

SECOND REGULAR SESSION

HOUSE BILL NO. 2502

99TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE CARPENTER.

6410H.021

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 32.200, 100.286, 100.297, 135.110, 135.305, 135.313, 143.011, 143.022, 143.171, 143.225, 143.261, 144.070, 144.083, 144.140, 144.710, 306.016, 313.826, and 320.093, RSMo, and to enact in lieu thereof fifteen new sections relating to taxation, with a delayed effective date.

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

Section A. Sections 32.200, 100.286, 100.297, 135.110, 135.305, 135.313, 143.011, 143.022, 143.171, 143.225, 143.261, 144.070, 144.083, 144.140, 144.710, 306.016, 313.826, and 320.093, RSMo, are repealed and fifteen new sections enacted in lieu thereof, to be known as sections 32.200, 100.286, 100.297, 135.110, 135.305, 135.313, 135.760, 143.011, 143.171, 143.225, 144.070, 144.083, 306.016, 313.826, and 320.093, to read as follows:

32.200. The "Multistate Tax Compact" is hereby enacted into law and entered into with all jurisdictions legally joining therein, in the form substantially as follows:

MULTISTATE TAX COMPACT

Article I

The purposes of this compact are to:

1. Facilitate proper determination of state and local tax liability of multistate taxpayers, including the equitable apportionment of tax bases and settlement of apportionment disputes.
2. Promote uniformity or compatibility in significant components of tax systems.
3. Facilitate taxpayer convenience and compliance in the filing of tax returns and in other phases of tax administration.

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.

13 4. Avoid duplicative taxation.

14

15 Article II

16 As used in this compact:

17 1. "State" means a state of the United States, the District of Columbia, the
18 Commonwealth of Puerto Rico, or any territory or possession of the United States.

19 2. "Subdivision" means any governmental unit or special district of a state.

20 3. "Taxpayer" means any corporation, partnership, firm, association, governmental unit
21 or agency or person acting as a business entity in more than one state.

22 4. "Income tax" means a tax imposed on or measured by net income including any tax
23 imposed on or measured by an amount arrived at by deducting expenses from gross income, one
24 or more forms of which expenses are not specifically and directly related to particular
25 transactions.

26 5. "Capital stock tax" means a tax measured in any way by the capital of a corporation
27 considered in its entirety.

28 6. "Gross receipts tax" means a tax, other than a sales tax, which is imposed on or
29 measured by the gross volume of business, in terms of gross receipts or in other terms, and in the
30 determination of which no deduction is allowed which would constitute the tax an income tax.

31 7. "Sales tax" means a tax imposed with respect to the transfer for a consideration of
32 ownership, possession or custody of tangible personal property or the rendering of services
33 measured by the price of the tangible personal property transferred or services rendered and
34 which is required by state or local law to be separately stated from the sales price by the seller,
35 or which is customarily separately stated from the sales price, but does not include a tax imposed
36 exclusively on the sale of a specifically identified commodity or article or class of commodities
37 or articles.

38 8. "Use tax" means a nonrecurring tax, other than a sales tax, which

39 (a) is imposed on or with respect to the exercise or enjoyment of any right or power over
40 tangible personal property incident to the ownership, possession or custody of that property or
41 the leasing of that property from another including any consumption, keeping, retention, or other
42 use of tangible personal property; and

43 (b) is complementary to a sales tax.

44 9. "Tax" means an income tax, capital stock tax, gross receipts tax, sales tax, use tax, and
45 any other tax which has a multistate impact, except that the provisions of articles III, IV and V
46 of this compact shall apply only to the taxes specifically designated therein and the provisions
47 of article IX of this compact shall apply only in respect to determinations pursuant to article IV.

48

49 Article III

50 1. Any taxpayer subject to an income tax whose income is subject to apportionment and
51 allocation for tax purposes pursuant to the laws of a party state or pursuant to the laws of
52 subdivisions in two or more party states may elect to apportion and allocate ~~his~~ **the taxpayer's**
53 income in the manner provided by the laws of such state or by the laws of such states and
54 subdivisions without reference to this compact, or may elect to apportion and allocate in
55 accordance with article IV. This election for any tax year may be made in all party states or
56 subdivisions thereof or in any one or more of the party states or subdivisions thereof without
57 reference to the election made in the others. For the purposes of this paragraph, taxes imposed
58 by subdivisions shall be considered separately from state taxes and the apportionment and
59 allocation also may be applied to the entire tax base. In no instance wherein article IV is
60 employed for all subdivisions of a state may the sum of all apportionments and allocations to
61 subdivisions within a state be greater than the apportionment and allocation that would be
62 assignable to that state if the apportionment or allocation were being made with respect to a state
63 income tax.

64 2. Each party state or any subdivision thereof which imposes an income tax shall provide
65 by law that any taxpayer required to file a return, whose only activities within the taxing
66 jurisdiction consist of sales and do not include owning or renting real estate or tangible personal
67 property, and whose dollar volume of gross sales made during the tax year within the state or
68 subdivision, as the case may be, is not in excess of \$100,000 may elect to report and pay any tax
69 due on the basis of a percentage of such volume, and shall adopt rates which shall produce a tax
70 which reasonably approximates the tax otherwise due. The multistate tax commission, not more
71 than once in five years, may adjust the \$100,000 figure in order to reflect such changes as may
72 occur in the real value of the dollar, and such adjusted figure, upon adoption by the commission,
73 shall replace the \$100,000 figure specifically provided herein. Each party state and subdivision
74 thereof may make the same election available to taxpayers additional to those specified in this
75 paragraph.

76 3. Nothing in this article relates to the reporting or payment of any tax other than an
77 income tax.

78

79 Article IV

80 1. As used in this article, unless the context otherwise requires:

81 (1) "Business income" means income arising from transactions and activity in the regular
82 course of the taxpayer's trade or business and includes income from tangible and intangible
83 property if the acquisition, management, and disposition of the property constitute integral parts
84 of the taxpayer's regular trade or business operations.

85 (2) "Commercial domicile" means the principal place from which the trade or business
86 of the taxpayer is directed or managed.

87 (3) [~~"Compensation" means wages, salaries, commissions and any other form of~~
88 ~~remuneration paid to employees for personal services.~~

89 —(4) "Financial organization" means any bank, trust company, savings bank, industrial bank,
90 land bank, safe deposit company, private banker, savings and loan association, credit union,
91 cooperative bank, small loan company, sales finance company, investment company, or any type
92 of insurance company.

93 [~~(5)~~ (4) "Nonbusiness income" means all income other than business income.

94 [~~(6)~~ (5) "Public utility" means any business entity

95 (a) which owns or operates any plant, equipment, property, franchise, or license for the
96 transmission of communications, transportation of goods or persons, except by pipeline, or the
97 production, transmission, sale, delivery, or furnishing of electricity, water or steam; and

98 (b) whose rates of charges for goods or services have been established or approved by
99 a federal, state or local government or governmental agency.

100 [~~(7)~~ (6) "Sales" means all gross receipts of the taxpayer not allocated under paragraphs
101 of this article.

102 [~~(8)~~ (7) "State" means any state of the United States, the District of Columbia, the
103 Commonwealth of Puerto Rico, any territory or possession of the United States, and any foreign
104 country or political subdivision thereof.

105 [~~(9)~~ (8) "This state" means the state in which the relevant tax return is filed or, in the
106 case of application of this article, to the apportionment and allocation of income for local tax
107 purposes, the subdivision or local taxing district in which the relevant tax return is filed.

108 2. Any taxpayer having income from business activity which is taxable both within and
109 without this state, other than activity as a financial organization or public utility or the rendering
110 of purely personal services by an individual, shall allocate and apportion ~~[his]~~ **the taxpayer's**
111 net income as provided in this article. If a taxpayer has income from business activity as a public
112 utility but derives the greater percentage of ~~[his]~~ **the taxpayer's** income from activities subject
113 to this article, the taxpayer may elect to allocate and apportion ~~[his]~~ **the taxpayer's** entire net
114 income as provided in this article.

115 3. For purposes of allocation and apportionment of income under this article, a taxpayer
116 is taxable in another state if

117 (1) In that state ~~[he]~~ **the taxpayer** is subject to a net income tax, a franchise tax
118 measured by net income, a franchise tax for the privilege of doing business, or a corporate stock
119 tax; or

120 (2) That state has jurisdiction to subject the taxpayer to a net income tax regardless of
121 whether, in fact, the state does or does not.

122 4. Rents and royalties from real or tangible personal property, capital gains, interest,
123 dividends or patent or copyright royalties, to the extent that they constitute nonbusiness income,
124 shall be allocated as provided in paragraphs 5 through 8 of this article.

125 5. (1) Net rents and royalties from real property located in this state are allocable to this
126 state.

127 (2) Net rents and royalties from tangible personal property are allocable to this state:

128 (a) if and to the extent that the property is utilized in this state; or

129 (b) in their entirety if the taxpayer's commercial domicile is in this state and the taxpayer
130 is not organized under the laws of or taxable in the state in which the property is utilized.

131 (3) The extent of utilization of tangible personal property in a state is determined by
132 multiplying the rents and royalties by a fraction, the numerator of which is the number of days
133 of physical location of the property in the state during the rental or royalty period in the taxable
134 year and the denominator of which is the number of days of physical location of the property
135 everywhere during all rental or royalty periods in the taxable year. If the physical location of the
136 property during the rental or royalty period is unknown or unascertainable by the taxpayer,
137 tangible personal property is utilized in the state in which the property was located at the time
138 the rental or royalty payer obtained possession.

139 6. (1) Capital gains and losses from sales of real property located in this state are
140 allocable to this state.

141 (2) Capital gains and losses from sales of tangible personal property are allocable to this
142 state if

143 (a) the property had a situs in this state at the time of the sale; or

144 (b) the taxpayer's commercial domicile is in this state and the taxpayer is not taxable in
145 the state in which the property had a situs.

146 (3) Capital gains and losses from sales of intangible personal property are allocable to
147 this state if the taxpayer's commercial domicile is in this state.

148 7. Interest and dividends are allocable to this state if the taxpayer's commercial domicile
149 is in this state.

150 8. (1) Patent and copyright royalties are allocable to this state:

151 (a) if and to the extent that the patent or copyright is utilized by the payer in this state;

152 or

153 (b) if and to the extent that the patent copyright is utilized by the payer in a state in which
154 the taxpayer is not taxable and the taxpayer's commercial domicile is in this state.

155 (2) A patent is utilized in a state to the extent that it is employed in production,
156 fabrication, manufacturing, or other processing in the state or to the extent that a patented
157 product is produced in the state. If the basis of receipts from patent royalties does not permit
158 allocation to states or if the accounting procedures do not reflect states of utilization, the patent
159 is utilized in the state in which the taxpayer's commercial domicile is located.

160 (3) A copyright is utilized in a state to the extent that printing or other publication
161 originates in the state. If the basis of receipts from copyright royalties does not permit allocation
162 to states or if the accounting procedures do not reflect states of utilization, the copyright is
163 utilized in the state in which the taxpayer's commercial domicile is located.

