

SECOND REGULAR SESSION

HOUSE BILL NO. 2401

102ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE QUADE.

4513H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 137.115, 143.011, 143.071, 144.014, 144.030, and 306.016, RSMo, and to enact in lieu thereof six new sections relating to taxation, with a referendum clause.

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

Section A. Sections 137.115, 143.011, 143.071, 144.014, 144.030, and 306.016, RSMo, are repealed and six new sections enacted in lieu thereof, to be known as sections 137.115, 143.011, 143.071, 144.014, 144.030, and 306.016, to read as follows:

137.115. 1. All other laws to the contrary notwithstanding, the assessor or the assessor's deputies in all counties of this state including the City of St. Louis shall annually make a list of all real and tangible personal property taxable in the assessor's city, county, town or district. Except as otherwise provided in subsection 3 of this section and section 137.078, the assessor shall annually assess all personal property at thirty-three and one-third percent of its true value in money as of January first of each calendar year. The assessor shall annually assess all real property, including any new construction and improvements to real property, and possessory interests in real property at the percent of its true value in money set in subsection 5 of this section. The true value in money of any possessory interest in real property in subclass (3), where such real property is on or lies within the ultimate airport boundary as shown by a federal airport layout plan, as defined by 14 CFR 151.5, of a commercial airport having a FAR Part 139 certification and owned by a political subdivision, shall be the otherwise applicable true value in money of any such possessory interest in real property, less the total dollar amount of costs paid by a party, other than the political subdivision, towards any new construction or improvements on such real property completed after January 1, 2008, and which are included in the above-mentioned possessory interest,

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.

17 regardless of the year in which such costs were incurred or whether such costs were
18 considered in any prior year. The assessor shall annually assess all real property in the
19 following manner: new assessed values shall be determined as of January first of each odd-
20 numbered year and shall be entered in the assessor's books; those same assessed values shall
21 apply in the following even-numbered year, except for new construction and property
22 improvements which shall be valued as though they had been completed as of January first of
23 the preceding odd-numbered year. The assessor may call at the office, place of doing
24 business, or residence of each person required by this chapter to list property, and require the
25 person to make a correct statement of all taxable tangible personal property owned by the
26 person or under his or her care, charge or management, taxable in the county. On or before
27 January first of each even-numbered year, the assessor shall prepare and submit a two-year
28 assessment maintenance plan to the county governing body and the state tax commission for
29 their respective approval or modification. The county governing body shall approve and
30 forward such plan or its alternative to the plan to the state tax commission by February first.
31 If the county governing body fails to forward the plan or its alternative to the plan to the state
32 tax commission by February first, the assessor's plan shall be considered approved by the
33 county governing body. If the state tax commission fails to approve a plan and if the state tax
34 commission and the assessor and the governing body of the county involved are unable to
35 resolve the differences, in order to receive state cost-share funds outlined in section 137.750,
36 the county or the assessor shall petition the administrative hearing commission, by May first,
37 to decide all matters in dispute regarding the assessment maintenance plan. Upon agreement
38 of the parties, the matter may be stayed while the parties proceed with mediation or
39 arbitration upon terms agreed to by the parties. The final decision of the administrative
40 hearing commission shall be subject to judicial review in the circuit court of the county
41 involved. In the event a valuation of subclass (1) real property within any county with a
42 charter form of government, or within a city not within a county, is made by a computer,
43 computer-assisted method or a computer program, the burden of proof, supported by clear,
44 convincing and cogent evidence to sustain such valuation, shall be on the assessor at any
45 hearing or appeal. In any such county, unless the assessor proves otherwise, there shall be a
46 presumption that the assessment was made by a computer, computer-assisted method or a
47 computer program. Such evidence shall include, but shall not be limited to, the following:

- 48 (1) The findings of the assessor based on an appraisal of the property by generally
49 accepted appraisal techniques; and
- 50 (2) The purchase prices from sales of at least three comparable properties and the
51 address or location thereof. As used in this subdivision, the word "comparable" means that:
 - 52 (a) Such sale was closed at a date relevant to the property valuation; and

53 (b) Such properties are not more than one mile from the site of the disputed property,
54 except where no similar properties exist within one mile of the disputed property, the nearest
55 comparable property shall be used. Such property shall be within five hundred square feet in
56 size of the disputed property, and resemble the disputed property in age, floor plan, number of
57 rooms, and other relevant characteristics.

58 2. Assessors in each county of this state and the City of St. Louis may send personal
59 property assessment forms through the mail.

60 3. The following items of personal property shall each constitute separate subclasses
61 of tangible personal property and shall be assessed and valued for the purposes of taxation at
62 the following percentages of their true value in money:

63 (1) Grain and other agricultural crops in an unmanufactured condition, one-half of
64 one percent;

65 (2) Livestock, twelve percent;

66 (3) Farm machinery, twelve percent;

67 (4) (a) Motor vehicles which are eligible for registration as and are registered as
68 historic motor vehicles pursuant to section 301.131, **five percent**; and

69 (b) Aircraft which are at least twenty-five years old and which are used solely for
70 noncommercial purposes and are operated less than two hundred hours per year or aircraft
71 that are home built from a kit, five percent **for all tax years ending on or before December**
72 **31, 2025. For all tax years beginning on or after January 1, 2026, thirty-three and one-**
73 **third percent as provided under subsection 1 of this section;**

74 (5) Poultry, twelve percent; and

75 (6) Tools and equipment used for pollution control and tools and equipment used in
76 retooling for the purpose of introducing new product lines or used for making improvements
77 to existing products by any company which is located in a state enterprise zone and which is
78 identified by any standard industrial classification number cited in subdivision (7) of section
79 135.200, twenty-five percent.

