

SECOND REGULAR SESSION

# HOUSE BILL NO. 1824

99TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE FITZWATER.

5406H.021

D. ADAM CRUMBLISS, Chief Clerk

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## AN ACT

To repeal sections 135.352, 142.803, 143.011, 143.131, 143.171, 144.140, 144.170, and 313.935, RSMo, and to enact in lieu thereof ten new sections relating to taxation.

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

Section A. Sections 135.352, 142.803, 143.011, 143.131, 143.171, 144.140, 144.170, and 313.935, RSMo, are repealed and ten new sections enacted in lieu thereof, to be known as sections 32.070, 135.007, 135.352, 142.803, 143.011, 143.131, 143.171, 144.140, 144.170, and 313.935, to read as follows:

**32.070. 1. The director of revenue shall enter into the streamlined sales and use tax agreement with one or more states to simplify and modernize sales and use tax administration in order to substantially reduce the burden of tax compliance for all sellers and for all types of commerce. In furtherance of the streamlined sales and use tax agreement, the director of revenue may act jointly with other states that are members of the streamlined sales and use tax agreement to establish standards for certification of a certified service provider and certified automated system and establish performance standards for multistate sellers.**

**2. The director of revenue may take other action reasonably required to implement the provisions set forth in the streamlined sales and use tax agreement including, but not limited to, the promulgation of rules and the joint procurement, with other member states, of goods and services in furtherance of the streamlined sales and use tax agreement.**

**3. For the purposes of representing the state as a member of the agreement and, if necessary, amending the agreement, the state shall be represented by four delegates: one of whom shall be appointed by the governor, one of whom shall be a member of the general**

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.

16 assembly appointed by the president pro tempore of the senate, one of whom shall be a  
17 member of the general assembly appointed by the speaker of the house of representatives,  
18 and one of whom shall be the director of revenue or the director's designee. The delegates  
19 shall recommend to the committees responsible for reviewing tax issues in the senate and  
20 the house of representatives each year any amendment of state statutes required to be  
21 substantially in compliance with the agreement. Such delegates shall make a written  
22 report by the fifteenth day of January each year regarding the status of the agreement.

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

135.007. Notwithstanding any other provision of law to the contrary, the total  
2 amount of tax credits that may be authorized in a given fiscal year shall not exceed four  
3 hundred twenty-five million dollars.

135.352. 1. A taxpayer owning an interest in a qualified Missouri project shall, subject  
2 to the limitations provided under the provisions of subsection 3 of this section, be allowed a state  
3 tax credit, whether or not allowed a federal tax credit, to be termed the Missouri low-income  
4 housing tax credit, if the commission issues an eligibility statement for that project.

5 2. For qualified Missouri projects placed in service after January 1, 1997, the Missouri  
6 low-income housing tax credit available to a project shall be such amount as the commission  
7 shall determine is necessary to ensure the feasibility of the project, up to an amount equal to the  
8 federal low-income housing tax credit for a qualified Missouri project, for a federal tax period,  
9 and such amount shall be subtracted from the amount of state tax otherwise due for the same tax  
10 period.

11 3. (1) Before July 1, 2019, no more than six million dollars in tax credits shall be  
12 authorized each fiscal year under sections 135.350 to 135.363 for projects financed through  
13 tax-exempt bond issuance.

14 (2) On and after July 1, 2019, no tax credits shall be authorized under sections  
15 135.350 to 135.363 for projects financed through tax-exempt bond issuance.

16 4. The Missouri low-income housing tax credit shall be taken against the taxes and in  
17 the order specified pursuant to section 32.115. The credit authorized by this section shall not be

18 refundable. Any amount of credit that exceeds the tax due for a taxpayer's taxable year may be  
19 carried back to any of the taxpayer's three prior taxable years or carried forward to any of the  
20 taxpayer's five subsequent taxable years.

21         5. All or any portion of Missouri tax credits issued in accordance with the provisions of  
22 sections 135.350 to 135.362 may be allocated to parties who are eligible pursuant to the  
23 provisions of subsection 1 of this section. Beginning January 1, 1995, for qualified projects  
24 which began on or after January 1, 1994, an owner of a qualified Missouri project shall certify  
25 to the director the amount of credit allocated to each taxpayer. The owner of the project shall  
26 provide to the director appropriate information so that the low-income housing tax credit can be  
27 properly allocated.