164 ~~[9. All business income shall be apportioned to this state by multiplying the income by~~
165 ~~a fraction, the numerator of which is the property factor plus the payroll factor plus the sales~~
166 ~~factor, and the denominator of which is three.~~

167 ~~10. The property factor is a fraction, the numerator of which is the average value of the~~
168 ~~taxpayer's real and tangible personal property owned or rented and used in this state during the~~
169 ~~tax period and the denominator of which is the average value of all the taxpayer's real and~~
170 ~~tangible personal property owned or rented and used during the tax period.~~

171 ~~11. Property owned by the taxpayer is valued at its original cost. Property rented by the~~
172 ~~taxpayer is valued at eight times the net annual rental rate. Net annual rental rate is the annual~~
173 ~~rental rate paid by the taxpayer less any annual rental rate received by the taxpayer from~~
174 ~~subrentals.~~

175 ~~12. The average value of property shall be determined by averaging the values at the~~
176 ~~beginning and ending of the tax period but the tax administrator may require the averaging of~~
177 ~~monthly values during the tax period if reasonably required to reflect properly the average value~~
178 ~~of the taxpayer's property.~~

179 ~~13. The payroll factor is a fraction, the numerator of which is the total amount paid in~~
180 ~~this state during the tax period by the taxpayer for compensation and the denominator of which~~
181 ~~is the total compensation paid everywhere during the tax period.~~

182 ~~14. Compensation is paid in this state if:~~

183 ~~(1) the individual's service is performed entirely within the state;~~

184 ~~(2) the individual's service is performed both within and without the state, but the service~~
185 ~~performed without the state is incidental to the individual's service within the state; or~~

186 ~~(3) some of the service is performed in the state; and~~

187 ~~(a) the base of operations or, if there is no base of operations, the place from which the~~
188 ~~service is directed or controlled is in the state; or~~

189 ~~—— (b) the base of operations or the place from which the service is directed or controlled~~
190 ~~is not in any state in which some part of the service is performed, but the individual's residence~~
191 ~~is in this state.~~

192 ~~—— 15. The sales factor is a fraction, the numerator of which is the total sales of the taxpayer~~
193 ~~in this state during the tax period, and the denominator of which is the total sales of the taxpayer~~
194 ~~everywhere during the tax period.~~

195 ~~—— 16. Sales of tangible personal property are in this state if:~~

196 ~~—— (1) the property is delivered or shipped to a purchaser, other than the United States~~
197 ~~government, within this state regardless of the f.o.b. point or other conditions of the sale; or~~

198 ~~—— (2) the property is shipped from an office, store, warehouse, factory, or other place of~~
199 ~~storage in this state; and~~

200 ~~—— (a) the purchaser is the United States government; or~~

201 ~~—— (b) the taxpayer is not taxable in the state of the purchaser.~~

202 ~~—— 17. Sales, other than sales of tangible personal property, are in this state if:~~

203 ~~—— (1) the income-producing activity is performed in this state; or~~

204 ~~—— (2) the income-producing activity is performed both in and outside this state and a~~
205 ~~greater proportion of the income-producing activity is performed in this state than in any other~~
206 ~~state, based on costs of performance.~~

207 ~~—— 18. If the allocation and apportionment provisions of this article do not fairly represent~~
208 ~~the extent of the taxpayer's business activity in this state, the taxpayer may petition for or the tax~~
209 ~~administrator may require, in respect to all or any part of the taxpayer's business activity, if~~
210 ~~reasonable:~~

211 ~~—— (1) separate accounting;~~

212 ~~—— (2) the exclusion of any one or more of the factors;~~

213 ~~—— (3) the inclusion of one or more additional factors which will fairly represent the~~
214 ~~taxpayer's business activity in this state; or~~

215 ~~—— (4) the employment of any other method to effectuate an equitable allocation and~~
216 ~~apportionment of the taxpayer's income.]~~

217

218 Article V

219 1. Each purchaser liable for a use tax on tangible personal property shall be entitled to
220 full credit for the combined amount or amounts of legally imposed sales or use taxes paid by
221 ~~[him]~~ **the purchaser** with respect to the same property to another state and any subdivision
222 thereof. The credit shall be applied first against the amount of any use tax due the state, and any
223 unused portion of the credit shall then be applied against the amount of any use tax due a
224 subdivision.

225 2. Whenever a vendor receives and accepts in good faith from a purchaser a resale or
226 other exemption certificate or other written evidence of exemption authorized by the appropriate
227 state or subdivision taxing authority, the vendor shall be relieved of liability for a sales or use
228 tax with respect to the transaction.

229

230 Article VI

231 1. (a) The multistate tax commission is hereby established. It shall be composed of one
232 "member" from each party state who shall be the head of the state agency charged with the
233 administration of the types of taxes to which this compact applies. If there is more than one such
234 agency the state shall provide by law for the selection of the commission member from the heads
235 of the relevant agencies. State law may provide that a member of the commission be represented
236 by an alternate but only if there is on file with the commission written notification of the
237 designation and identity of the alternate. The attorney general of each party state or ~~his~~ **the**
238 **attorney general's** designee, or other counsel if the laws of the party state specifically provide,
239 shall be entitled to attend the meetings of the commission, but shall not vote. Such attorneys
240 general, designees, or other counsel shall receive all notices of meetings required under
241 paragraph 1 (e) of this article.

242 (b) Each party state shall provide by law for the selection of representatives from its
243 subdivisions affected by this compact to consult with the commission member from that state.

244 (c) Each member shall be entitled to one vote. The commission shall not act unless a
245 majority of the members are present, and no action shall be binding unless approved by a
246 majority of the total number of members.

247 (d) The commission shall adopt an official seal to be used as it may provide.

248 (e) The commission shall hold an annual meeting and such other regular meetings as its
249 bylaws may provide and such special meetings as its executive committee may determine. The
250 commission bylaws shall specify the dates of the annual and any other regular meetings, and
251 shall provide for the giving of notice of annual, regular and special meetings. Notices of special
252 meetings shall include the reasons therefor and an agenda of the items to be considered.

253 (f) The commission shall elect annually, from among its members, a chairman, a vice
254 chairman and a treasurer. The commission shall appoint an executive director who shall serve
255 at its pleasure, and it shall fix his **or her** duties and compensation. The executive director shall
256 be secretary of the commission. The commission shall make provision for the bonding of such
257 of its officers and employees as it may deem appropriate.

258 (g) Irrespective of the civil service, personnel or other merit system laws of any party
259 state, the executive director shall appoint or discharge such personnel as may be necessary for

260 the performance of the functions of the commission and shall fix their duties and compensation.

261 The commission bylaws shall provide for personnel policies and programs.

262 (h) The commission may borrow, accept or contract for the services of personnel from
263 any state, the United States, or any other governmental entity.

264 (i) The commission may accept for any of its purposes and functions any and all
265 donations and grants of money, equipment, supplies, materials and services, conditional or
266 otherwise, from any governmental entity, and may utilize and dispose of the same.

267 (j) The commission may establish one or more offices for the transacting of its business.

268 (k) The commission shall adopt bylaws for the conduct of its business. The commission
269 shall publish its bylaws in convenient form, and shall file a copy of the bylaws and any
270 amendments thereto with the appropriate agency or officer in each of the party states.

271 (l) The commission annually shall make to the governor and legislature of each party
272 state a report covering its activities for the preceding year. Any donation or grant accepted by
273 the commission or services borrowed shall be reported in the annual report of the commission,
274 and shall include the nature, amount and conditions, if any, of the donation, gift, grant or services
275 borrowed and the identity of the donor or lender. The commission may make additional reports
276 as it may deem desirable.

277 2. (a) To assist in the conduct of its business when the full commission is not meeting,
278 the commission shall have an executive committee of seven members, including the chairman,
279 vice chairman, treasurer and four other members elected annually by the commission. The
280 executive committee, subject to the provisions of this compact and consistent with the policies
281 of the commission, shall function as provided in the bylaws of the commission.

282 (b) The commission may establish advisory and technical committees, membership on
283 which may include private persons and public officials, in furthering any of its activities. Such
284 committees may consider any matter of concern to the commission, including problems of
285 special interest to any party state and problems dealing with particular types of taxes.

286 (c) The commission may establish such additional committees as its bylaws may provide.

287 3. In addition to powers conferred elsewhere in this compact, the commission shall have
288 power to:

289 (a) Study state and local tax systems and particular types of state and local taxes.

290 (b) Develop and recommend proposals for an increase in uniformity or compatibility of
291 state and local tax laws with a view toward encouraging the simplification and improvement of
292 state and local tax law and administration.

293 (c) Compile and publish information as in its judgment would assist the party states in
294 implementation of the compact and taxpayers in complying with state and local tax laws.

295 (d) Do all things necessary and incidental to the administration of its functions pursuant
296 to this compact.

297 4. (a) The commission shall submit to the governor or designated officer or officers of
298 each party state a budget of its estimated expenditures for such period as may be required by the
299 laws of that state for presentation to the legislature thereof.

300 (b) Each of the commission's budgets of estimated expenditures shall contain specific
301 recommendations of the amounts to be appropriated by each of the party states. The total amount
302 of appropriations requested under any such budget shall be apportioned among the party states
303 as follows: one-tenth in equal shares; and the remainder in proportion to the amount of revenue
304 collected by each party state and its subdivisions from income taxes, capital stock taxes, gross
305 receipts taxes, sales and use taxes. In determining such amounts, the commission shall employ
306 such available public sources of information as, in its judgment, present the most equitable and
307 accurate comparisons among the party states. Each of the commission's budgets of estimated
308 expenditures and requests for appropriations shall indicate the sources used in obtaining
309 information employed in applying the formula contained in this paragraph.

310 (c) The commission shall not pledge the credit of any party state. The commission may
311 meet any of its obligations in whole or in part with funds available to it under paragraph 1 (i) of
312 this article; provided that the commission takes specific action setting aside such funds prior to
313 incurring any obligation to be met in whole or in part in such manner. Except where the
314 commission makes use of funds available to it under paragraph 1 (i), the commission shall not
315 incur any obligation prior to the allotment of funds by the party states adequate to meet the same.

316 (d) The commission shall keep accurate accounts of all receipts and disbursements. The
317 receipts and disbursements of the commission shall be subject to the audit and accounting
318 procedures established under its bylaws. All receipts and disbursements of funds handled by the
319 commission shall be audited yearly by a certified or licensed public accountant and the report of
320 the audit shall be included in and become part of the annual report of the commission.

321 (e) The accounts of the commission shall be open at any reasonable time for inspection
322 by duly constituted officers of the party states and by any persons authorized by the commission.

323 (f) Nothing contained in this article shall be construed to prevent commission
324 compliance with laws relating to audit or inspection of accounts by or on behalf of any
325 government contributing to the support of the commission.

326

327 Article VII

328 1. Whenever any two or more party states, or subdivisions of party states, have uniform
329 or similar provisions of law relating to an income tax, capital stock tax, gross receipts tax, sales
330 or use tax, the commission may adopt uniform regulations for any phase of the administration

331 of such law, including assertion of jurisdiction to tax, or prescribing uniform tax forms. The
332 commission may also act with respect to the provisions of article IV of this compact.

333 2. Prior to the adoption of any regulation, the commission shall:

334 (a) As provided in its bylaws, hold at least one public hearing on due notice to all
335 affected party states and subdivisions thereof and to all taxpayers and other persons who have
336 made timely request of the commission for advance notice of its regulation-making proceedings.

337 (b) Afford all affected party states and subdivisions and interested persons an opportunity
338 to submit relevant written data and views, which shall be considered fully by the commission.

339 3. The commission shall submit any regulations adopted by it to the appropriate officials
340 of all party states and subdivisions to which they might apply. Each such state and subdivision
341 shall consider any such regulation for adoption in accordance with its own laws and procedures.