80 4. The person listing the property shall enter a true and correct statement of the
81 property, in a printed blank prepared for that purpose. The statement, after being filled out,
82 shall be signed and either affirmed or sworn to as provided in section 137.155. The list shall
83 then be delivered to the assessor.

84 5. (1) All subclasses of real property, as such subclasses are established in Section 4
85 (b) of Article X of the Missouri Constitution and defined in section 137.016, shall be assessed
86 at the following percentages of true value:

87 (a) For real property in subclass (1), nineteen percent;

88 (b) For real property in subclass (2), twelve percent; and

89 (c) For real property in subclass (3), thirty-two percent.

90 (2) A taxpayer may apply to the county assessor, or, if not located within a county,
91 then the assessor of such city, for the reclassification of such taxpayer's real property if the use
92 or purpose of such real property is changed after such property is assessed under the
93 provisions of this chapter. If the assessor determines that such property shall be reclassified,
94 he or she shall determine the assessment under this subsection based on the percentage of the
95 tax year that such property was classified in each subclassification.

96 6. Manufactured homes, as defined in section 700.010, which are actually used as
97 dwelling units shall be assessed at the same percentage of true value as residential real
98 property for the purpose of taxation. The percentage of assessment of true value for such
99 manufactured homes shall be the same as for residential real property. If the county collector
100 cannot identify or find the manufactured home when attempting to attach the manufactured
101 home for payment of taxes owed by the manufactured home owner, the county collector may
102 request the county commission to have the manufactured home removed from the tax books,
103 and such request shall be granted within thirty days after the request is made; however, the
104 removal from the tax books does not remove the tax lien on the manufactured home if it is
105 later identified or found. For purposes of this section, a manufactured home located in a
106 manufactured home rental park, rental community or on real estate not owned by the
107 manufactured home owner shall be considered personal property. For purposes of this
108 section, a manufactured home located on real estate owned by the manufactured home owner
109 may be considered real property.

110 7. Each manufactured home assessed shall be considered a parcel for the purpose of
111 reimbursement pursuant to section 137.750, unless the manufactured home is deemed to be
112 real estate as defined in subsection 7 of section 442.015 and assessed as a realty improvement
113 to the existing real estate parcel.

114 8. Any amount of tax due and owing based on the assessment of a manufactured
115 home shall be included on the personal property tax statement of the manufactured home
116 owner unless the manufactured home is deemed to be real estate as defined in subsection 7 of
117 section 442.015, in which case the amount of tax due and owing on the assessment of the
118 manufactured home as a realty improvement to the existing real estate parcel shall be
119 included on the real property tax statement of the real estate owner.

120 9. The assessor of each county and each city not within a county shall use the trade-in
121 value published in the October issue of the National Automobile Dealers' Association Official
122 Used Car Guide, or its successor publication, as the recommended guide of information for
123 determining the true value of motor vehicles described in such publication. The assessor shall
124 not use a value that is greater than the average trade-in value in determining the true value of
125 the motor vehicle without performing a physical inspection of the motor vehicle. For vehicles
126 two years old or newer from a vehicle's model year, the assessor may use a value other than

127 average without performing a physical inspection of the motor vehicle. In the absence of a
128 listing for a particular motor vehicle in such publication, the assessor shall use such
129 information or publications which in the assessor's judgment will fairly estimate the true
130 value in money of the motor vehicle.

131 10. Before the assessor may increase the assessed valuation of any parcel of subclass
132 (1) real property by more than fifteen percent since the last assessment, excluding increases
133 due to new construction or improvements, the assessor shall conduct a physical inspection of
134 such property.

135 11. If a physical inspection is required, pursuant to subsection 10 of this section, the
136 assessor shall notify the property owner of that fact in writing and shall provide the owner
137 clear written notice of the owner's rights relating to the physical inspection. If a physical
138 inspection is required, the property owner may request that an interior inspection be
139 performed during the physical inspection. The owner shall have no less than thirty days to
140 notify the assessor of a request for an interior physical inspection.

141 12. A physical inspection, as required by subsection 10 of this section, shall include,
142 but not be limited to, an on-site personal observation and review of all exterior portions of the
143 land and any buildings and improvements to which the inspector has or may reasonably and
144 lawfully gain external access, and shall include an observation and review of the interior of
145 any buildings or improvements on the property upon the timely request of the owner pursuant
146 to subsection 11 of this section. Mere observation of the property via a drive-by inspection or
147 the like shall not be considered sufficient to constitute a physical inspection as required by
148 this section.