28         6. In the event that recapture of Missouri low-income housing tax credits is required  
29 pursuant to subsection 2 of section 135.355, any statement submitted to the director as provided  
30 in this section shall include the proportion of the state credit required to be recaptured, the  
31 identity of each taxpayer subject to the recapture and the amount of credit previously allocated  
32 to such taxpayer.

33         7. **For each fiscal year beginning on or after July 1, 2019, no tax credits shall be**  
34 **authorized under the provisions of sections 135.350 to 135.363 which, in the aggregate,**  
35 **exceed one hundred thirty-five million dollars, increased by any amount of tax credits that**  
36 **are recaptured under the provisions of section 135.355.**

37         8. The director of the department may promulgate rules and regulations necessary to  
38 administer the provisions of this section. No rule or portion of a rule promulgated pursuant to  
39 the authority of this section shall become effective unless it has been promulgated pursuant to  
40 the provisions of section 536.024.

142.803. 1. A tax is levied and imposed on all motor fuel used or consumed in this state  
2 as follows:

3         (1) Motor fuel, seventeen cents per gallon **until December 31, 2018, and twenty-three**  
4 **cents per gallon thereafter;**

5         (2) Alternative fuels, not subject to the decal fees as provided in section 142.869, with  
6 a power potential equivalent of motor fuel. In the event alternative fuel, which is not commonly  
7 sold or measured by the gallon, is used in motor vehicles on the highways of this state, the  
8 director is authorized to assess and collect a tax upon such alternative fuel measured by the  
9 nearest power potential equivalent to that of one gallon of regular grade gasoline. The  
10 determination by the director of the power potential equivalent of such alternative fuel shall be  
11 prima facie correct;

12         (3) Aviation fuel used in propelling aircraft with reciprocating engines, nine cents per  
13 gallon as levied and imposed by section 155.080 to be collected as required under this chapter;

14 (4) Compressed natural gas fuel, five cents per gasoline gallon equivalent until  
15 December 31, 2019, eleven cents per gasoline gallon equivalent from January 1, 2020, until  
16 December 31, 2024, and then seventeen cents per gasoline gallon equivalent thereafter. The  
17 gasoline gallon equivalent and method of sale for compressed natural gas shall be as published  
18 by the National Institute of Standards and Technology in Handbooks 44 and 130, and  
19 supplements thereto or revisions thereof. In the absence of such standard or agreement, the  
20 gasoline gallon equivalent and method of sale for compressed natural gas shall be equal to five  
21 and sixty-six-hundredths pounds of compressed natural gas. All applicable provisions contained  
22 in this chapter governing administration, collections, and enforcement of the state motor fuel tax  
23 shall apply to the tax imposed on compressed natural gas, including but not limited to licensing,  
24 reporting, penalties, and interest;

25 (5) Liquefied natural gas fuel, five cents per diesel gallon equivalent until December 31,  
26 2019, eleven cents per diesel gallon equivalent from January 1, 2020, until December 31, 2024,  
27 and then seventeen cents per diesel gallon equivalent thereafter. The diesel gallon equivalent and  
28 method of sale for liquefied natural gas shall be as published by the National Institute of  
29 Standards and Technology in Handbooks 44 and 130, and supplements thereto or revisions  
30 thereof. In the absence of such standard or agreement, the diesel gallon equivalent and method  
31 of sale for liquefied natural gas shall be equal to six and six-hundredths pounds of liquefied  
32 natural gas. All applicable provisions contained in this chapter governing administration,  
33 collections, and enforcement of the state motor fuel tax shall apply to the tax imposed on  
34 liquefied natural gas, including but not limited to licensing, reporting, penalties, and interest;

35 (6) Propane gas fuel, five cents per gallon until December 31, 2019, eleven cents per  
36 gallon from January 1, 2020, until December 31, 2024, and then seventeen cents per gallon  
37 thereafter. All applicable provisions contained in this chapter governing administration,  
38 collection, and enforcement of the state motor fuel tax shall apply to the tax imposed on propane  
39 gas including, but not limited to, licensing, reporting, penalties, and interest;

40 (7) If a natural gas, compressed natural gas, liquefied natural gas, electric, or propane  
41 connection is used for fueling motor vehicles and for another use, such as heating, the tax  
42 imposed by this section shall apply to the entire amount of natural gas, compressed natural gas,  
43 liquefied natural gas, electricity, or propane used unless an approved separate metering and  
44 accounting system is in place.