342

343 Article VIII

344 1. This article shall be in force only in those party states that specifically provide therefor
345 by statute.

346 2. Any party state or subdivision thereof desiring to make or participate in an audit of
347 any accounts, books, papers, records or other documents may request the commission to perform
348 the audit on its behalf. In responding to the request, the commission shall have access to and
349 may examine, at any reasonable time, such accounts, books, papers, records, and other
350 documents and any relevant property or stock of merchandise. The commission may enter into
351 agreements with party states or their subdivisions for assistance in performance of the audit. The
352 commission shall make charges, to be paid by the state or local government or governments for
353 which it performs the service, for any audits performed by it in order to reimburse itself for the
354 actual costs incurred in making the audit.

355 3. The commission may require the attendance of any person within the state where it
356 is conducting an audit or part thereof at a time and place fixed by it within such state for the
357 purpose of giving testimony with respect to any account, book, paper, document, other record,
358 property or stock of merchandise being examined in connection with the audit. If the person is
359 not within the jurisdiction, ~~he~~ **the person** may be required to attend for such purpose at any
360 time and place fixed by the commission within the state of which ~~he~~ **the person** is a resident;
361 provided that such state has adopted this article.

362 4. The commission may apply to any court having power to issue compulsory process
363 for orders in aid of its powers and responsibilities pursuant to this article and any and all such
364 courts shall have jurisdiction to issue such orders. Failure of any person to obey any such order
365 shall be punishable as contempt of the issuing court. If the party or subject matter on account
366 of which the commission seeks an order is within the jurisdiction of the court to which

367 application is made, such application may be to a court in the state or subdivision on behalf of
368 which the audit is being made or a court in the state in which the object of the order being sought
369 is situated. The provisions of this paragraph apply only to courts in a state that has adopted this
370 article.

371 5. The commission may decline to perform any audit requested if it finds that its
372 available personnel or other resources are insufficient for the purpose or that, in the terms
373 requested, the audit is impracticable of satisfactory performance. If the commission, on the basis
374 of its experience, has reason to believe that an audit of a particular taxpayer, either at a particular
375 time or on a particular schedule, would be of interest to a number of party states or their
376 subdivisions, it may offer to make the audit or audits, the offer to be contingent on sufficient
377 participation therein as determined by the commission.

378 6. Information obtained by any audit pursuant to this article shall be confidential and
379 available only for tax purposes to party states, their subdivisions or the United States.
380 Availability of information shall be in accordance with the laws of the states or subdivisions on
381 whose account the commission performs the audit, and only through the appropriate agencies or
382 officers of such states or subdivisions. Nothing in this article shall be construed to require any
383 taxpayer to keep records for any period not otherwise required by law.

384 7. Other arrangements made or authorized pursuant to law for cooperative audit by or
385 on behalf of the party states or any of their subdivisions are not superseded or invalidated by this
386 article.

387 8. In no event shall the commission make any charge against a taxpayer for an audit.

388 9. As used in this article, "tax" in addition to the meaning ascribed to it in article II,
389 means any tax or license fee imposed in whole or in part for revenue purposes.

390

391 Article IX

392 1. Whenever the commission finds a need for settling disputes concerning
393 apportionments and allocations by arbitration, it may adopt a regulation placing this article in
394 effect, notwithstanding the provisions of article VII.

395 2. The commission shall select and maintain an arbitration panel composed of officers
396 and employees of state and local governments and private persons who shall be knowledgeable
397 and experienced in matters of tax law and administration.

398 3. Whenever a taxpayer who has elected to employ article IV, or whenever the laws of
399 the party state or subdivision thereof are substantially identical with the relevant provisions of
400 article IV, the taxpayer, by written notice to the commission and to each party state or
401 subdivision thereof that would be affected, may secure arbitration of an apportionment or
402 allocation, if ~~he~~ **the taxpayer** is dissatisfied with the final administrative determination of the

403 tax agency of the state or subdivision with respect thereto on the ground that it would subject
404 ~~him~~ **the taxpayer** to double or multiple taxation by two or more party states or subdivisions
405 thereof. Each party state and subdivision thereof hereby consents to the arbitration as provided
406 herein, and agrees to be bound thereby.

407 4. The arbitration board shall be composed of one person selected by the taxpayer, one
408 by the agency or agencies involved, and one member of the commission's arbitration panel. If
409 the agencies involved are unable to agree on the person to be selected by them, such person shall
410 be selected by lot from the total membership of the arbitration panel. The two persons selected
411 for the board in the manner provided by the foregoing provisions of this paragraph shall jointly
412 select the third member of the board. If they are unable to agree on the selection, the third
413 member shall be selected by lot from among the total membership of the arbitration panel. No
414 member of a board selected by lot shall be qualified to serve if ~~he~~ **the member** is an officer or
415 employee or is otherwise affiliated with any party to the arbitration proceeding. Residence
416 within the jurisdiction of a party to the arbitration proceeding shall not constitute affiliation
417 within the meaning of this paragraph.

418 5. The board may sit in any state or subdivision party to the proceeding, in the state of
419 the taxpayer's incorporation, residence or domicile, in any state where the taxpayer does business,
420 or in any place that it finds most appropriate for gaining access to evidence relevant to the matter
421 before it.

422 6. The board shall give due notice of the times and places of its hearings. The parties
423 shall be entitled to be heard, to present evidence, and to examine and cross-examine witnesses.
424 The board shall act by majority vote.

425 7. The board shall have power to administer oaths, take testimony, subpoena and require
426 the attendance of witnesses and the production of accounts, books, papers, records, and other
427 documents, and issue commissions to take testimony. Subpoenas may be signed by any member
428 of the board. In case of failure to obey a subpoena, and upon application by the board, any judge
429 of a court of competent jurisdiction of the state in which the board is sitting or in which the
430 person to whom the subpoena is directed may be found may make an order requiring compliance
431 with the subpoena, and the court may punish failure to obey the order as a contempt. The
432 provisions of this paragraph apply only in states that have adopted this article.

433 8. Unless the parties otherwise agree the expenses and other costs of the arbitration shall
434 be assessed and allocated among the parties by the board in such manner as it may determine.
435 The commission shall fix a schedule of compensation for members of arbitration boards and of
436 other allowable expenses and costs. No officer or employee of a state or local government who
437 serves as a member of a board shall be entitled to compensation therefor unless ~~he~~ **such officer**
438 **or employee** is required on account of his **or her** service to forego the regular compensation

439 attaching to his **or her** public employment, but any such board member shall be entitled to
440 expenses.

441 9. The board shall determine the disputed apportionment or allocation and any matters
442 necessary thereto. The determinations of the board shall be final for purposes of making the
443 apportionment or allocation, but for no other purpose.

444 10. The board shall file with the commission and with each tax agency represented in
445 the proceeding: the determination of the board; the board's written statement of its reasons
446 therefor; the record of the board's proceedings; and any other documents required by the
447 arbitration rules of the commission to be filed.

448 11. The commission shall publish the determinations of boards together with the
449 statements of the reasons therefor.

450 12. The commission shall adopt and publish rules of procedure and practice and shall
451 file a copy of such rules and of any amendment thereto with the appropriate agency or officer in
452 each of the party states.

453 13. Nothing contained herein shall prevent at any time a written compromise of any
454 matter or matters in dispute, if otherwise lawful, by the parties to the arbitration proceeding.

455

456 Article X

457 1. This compact shall enter into force when enacted into law by any seven states.
458 Thereafter, this compact shall become effective as to any other state upon its enactment thereof.
459 The commission shall arrange for notification of all party states whenever there is a new
460 enactment of the compact.

461 2. Any party state may withdraw from this compact by enacting a statute repealing the
462 same. No withdrawal shall affect any liability already incurred by or chargeable to a party state
463 prior to the time of such withdrawal.

464 3. No proceeding commenced before an arbitration board prior to the withdrawal of a
465 state and to which the withdrawing state or any subdivision thereof is a party shall be
466 discontinued or terminated by the withdrawal, nor shall the board thereby lose jurisdiction over
467 any of the parties to the proceeding necessary to make a binding determination therein.

468

469 Article XI

470 Nothing in this compact shall be construed to:

471 (a) Affect the power of any state or subdivision thereof to fix rates of taxation, except
472 that a party state shall be obligated to implement article III 2 of this compact.

473 (b) Apply to any tax or fixed fee imposed for the registration of a motor vehicle or any
474 tax on motor fuel, other than a sales tax; provided that the definition of "tax" in article VIII 9 may

475 apply for the purposes of that article and the commission's powers of study and recommendation
476 pursuant to article VI 3 may apply.

477 (c) Withdraw or limit the jurisdiction of any state or local court or administrative officer
478 or body with respect to any person, corporation or other entity or subject matter, except to the
479 extent that such jurisdiction is expressly conferred by or pursuant to this compact upon another
480 agency or body.

481 (d) Supersede or limit the jurisdiction of any court of the United States.

482

483 Article XII

484 This compact shall be liberally construed so as to effectuate the purposes thereof. The
485 provisions of this compact shall be severable and if any phrase, clause, sentence or provision of
486 this compact is declared to be contrary to the constitution of any state or of the United States or
487 the applicability thereof to any government, agency, person or circumstance is held invalid, the
488 validity of the remainder of this compact and the applicability thereof to any government, agency,
489 person or circumstance shall not be affected thereby. If this compact shall be held contrary to
490 the constitution of any state participating therein, the compact shall remain in full force and
491 effect as to the remaining party states and in full force and effect as to the state affected as to all
492 severable matters.

100.286. 1. Within the discretion of the board, the development and reserve fund, the
2 infrastructure development fund or the export finance fund may be pledged to secure the payment
3 of any bonds or notes issued by the board, or to secure the payment of any loan made by the
4 board or a participating lender which loan:

5 (1) Is requested to finance any project or export trade activity;

6 (2) Is requested by a borrower who is demonstrated to be financially responsible;

7 (3) Can reasonably be expected to provide a benefit to the economy of this state;

8 (4) Is otherwise secured by a mortgage or deed of trust on real or personal property or
9 other security satisfactory to the board; provided that loans to finance export trade activities may
10 be secured by export accounts receivable or inventories of exportable goods satisfactory to the
11 board;

12 (5) Does not exceed five million dollars;

13 (6) Does not have a term longer than five years if such loan is made to finance export
14 trade activities; and

15 (7) Is, when used to finance export trade activities, made to small or medium size
16 businesses or agricultural businesses, as may be defined by the board.

17 2. The board shall prescribe standards for the evaluation of the financial condition,
18 business history, and qualifications of each borrower and the terms and conditions of loans which

19 may be secured, and may require each application to include a financial report and evaluation
20 by an independent certified public accounting firm, in addition to such examination and
21 evaluation as may be conducted by any participating lender.

22 3. Each application for a loan secured by the development and reserve fund, the
23 infrastructure development fund or the export finance fund shall be reviewed in the first instance
24 by any participating lender to whom the application was submitted. If satisfied that the standards
25 prescribed by the board are met and that the loan is otherwise eligible to be secured by the
26 development and reserve fund, the infrastructure development fund or the export finance fund,
27 the participating lender shall certify the same and forward the application for final approval to
28 the board.

29 4. The securing of any loans by the development and reserve fund, the infrastructure
30 development fund or the export finance fund shall be conditioned upon approval of the
31 application by the board, and receipt of an annual reserve participation fee, as prescribed by the
32 board, submitted by or on behalf of the borrower.