149 13. A county or city collector may accept credit cards as proper form of payment of
150 outstanding property tax or license due. No county or city collector may charge surcharge for
151 payment by credit card which exceeds the fee or surcharge charged by the credit card bank,
152 processor, or issuer for its service. A county or city collector may accept payment by
153 electronic transfers of funds in payment of any tax or license and charge the person making
154 such payment a fee equal to the fee charged the county by the bank, processor, or issuer of
155 such electronic payment.

156 14. Any county or city not within a county in this state may, by an affirmative vote of
157 the governing body of such county, opt out of the provisions of this section and sections
158 137.073, 138.060, and 138.100 as enacted by house bill no. 1150 of the ninety-first general
159 assembly, second regular session and section 137.073 as modified by house committee
160 substitute for senate substitute for senate committee substitute for senate bill no. 960, ninety-
161 second general assembly, second regular session, for the next year of the general
162 reassessment, prior to January first of any year. No county or city not within a county
163 shall exercise this opt-out provision after implementing the provisions of this section and

164 sections 137.073, 138.060, and 138.100 as enacted by house bill no. 1150 of the ninety-first
165 general assembly, second regular session and section 137.073 as modified by house
166 committee substitute for senate substitute for senate committee substitute for senate bill no.
167 960, ninety-second general assembly, second regular session, in a year of general
168 reassessment. For the purposes of applying the provisions of this subsection, a political
169 subdivision contained within two or more counties where at least one of such counties has
170 opted out and at least one of such counties has not opted out shall calculate a single tax rate as
171 in effect prior to the enactment of house bill no. 1150 of the ninety-first general assembly,
172 second regular session. A governing body of a city not within a county or a county that has
173 opted out under the provisions of this subsection may choose to implement the provisions of
174 this section and sections 137.073, 138.060, and 138.100 as enacted by house bill no. 1150 of
175 the ninety-first general assembly, second regular session, and section 137.073 as modified by
176 house committee substitute for senate substitute for senate committee substitute for senate bill
177 no. 960, ninety-second general assembly, second regular session, for the next year of general
178 reassessment, by an affirmative vote of the governing body prior to December thirty-first of
179 any year.

180 15. The governing body of any city of the third classification with more than twenty-
181 six thousand three hundred but fewer than twenty-six thousand seven hundred inhabitants
182 located in any county that has exercised its authority to opt out under subsection 14 of this
183 section may levy separate and differing tax rates for real and personal property only if such
184 city bills and collects its own property taxes or satisfies the entire cost of the billing and
185 collection of such separate and differing tax rates. Such separate and differing rates shall not
186 exceed such city's tax rate ceiling.

187 16. Any portion of real property that is available as reserve for strip, surface, or coal
188 mining for minerals for purposes of excavation for future use or sale to others that has not
189 been bonded and permitted under chapter 444 shall be assessed based upon how the real
190 property is currently being used. Any information provided to a county assessor, state tax
191 commission, state agency, or political subdivision responsible for the administration of tax
192 policies shall, in the performance of its duties, make available all books, records, and
193 information requested, except such books, records, and information as are by law declared
194 confidential in nature, including individually identifiable information regarding a specific
195 taxpayer or taxpayer's mine property. For purposes of this subsection, "mine property" shall
196 mean all real property that is in use or readily available as a reserve for strip, surface, or coal
197 mining for minerals for purposes of excavation for current or future use or sale to others that
198 has been bonded and permitted under chapter 444.

143.011. 1. **For all tax years ending on or before December 31, 2025**, a tax is
2 hereby imposed for every taxable year on the Missouri taxable income of every resident. The

3 tax shall be determined by applying the tax table or the rate provided in section 143.021,
 4 which is based upon the following rates:

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

25 2. (1) Notwithstanding the provisions of subsection 1 of this section to the contrary,
 26 beginning with the 2023 calendar year, **but ending on December 31, 2024**, the top rate of tax
 27 pursuant to subsection 1 of this section shall be four and ninety-five hundredths percent.

28 (2) The modification of tax rates made pursuant to this subsection shall apply only to
 29 tax years that begin on or after January 1, 2023.

30 (3) The director of the department of revenue shall, by rule, adjust the tax table
 31 provided in subsection 1 of this section to effectuate the provisions of this subsection. The
 32 top remaining rate of tax shall apply to all income in excess of seven thousand dollars, as
 33 adjusted pursuant to subsection 5 of this section.

34 3. (1) In addition to the rate reduction under subsection 2 of this section, beginning
 35 with the 2024 calendar year, **but ending on December 31, 2024**, the top rate of tax under
 36 subsection 1 of this section may be reduced by fifteen hundredths of a percent. A reduction in
 37 the rate of tax shall take effect on January first of a calendar year and such reduced rates shall
 38 continue in effect until the next reduction occurs.

39 (2) A reduction in the rate of tax shall only occur if the amount of net general revenue
40 collected in the previous fiscal year exceeds the highest amount of net general revenue
41 collected in any of the three fiscal years prior to such fiscal year by at least one hundred
42 seventy-five million dollars.

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

45 (4) The director of the department of revenue shall, by rule, adjust the tax tables under
46 subsection 1 of this section to effectuate the provisions of this subsection.