45 2. All taxes, surcharges and fees are imposed upon the ultimate consumer, but are to be  
46 precollected as described in this chapter, for the facility and convenience of the consumer. The  
47 levy and assessment on other persons as specified in this chapter shall be as agents of this state  
48 for the precollection of the tax.

143.011. 1. **For tax years ending before January 1, 2019**, a tax is hereby imposed for every ~~taxable~~ tax year on the Missouri taxable income of every resident. The tax shall be determined by applying the tax table or the rate provided in section 143.021, which is based upon the following rates:

6 If the Missouri taxable income is:	The tax is:
7 Not over \$1,000.00	1 1/2% of the Missouri taxable income
8 Over \$1,000 but not over \$2,000	\$15 plus 2% of excess over \$1,000
9 Over \$2,000 but not over \$3,000	\$35 plus 2 1/2% of excess over \$2,000
10 Over \$3,000 but not over \$4,000	\$60 plus 3% of excess over \$3,000
11 Over \$4,000 but not over \$5,000	\$90 plus 3 1/2% of excess over \$4,000
12 Over \$5,000 but not over \$6,000	\$125 plus 4% of excess over \$5,000
13 Over \$6,000 but not over \$7,000	\$165 plus 4 1/2% of excess over \$6,000
14 Over \$7,000 but not over \$8,000	\$210 plus 5% of excess over \$7,000
15 Over \$8,000 but not over \$9,000	\$260 plus 5 1/2% of excess over \$8,000
16 Over \$9,000	\$315 plus 6% of excess over \$9,000

17 2. (1) ~~Beginning with~~ **For the 2017 and 2018 calendar [year] years**, the top rate of tax  
 18 under subsection 1 of this section may be reduced over a period of years. Each reduction in the  
 19 top rate of tax shall be by one-tenth of a percent and no more than one reduction shall occur in  
 20 a calendar year. The top rate of tax shall not be reduced below five and one-half percent.  
 21 Reductions in the rate of tax shall take effect on January first of a calendar year and such reduced  
 22 rates shall continue in effect until the next reduction occurs.

23 (2) A reduction in the rate of tax shall only occur if the amount of net general revenue  
 24 collected in the previous fiscal year exceeds the highest amount of net general revenue collected

25 in any of the three fiscal years prior to such fiscal year by at least one hundred fifty million  
 26 dollars.

27 (3) Any modification of tax rates under this subsection shall only apply to tax years that  
 28 begin on or after a modification takes effect.

29 (4) The director of the department of revenue shall, by rule, adjust the tax tables under  
 30 subsection 1 of this section to effectuate the provisions of this subsection. The bracket for  
 31 income subject to the top rate of tax shall be eliminated once the top rate of tax has been reduced  
 32 to five and one-half of a percent.

33 3. Beginning with the 2017 calendar year, the brackets of Missouri taxable income  
 34 identified in ~~[subsection]~~ **subsections 1 and 5** of this section shall be adjusted annually by the  
 35 percent increase in inflation. The director shall publish such brackets annually beginning on or  
 36 after October 1, 2016. Modifications to the brackets shall take effect on January first of each  
 37 calendar year and shall apply to tax years beginning on or after the effective date of the new  
 38 brackets.

39 4. As used in this section, the following terms mean:

40 (1) "CPI", the Consumer Price Index for All Urban Consumers for the United States as  
 41 reported by the Bureau of Labor Statistics, or its successor index;

42 (2) "CPI for the preceding calendar year", the average of the CPI as of the close of the  
 43 twelve month period ending on August thirty-first of such calendar year;

44 (3) "Percent increase in inflation", the percentage, if any, by which the CPI for the  
 45 preceding calendar year exceeds the CPI for the year beginning September 1, 2014, and ending  
 46 August 31, 2015.