33 5. The securing of any loan by the export finance fund for export trade activities shall
34 be conditioned upon the board's compliance with any applicable treaties and international
35 agreements, such as the general agreement on tariffs and trade and the subsidies code, to which
36 the United States is then a party.

37 6. Any taxpayer, including any charitable organization that is exempt from federal
38 income tax and whose Missouri unrelated business taxable income, if any, would be subject to
39 the state income tax imposed under chapter 143, may, subject to the limitations provided under
40 subsection 8 of this section, receive a tax credit against any tax otherwise due under the
41 provisions of chapter 143, excluding withholding tax imposed by sections 143.191 to ~~[143.261]~~
42 **143.265**, chapter 147, or chapter 148, in the amount of fifty percent of any amount contributed
43 in money or property by the taxpayer to the development and reserve fund, the infrastructure
44 development fund or the export finance fund during the taxpayer's tax year, provided, however,
45 the total tax credits awarded in any calendar year beginning after January 1, 1994, shall not be
46 the greater of ten million dollars or five percent of the average growth in general revenue receipts
47 in the preceding three fiscal years. This limit may be exceeded only upon joint agreement by the
48 commissioner of administration, the director of the department of economic development, and
49 the director of the department of revenue that such action is essential to ensure retention or
50 attraction of investment in Missouri. If the board receives, as a contribution, real property, the
51 contributor at such contributor's own expense shall have two independent appraisals conducted
52 by appraisers certified by the Master Appraisal Institute. Both appraisals shall be submitted to
53 the board, and the tax credit certified by the board to the contributor shall be based upon the
54 value of the lower of the two appraisals. The board shall not certify the tax credit until the

55 property is deemed to the board. Such credit shall not apply to reserve participation fees paid by
56 borrowers under sections 100.250 to 100.297. The portion of earned tax credits which exceeds
57 the taxpayer's tax liability may be carried forward for up to five years.

58 7. Notwithstanding any provision of law to the contrary, any taxpayer may sell, assign,
59 exchange, convey or otherwise transfer tax credits allowed in subsection 6 of this section under
60 the terms and conditions prescribed in subdivisions (1) and (2) of this subsection. Such taxpayer,
61 hereinafter the assignor for the purpose of this subsection, may sell, assign, exchange or
62 otherwise transfer earned tax credits:

63 (1) For no less than seventy-five percent of the par value of such credits; and

64 (2) In an amount not to exceed one hundred percent of annual earned credits.

65

66 The taxpayer acquiring earned credits, hereinafter the assignee for the purpose of this subsection,
67 may use the acquired credits to offset up to one hundred percent of the tax liabilities otherwise
68 imposed by chapter 143, excluding withholding tax imposed by sections 143.191 to [~~143.261~~]
69 **143.265**, chapter 147, or chapter 148. Unused credits in the hands of the assignee may be carried
70 forward for up to five years, provided all such credits shall be claimed within ten years following
71 the tax years in which the contribution was made. The assignor shall enter into a written
72 agreement with the assignee establishing the terms and conditions of the agreement and shall
73 perfect such transfer by notifying the board in writing within thirty calendar days following the
74 effective day of the transfer and shall provide any information as may be required by the board
75 to administer and carry out the provisions of this section. Notwithstanding any other provision
76 of law to the contrary, the amount received by the assignor of such tax credit shall be taxable as
77 income of the assignor, and the excess of the par value of such credit over the amount paid by
78 the assignee for such credit shall be taxable as income of the assignee.

79 8. Provisions of subsections 1 to 7 of this section to the contrary notwithstanding, no
80 more than ten million dollars in tax credits provided under this section, may be authorized or
81 approved annually. The limitation on tax credit authorization and approval provided under this
82 subsection may be exceeded only upon mutual agreement, evidenced by a signed and properly
83 notarized letter, by the commissioner of the office of administration, the director of the
84 department of economic development, and the director of the department of revenue that such
85 action is essential to ensure retention or attraction of investment in Missouri provided, however,
86 that in no case shall more than twenty-five million dollars in tax credits be authorized or
87 approved during such year. Taxpayers shall file, with the board, an application for tax credits
88 authorized under this section on a form provided by the board. The provisions of this subsection
89 shall not be construed to limit or in any way impair the ability of the board to authorize tax
90 credits for issuance for projects authorized or approved, by a vote of the board, on or before the

91 thirtieth day following the effective date of this act, or a taxpayer's ability to redeem such tax
92 credits.

100.297. 1. The board may authorize a tax credit, as described in this section, to the
2 owner of any revenue bonds or notes issued by the board pursuant to the provisions of sections
3 100.250 to 100.297, for infrastructure facilities as defined in subdivision (9) of section 100.255,
4 if, prior to the issuance of such bonds or notes, the board determines that:

5 (1) The availability of such tax credit is a material inducement to the undertaking of the
6 project in the state of Missouri and to the sale of the bonds or notes;

7 (2) The loan with respect to the project is adequately secured by a first deed of trust or
8 mortgage or comparable lien, or other security satisfactory to the board.

9 2. Upon making the determinations specified in subsection 1 of this section, the board
10 may declare that each owner of an issue of revenue bonds or notes shall be entitled, in lieu of any
11 other deduction with respect to such bonds or notes, to a tax credit against any tax otherwise due
12 by such owner pursuant to the provisions of chapter 143, excluding withholding tax imposed by
13 sections 143.191 to [~~143.261~~] **143.265**, chapter 147, or chapter 148, in the amount of one
14 hundred percent of the unpaid principal of and unpaid interest on such bonds or notes held by
15 such owner in the taxable year of such owner following the calendar year of the default of the
16 loan by the borrower with respect to the project. The occurrence of a default shall be governed
17 by documents authorizing the issuance of the bonds. The tax credit allowed pursuant to this
18 section shall be available to the original owners of the bonds or notes or any subsequent owner
19 or owners thereof. Once an owner is entitled to a claim, any such tax credits shall be transferable
20 as provided in subsection 7 of section 100.286. Notwithstanding any provision of Missouri law
21 to the contrary, any portion of the tax credit to which any owner of a revenue bond or note is
22 entitled pursuant to this section which exceeds the total income tax liability of such owner of a
23 revenue bond or note shall be carried forward and allowed as a credit against any future taxes
24 imposed on such owner within the next ten years pursuant to the provisions of chapter 143,
25 excluding withholding tax imposed by sections 143.191 to [~~143.261~~] **143.265**, chapter 147, or
26 chapter 148. The eligibility of the owner of any revenue bond or note issued pursuant to the
27 provisions of sections 100.250 to 100.297 for the tax credit provided by this section shall be
28 expressly stated on the face of each such bond or note. The tax credit allowed pursuant to this
29 section shall also be available to any financial institution or guarantor which executes any credit
30 facility as security for bonds issued pursuant to this section to the same extent as if such financial
31 institution or guarantor was an owner of the bonds or notes, provided however, in such case the
32 tax credits provided by this section shall be available immediately following any default of the
33 loan by the borrower with respect to the project. In addition to reimbursing the financial
34 institution or guarantor for claims relating to unpaid principal and interest, such claim may

35 include payment of any unpaid fees imposed by such financial institution or guarantor for use
36 of the credit facility.

37 3. The aggregate principal amount of revenue bonds or notes outstanding at any time
38 with respect to which the tax credit provided in this section shall be available shall not exceed
39 fifty million dollars.

135.110. 1. Any taxpayer who shall establish a new business facility shall be allowed
2 a credit, each year for ten years, in an amount determined pursuant to subsection 2 or 3 of this
3 section, whichever is applicable, against the tax imposed by chapter 143, excluding withholding
4 tax imposed by sections 143.191 to 143.265, or an insurance company which shall establish a
5 new business facility by satisfying the requirements in subdivision (7) of section 135.100 shall
6 be allowed a credit against the tax otherwise imposed by chapter 148, and in the case of an
7 insurance company exempt from the thirty percent employee requirement of section 135.230,
8 against any obligation imposed pursuant to section 375.916, except that no taxpayer shall be
9 entitled to multiple ten-year periods for subsequent expansions at the same facility, except as
10 otherwise provided in this section. For the purpose of this section, the term "facility" shall mean,
11 and be limited to, the facility or facilities which are located on the same site in which the new
12 business facility is located, and in which the business conducted at such facility or facilities is
13 directly related to the business conducted at the new business facility. Notwithstanding the
14 provisions of this subsection, a taxpayer may be entitled to an additional ten-year period if a new
15 business facility is expanded in the eighth, ninth or tenth year of the current ten-year period or
16 in subsequent years following the expiration of the ten-year period, if the number of new
17 business facility employees attributed to such expansion is at least twenty-five and the amount
18 of new business facility investment attributed to such expansion is at least one million dollars.
19 Credits may not be carried forward but shall be claimed for the taxable year during which
20 commencement of commercial operations occurs at such new business facility, and for each of
21 the nine succeeding taxable years. A letter of intent, as provided for in section 135.258, must
22 be filed with the department of economic development no later than fifteen days prior to the
23 commencement of commercial operations at the new business facility. The initial application
24 for claiming tax credits must be made in the taxpayer's tax period immediately following the tax
25 period in which commencement of commercial operations began at the new business facility.
26 This provision shall have effect on all initial applications filed on or after August 28, 1992. No
27 credit shall be allowed pursuant to this section unless the number of new business facility
28 employees engaged or maintained in employment at the new business facility for the taxable year
29 for which the credit is claimed equals or exceeds two; except that the number of new business
30 facility employees engaged or maintained in employment by a revenue-producing enterprise
31 other than a revenue-producing enterprise defined in paragraphs (a) to (g) and (i) to (l) of

32 subdivision (11) of section 135.100 which establishes an office as defined in subdivision (8) of
33 section 135.100 shall equal or exceed twenty-five.

34 2. For tax periods beginning after August 28, 1991, in the case of a taxpayer operating
35 an existing business facility, the credit allowed by subsection 1 of this section shall offset the
36 greater of:

37 (1) Some portion of the income tax otherwise imposed by chapter 143, excluding
38 withholding tax imposed by sections 143.191 to 143.265, or in the case of an insurance company,
39 the tax on the direct premiums, as defined in chapter 148, and in the case of an insurance
40 company exempt from the thirty percent employee requirement of section 135.230, against any
41 obligation imposed pursuant to section 375.916 with respect to such taxpayer's new business
42 facility income for the taxable year for which such credit is allowed; or

43 (2) Up to fifty percent or, in the case of an economic development project located within
44 a distressed community as defined in section 135.530, seventy-five percent of the business
45 income tax otherwise imposed by chapter 143, excluding withholding tax imposed by sections
46 143.191 to 143.265, or in the case of an insurance company, the tax on the direct premiums, as
47 defined in chapter 148, and in the case of an insurance company exempt from the thirty percent
48 employee requirement of section 135.230, against any obligation imposed pursuant to section
49 375.916 if the business operates no other facilities in Missouri. In the case of an existing
50 business facility operating more than one facility in Missouri, the credit allowed in subsection
51 1 of this section shall offset up to the greater of the portion prescribed in subdivision (1) of this
52 subsection or twenty-five percent or, in the case of an economic development project located
53 within a distressed community as defined in section 135.530, thirty-five percent of the business'
54 tax, except that no taxpayer operating more than one facility in Missouri shall be allowed to
55 offset more than twenty-five percent or, in the case of an economic development project located
56 within a distressed community as defined in section 135.530, thirty-five percent of the taxpayer's
57 business income tax in any tax period under the method prescribed in this subdivision. Such
58 credit shall be an amount equal to the sum of one hundred dollars or, in the case of an economic
59 development project located within a distressed community as defined in section 135.530, one
60 hundred fifty dollars for each new business facility employee plus one hundred dollars or, in the
61 case of an economic development project located within a distressed community as defined in
62 section 135.530, one hundred fifty dollars for each one hundred thousand dollars, or major
63 fraction thereof (which shall be deemed to be fifty-one percent or more) in new business facility
64 investment. For the purpose of this section, tax credits earned by a taxpayer, who establishes a
65 new business facility because it satisfies the requirements of paragraph (c) of subdivision (4) of
66 section 135.100, shall offset the greater of the portion prescribed in subdivision (1) of this
67 subsection or up to fifty percent or, in the case of an economic development project located

68 within a distressed community as defined in section 135.530, seventy-five percent of the
69 business' tax provided the business operates no other facilities in Missouri. In the case of a
70 business operating more than one facility in Missouri, the credit allowed in subsection 1 of this
71 section shall offset up to the greater of the portion prescribed in subdivision (1) of this subsection
72 or twenty-five percent or, in the case of an economic development project located within a
73 distressed community as defined in section 135.530, thirty-five percent of the business' tax,
74 except that no taxpayer operating more than one facility in Missouri shall be allowed to offset
75 more than twenty-five percent or, in the case of an economic development project located within
76 a distressed community as defined in section 135.530, thirty-five percent of the taxpayer's
77 business income tax in any tax period under the method prescribed in this subdivision.