47 4. ~~[(1) In addition to the rate reductions under subsections 2 and 3 of this section,
48 beginning with the calendar year immediately following the calendar year in which a
49 reduction is made pursuant to subsection 3 of this section, the top rate of tax under subsection
50 1 of this section may be further reduced over a period of years. Each reduction in the top rate
51 of tax shall be by one-tenth of a percent and no more than one reduction shall occur in a
52 calendar year. No more than three reductions shall be made under this subsection.
53 Reductions in the rate of tax shall take effect on January first of a calendar year and such
54 reduced rates shall continue in effect until the next reduction occurs.~~

55 (2) (a) ~~A reduction in the rate of tax shall only occur if:~~

56 a. ~~The amount of net general revenue collected in the previous fiscal year exceeds the
57 highest amount of net general revenue collected in any of the three fiscal years prior to such
58 fiscal year by at least two hundred million dollars; and~~

59 b. ~~The amount of net general revenue collected in the previous fiscal year exceeds the
60 amount of net general revenue collected in the fiscal year five years prior, adjusted annually
61 by the percentage increase in inflation over the preceding five fiscal years.~~

62 (b) ~~The amount of net general revenue collected required by subparagraph a. of
63 paragraph (a) of this subdivision in order to make a reduction pursuant to this subsection shall
64 be adjusted annually by the percent increase in inflation beginning with January 2, 2023.~~

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

67 (4) ~~The director of the department of revenue shall, by rule, adjust the tax tables under
68 subsection 1 of this section to effectuate the provisions of this subsection. The bracket for
69 income subject to the top rate of tax shall be eliminated once the top rate of tax has been
70 reduced below the rate applicable to such bracket, and the top remaining rate of tax shall
71 apply to all income in excess of the income in the second highest remaining income bracket.]
72 **Beginning January 1, 2025, a tax is hereby imposed for every tax year on the Missouri
73 taxable income of every resident. The tax shall be determined by applying the tax table
74 or the rate provided in section 143.021, which is based upon the following rates:**~~

75 76	If the Missouri taxable income is:	The tax is:
77	Not over \$1,000.00	\$0
78 79	Over \$1,000 but not over \$2,000	2% of excess over \$1,000
80 81	Over \$2,000 but not over \$3,000	\$35 plus 2 1/2% of excess over \$2,000
82 83	Over \$3,000 but not over \$4,000	\$60 plus 3% of excess over \$3,000
84 85	Over \$4,000 but not over \$5,000	\$90 plus 3 1/2% of excess over \$4,000
86 87	Over \$5,000 but not over \$6,000	\$125 plus 4% of excess over \$5,000
88 89	Over \$6,000 but not over \$7,000	\$165 plus 4 1/2% of excess over \$6,000
90 91	Over \$7,000 but not over \$9,000	\$210 plus 5% of excess over \$7,000
92 93	Over \$9,000 but not over \$300,000	\$260 plus 5 1/2% of excess over \$9,000
94 95	Over \$300,000	\$315 plus 6% of excess over \$300,000

96 5. (1) Beginning with the 2017 calendar year, the brackets of Missouri taxable
 97 income identified in subsection 1 of this section **for all tax years ending on or before**
 98 **December 31, 2024, or subsection 4 of this section for all tax years beginning on or after**
 99 **January 1, 2025**, shall be adjusted annually by the percent increase in inflation. The director
 100 shall publish such brackets annually beginning on or after October 1, 2016. Modifications to
 101 the brackets shall take effect on January first of each calendar year and shall apply to tax years
 102 beginning on or after the effective date of the new brackets.

103 **(2) Beginning with the 2026 calendar year, the brackets of Missouri taxable**
104 **income identified in subsection 4 of this section shall be adjusted annually by the percent**
105 **increase in inflation. The director shall publish such brackets annually beginning on or**
106 **after October 1, 2025. Modifications to the brackets shall take effect on January first of**
107 **each calendar year and shall apply to tax years beginning on or after the effective date**
108 **of the new brackets. For the purposes of this subdivision, the "percent increase in**
109 **inflation" means the percentage, if any, by which the CPI for the preceding calendar**
110 **year exceeds the CPI for the year beginning September 1, 2023, and ending August 31,**
111 **2024.**

112 6. As used in this section, the following terms mean:

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

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

117 (3) "Net general revenue collected", all revenue deposited into the general revenue
118 fund, less refunds and revenues originally deposited into the general revenue fund but
119 designated by law for a specific distribution or transfer to another state fund;

120 (4) "Percent increase in inflation", the percentage, if any, by which the CPI for the
121 preceding calendar year exceeds the CPI for the year beginning September 1, 2014, and
122 ending August 31, 2015.

143.071. 1. For all tax years beginning before September 1, 1993, a tax is hereby
2 imposed upon the Missouri taxable income of corporations in an amount equal to five percent
3 of Missouri taxable income.

4 2. For all tax years beginning on or after September 1, 1993, and ending on or before
5 December 31, 2019, a tax is hereby imposed upon the Missouri taxable income of
6 corporations in an amount equal to six and one-fourth percent of Missouri taxable income.

