or by the state or any
325 political subdivision thereof, including a municipality, and that is played on a
326 neutral site and may reasonably be played at a site located outside the state of
327 Missouri. For purposes of this subdivision, "neutral site" means any site that is
328 not located on the campus of a conference member institution participating in the
329 event;

330 (40) All purchases by a sports complex authority created under section
331 64.920, and all sales of utilities by such authority at the authority's cost that are
332 consumed in connection with the operation of a sports complex leased to a
333 professional sports team;

334 (41) All materials, replacement parts, and equipment purchased for use
335 directly upon, and for the modification, replacement, repair, and maintenance of
336 aircraft, aircraft power plants, and aircraft accessories;

337 (42) Sales of sporting clays, wobble, skeet, and trap targets to any
338 shooting range or similar places of business for use in the normal course of
339 business and money received by a shooting range or similar places of business
340 from patrons and held by a shooting range or similar place of business for
341 redistribution to patrons at the conclusion of a shooting event;

342 (43) All sales of motor fuel, as defined in section 142.800, used in any
343 watercraft, as defined in section 306.010;

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

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

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

355 **(45) All internet access or the use of internet access regardless**
356 **of whether the tax is imposed on a provider of internet access or a**
357 **buyer of internet access. For purposes of this subdivision, the**
358 **following terms shall mean:**

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

366 (b) "Internet", computer and telecommunications facilities,
367 including equipment and operating software, that comprises the
368 interconnected worldwide network that employ the Transmission
369 Control Protocol or Internet Protocol, or any predecessor or successor
370 protocols to that protocol, to communicate information of all kinds by
371 wire or radio;

372 (c) "Internet access", a service that enables users to connect to
373 the internet to access content, information, or other services without
374 regard to whether the service is referred to as telecommunications,
375 communications, transmission, or similar services, and without regard
376 to whether a provider of the service is subject to regulation by the
377 Federal Communications Commission as a common carrier under 47
378 U.S.C. Section 201, et seq. For purposes of this subdivision, "internet
379 access" also includes: the purchase, use, or sale of communications
380 services, including telecommunications services as defined in section
381 144.010, to the extent the communications services are purchased, used,
382 or sold to provide the service described in this subdivision or to
383 otherwise enable users to access content, information, or other services
384 offered over the internet; services that are incidental to the provision
385 of a service described in this subdivision, when furnished to users as
386 part of such service, including a home page, electronic mail, and

387 instant messaging, including voice-capable and video-capable electronic
388 mail and instant messaging, video clips, and personal electronic storage
389 capacity; a home page electronic mail and instant messaging, including
390 voice-capable and video-capable electronic mail and instant messaging,
391 video clips, and personal electronic storage capacity that are provided
392 independently or that are not packed with internet access. As used in
393 this subdivision, "internet access" does not include voice, audio, and
394 video programming or other products and services, except services
395 described in this paragraph or this subdivision, that use internet
396 protocol or any successor protocol and for which there is a charge,
397 regardless of whether the charge is separately stated or aggregated
398 with the charge for services described in this paragraph or this
399 subdivision;

400 (d) "Tax", any charge imposed by the state or a political
401 subdivision of the state for the purpose of generating revenues for
402 governmental purposes and that is not a fee imposed for a specific
403 privilege, service, or benefit conferred, except as described as
404 otherwise under this subdivision, or any obligation imposed on a seller
405 to collect and to remit to the state or a political subdivision of the state
406 any gross retail tax, sales tax, or use tax imposed on a buyer by such a
407 governmental entity. The term "tax" shall not include any franchise fee
408 or similar fee imposed or authorized under sections 67.1830 or 67.2689;
409 sections 622 or 653 of the Communications Act of 1934, 47 U.S.C. Section
410 542 and 47 U.S.C. Section 573; or any other fee related to obligations of
411 telecommunications carriers under the Communications Act of 1934, 47
412 U.S.C. Section 151 et seq., except to the extent that:

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

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

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

424 **2016.**

425 3. Any ruling, agreement, or contract, whether written or oral, express or
426 implied, between a person and this state's executive branch, or any other state
427 agency or department, stating, agreeing, or ruling that such person is not
428 required to collect sales and use tax in this state despite the presence of a
429 warehouse, distribution center, or fulfillment center in this state that is owned
430 or operated by the person or an affiliated person shall be null and void unless it
431 is specifically approved by a majority vote of each of the houses of the general
432 assembly. For purposes of this subsection, an "affiliated person" means any
433 person that is a member of the same controlled group of corporations as defined
434 in Section 1563(a) of the Internal Revenue Code of 1986, as amended, as the
435 vendor or any other entity that, notwithstanding its form of organization, bears
436 the same ownership relationship to the vendor as a corporation that is a member
437 of the same controlled group of corporations as defined in Section 1563(a) of the
438 Internal Revenue Code, as amended.

144.087. 1. The director of revenue shall require all applicants for retail
2 sales licenses and all licensees in default in filing a return and paying their taxes
3 when due to file a bond in an amount to be determined by the director, which
4 may be a corporate surety bond or a cash bond, but such bond shall not be more
5 than ~~[three]~~ **two** times the average monthly tax liability of the taxpayer,
6 estimated in the case of a new applicant, otherwise based on the previous twelve
7 months' experience. At such time as the director of revenue shall deem the
8 amount of a bond required by this section to be insufficient to cover the average
9 monthly tax liability of a given taxpayer, he may require such taxpayer to adjust
10 the amount of the bond to the level satisfactory to the director which will cover
11 the amount of such liability. The director shall, after a reasonable period of
12 satisfactory tax compliance for ~~[two years]~~ **one year** from the initial date of
13 bonding, release such taxpayer from the bonding requirement as set forth in this
14 section. All itinerant or temporary businesses shall be required to procure the
15 license and post the bond required under the provisions of sections 144.083 and
16 144.087 prior to the selling of goods at retail, and in the event that such business
17 is to be conducted for less than one month, the amount of the bond shall be
18 determined by the director.

19 2. All cash bonds shall be deposited by the director of revenue into the
20 state general revenue fund, and shall be released to the taxpayer pursuant to
21 subsection 1 of this section from funds appropriated by the general assembly for

22 such purpose. If appropriated funds are available, the commissioner of
23 administration and the state treasurer shall cause such refunds to be paid within
24 thirty days of the receipt of a warrant request for such payment from the director
25 of the department of revenue.

26 3. An applicant or licensee in default may, in lieu of filing any bond
27 required under this section, provide the director of revenue with an irrevocable
28 letter of credit, as defined in section 400.5-103, issued by any state or federally
29 chartered financial institution, in an amount to be determined by the director or
30 may obtain a certificate of deposit issued by any state or federally chartered
31 financial institution, in an amount to be determined by the director, where such
32 certificate of deposit is pledged to the department of revenue until released by the
33 director in the same manner as bonds are released pursuant to subsection 1 of
34 this section. As used in this subsection, the term "certificate of deposit" means
35 a certificate representing any deposit of funds in a state or federally chartered
36 financial institution for a specified period of time which earns interest at a fixed
37 or variable rate, where such funds cannot be withdrawn prior to a specified time
38 without forfeiture of some or all of the earned interest.

Bill

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