FIRST REGULAR SESSION

HOUSE COMMITTEE SUBSTITUTE FOR

SENATE SUBSTITUTE FOR

SENATE BILL NO. 23

102ND GENERAL ASSEMBLY

1015H.05C DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 137.115, 142.815, 142.822, 142.824, 143.011, 143.071, 143.125, 144.020, 144.070, 407.812, and 407.828, RSMo, and to enact in lieu thereof eleven new sections relating to commerce, with an emergency clause for a certain section.

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

Section A. Sections 137.115, 142.815, 142.822, 142.824, 143.011, 143.071, 143.125, 144.020, 144.070, 407.812, and 407.828, RSMo, are repealed and eleven new sections enacted in lieu thereof, to be known as sections 137.115, 142.815, 142.822, 142.824, 143.011, 143.071, 143.125, 144.020, 144.070, 407.812, and 407.828, to read as follows:

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

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.

subdivision, towards any new construction or improvements on such real property completed after January 1, 2008, and which are included in the above-mentioned possessory interest, regardless of the year in which such costs were incurred or whether such costs were considered in any prior year. The assessor shall annually assess all real property in the following manner: new assessed values shall be determined as of January first of each odd-numbered year and shall be entered in the assessor's books; those same assessed values shall apply in the following even-numbered year, except for new construction and property improvements which shall be valued as though they had been completed as of January first of the preceding odd-numbered year. The assessor may call at the office, place of doing business, or residence of each person required by this chapter to list property, and require the person to make a correct statement of all taxable tangible personal property owned by the person or under his or her care, charge or management, taxable in the county. On or before January first of each even-numbered year, the assessor shall prepare and submit a two-year assessment maintenance plan to the county governing body and the state tax commission for their respective approval or modification. The county governing body shall approve and forward such plan or its alternative to the plan to the state tax commission by February first. If the county governing body fails to forward the plan or its alternative to the plan to the state tax commission by February first, the assessor's plan shall be considered approved by the county governing body. If the state tax commission fails to approve a plan and if the state tax commission and the assessor and the governing body of the county involved are unable to resolve the differences, in order to receive state cost-share funds outlined in section 137.750, the county or the assessor shall petition the administrative hearing commission, by May first, to decide all matters in dispute regarding the assessment maintenance plan. Upon agreement of the parties, the matter may be stayed while the parties proceed with mediation or arbitration upon terms agreed to by the parties. The final decision of the administrative hearing commission shall be subject to judicial review in the circuit court of the county involved. In the event a valuation of subclass (1) real property within any county with a charter form of government, or within a city not within a county, is made by a computer, computer-assisted method or a computer program, the burden of proof, supported by clear, convincing and cogent evidence to sustain such valuation, shall be on the assessor at any hearing or appeal. In any such county, unless the assessor proves otherwise, there shall be a presumption that the assessment was made by a computer, computer-assisted method or a computer program. Such evidence shall include, but shall not be limited to, the following:

(1) The findings of the assessor based on an appraisal of the property by generally accepted appraisal techniques; and

(2) The purchase prices from sales of at least three comparable properties and the address or location thereof. As used in this subdivision, the word "comparable" means that:

(a) Such sale was closed at a date relevant to the property valuation; and

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

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

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

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

(2) Livestock, twelve percent;

(3) Farm machinery, twelve percent;

(4) Motor vehicles which are eligible for registration as and are registered as historic motor vehicles pursuant to section 301.131 and aircraft which are at least twenty-five years old and which are used solely for noncommercial purposes and are operated less than two hundred hours per year or aircraft that are home built from a kit, five percent;

(5) Poultry, twelve percent; and

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

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

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

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

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

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

(2) A taxpayer may apply to the county assessor, or, if not located within a county, then the assessor of such city, for the reclassification of such taxpayer's real property if the use

or purpose of such real property is changed after such property is assessed under the provisions of this chapter. If the assessor determines that such property shall be reclassified, he or she shall determine the assessment under this subsection based on the percentage of the tax year that such property was classified in each subclassification.