7 3. For all tax years beginning on or after January 1, 2020, **but on or before**
8 **December 31, 2024**, a tax is hereby imposed upon the Missouri taxable income of
9 corporations in an amount equal to four percent of Missouri taxable income.

10 4. **For all tax years beginning on or after January 1, 2025, a tax is hereby**
11 **imposed upon the Missouri taxable income of corporations in an amount equal to four**
12 **and one-half percent of Missouri taxable income.**

13 5. The provisions of this section shall not apply to out-of-state businesses operating
14 under sections 190.270 to 190.285.

144.014. 1. Notwithstanding other provisions of law to the contrary, beginning
2 October 1, 1997, **and ending on December 31, 2025**, the tax levied and imposed under this
3 chapter on all retail sales of food shall be at the rate of one percent. The revenue derived from

4 the one percent rate pursuant to this section shall be deposited by the state treasurer in the
5 school district trust fund and shall be distributed as provided in section 144.701.

6 **2. Notwithstanding any provision of law to the contrary, beginning January 1,**
7 **2026, no state sales or use tax shall be levied or imposed on the retail sale of food in this**
8 **state.**

9 **3. (1) Beginning January 1, 2026, the rate of local sales tax as defined under**
10 **section 32.085, and local use tax as imposed by the local taxing authority, shall annually**
11 **be reduced in equal increments of one and one-half percent of the rate imposed in the**
12 **base year over a period of years until the rate of local sales and use tax reaches zero.**
13 **Beginning January first of the year in which the full amount of the local sales and use**
14 **tax is reduced to zero, there shall be no local sales or local use tax levied or imposed on**
15 **any retail sale of food in this state.**

16 **(2) For the purposes of this subsection, the term "rate imposed in the base year"**
17 **shall mean the maximum applicable local rate of sales and use taxes applied in the year**
18 **2025 for a local taxing authority.**

19 **4.** For the purposes of this section, the term "food" shall include only those products
20 and types of food for which ~~[food stamps]~~ **benefits** may be redeemed pursuant to the
21 provisions of the ~~[Federal Food Stamp]~~ **Supplemental Nutrition Assistance** Program as
22 ~~[contained]~~ **described** in 7 U.S.C. Section 2012, as that section now reads or as it may be
23 amended hereafter, and shall include food dispensed by or through vending machines. For
24 the purpose of this section, except for vending machine sales, the term "food" shall not
25 include food or drink sold by any establishment where the gross receipts derived from the sale
26 of food prepared by such establishment for immediate consumption on or off the premises of
27 the establishment constitutes more than eighty percent of the total gross receipts of that
28 establishment, regardless of whether such prepared food is consumed on the premises of that
29 establishment, including, but not limited to, sales of food by any restaurant, fast food
30 restaurant, delicatessen, eating house, or café.

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

9 2. There are also specifically exempted from the provisions of the local sales tax law
10 as defined in section 32.085, section 238.235, and sections 144.010 to 144.525 and 144.600 to

11 144.761 and from the computation of the tax levied, assessed or payable pursuant to the local
12 sales tax law as defined in section 32.085, section 238.235, and sections 144.010 to 144.525
13 and 144.600 to 144.745:

14 (1) Motor fuel or special fuel subject to an excise tax of this state, unless all or part of
15 such excise tax is refunded pursuant to section 142.824; or upon the sale at retail of fuel to be
16 consumed in manufacturing or creating gas, power, steam, electrical current or in furnishing
17 water to be sold ultimately at retail; or feed for livestock or poultry; or grain to be converted
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, sections 281.220 to 281.310, which are to be used in connection
23 with the growth or production of crops, fruit trees or orchards applied before, during, or after
24 planting, the crop of which when harvested will be sold at retail or will be converted into
25 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, and also specifically
140 including hearing aids and hearing aid supplies and all sales of drugs which may be legally
141 dispensed by a licensed pharmacist only upon a lawful prescription of a practitioner licensed
142 to administer those items, including samples and materials used to manufacture samples
143 which may be dispensed by a practitioner authorized to dispense such samples and all sales or
144 rental of medical oxygen, home respiratory equipment and accessories including parts, and
145 hospital beds and accessories and ambulatory aids including parts, and all sales or rental of
146 manual and powered wheelchairs including parts, and stairway lifts, Braille writers, electronic
147 Braille equipment and, if purchased or rented by or on behalf of a person with one or more
148 physical or mental disabilities to enable them to function more independently, all sales or
149 rental of scooters including parts, and reading machines, electronic print enlargers and
150 magnifiers, electronic alternative and augmentative communication devices, and items used
151 solely to modify motor vehicles to permit the use of such motor vehicles by individuals with
152 disabilities or sales of over-the-counter or nonprescription drugs to individuals with
153 disabilities, and drugs required by the Food and Drug Administration to meet the over-the-
154 counter drug product labeling requirements in 21 CFR 201.66, or its successor, as prescribed
155 by a health care practitioner licensed to prescribe;

156 (19) All sales made by or to religious and charitable organizations and institutions in
157 their religious, charitable or educational functions and activities and all sales made by or to all