78 3. For tax periods beginning after August 28, 1991, in the case of a taxpayer not
79 operating an existing business facility, the credit allowed by subsection 1 of this section shall
80 offset the greater of:

81 (1) Some portion of the income tax otherwise imposed by chapter 143, excluding
82 withholding tax imposed by sections 143.191 to 143.265, or in the case of an insurance company,
83 the tax on the direct premiums, as defined in chapter 148, and in the case of an insurance
84 company exempt from the thirty percent employee requirement of section 135.230, against any
85 obligation imposed pursuant to section 375.916 with respect to such taxpayer's new business
86 facility income for the taxable year for which such credit is allowed; or

87 (2) Up to one hundred percent of the business income tax otherwise imposed by chapter
88 143, excluding withholding tax imposed by sections 143.191 to 143.265, or in the case of an
89 insurance company, the tax on the direct premiums, as defined in chapter 148, and in the case
90 of an insurance company exempt from the thirty percent employee requirement of section
91 135.230, against any obligation imposed pursuant to section 375.916 if the business has no other
92 facilities operating in Missouri. In the case of a taxpayer not operating an existing business and
93 operating more than one facility in Missouri, the credit allowed by subsection 1 of this section
94 shall offset up to the greater of the portion prescribed in subdivision (1) of this subsection or
95 twenty-five percent or, in the case of an economic development project located within a
96 distressed community as defined in section 135.530, thirty-five percent of the business' tax,
97 except that no taxpayer operating more than one facility in Missouri shall be allowed to offset
98 more than twenty-five percent or, in the case of an economic development project located within
99 a distressed community as defined in section 135.530, thirty-five percent of the taxpayer's
100 business income tax in any tax period under the method prescribed in this subdivision. Such
101 credit shall be an amount equal to the sum of seventy-five dollars or, in the case of an economic
102 development project located within a distressed community as defined in section 135.530, one
103 hundred twenty-five dollars for each new business facility employee plus seventy-five dollars

104 or, in the case of an economic development project located within a distressed community as
105 defined in section 135.530, one hundred twenty-five dollars for each one hundred thousand
106 dollars, or major fraction thereof (which shall be deemed to be fifty-one percent or more) in new
107 business facility investment.

108 4. The number of new business facility employees during any taxable year shall be
109 determined by dividing by twelve the sum of the number of individuals employed on the last
110 business day of each month of such taxable year. If the new business facility is in operation for
111 less than the entire taxable year, the number of new business facility employees shall be
112 determined by dividing the sum of the number of individuals employed on the last business day
113 of each full calendar month during the portion of such taxable year during which the new
114 business facility was in operation by the number of full calendar months during such period. For
115 the purpose of computing the credit allowed by this section in the case of a facility which
116 qualifies as a new business facility because it qualifies as a separate facility pursuant to
117 subsection 6 of this section, and, in the case of a new business facility which satisfies the
118 requirements of paragraph (c) of subdivision (4) of section 135.100, or subdivision (10) of
119 section 135.100, the number of new business facility employees at such facility shall be reduced
120 by the average number of individuals employed, computed as provided in this subsection, at the
121 facility during the taxable year immediately preceding the taxable year in which such expansion,
122 acquisition, or replacement occurred and shall further be reduced by the number of individuals
123 employed by the taxpayer or related taxpayer that was subsequently transferred to the new
124 business facility from another Missouri facility and for which credits authorized in this section
125 are not being earned, whether such credits are earned because of an expansion, acquisition,
126 relocation or the establishment of a new facility.

127 5. For the purpose of computing the credit allowed by this section in the case of a facility
128 which qualifies as a new business facility because it qualifies as a separate facility pursuant to
129 subsection 6 of this section, and, in the case of a new business facility which satisfies the
130 requirements of paragraph (c) of subdivision (4) of section 135.100 or subdivision (10) of section
131 135.100, the amount of the taxpayer's new business facility investment in such facility shall be
132 reduced by the average amount, computed as provided in subdivision (7) of section 135.100 for
133 new business facility investment, of the investment of the taxpayer, or related taxpayer
134 immediately preceding such expansion or replacement or at the time of acquisition.
135 Furthermore, the amount of the taxpayer's new business facility investment shall also be reduced
136 by the amount of investment employed by the taxpayer or related taxpayer which was
137 subsequently transferred to the new business facility from another Missouri facility and for which
138 credits authorized in this section are not being earned, whether such credits are earned because
139 of an expansion, acquisition, relocation or the establishment of a new facility.

140 6. If a facility, which does not constitute a new business facility, is expanded by the
141 taxpayer, the expansion shall be considered a separate facility eligible for the credit allowed by
142 this section if:

143 (1) The taxpayer's new business facility investment in the expansion during the tax
144 period in which the credits allowed in this section are claimed exceeds one hundred thousand
145 dollars, or, if less, one hundred percent of the investment in the original facility prior to
146 expansion and if the number of new business facility employees engaged or maintained in
147 employment at the expansion facility for the taxable year for which credit is claimed equals or
148 exceeds two, except that the number of new business facility employees engaged or maintained
149 in employment at the expansion facility for the taxable year for which the credit is claimed
150 equals or exceeds twenty-five if an office as defined in subdivision (8) of section 135.100 is
151 established by a revenue-producing enterprise other than a revenue-producing enterprise defined
152 in paragraphs (a) to (g) and (i) to (l) of subdivision (11) of section 135.100 and the total number
153 of employees at the facility after the expansion is at least two greater than the total number of
154 employees before the expansion, except that the total number of employees at the facility after
155 the expansion is at least greater than the number of employees before the expansion by
156 twenty-five, if an office as defined in subdivision (8) of section 135.100 is established by a
157 revenue-producing enterprise other than a revenue-producing enterprise defined in paragraphs
158 (a) to (g) and (i) to (l) of subdivision (11) of section 135.100; and

159 (2) The expansion otherwise constitutes a new business facility. The taxpayer's
160 investment in the expansion and in the original facility prior to expansion shall be determined
161 in the manner provided in subdivision (7) of section 135.100.

162 7. No credit shall be allowed pursuant to this section to a public utility, as such term is
163 defined in section 386.020. Notwithstanding any provision of this subsection to the contrary,
164 motor carriers, barge lines or railroads engaged in transporting property for hire, or any
165 interexchange telecommunications company or local exchange telecommunications company
166 that establishes a new business facility shall be eligible to qualify for credits allowed in this
167 section.

168 8. For the purposes of the credit described in this section, in the case of a corporation
169 described in section 143.471 or partnership, in computing Missouri's tax liability, this credit shall
170 be allowed to the following:

171 (1) The shareholders of the corporation described in section 143.471;

172 (2) The partners of the partnership. This credit shall be apportioned to the entities
173 described in subdivisions (1) and (2) of this subsection in proportion to their share of ownership
174 on the last day of the taxpayer's tax period.

175 9. Notwithstanding any provision of law to the contrary, any employee-owned
176 engineering firm classified as SIC 8711, architectural firm as classified SIC 8712, or accounting
177 firm classified SIC 8721 establishing a new business facility because it qualifies as a
178 headquarters as defined in subsection 10 of this section, shall be allowed the credits described
179 in subsection 11 of this section under the same terms and conditions prescribed in sections
180 135.100 to 135.150; provided:

181 (1) Such facility maintains an average of at least five hundred new business facility
182 employees as defined in subdivision (5) of section 135.100 during the taxpayer's tax period in
183 which such credits are being claimed; and

184 (2) Such facility maintains an average of at least twenty million dollars in new business
185 facility investment as defined in subdivision (7) of section 135.100 during the taxpayer's tax
186 period in which such credits are being claimed.

187 10. For the purpose of the credits allowed in subsection 9 of this section:

188 (1) "Employee-owned" means the business employees own directly or indirectly,
189 including through an employee stock ownership plan or trust at least:

190 (a) Seventy-five percent of the total business stock, if the taxpayer is a corporation
191 described in section 143.441; or

192 (b) One hundred percent of the interest in the business if the taxpayer is a corporation
193 described in section 143.471, a partnership, or a limited liability company; and

194 (2) "Headquarters" means:

195 (a) The administrative management of at least three integrated facilities operated by the
196 taxpayer or related taxpayer; and

197 (b) The taxpayer's business has been headquartered in this state for more than fifty years.

198 11. The tax credits allowed in subsection 9 of this section shall be the greater of:

199 (1) Four hundred dollars for each new business facility employee as computed in
200 subsection 4 of this section and four percent of new business facility investment as computed in
201 subsection 5 of this section; or

202 (2) Five hundred dollars for each new business facility employee as computed in
203 subsection 4 of this section, and five hundred dollars of each one hundred thousand dollars of
204 new business facility investment as computed in subsection 5 of this section.

205 12. For the purpose of the credit described in subsection 9 of this section, in the case of
206 a small corporation described in section 143.471, or a partnership, or a limited liability company,
207 the credits allowed in subsection 9 of this section shall be apportioned in proportion to the share
208 of ownership of each shareholder, partner or stockholder on the last day of the taxpayer's tax
209 period for which such credits are being claimed.

210 13. For the purpose of the credit described in subsection 9 of this section, tax credits
211 earned, to the extent such credits exceed the taxpayer's Missouri tax on taxable business income,
212 shall constitute an overpayment of taxes and in such case, be refunded to the taxpayer provided
213 such refunds are used by the taxpayer to purchase specified facility items. For the purpose of the
214 refund as authorized in this subsection, "specified facility items" means equipment, computers,
215 computer software, copiers, tenant finishing, furniture and fixtures installed and in use at the new
216 business facility during the taxpayer's taxable year. The taxpayer shall perfect such refund by
217 attesting in writing to the director, subject to the penalties of perjury, the requirements prescribed
218 in this subsection have been met and submitting any other information the director may require.