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

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

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

9. **For the tax year ending on or before December 31, 2023,** the assessor of each county and each city not within a county shall use **[**~~the trade-in value published in the October issue of~~**] a nationally recognized automotive trade publication such as** the National Automobile Dealers' Association Official Used Car Guide, **Kelley Blue Book,** or **[**~~its successor publication~~**] Edmunds**, **or other similar publication** as the recommended guide of information for determining the true value of motor vehicles described in such publication. **The state tax commission shall determine which publication shall be used. The assessor of each county and each city not within a county shall use the trade-in value published in the current or any of the three immediately previous years' October issue of the**

publication selected by the state tax commission. The assessor shall not use a value that is greater than the average trade-in value in determining the true value of the motor vehicle without performing a physical inspection of the motor vehicle. For vehicles two years old or newer from a vehicle's model year, the assessor may use a value other than average without performing a physical inspection of the motor vehicle.

10. For all tax years beginning on or after January 1, 2024, the assessor of each county and each city not within a county shall use the manufacturer's suggested retail price for all manufactured motor vehicles as acquired annually by the state tax commission for the original value in money of all motor vehicle assessment valuations. For the purposes of this subsection, the term "original value in money" means the manufacturer's suggested retail price. For the purposes of this subsection, the term "motor vehicles" means trucks, automobiles, motorcycles, boats, trailers, and other motor vehicles required to be registered and titled pursuant to the provisions of the motor vehicle and registration laws of this state. The term "motor vehicles" shall include farm tractors and farm machinery, including tractors or machinery designed for off-road use but capable of movement on roads at low speeds. The following ten-year depreciation schedule shall be applied to each manufacturer's suggested retail price to develop the annual and historical valuation guide for all motor vehicles. The values shall be delivered to each software vendor not later than November fifteenth annually and vendors shall have the values in place by December fifteenth annually for use in the next assessment year. In the absence of a listing for a particular motor vehicle in such publication, the assessor shall use such information or publications which in the assessor's judgment will fairly estimate the **[**~~true~~**]** **original** value in money of the motor vehicle**[**~~.~~**]** **and the assessor shall apply the appropriate depreciation from the table as follows:**

Year	**Percent Depreciation**
Current	**15**
1	**25**
2	**32.5**
3	**45.3**
4	**50.3**
5	**55.8**

6	**60.1**
7	**75.2**
8	**83.2**
9	**87.2**
10	**90**
Greater than 10	**99.9**

To implement the new schedule without large variations from the current method, the assessor shall assume that the last valuation tables prior to October 1, 2024, are fair valuations and these valuations shall be depreciated from the above table until the end of their useful life. The state tax commission shall, with the assistance of the Missouri state assessor's association, develop the bid specifications to secure the original manufacturer's suggested retail price from a nationally recognized service. The state tax commission shall secure an annual appropriation from the legislature for the guide and the programming necessary to allow valuation by vehicle identification number in all certified mass appraisal software systems used in the state. The state tax commission or the state of Missouri shall be the registered user of the value guide with rights to allow all assessors access to the guide and to an online site. The state tax commission or state shall be responsible for renewals and annual software cost for preparing the data in a usable format for approved personal property software vendors in the state. If a county creates its own software, it shall meet the same standards as the approved vendors. The data shall be available to all vendors by November fifteenth annually. All vendors shall have the data available for use in their client counties by December fifteenth prior to the January first assessment date. When the manufacturer's suggested retail price data is not available from the approved source or the assessor deems it not appropriate for the vehicle value he or she is valuing, the assessor may obtain a manufacturer's suggested retail price from a source he or she deems reliable and apply the depreciation schedule set out above.

[~~10.~~**] 11.** Before the assessor may increase the assessed valuation of any parcel of subclass (1) real property by more than fifteen percent since the last assessment, excluding increases due to new construction or improvements, the assessor shall conduct a physical inspection of such property.

[~~11.~~**] 12.** If a physical inspection is required, pursuant to subsection 10 of this section, the assessor shall notify the property owner of that fact in writing and shall provide the owner clear written notice of the owner's rights relating to the physical inspection. If a physical inspection is required, the property owner may request that an interior inspection be performed during the physical inspection. The owner shall have no less than thirty days to notify the assessor of a request for an interior physical inspection.

[~~12.~~**] 13.** A physical inspection, as required by subsection 10 of this section, shall include, but not be limited to, an on-site personal observation and review of all exterior portions of the land and any buildings and improvements to which the inspector has or may reasonably and lawfully gain external access, and shall include an observation and review of the interior of any buildings or improvements on the property upon the timely request of the owner pursuant to subsection 11 of this section. Mere observation of the property via a drive-by inspection or the like shall not be considered sufficient to constitute a physical inspection as required by this section.