158 elementary and secondary schools operated at public expense in their educational functions
159 and activities;

160 (20) All sales of aircraft to common carriers for storage or for use in interstate
161 commerce and all sales made by or to not-for-profit civic, social, service or fraternal
162 organizations, including fraternal organizations which have been declared tax-exempt
163 organizations pursuant to Section 501(c)(8) or (10) of the 1986 Internal Revenue Code, as
164 amended, in their civic or charitable functions and activities and all sales made to
165 eleemosynary and penal institutions and industries of the state, and all sales made to any
166 private not-for-profit institution of higher education not otherwise excluded pursuant to
167 subdivision (19) of this subsection or any institution of higher education supported by public
168 funds, and all sales made to a state relief agency in the exercise of relief functions and
169 activities;

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

177 (22) All sales made to any private not-for-profit elementary or secondary school, all
178 sales of feed additives, medications or vaccines administered to livestock or poultry in the
179 production of food or fiber, all sales of pesticides used in the production of crops, livestock or
180 poultry for food or fiber, all sales of bedding used in the production of livestock or poultry for
181 food or fiber, all sales of propane or natural gas, electricity or diesel fuel used exclusively for
182 drying agricultural crops, natural gas used in the primary manufacture or processing of fuel
183 ethanol as defined in section 142.028, natural gas, propane, and electricity used by an eligible
184 new generation cooperative or an eligible new generation processing entity as defined in
185 section 348.432, and all sales of farm machinery and equipment, other than airplanes, motor
186 vehicles and trailers, and any freight charges on any exempt item. As used in this
187 subdivision, the term "feed additives" means tangible personal property which, when mixed
188 with feed for livestock or poultry, is to be used in the feeding of livestock or poultry. As used
189 in this subdivision, the term "pesticides" includes adjuvants such as crop oils, surfactants,
190 wetting agents and other assorted pesticide carriers used to improve or enhance the effect of a
191 pesticide and the foam used to mark the application of pesticides and herbicides for the
192 production of crops, livestock or poultry. As used in this subdivision, the term "farm
193 machinery and equipment" shall mean:

194 (a) New or used farm tractors and such other new or used farm machinery and
195 equipment, including utility vehicles used for any agricultural use, and repair or replacement
196 parts thereon and any accessories for and upgrades to such farm machinery and equipment
197 and rotary mowers used for any agricultural purposes. For the purposes of this subdivision,
198 "utility vehicle" shall mean any motorized vehicle manufactured and used exclusively for off-
199 highway use which is more than fifty inches but no more than eighty inches in width,
200 measured from outside of tire rim to outside of tire rim, with an unladen dry weight of three
201 thousand five hundred pounds or less, traveling on four or six wheels;

202 (b) Supplies and lubricants used exclusively, solely, and directly for producing crops,
203 raising and feeding livestock, fish, poultry, pheasants, chukar, quail, or for producing milk for
204 ultimate sale at retail, including field drain tile; and

205 (c) One-half of each purchaser's purchase of diesel fuel therefor which is:

206 a. Used exclusively for agricultural purposes;

207 b. Used on land owned or leased for the purpose of producing farm products; and

208 c. Used directly in producing farm products to be sold ultimately in processed form or
209 otherwise at retail or in producing farm products to be fed to livestock or poultry to be sold
210 ultimately in processed form at retail;

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

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

223 (b) Regulated utility sellers shall determine whether individual purchases are exempt
224 or nonexempt based upon the seller's utility service rate classifications as contained in tariffs
225 on file with and approved by the Missouri public service commission. Sales and purchases
226 made pursuant to the rate classification "residential" and sales to and purchases made by or on
227 behalf of the occupants of residential apartments or condominiums through a single or master
228 meter, including service for common areas and facilities and vacant units, shall be considered
229 as sales made for domestic use and such sales shall be exempt from sales tax. Sellers shall
230 charge sales tax upon the entire amount of purchases classified as nondomestic use. The

231 seller's utility service rate classification and the provision of service thereunder shall be
232 conclusive as to whether or not the utility must charge sales tax;

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

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

250 (25) Excise taxes, collected on sales at retail, imposed by Sections 4041, 4071, 4081,
251 ~~[4091,]~~ 4161, 4181, 4251, 4261 and 4271 of Title 26, United States Code. The director of
252 revenue shall promulgate rules pursuant to chapter 536 to eliminate all state and local sales
253 taxes on such excise taxes;

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

259 (27) All sales made to an interstate compact agency created pursuant to sections
260 70.370 to 70.441 or sections 238.010 to 238.100 in the exercise of the functions and activities
261 of such agency as provided pursuant to the compact;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

317 (40) All materials, replacement parts, and equipment purchased for use directly upon,
318 and for the modification, replacement, repair, and maintenance of aircraft, aircraft power
319 plants, and aircraft accessories, **for all tax years ending on or before December 31, 2025**;

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

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

326 (43) Any new or used aircraft sold or delivered in this state to a person who is not a
327 resident of this state or a corporation that is not incorporated in this state, **for all tax years**
328 **ending on or before December 31, 2025**, and such aircraft is not to be based in this state and
329 shall not remain in this state more than ten business days subsequent to the last to occur of:

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

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

336 (44) Motor vehicles registered in excess of fifty-four thousand pounds, and the
337 trailers pulled by such motor vehicles, that are actually used in the normal course of business
338 to haul property on the public highways of the state, and that are capable of hauling loads
339 commensurate with the motor vehicle's registered weight; and the materials, replacement

340 parts, and equipment purchased for use directly upon, and for the repair and maintenance or
341 manufacture of such vehicles. For purposes of this subdivision, "motor vehicle" and "public
342 highway" shall have the meaning as ascribed in section 390.020;

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

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

351 (b) "Internet", computer and telecommunications facilities, including equipment and
352 operating software, that comprises the interconnected worldwide network that employ the
353 transmission control protocol or internet protocol, or any predecessor or successor protocols
354 to that protocol, to communicate information of all kinds by wire or radio;

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

376 (d) "Tax", any charge imposed by the state or a political subdivision of the state for
377 the purpose of generating revenues for governmental purposes and that is not a fee imposed
378 for a specific privilege, service, or benefit conferred, except as described as otherwise under
379 this subdivision, or any obligation imposed on a seller to collect and to remit to the state or a
380 political subdivision of the state any gross retail tax, sales tax, or use tax imposed on a buyer
381 by such a governmental entity. The term tax shall not include any franchise fee or similar fee
382 imposed or authorized under sections 67.1830 to 67.1846 or section 67.2689; Section 622 or
383 653 of the Communications Act of 1934, 47 U.S.C. Section 542 and 47 U.S.C. Section 573;
384 or any other fee related to obligations of telecommunications carriers under the
385 Communications Act of 1934, 47 U.S.C. Section 151, et seq., except to the extent that:

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

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

393

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

396 (46) All purchases by a company of solar photovoltaic energy systems, components
397 used to construct a solar photovoltaic energy system, and all purchases of materials and
398 supplies used directly to construct or make improvements to such systems, provided that such
399 systems:

400 (a) Are sold or leased to an end user; or

401 (b) Are used to produce, collect and transmit electricity for resale or retail.

402 **3. Beginning January 1, 2026, no exemption shall be granted under subdivision**
403 **(40) or (43) of subsection 2 of this section.**

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

413 organization, bears the same ownership relationship to the vendor as a corporation that is a
414 member of the same controlled group of corporations as defined in Section 1563(a) of the
415 Internal Revenue Code, as amended.

306.016. 1. By January 1, 1995, the owner of any vessel documented by the United
2 States Coast Guard on August 28, 1994, and the new owner of any vessel purchased after
3 August 28, 1994, who upon the sale or transfer of the vessel desires to document the vessel
4 with the United States Coast Guard, shall apply for a vessel certificate of registration and pay
5 a certification fee of seven dollars and fifty cents, an initial registration fee in an amount equal
6 to the amount required for a certificate of number under section 306.030 and all applicable
7 state and local **taxes** or in lieu watercraft taxes, **for all tax years ending on or before**
8 **December 31, 2025**, as provided by law in effect on the date the vessel was documented or
9 submit proof that all applicable registration fees have been paid to the department of revenue
10 and all applicable taxes or in lieu watercraft taxes, **for all tax years ending on or before**
11 **December 31, 2025**, have been paid in this or another state. Such application shall include
12 the county in which such vessel will be normally maintained by the new owner. A certificate
13 of registration and a set of registration decals in a form the director shall prescribe shall be
14 issued for a documented vessel. A Missouri resident shall make application for a vessel
15 certificate of registration within thirty days of acquiring or bringing the vessel into this state.
16 A nonresident shall make application for a vessel certificate of registration within sixty days
17 after acquiring a vessel in this state or bringing a vessel into this state if the vessel will be kept
18 in this state for a period in excess of sixty consecutive days. A delinquency penalty fee of ten
19 dollars shall be imposed for each thirty days of delinquency, not to exceed a total of thirty
20 dollars. If the director of revenue learns that any person has failed to make application for a
21 vessel certificate of registration in accordance with this section or has sold a vessel
22 documented by the United States Coast Guard without obtaining a certificate of registration
23 as provided in this section, the director shall cancel the registration of all vessels and outboard
24 motors registered in the name of the person, either as sole owner or a co-owner, and shall
25 notify the person that the cancellation will remain in force until the person pays the
26 delinquency penalty fee together with all fees, charges, and payments which the person
27 should have paid in connection with the vessel certificate of registration.