219 14. Notwithstanding any provision of law to the contrary, any taxpayer may sell, assign,
220 exchange, convey or otherwise transfer tax credits allowed in subsection 9 of this section under
221 the terms and conditions prescribed in subdivisions (1) and (2) of this subsection. Such taxpayer,
222 referred to as the assignor for the purpose of this subsection, may sell, assign, exchange or
223 otherwise transfer earned tax credits:

224 (1) For no less than seventy-five percent of the par value of such credits; and

225 (2) In an amount not to exceed one hundred percent of such earned credits. The taxpayer
226 acquiring the earned credits referred to as the assignee for the purpose of this subsection may use
227 the acquired credits to offset up to one hundred percent of the tax liabilities otherwise imposed
228 by chapter 143, excluding withholding tax imposed by sections 143.191 to [~~143.261~~] **143.265**,
229 or chapter 148, or in the case of an insurance company exempt from the thirty percent employee
230 requirement of section 135.230, against any obligation imposed pursuant to section 375.916.
231 Unused credits in the hands of the assignee may be carried forward for up to five tax periods,
232 provided all such credits shall be claimed within ten tax periods following the tax period in
233 which commencement of commercial operations occurred at the new business facility. The
234 assignor shall enter into a written agreement with the assignee establishing the terms and
235 conditions of the agreement and shall perfect such transfer by notifying the director in writing
236 within thirty calendar days following the effective date of the transfer and shall provide any
237 information as may be required by the director to administer and carry out the provisions of this
238 subsection. Notwithstanding any other provision of law to the contrary, the amount received by
239 the assignor of such tax credit shall be taxable as income of the assignor, and the difference
240 between the amount paid by the assignee and the par value of the credits shall be taxable as
241 income of the assignee.

 135.305. A Missouri wood energy producer shall be eligible for a tax credit on taxes
2 otherwise due under chapter 143, except sections 143.191 to [~~143.261~~] **143.265**, as a production
3 incentive to produce processed wood products in a qualified wood-producing facility using
4 Missouri forest product residue. The tax credit to the wood energy producer shall be five dollars

5 per ton of processed material. The credit may be claimed for a period of five years and is to be
6 a tax credit against the tax otherwise due. No new tax credits, provided for under sections
7 135.300 to 135.311, shall be authorized after June 30, 2020. In no event shall the aggregate
8 amount of all tax credits allowed under sections 135.300 to 135.311 exceed six million dollars
9 in any given fiscal year. There shall be no tax credits authorized under sections 135.300 to
10 135.311 unless an appropriation is made for such tax credits.

135.313. 1. Any person, firm or corporation who engages in the business of producing
2 charcoal or charcoal products in the state of Missouri shall be eligible for a tax credit on income
3 taxes otherwise due pursuant to chapter 143, except sections 143.191 to [~~143.264~~] **143.265**, as
4 an incentive to implement safe and efficient environmental controls. The tax credit shall be
5 equal to fifty percent of the purchase price of the best available control technology equipment
6 connected with the production of charcoal in the state of Missouri or, if the taxpayer
7 manufactures such equipment, fifty percent of the manufacturing cost of the equipment, to and
8 including the year the equipment is put into service. The credit may be claimed for a period of
9 eight years beginning with the 1998 calendar year and is to be a tax credit against the tax
10 otherwise due.

11 2. Any amount of credit which exceeds the tax due shall not be refunded but may be
12 carried over to any subsequent taxable year, not to exceed seven years.

13 3. The charcoal producer may elect to assign to a third party the approved tax credit.
14 Certification of assignment and other appropriate forms must be filed with the Missouri
15 department of revenue and the department of economic development.

16 4. When applying for a tax credit, the charcoal producer specified in subsection 1 of this
17 section shall make application for the credit to the division of environmental quality of the
18 department of natural resources. The application shall identify the specific best available control
19 technology equipment and the purchase price, or manufacturing cost of such equipment. The
20 director of the department of natural resources is authorized to require permits to construct prior
21 to the installation of best available control technology equipment and other information which
22 he or she deems appropriate.

23 5. The director of the department of natural resources in conjunction with the department
24 of economic development shall certify to the department of revenue that the best available
25 control technology equipment meets the requirements to obtain a tax credit as specified in this
26 section.

**135.760. 1. This section shall be known and may be cited as the "Missouri Earned
2 Income Tax Credit Act".**

3 2. For purposes of this section, the following terms mean:

4 (1) "Department", the department of revenue;

5 (2) "Eligible taxpayer", a resident individual with a filing status of single, head of
6 household, qualified widow or widower, or married filing combined who is subject to the
7 tax imposed under chapter 143, excluding withholding tax imposed under sections 143.191
8 to 143.265, and who is allowed a federal earned income tax credit under Section 32 of the
9 Internal Revenue Code of 1986, as amended;

10 (3) "Tax credit", a credit against the tax otherwise due under chapter 143,
11 excluding withholding tax imposed under sections 143.191 to 143.265.

12 3. For all tax years beginning on or after January 1, 2019, an eligible taxpayer shall
13 be allowed a tax credit in the amount equal to twenty percent of the amount such taxpayer
14 would receive under the federal earned income tax credit. The tax credit authorized by
15 this section shall be claimed by such taxpayer at the time such taxpayer files a return and
16 shall be applied against the income tax liability imposed by chapter 143 after reduction for
17 all other credits allowed thereon. If the amount of the credit exceeds the tax liability, the
18 difference shall not be refunded to the taxpayer and shall not be carried forward to any
19 subsequent tax year.

20 4. Notwithstanding the provision of subsection 4 of section 32.057 to the contrary,
21 the department shall determine whether any taxpayer filing a report or return with the
22 department who did not apply for the credit authorized under this section may qualify for
23 the credit and, if so determines a taxpayer may qualify for the credit, shall notify such
24 taxpayer of his or her potential eligibility. In making a determination of eligibility under
25 this section, the department shall use any appropriate and available data including, but not
26 limited to, data available from the Internal Revenue Service, the United States Department
27 of Treasury, and state income tax returns from previous tax years.

28 5. The department shall prepare an annual report containing statistical information
29 regarding the tax credits issued under this section for the previous tax year, including the
30 total amount of revenue expended on the earned income tax credit, the number of credits
31 claimed, and the average value of the credits issued to taxpayers whose earned income falls
32 within various income ranges determined by the department.

33 6. The department shall promulgate rules and regulations to administer the
34 provisions of this section. Any rule or portion of a rule, as that term is defined in section
35 536.010, that is created under the authority delegated in this section shall become effective
36 only if it complies with and is subject to all of the provisions of chapter 536 and, if
37 applicable, section 536.028. This section and chapter 536 are nonseverable, and if any of
38 the powers vested with the general assembly pursuant to chapter 536 to review, to delay
39 the effective date, or to disapprove and annul a rule are subsequently held

40 **unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted**
 41 **after August 28, 2018, shall be invalid and void.**

143.011. 1. A tax is hereby imposed for every taxable year on the Missouri taxable
 2 income of every resident. The tax shall be determined by applying the tax table or the rate
 3 provided in section 143.021, which is based upon the following rates:

4 If the Missouri taxable income is:	The tax is:
5 Not over [\$1,000.00] \$10,000.00	[1-1/2%] 2% of the Missouri taxable income
6 Over [\$1,000] \$10,000 but not over 7 [\$2,000] \$250,000	[\$15] \$200 plus [2%] 5 3/10% of excess over [\$1,000] \$10,000
8 Over [\$2,000 but not over \$3,000] 9 \$250,000	[\$35] \$12,920 plus [2-1/2%] 6% of excess over [\$2,000] \$250,000
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
 18 2. ~~[(1) Beginning with the 2017 calendar year, the top rate of tax under subsection 1 of~~
 19 ~~this section may be reduced over a period of years. Each reduction in the top rate of tax shall be~~
 20 ~~by one-tenth of a percent and no more than one reduction shall occur in a calendar year. The top~~
 21 ~~rate of tax shall not be reduced below five and one-half percent. Reductions in the rate of tax~~
 22 ~~shall take effect on January first of a calendar year and such reduced rates shall continue in effect~~
 23 ~~until the next reduction occurs.~~

24 ~~—— (2) A reduction in the rate of tax shall only occur if the amount of net general revenue~~
 25 ~~collected in the previous fiscal year exceeds the highest amount of net general revenue collected~~
 26 ~~in any of the three fiscal years prior to such fiscal year by at least one hundred fifty million~~
 27 ~~dollars.~~

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

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

34 ~~————3.] Beginning with the [2017] 2020 calendar year, the brackets of Missouri taxable~~
35 ~~income identified in subsection 1 of this section shall be adjusted annually by the percent~~
36 ~~increase in inflation. The director shall publish such brackets annually beginning on or after~~
37 ~~October 1, [2016] 2019. Modifications to the brackets shall take effect on January first of each~~
38 ~~calendar year and shall apply to tax years beginning on or after the effective date of the new~~
39 ~~brackets.~~

40 [4:] 3. As used in this section, the following terms mean:

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

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

45 (3) "Percent increase in inflation", the percentage, if any, by which the CPI for the
46 preceding calendar year exceeds the CPI for the year beginning September 1, [2014] 2018, and
47 ending August 31, [2015] 2019.

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

10 2. ~~[For all tax years beginning on or after September 1, 1993, a corporate taxpayer shall~~
11 ~~be allowed a deduction for fifty percent of its federal income tax liability under Chapter 1 of the~~
12 ~~Internal Revenue Code for the same taxable year for which the Missouri return is being filed~~
13 ~~after reduction for all credits thereon, except the credit for payments of federal estimated tax, the~~
14 ~~credit for the overpayment of any federal tax, and the credits allowed by the Internal Revenue~~
15 ~~Code by Section 31 (tax withheld on wages), Section 27 (tax of foreign country and United~~

16 States possessions), and Section 34 (tax on certain uses of gasoline, special fuels and lubricating
17 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~~ **the taxpayer** was not previously entitled to a Missouri
20 deduction is later paid or accrued, ~~he~~ **the taxpayer** may deduct the federal tax in the later year
21 to the extent it would have been deductible if paid or accrued in the prior year.

143.225. 1. The director of revenue, by regulation, may require an employer to timely
2 remit the unpaid amount required to be deducted and withheld by section 143.191 at the end of
3 any quarter-monthly period, only if the employer was required to deduct and withhold six
4 thousand dollars or more in each of at least two months during the prior twelve months.

5 2. The director may increase the monthly requirement to more than six thousand dollars
6 or otherwise narrow the application of the quarter-monthly remittance system authorized by this
7 section. The director may not require the remittance of withheld taxes more often than monthly
8 unless authorized by this section.

9 3. A remittance shall be timely if mailed as provided in section 143.851 within three
10 banking days after the end of the quarter-monthly period or if received by the director or
11 deposited in a depository designated by the director within four banking days after the end of the
12 quarter-monthly period.

13 4. ~~[The unpaid amount shall be after a reduction for the compensation provided by~~
14 ~~section 143.261.]~~ The unpaid amount at the end of a quarter-monthly period shall not include
15 unpaid amounts for any prior quarter-monthly period.

16 5. For purposes of this section, "quarter-monthly period" means:

- 17 (1) The first seven days of a calendar month;
18 (2) The eighth to fifteenth day of a calendar month;
19 (3) The sixteenth to twenty-second day of a calendar month; and
20 (4) The portion following the twenty-second day of a calendar month.

21 6. (1) In the case of an underpayment of any amount required to be paid pursuant to this
22 section, an employer shall be liable for a penalty in lieu of all other penalties, interest or
23 additions to tax imposed by this chapter for violating this section. The penalty shall be five
24 percent of the amount of the underpayment determined under subdivision (2) of this subsection.