47 **5. For tax years beginning on or after January 1, 2019, a tax is hereby imposed for**  
 48 **every tax year on the Missouri taxable income of every resident. The tax shall be**  
 49 **determined by applying the tax table or the rate provided in section 143.021, which is**  
 50 **based upon the following rates:**

51

<b>If the Missouri taxable income is:</b>	<b>The tax is:</b>
53 Not over \$5,000	3 1/2% of the Missouri taxable income
54 Over \$5,000 but not over \$6,000	\$175 plus 4% of excess over \$5,000
55 Over \$6,000 but not over \$7,000	\$215 plus 4 1/2% of excess over \$6,000
56 Over \$7,000 but not over \$8,000	\$260 plus 5% of excess over \$7,000

57 **Over \$8,000**

**\$310 plus 4 4/5% of excess over \$8,000**

58 **6. (1) Beginning with the 2020 calendar year, the rates of tax under subsection 5**  
59 **of this section may be reduced over a period of years. Each reduction in the rates of tax**  
60 **shall be by one-tenth of one percent and no more than one reduction shall occur for each**  
61 **rate in a calendar year. Reductions in the rates of tax shall take effect on January first of**  
62 **a calendar year and such reduced rates shall continue in effect until the next reduction**  
63 **occurs.**

64 **(2) A reduction in the rates of tax shall only occur if the amount of net general**  
65 **revenue collected in the previous fiscal year equals or exceeds the amount of net general**  
66 **revenue collected in the fiscal year preceding that fiscal year.**

67 **(3) Any modification of tax rates under this subsection shall only apply to tax years**  
68 **that begin on or after a modification takes effect.**

69 **(4) The director of the department of revenue shall, by rule, adjust the tax tables**  
70 **under subsection 1 of this section to effectuate the provisions of this subsection. The**  
71 **bracket for income subject to the lowest rate of tax shall be eliminated once the rate of tax**  
72 **for such income bracket is reduced to zero percent.**

143.131. 1. The Missouri standard deduction may be deducted in determining Missouri  
2 taxable income of a resident individual unless the taxpayer or his spouse has elected to itemize  
3 his deduction as provided in section 143.141.

4 2. The Missouri standard deduction shall be ~~[the allowable federal standard deduction]:~~

5 **(1) If the taxpayer's filing status is single or married filing separate, six thousand**  
6 **three hundred dollars;**

7 **(2) If the taxpayer's filing status is married filing combined or qualifying widow**  
8 **or widower, twelve thousand six hundred dollars;**

9 **(3) If the taxpayer's filing status is head of household, nine thousand three hundred**  
10 **dollars.**

143.171. 1. For all tax years beginning on or after January 1, 1994, **and ending on or**  
2 **before December 31, 2018**, an individual taxpayer shall be allowed a deduction for his federal  
3 income tax liability under Chapter 1 of the Internal Revenue Code for the same ~~[taxable]~~ tax year  
4 for which the Missouri return is being filed, not to exceed five thousand dollars on a single  
5 taxpayer's return or ten thousand dollars on a combined return, after reduction for all credits  
6 thereon, except the credit for payments of federal estimated tax, the credit for the overpayment  
7 of any federal tax, and the credits allowed by the Internal Revenue Code by Section 31 (tax  
8 withheld on wages), Section 27 (tax of foreign country and United States possessions), and  
9 Section 34 (tax on certain uses of gasoline, special fuels, and lubricating oils).

10           2. For all tax years beginning on or after September 1, 1993, **and ending on or before**  
11 **December 31, 2018**, a corporate taxpayer shall be allowed a deduction for fifty percent of its  
12 federal income tax liability under Chapter 1 of the Internal Revenue Code for the same taxable  
13 year for which the Missouri return is being filed after reduction for all credits thereon, except the  
14 credit for payments of federal estimated tax, the credit for the overpayment of any federal tax,  
15 and the credits allowed by the Internal Revenue Code by Section 31 (tax withheld on wages),  
16 Section 27 (tax of foreign country and United States possessions), and Section 34 (tax on certain  
17 uses of gasoline, special fuels and lubricating oils).