[~~13.~~**] 14.** A county or city collector may accept credit cards as proper form of payment of outstanding property tax or license due. No county or city collector may charge surcharge for payment by credit card which exceeds the fee or surcharge charged by the credit card bank, processor, or issuer for its service. A county or city collector may accept payment by electronic transfers of funds in payment of any tax or license and charge the person making such payment a fee equal to the fee charged the county by the bank, processor, or issuer of such electronic payment.

[~~14.~~**] 15.** Any county or city not within a county in this state may, by an affirmative vote of the governing body of such county, opt out of the provisions of this section and sections 137.073, 138.060, and 138.100 as enacted by house bill no. 1150 of the ninety-first general assembly, second regular session and section 137.073 as modified by house committee substitute for senate substitute for senate committee substitute for senate bill no. 960, ninety-second general assembly, second regular session, for the next year of the general reassessment, prior to January first of any year. No county or city not within a county shall exercise this opt-out provision after implementing the provisions of this section and sections 137.073, 138.060, and 138.100 as enacted by house bill no. 1150 of the ninety-first general assembly, second regular session and section 137.073 as modified by house committee substitute for senate substitute for senate committee substitute for senate bill no. 960, ninety-second general assembly, second regular session, in a year of general reassessment. For the purposes of applying the provisions of this subsection, a political subdivision contained within two or more counties where at least one of such counties has opted out and at least one of such counties has not opted out shall calculate a single tax rate as in effect prior to the enactment of house bill no. 1150 of the ninety-first general assembly, second regular session.

A governing body of a city not within a county or a county that has opted out under the provisions of this subsection may choose to implement the provisions of this section and sections 137.073, 138.060, and 138.100 as enacted by house bill no. 1150 of the ninety-first general assembly, second regular session, and section 137.073 as modified by house committee substitute for senate substitute for senate committee substitute for senate bill no. 960, ninety-second general assembly, second regular session, for the next year of general reassessment, by an affirmative vote of the governing body prior to December thirty-first of any year.

[~~15.~~**] 16.** The governing body of any city of the third classification with more than twenty-six thousand three hundred but fewer than twenty-six thousand seven hundred inhabitants located in any county that has exercised its authority to opt out under subsection 14 of this section may levy separate and differing tax rates for real and personal property only if such city bills and collects its own property taxes or satisfies the entire cost of the billing and collection of such separate and differing tax rates. Such separate and differing rates shall not exceed such city's tax rate ceiling.

[~~16.~~**] 17.** Any portion of real property that is available as reserve for strip, surface, or coal mining for minerals for purposes of excavation for future use or sale to others that has not been bonded and permitted under chapter 444 shall be assessed based upon how the real property is currently being used. Any information provided to a county assessor, state tax commission, state agency, or political subdivision responsible for the administration of tax policies shall, in the performance of its duties, make available all books, records, and information requested, except such books, records, and information as are by law declared confidential in nature, including individually identifiable information regarding a specific taxpayer or taxpayer's mine property. For purposes of this subsection, "mine property" shall mean all real property that is in use or readily available as a reserve for strip, surface, or coal mining for minerals for purposes of excavation for current or future use or sale to others that has been bonded and permitted under chapter 444.

142.815. 1. Motor fuel used for the following nonhighway purposes is exempt from the fuel tax imposed by this chapter, and a refund may be claimed by the consumer, except as provided for in subdivision (1) of this subsection, if the tax has been paid and no refund has been previously issued:

(1) Motor fuel used for nonhighway purposes including fuel for farm tractors or stationary engines owned or leased and operated by any person and used exclusively for agricultural purposes and including, beginning January 1, 2006, bulk sales of one hundred gallons or more of gasoline made to farmers and delivered by the ultimate vender to a farm location for agricultural purposes only. As used in this section, the term "farmer" shall mean any person engaged in farming in an authorized farm corporation, family farm, or family farm

corporation as defined in section 350.010. At the discretion of the ultimate vender, the refund may be claimed by the ultimate vender on behalf of the consumer for sales made to farmers and to persons engaged in construction for agricultural purposes as defined in section 142.800. After December 31, 2000, the refund may be claimed only by the consumer and may not be claimed by the ultimate vender unless bulk sales of gasoline are made to a farmer after January 1, 2006, as provided in this subdivision and the farmer provides an exemption certificate to the ultimate vender, in which case the ultimate vender may make a claim for refund under section 142.824 but shall be liable for any erroneous refund;

(2) Kerosene sold for use as fuel to generate power in aircraft engines, whether in aircraft or for training, testing or research purposes of aircraft engines;

(3) Diesel fuel used as heating oil, or in railroad locomotives or any other motorized flanged-wheel rail equipment, or used for other nonhighway purposes other than as expressly exempted pursuant to another provision.