28 2. **(1) For all tax years ending on or before December 31, 2025**, a boat or vessel
29 documented by the United States Coast Guard or other agency of the federal government and
30 operated on the waters of this state shall not be liable for the payment of any state or local
31 sales or use tax on the purchase, but shall be liable for the payment of an in-lieu watercraft
32 tax, which is hereby imposed. The fee in lieu of tax imposed pursuant to this section shall not
33 apply to United States Coast Guard registered vessels purchased for purposes of marine
34 construction including, but not limited to, barges, dredges, marine cranes, and other marine

35 equipment utilized for construction or dredging of waterways. The in-lieu watercraft tax shall
 36 be collected by the director of revenue and deposited in the state treasury to the credit of
 37 general revenue and shall be appropriated for use by the water patrol division. Watercraft
 38 dealers in this state shall report to the director of revenue on forms furnished by the director
 39 the sale of each watercraft sold to a resident of this state. If the watercraft is registered and
 40 licensed pursuant to the provisions of this chapter and all applicable sales taxes have been
 41 paid, the director shall not collect the in-lieu tax imposed by this subsection. If the watercraft
 42 is registered with the United States Coast Guard or other agency of the federal government
 43 and not under the provisions of this chapter the director shall bill the purchaser of the
 44 watercraft for the in-lieu tax imposed by this subsection. Any person who fails to pay the in-
 45 lieu tax due under this section, within thirty days after receipt of the bill from the director of
 46 revenue, shall be liable to the same penalties imposed by law for failure to pay sales and use
 47 taxes due the state. The in-lieu tax shall be determined as follows:

PURCHASE PRICE OF WATERCRAFT	TAX DUE
Less than \$ 15,000	\$ 500.00
\$ 15,001 to \$ 30,000	650.00
\$ 30,001 to \$ 50,000	1,000.00
\$ 50,001 to \$100,000	1,400.00
\$100,001 to \$150,000	2,000.00
\$150,001 to \$200,000	3,000.00
\$200,001 to \$250,000	4,000.00
\$250,001 to \$300,000	5,000.00
\$300,001 to \$350,000	5,500.00
\$350,001 to \$400,000	6,000.00
\$400,001 to \$450,000	6,500.00
\$450,001 to \$500,000	7,500.00
\$500,001 to \$550,000	8,500.00
\$550,001 to \$650,000	9,500.00
\$650,001 to \$750,000	10,500.00
\$750,001 and above	add an additional 1,500.00 for each \$100,000 increment

67 **(2) The in-lieu watercraft tax provided under this subsection shall expire on**
 68 **December 31, 2025.**

69 3. The registration decals for any vessel documented by the United States Coast
 70 Guard shall be in force and effect for a period of three years so long as the vessel is owned or

71 held by the original holder of the certificate of registration and shall be renewed upon
72 application and payment of a registration renewal fee equal to the amount required for a
73 certificate of number under section 306.030. The owner shall attach the registration decals to
74 both sides of the forward half of the bow of the documented vessel in a place that is fully
75 visible.

76 4. The department of revenue may issue a temporary vessel certificate of registration
77 authorizing the operation of a vessel to be documented by the United States Coast Guard for
78 not more than sixty days. The temporary registration shall be made available by the
79 department of revenue and may be purchased from the department of revenue or from a dealer
80 upon proof of purchase of a vessel. The department shall make temporary certificates of
81 registration available to registered dealers in this state in sets of ten. The fee for the
82 temporary certificates of registration shall be five dollars each. No dealer shall charge more
83 than five dollars for each temporary certificate of registration issued. The temporary
84 registration shall be valid for a period of sixty days from the date of issuance by the
85 department of revenue to the purchaser of the vessel or from the date of sale of the vessel by a
86 dealer from which the purchaser obtains a certificate of registration. The temporary
87 certificate of registration shall be issued on a form prescribed by the department of revenue
88 and issued only for the purchaser's use in the operation of the vessel purchased to enable the
89 purchaser to legally operate the vessel while a certificate of registration is being obtained, and
90 shall be displayed on no other vessel. Temporary certificates of registration issued under this
91 section shall not be transferable or renewable and shall not be valid upon issuance of a proper
92 certificate of registration. The dealer or authorized agent shall insert the date of issuance and
93 expiration date, year, make and the manufacturer's identification number of the vessel on the
94 temporary registration when issued to the purchaser. The dealer shall complete the
95 information on the temporary registration in full. Every dealer that issues a temporary
96 certificate of registration shall keep, for inspection by authorized officers, a correct record of
97 each temporary certificate of registration issued by the dealer by recording the registration
98 number, purchaser's name and address, year, make and manufacturer's identification number
99 of the vessel on which the temporary certificate of registration is to be used and the date of
100 issuance.

101 5. Upon the sale or transfer of any vessel documented by the United States Coast
102 Guard for which a certificate of registration has been issued, the registration shall be
103 terminated. If the new owner elects to have the vessel documented by the United States Coast
104 Guard, the new owner shall submit, in addition to the properly assigned certificate of
105 registration, proof of release from the documentation provided by the United States Coast
106 Guard and shall comply with the provisions of this section. If the new owner elects not to

107 document the vessel with the United States Coast Guard, the owner shall comply with the
108 applicable provisions of this chapter.

109 6. The certificate of registration shall be available at all times for inspection on the
110 vessel for which it is issued, whenever the vessel is in operation.

Section B. This act is hereby submitted to the qualified voters of this state for the
2 approval or rejection at an election which is hereby ordered and which shall be held and
3 conducted on Tuesday next following the first Monday in November, 2024, under the
4 applicable laws and constitutional provisions of this state for the submission of referendum
5 measures by the general assembly, and this act shall become effective when approved by a
6 majority of the votes cast thereon at such election and not otherwise.

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