25 (2) The amount of the underpayment shall be the excess of:

- 26 (a) Ninety percent of the unpaid amount at the end of a quarter-monthly period; over
27 (b) The amount, if any, of the timely remittance for the quarter-monthly period.

28 7. (1) The penalty with respect to any quarter-monthly period shall not be imposed if
29 the employer's timely remittance for the quarter-monthly period equals or exceeds one-fourth of
30 the average monthly withholding tax liability of the employer for the preceding calendar year.

31 The month of highest liability and the month of lowest liability shall be excluded in computing
32 the average. This subdivision shall apply only to an employer who had a withholding tax
33 liability for at least six months of the previous calendar year.

34 (2) The penalty shall not be imposed if the employer establishes that the failure to make
35 a timely remittance of at least ninety percent was due to reasonable cause, and not due to willful
36 neglect.

37 (3) The penalty shall not be imposed against any employer for the first two months the
38 employer is obligated to make quarter-monthly remittance of withholding taxes.

39 8. Tax amounts remitted under this section shall be treated as payments on the
40 employer's monthly return required by subsection 2 of section 143.221. Tax amounts remitted
41 under this section shall be deemed to have been paid on the last day prescribed for filing the
42 return. The preceding sentence shall apply in computing [~~compensation under section 143.261,~~]
43 interest, penalties and additions to tax and for purposes of all sections of chapter 143, except this
44 section.

45 9. The director of revenue may prescribe the use of an electronic funds payment system
46 for the payment of withholding taxes by any employer subject to the requirement of
47 quarter-monthly remittance as provided in this section.

144.070. 1. At the time the owner of any new or used motor vehicle, trailer, boat, or
2 outboard motor which was acquired in a transaction subject to sales tax under the Missouri sales
3 tax law makes application to the director of revenue for an official certificate of title and the
4 registration of the motor vehicle, trailer, boat, or outboard motor as otherwise provided by law,
5 the owner shall present to the director of revenue evidence satisfactory to the director of revenue
6 showing the purchase price exclusive of any charge incident to the extension of credit paid by
7 or charged to the applicant in the acquisition of the motor vehicle, trailer, boat, or outboard
8 motor, or that no sales tax was incurred in its acquisition, and if sales tax was incurred in its
9 acquisition, the applicant shall pay or cause to be paid to the director of revenue the sales tax
10 provided by the Missouri sales tax law in addition to the registration fees now or hereafter
11 required according to law, and the director of revenue shall not issue a certificate of title for any
12 new or used motor vehicle, trailer, boat, or outboard motor subject to sales tax as provided in the
13 Missouri sales tax law until the tax levied for the sale of the same under sections 144.010 to
14 144.510 has been paid as provided in this section or is registered under the provisions of
15 subsection 5 of this section.

16 2. As used in subsection 1 of this section, the term "purchase price" shall mean the total
17 amount of the contract price agreed upon between the seller and the applicant in the acquisition
18 of the motor vehicle, trailer, boat, or outboard motor, regardless of the medium of payment
19 therefor.

20 3. In the event that the purchase price is unknown or undisclosed, or that the evidence
21 thereof is not satisfactory to the director of revenue, the same shall be fixed by appraisalment by
22 the director.

23 4. The director of the department of revenue shall endorse upon the official certificate
24 of title issued by the director upon such application an entry showing that such sales tax has been
25 paid or that the motor vehicle, trailer, boat, or outboard motor represented by such certificate is
26 exempt from sales tax and state the ground for such exemption.

27 5. Any person, company, or corporation engaged in the business of renting or leasing
28 motor vehicles, trailers, boats, or outboard motors, which are to be used exclusively for rental
29 or lease purposes, and not for resale, may apply to the director of revenue for authority to operate
30 as a leasing company. Any company approved by the director of revenue may pay the tax due
31 on any motor vehicle, trailer, boat, or outboard motor as required in section 144.020 at the time
32 of registration thereof or in lieu thereof may pay a sales tax as provided in sections 144.010,
33 144.020, 144.070 and 144.440. A sales tax shall be charged to and paid by a leasing company
34 which does not exercise the option of paying in accordance with section 144.020, on the amount
35 charged for each rental or lease agreement while the motor vehicle, trailer, boat, or outboard
36 motor is domiciled in this state. Any motor vehicle, trailer, boat, or outboard motor which is
37 leased as the result of a contract executed in this state shall be presumed to be domiciled in this
38 state.

39 6. Any corporation may have one or more of its divisions separately apply to the director
40 of revenue for authorization to operate as a leasing company, provided that the corporation:

41 (1) Has filed a written consent with the director authorizing any of its divisions to apply
42 for such authority;

43 (2) Is authorized to do business in Missouri;

44 (3) Has agreed to treat any sale of a motor vehicle, trailer, boat, or outboard motor from
45 one of its divisions to another of its divisions as a sale at retail;

46 (4) Has registered under the fictitious name provisions of sections 417.200 to 417.230
47 each of its divisions doing business in Missouri as a leasing company; and

48 (5) Operates each of its divisions on a basis separate from each of its other divisions.
49 However, when the transfer of a motor vehicle, trailer, boat or outboard motor occurs within a
50 corporation which holds a license to operate as a motor vehicle or boat dealer pursuant to
51 sections 301.550 to 301.573 the provisions in subdivision (3) of this subsection shall not apply.

52 7. If the owner of any motor vehicle, trailer, boat, or outboard motor desires to charge
53 and collect sales tax as provided in this section, the owner shall make application to the director
54 of revenue for a permit to operate as a motor vehicle, trailer, boat, or outboard motor leasing
55 company. The director of revenue shall promulgate rules and regulations determining the

56 qualifications of such a company, and the method of collection and reporting of sales tax charged
57 and collected. Such regulations shall apply only to owners of motor vehicles, trailers, boats, or
58 outboard motors, electing to qualify as motor vehicle, trailer, boat, or outboard motor leasing
59 companies under the provisions of subsection 5 of this section, and no motor vehicle renting or
60 leasing, trailer renting or leasing, or boat or outboard motor renting or leasing company can come
61 under sections 144.010, 144.020, 144.070 and 144.440 unless all motor vehicles, trailers, boats,
62 and outboard motors held for renting and leasing are included.

63 8. Beginning July 1, 2010, any motor vehicle dealer licensed under section 301.560
64 engaged in the business of selling motor vehicles or trailers may apply to the director of revenue
65 for authority to collect and remit the sales tax required under this section on all motor vehicles
66 sold by the motor vehicle dealer. A motor vehicle dealer receiving authority to collect and remit
67 the tax is subject to all provisions under sections 144.010 to 144.525. ~~[Any motor vehicle dealer
68 authorized to collect and remit sales taxes on motor vehicles under this subsection shall be
69 entitled to deduct and retain an amount equal to two percent of the motor vehicle sales tax
70 pursuant to section 144.140. Any amount of the tax collected under this subsection that is
71 retained by a motor vehicle dealer pursuant to section 144.140 shall not constitute state revenue.]~~
72 In no event shall revenues from the general revenue fund or any other state fund be utilized to
73 compensate motor vehicle dealers for their role in collecting and remitting sales taxes on motor
74 vehicles. In the event this subsection or any portion thereof is held to violate Article IV, Section
75 30(b) of the Missouri Constitution, no motor vehicle dealer shall be authorized to collect and
76 remit sales taxes on motor vehicles under this section. No motor vehicle dealer shall seek
77 compensation from the state of Missouri or its agencies if a court of competent jurisdiction
78 declares that the retention of two percent of the motor vehicle sales tax is unconstitutional and
79 orders the return of such revenues.

144.083. 1. The director of revenue shall require all persons who are responsible for the
2 collection of taxes under the provisions of section 144.080 to procure a retail sales license at no
3 cost to the licensee which shall be prominently displayed at the licensee's place of business, and
4 the license is valid until revoked by the director or surrendered by the person to whom issued
5 when sales are discontinued. The director shall issue the retail sales license within ten working
6 days following the receipt of a properly completed application. Any person applying for a retail
7 sales license or reinstatement of a revoked sales tax license who owes any tax under sections
8 144.010 to 144.510 or sections 143.191 to ~~[143.261]~~ **143.265** must pay the amount due plus
9 interest and penalties before the department may issue the applicant a license or reinstate the
10 revoked license. All persons beginning business subsequent to August 13, 1986, and who are
11 required to collect the sales tax shall secure a retail sales license prior to making sales at retail.
12 Such license may, after ten days' notice, be revoked by the director of revenue only in the event

13 the licensee shall be in default for a period of sixty days in the payment of any taxes levied under
14 section 144.020 or sections 143.191 to [~~143.261~~] **143.265**. Notwithstanding the provisions of
15 section 32.057 in the event of revocation, the director of revenue may publish the status of the
16 business account including the date of revocation in a manner as determined by the director.

17 2. The possession of a retail sales license and a statement from the department of revenue
18 that the licensee owes no tax due under sections 144.010 to 144.510 or sections 143.191 to
19 [~~143.261~~] **143.265** shall be a prerequisite to the issuance or renewal of any city or county
20 occupation license or any state license which is required for conducting any business where
21 goods are sold at retail. The date of issuance on the statement that the licensee owes no tax due
22 shall be no more than ninety days before the date of submission for application or renewal of the
23 local license. The revocation of a retailer's license by the director shall render the occupational
24 license or the state license null and void.

25 3. No person responsible for the collection of taxes under section 144.080 shall make
26 sales at retail unless such person is the holder of a valid retail sales license. After all appeals
27 have been exhausted, the director of revenue may notify the county or city law enforcement
28 agency representing the area in which the former licensee's business is located that the retail sales
29 license of such person has been revoked, and that any county or city occupation license of such
30 person is also revoked. The county or city may enforce the provisions of this section, and may
31 prohibit further sales at retail by such person.

32 4. In addition to the provisions of subsection 2 of this section, beginning January 1,
33 2009, the possession of a statement from the department of revenue stating no tax is due under
34 sections 143.191 to 143.265 or sections 144.010 to 144.510 shall also be a prerequisite to the
35 issuance or renewal of any city or county occupation license or any state license required for
36 conducting any business where goods are sold at retail. The statement of no tax due shall be
37 dated no longer than ninety days before the date of submission for application or renewal of the
38 city or county license.

39 5. Notwithstanding any law or rule to the contrary, sales tax shall only apply to the sale
40 price paid by the final purchaser and not to any off-invoice discounts or other pricing discounts
41 or mechanisms negotiated between manufacturers, wholesalers, and retailers.