2. Subject to the procedural requirements and conditions set out in this chapter, the following uses are exempt from the tax imposed by section 142.803 on motor fuel, and a deduction or a refund may be claimed:

(1) **(a)** Motor fuel for which proof of export is available in the form of a terminal-issued destination state shipping paper and which is either:

[~~(a)~~**]** **a.** Exported by a supplier who is licensed in the destination state or through the bulk transfer system;

[~~(b)~~**]** **b.** Removed by a licensed distributor for immediate export to a state for which all the applicable taxes and fees (however nominated in that state) of the destination state have been paid to the supplier, as a trustee, who is licensed to remit tax to the destination state; or which is destined for use within the destination state by the federal government for which an exemption has been made available by the destination state subject to procedural rules and regulations promulgated by the director; or

[~~(c)~~**]** **c.** Acquired by a licensed distributor and which the tax imposed by this chapter has previously been paid or accrued either as a result of being stored outside of the bulk transfer system immediately prior to loading or as a diversion across state boundaries properly reported in conformity with this chapter and was subsequently exported from this state on behalf of the distributor**[**~~;~~**].**

(b) The exemption pursuant to **subparagraph a. of** paragraph (a) of this subdivision shall be claimed by a deduction on the report of the supplier which is otherwise responsible for remitting the tax upon removal of the product from a terminal or refinery in this state.

(c) The **[**~~exemption~~**]** **exemptions** pursuant to **[**~~paragraphs (b) and (c)~~**]** **subparagraphs b. and c. of paragraph (a)** of this subdivision shall be claimed by the distributor, upon a refund application made to the director within three years.

(d) A refund claim may be made monthly or whenever the claim exceeds one thousand dollars;

(2) Undyed K-1 kerosene sold at retail through dispensers which have been designed and constructed to prevent delivery directly from the dispenser into a vehicle fuel supply tank, and undyed K-1 kerosene sold at retail through nonbarricaded dispensers in quantities of not more than twenty-one gallons for use other than for highway purposes. Exempt use of undyed kerosene shall be governed by rules and regulations of the director. If no rules or regulations are promulgated by the director, then the exempt use of undyed kerosene shall be governed by rules and regulations of the Internal Revenue Service. A distributor or supplier delivering to a retail facility shall obtain an exemption certificate from the owner or operator of such facility stating that its sales conform to the dispenser requirements of this subdivision. A licensed distributor, having obtained such certificate, may provide a copy to his or her supplier and obtain undyed kerosene without the tax levied by section 142.803. Having obtained such certificate in good faith, such supplier shall be relieved of any responsibility if the fuel is later used in a taxable manner. An ultimate vendor who obtained undyed kerosene upon which the tax levied by section 142.803 had been paid and makes sales qualifying pursuant to this subsection may apply for a refund of the tax pursuant to application, as provided in section 142.818, to the director provided the ultimate vendor did not charge such tax to the consumer;

(3) Motor fuel sold to the United States or any agency or instrumentality thereof. This exemption shall be claimed as provided in section 142.818;

(4) Motor fuel used solely and exclusively as fuel to propel motor vehicles on the public roads and highways of this state when leased or owned and when being operated by a federally recognized Indian tribe in the performance of essential governmental functions, such as providing police, fire, health or water services. The exemption for use pursuant to this subdivision shall be made available to the tribal government upon a refund application stating that the motor fuel was purchased for the exclusive use of the tribe in performing named essential governmental services;

(5) That portion of motor fuel used to operate equipment attached to a motor vehicle, if the motor fuel was placed into the fuel supply tank of a motor vehicle that has a common fuel reservoir for travel on a highway and for the operation of equipment, or if the motor fuel was placed in a separate fuel tank and used only for the operation of auxiliary equipment. The exemption for use pursuant to this subdivision shall be claimed by a refund claim filed by the consumer who shall provide evidence of an allocation of use satisfactory to the director;

(6) Motor fuel acquired by a consumer out-of-state and carried into this state, retained within and consumed from the same vehicle fuel supply tank within which it was imported, except interstate motor fuel users;