18           3. If a federal income tax liability for a tax year prior to the applicability of sections  
19 143.011 to 143.996 for which he was not previously entitled to a Missouri deduction is later paid  
20 or accrued, he may deduct the federal tax in the later year to the extent it would have been  
21 deductible if paid or accrued in the prior year.

          144.140. **Before August 28, 2018**, from every remittance to the director of revenue made  
2 on or before the date when the same becomes due, the person required to remit the same shall  
3 be entitled to deduct and retain an amount equal to two percent thereof.

          144.170. **Before August 28, 2018**, all taxes not paid to the director of revenue by the  
2 person required to remit the same on the date when the same becomes due and payable to the  
3 director of revenue shall bear interest at the rate determined by section 32.065 from and after  
4 such date until paid. **Any taxes due and payable before August 28, 2018, and not paid on**  
5 **or by August 28, 2018, shall bear interest under this section for the period from the date**  
6 **due until August 28, 2018, and not thereafter. No unpaid taxes shall bear interest after**  
7 **August 28, 2018.**

          313.935. 1. No fantasy sports contest operator shall offer any fantasy sports contest in  
2 Missouri without first being licensed by the commission. A fantasy sports contest operator  
3 wishing to offer fantasy sports contests in this state shall annually apply to the commission for  
4 a license and shall remit to the commission an annual application fee of ten thousand dollars or  
5 ten percent of the applicant's net revenue from the previous calendar year, whichever is lower.

          2. As part of the commission's investigation and licensing process, the commission may  
7 conduct an investigation of the fantasy sports contest operator's employees, officers, directors,  
8 trustees, and principal salaried executive staff officers. The applicant shall be responsible for  
9 the total cost of the investigation. If the cost of the investigation exceeds the application fee, the  
10 applicant shall remit to the commission the total cost of the investigation prior to any license  
11 being issued. The total cost of the investigation, paid by the applicant, shall not exceed fifty  
12 thousand dollars. All revenue received under this section shall be placed into the gaming  
13 commission fund created under section 313.835.



14           3. In addition to the application fee, a licensed operator shall also pay an annual  
15 operation fee, on April fifteenth of each year, in a sum equal to eleven and one-half percent **for**  
16 **years ending before January 1, 2019, and six percent for years beginning on or after**  
17 **January 1, 2019**, of the licensed operator's net revenue from the previous calendar year. All  
18 revenue collected under this subsection shall be placed in the gaming proceeds for education  
19 fund created under section 313.822. If a licensed operator fails to pay the annual operation fee  
20 by April fifteenth, the licensed operator shall have its license immediately suspended by the  
21 commission until such payment is made.

22           4. Any fantasy sports contest operator already operating in the state prior to April 1,  
23 2016, may operate until they have received or have been denied a license. Such fantasy sports  
24 contest operators shall apply for a license prior to October 1, 2016. Any fantasy sports contest  
25 operator operating under this subsection after August 28, 2016, shall pay the annual operation  
26 fee of eleven and one-half percent of its net revenue from August 28, 2016, until action is taken  
27 on its application. If a fantasy sports contest operator fails to pay its operation fee by April 15,  
28 2017, the fantasy sports contest operator shall have its license immediately suspended by the  
29 commission, or if the fantasy sports contest operator has a pending application, its application  
30 shall be denied immediately.

31           5. If a fantasy sports contest operator ceases to offer fantasy sports contests in Missouri,  
32 the operator shall pay an operation fee equal to eleven and one-half **for years ending before**  
33 **January 1, 2019, and six percent for years beginning on or after January 1, 2019**, percent  
34 of its net revenue for the period of the calendar year in which it offered fantasy sports contests  
35 in Missouri. Such payment shall be made within sixty days of the last day the fantasy sports  
36 contest operator offered fantasy sports contests in Missouri. After the expiration of sixty days,  
37 a penalty of five hundred dollars per day shall be assessed against the fantasy sports contest  
38 operator until the operation fee and any penalty is paid in full.

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