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 August
3 28, 1994, who upon the sale or transfer of the vessel desires to document the vessel with the
4 United States Coast Guard, shall apply for a vessel certificate of registration and pay a
5 certification fee of seven dollars and fifty cents, an initial registration fee in an amount equal to
6 the amount required for a certificate of number under section 306.030 and all applicable state and
7 local or in lieu watercraft taxes as provided by law in effect on the date the vessel was

8 documented or submit proof that all applicable registration fees have been paid to the department
9 of revenue and all applicable taxes or in lieu watercraft taxes have been paid in this or another
10 state. Such application shall include the county in which such vessel will be normally
11 maintained by the new owner. A certificate of registration and a set of registration decals in a
12 form the director shall prescribe shall be issued for a documented vessel. A Missouri resident
13 shall make application for a vessel certificate of registration within thirty days of acquiring or
14 bringing the vessel into this state. A nonresident shall make application for a vessel certificate
15 of registration within sixty days after acquiring a vessel in this state or bringing a vessel into this
16 state if the vessel will be kept in this state for a period in excess of sixty consecutive days. A
17 delinquency penalty fee of ten dollars shall be imposed for each thirty days of delinquency, not
18 to exceed a total of thirty dollars. If the director of revenue learns that any person has failed to
19 make application for a vessel certificate of registration in accordance with this section or has sold
20 a vessel documented by the United States Coast Guard without obtaining a certificate of
21 registration as provided in this section, the director shall cancel the registration of all vessels and
22 outboard motors registered in the name of the person, either as sole owner or a co-owner, and
23 shall notify the person that the cancellation will remain in force until the person pays the
24 delinquency penalty fee together with all fees, charges, and payments which the person should
25 have paid in connection with the vessel certificate of registration.

26 **2. (1) On and after January 1, 2019, the purchaser of a boat or vessel, regardless**
27 **if documented by the United States Coast Guard or other agency of the federal**
28 **government, operated on the waters of this state shall be liable for the payment of any state**
29 **or local sales or use tax on its purchase.**

30 **(2) Before January 1, 2019,** a boat or vessel documented by the United States Coast
31 Guard or other agency of the federal government and operated on the waters of this state shall
32 not be liable for the payment of any state or local sales or use tax on the purchase, but shall be
33 liable for the payment of an in-lieu watercraft tax, which is hereby imposed. The fee in lieu of
34 tax imposed pursuant to this section shall not apply to United States Coast Guard registered
35 vessels purchased for purposes of marine construction including, but not limited to, barges,
36 dredges, marine cranes, and other marine equipment utilized for construction or dredging of
37 waterways. The in-lieu watercraft tax shall be collected by the director of revenue and deposited
38 in the state treasury to the credit of general revenue and shall be appropriated for use by the water
39 patrol division. Watercraft dealers in this state shall report to the director of revenue on forms
40 furnished by the director the sale of each watercraft sold to a resident of this state. If the
41 watercraft is registered and licensed pursuant to the provisions of this chapter and all applicable
42 sales taxes have been paid, the director shall not collect the in-lieu tax imposed by this
43 subsection. If the watercraft is registered with the United States Coast Guard or other agency of

44 the federal government and not under the provisions of this chapter the director shall bill the
 45 purchaser of the watercraft for the in-lieu tax imposed by this subsection. Any person who fails
 46 to pay the in-lieu tax due under this section, within thirty days after receipt of the bill from the
 47 director of revenue, shall be liable to the same penalties imposed by law for failure to pay sales
 48 and use taxes due the state. The in-lieu tax shall be determined as follows:

49	PURCHASE PRICE OF	TAX DUE
50	WATERCRAFT	
51	Less than \$ 15,000	\$ 500.00
52	\$ 15,001 to \$ 30,000	650.00
53	\$ 30,001 to \$ 50,000	1,000.00
54	\$ 50,001 to \$100,000	1,400.00
55	\$100,001 to \$150,000	2,000.00
56	\$150,001 to \$200,000	3,000.00
57	\$200,001 to \$250,000	4,000.00
58	\$250,001 to \$300,000	5,000.00
59	\$300,001 to \$350,000	5,500.00
60	\$350,001 to \$400,000	6,000.00
61	\$400,001 to \$450,000	6,500.00
62	\$450,001 to \$500,000	7,500.00
63	\$500,001 to \$550,000	8,500.00
64	\$550,001 to \$650,000	9,500.00
65	\$650,001 to \$750,000	10,500.00
66	\$750,001 and above	add an additional 1,500.00 for each \$100,000 increment

67

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

71 payment of a registration renewal fee equal to the amount required for a certificate of number
72 under section 306.030. The owner shall attach the registration decals to both sides of the forward
73 half of the bow of the documented vessel in a place that is fully visible.

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

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

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

313.826. Each excursion gambling boat licensed by the commission shall withhold for
2 state income tax purposes from electronic gaming device jackpots or table game jackpots of
3 twelve hundred dollars or more an amount equal to four percent of the prize. Withholdings made
4 pursuant to this section shall be subject to the withholding tax provisions pursuant to sections
5 143.191 to [~~143.261, including section 143.261~~] **143.265**.

320.093. 1. Any person, firm or corporation who purchases a dry fire hydrant, as defined
2 in section 320.273, or provides an acceptable means of water storage for such dry fire hydrant
3 including a pond, tank or other storage facility with the primary purpose of fire protection within
4 the state of Missouri, shall be eligible for a credit on income taxes otherwise due pursuant to
5 chapter 143, except sections 143.191 to [~~143.261~~] **143.265**, as an incentive to implement safe
6 and efficient fire protection controls. The tax credit, not to exceed five thousand dollars, shall
7 be equal to fifty percent of the cost in actual expenditure for any new water storage construction,
8 equipment, development and installation of the dry hydrant, including pipes, valves, hydrants and
9 labor for each such installation of a dry hydrant or new water storage facility. The amount of the
10 tax credit claimed for in-kind contributions shall not exceed twenty-five percent of the total
11 amount of the contribution for which the tax credit is claimed.

12 2. Any amount of credit which exceeds the tax due shall not be refunded but may be
13 carried over to any subsequent taxable year, not to exceed seven years. The person, firm or
14 corporation may elect to assign to a third party the approved tax credit. The certificate of
15 assignment and other appropriate forms shall be filed with the Missouri department of revenue
16 and the department of economic development.

17 3. The person, firm or corporation shall make application for the credit to the department
18 of economic development after receiving approval of the state fire marshal. The fire marshal
19 shall establish by rule promulgated pursuant to chapter 536 the requirements to be met based on
20 the National Resources Conservation Service's Dry Hydrant Standard. The state fire marshal or
21 designated local representative shall review and authorize the construction and installation of any
22 dry fire hydrant site. Only approved dry fire hydrant sites shall be eligible for tax credits as
23 indicated in this section. Under no circumstance shall such authority deny any entity the ability
24 to provide a dry fire hydrant site when tax credits are not requested.

25 4. The department of public safety shall certify to the department of revenue that the dry
26 hydrant system meets the requirements to obtain a tax credit as specified in subsection 5 of this
27 section.

28 5. In order to qualify for a tax credit under this section, a dry hydrant or new water
29 storage facility shall meet the following minimum requirements:

30 (1) Each body of water or water storage structure shall be able to provide two hundred
31 fifty gallons per minute for a continuous two-hour period during a fifty-year drought or freeze
32 at a vertical lift of eighteen feet;

33 (2) Each dry hydrant shall be located within twenty-five feet of an all-weather roadway
34 and shall be accessible to fire protection equipment;

35 (3) Dry hydrants shall be located a reasonable distance from other dry or pressurized
36 hydrants; and

37 (4) The site shall provide a measurable economic improvement potential for rural
38 development.

39 6. New credits shall not be awarded under this section after August 28, 2010. The total
40 amount of all tax credits allowed pursuant to this section is five hundred thousand dollars in any
41 one fiscal year as approved by the director of the department of economic development.

42 7. Any rule or portion of a rule, as that term is defined in section 536.010, that is created
43 under the authority delegated in this section shall become effective only if it complies with and
44 is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section
45 and chapter 536 are nonseverable and if any of the powers vested with the general assembly
46 pursuant to chapter 536 to review, to delay the effective date or to disapprove and annul a rule
47 are subsequently held unconstitutional, then the grant of rulemaking authority and any rule
48 proposed or adopted after August 28, 2007, shall be invalid and void.

~~2 [143.022. 1. As used in this section, "business income" means the
3 income greater than zero arising from transactions in the regular course of all of
4 a taxpayer's trade or business and shall be limited to the Missouri source net
5 profit from the combination of the following:~~

~~6 (1) The total combined profit as properly reported to the Internal Revenue
7 Service on each Schedule C, or its successor form, filed; and~~

~~8 (2) The total partnership and S corporation income or loss properly
9 reported to the Internal Revenue Service on Part II of Schedule E, or its successor
10 form.~~

~~11 2. In addition to all other modifications allowed by law, there shall be
12 subtracted from the federal adjusted gross income of an individual taxpayer a
13 percentage of such individual's business income, to the extent that such amounts
14 are included in federal adjusted gross income when determining such individual's
15 Missouri adjusted gross income.~~

~~16 3. In the case of an S corporation described in section 143.471 or a
17 partnership computing the deduction allowed under subsection 2 of this section,
18 taxpayers described in subdivision (1) or (2) of this subsection shall be allowed
19 such deduction apportioned in proportion to their share of ownership of the
20 business as reported on the taxpayer's Schedule K-1, or its successor form, for the
21 tax period for which such deduction is being claimed when determining the
Missouri adjusted gross income of:~~

22 ~~_____ (1) The shareholders of an S corporation as described in section 143.471;~~

23 ~~_____ (2) The partners in a partnership.~~

24 ~~_____ 4. The percentage to be subtracted under subsection 2 of this section shall~~
25 ~~be increased over a period of years. Each increase in the percentage shall be by~~
26 ~~five percent and no more than one increase shall occur in a calendar year. The~~
27 ~~maximum percentage that may be subtracted is twenty-five percent of business~~
28 ~~income. Any increase in the percentage that may be subtracted shall take effect~~
29 ~~on January first of a calendar year and such percentage shall continue in effect~~
30 ~~until the next percentage increase occurs. An increase shall only apply to tax~~
31 ~~years that begin on or after the increase takes effect.~~

32 ~~_____ 5. An increase in the percentage that may be subtracted under subsection~~
33 ~~2 of this section shall only occur if the amount of net general revenue collected~~
34 ~~in the previous fiscal year exceeds the highest amount of net general revenue~~
35 ~~collected in any of the three fiscal years prior to such fiscal year by at least one~~
36 ~~hundred fifty million dollars.~~

37 ~~_____ 6. The first year that a taxpayer may make the subtraction under~~
38 ~~subsection 2 of this section is 2017, provided that the provisions of subsection 5~~
39 ~~of this section are met. If the provisions of subsection 5 of this section are met,~~
40 ~~the percentage that may be subtracted in 2017 is five percent.]~~

41

2 ~~[143.261. For every remittance to the director of revenue made on or~~
3 ~~before the date the remittance becomes due, the employer, other than the United~~
4 ~~States and its agencies, the state of Missouri and political subdivisions thereof,~~
5 ~~may deduct and retain the following percentages of the total amount of tax~~
6 ~~withheld and paid in each calendar year:~~

6 ~~_____ (1) Two percent of five thousand dollars or less;~~

7 ~~_____ (2) One percent of amount collected in excess of five thousand dollars~~
8 ~~and up to and including ten thousand dollars;~~

9 ~~_____ (3) One-half percent of amount collected in excess of ten thousand~~
10 ~~dollars.]~~

11

2 ~~[144.140. From every remittance to the director of revenue made on or~~
3 ~~before the date when the same becomes due, the person required to remit the~~
4 ~~same shall be entitled to deduct and retain an amount equal to two percent~~
5 ~~thereof.]~~

5

2 ~~[144.710. From every remittance made by a vendor as required by~~
3 ~~sections 144.600 to 144.745 to the director of revenue on or before the date when~~
4 ~~the remittance becomes due, the vendor may deduct and retain an amount equal~~
5 ~~to two percent thereof.]~~

5

Section B. Section A this act shall become effective on January 1, 2019.