(7) Motor fuel which was purchased tax-paid and which was lost or destroyed as a direct result of a sudden and unexpected casualty or which had been accidentally contaminated so as to be unsalable as highway fuel as shown by proper documentation as required by the director. The exemption pursuant to this subdivision shall be refunded to the person or entity owning the motor fuel at the time of the contamination or loss. Such person shall notify the director in writing of such event and the amount of motor fuel lost or contaminated within ten days from the date of discovery of such loss or contamination, and within thirty days after such notice, shall file an affidavit sworn to by the person having immediate custody of such motor fuel at the time of the loss or contamination, setting forth in full the circumstances and the amount of the loss or contamination and such other information with respect thereto as the director may require;

(8) Dyed diesel fuel or dyed kerosene used for an exempt purpose. This exemption shall be claimed as follows:

(a) A supplier or importer shall take a deduction against motor fuel tax owed on their monthly report for those gallons of dyed diesel fuel or dyed kerosene imported or removed from a terminal or refinery destined for delivery to a point in this state as shown on the shipping papers;

(b) This exemption shall be claimed by a deduction on the report of the supplier which is otherwise responsible for remitting the tax on removal of the product from a terminal or refinery in this state; **and**

(c) This exemption shall be claimed by the distributor, upon a refund application made to the director within three years. A refund claim may be made monthly or whenever the claim exceeds one thousand dollars; **and**

(9) Motor fuel delivered to any marina within this state that sells such fuel solely for use in any watercraft, as such term is defined in section 306.010, and not accessible to other motor vehicles, is exempt from the fuel tax imposed by this chapter. Any motor fuel distributor that delivers motor fuel to any marina in this state for use solely in any watercraft, as such term is defined in section 306.010, may claim the exemption provided in this subsection. Any motor fuel customer who purchases motor fuel for use in any watercraft, as such term is defined in section 306.010, at a location other than a marina within this state may claim the exemption provided in this subsection by filing a claim for refund of the fuel tax.

3. (1) Beginning on October 1, 2023, an entity exempt from taxation as provided by Section 501(c)(3) of the Internal Revenue Code of 1986 (26 U.S.C. Section 501), as amended, to which an individual, person, or entity that is eligible to claim a refund as provided in this section submits all documentation and information required to make a refund application may make a claim for such individual's, person's, or entity's refund

as provided in this section. Upon approval, the refund shall be made to such exempt entity.

(2) A taxpayer who is an individual, person, or entity that submits the required information to an exempt entity as described in subdivision (1) of this subsection shall be allowed to subtract from such taxpayer's Missouri adjusted gross income to determine Missouri taxable income an amount equal to the total amount eligible for a refund submitted to an exempt entity under subdivision (1) of this subsection for the same tax year. Such amount shall be deductible only to the extent that such amount is not deducted on the taxpayer's federal income tax return for that tax year. The department of revenue shall promulgate rules and regulations to administer the provisions of this section.

142.822. 1. **(1) As used in this section and section 142.824, "nonprofit entity" means any entity that is exempt from taxation as provided in Section 501(c)(3) of the Internal Revenue Code of 1986 (26 U.S.C. Section 501), as amended.**

(2) Motor fuel used for purposes of propelling motor vehicles on highways shall be exempt from the fuel tax collected under subsection 3 of section 142.803, and an exemption and refund may be claimed by the taxpayer if the tax has been paid and no refund has been previously issued, provided that the taxpayer applies for the exemption and refund as specified in this section. **Beginning on October 1, 2023, any nonprofit entity to which a taxpayer who is eligible to claim a refund as provided in this section submits all documentation and information required to make a refund application may make a claim for such taxpayer's refund as provided in this section. Upon approval, the refund shall be made to such nonprofit entity.**

2. (1) The exemption and refund shall be issued on a fiscal year basis**, based on motor fuel tax paid and collected through the end of fiscal year 2023,** to each person who pays the fuel tax collected under subsection 3 of section 142.803 and who claims an exemption and refund in accordance with this section, and shall apply so that the fuel taxpayer has no liability for the tax collected in that fiscal year under subsection 3 of section 142.803.

(2) Beginning in fiscal year 2024, exemptions and refunds issued under this section shall be based on the tax year. Any fuel taxes collected under subsection 3 of section 142.803 from July 1, 2023, to December 31, 2023, shall be reported under the provisions of subsection 4 of this section. Any fuel taxes collected under subsection 3 of section 142.803 from January 1, 2024, to December 31, 2024, and each tax year thereafter, shall be reported under the provisions of subsection 4 of this section. Exemptions and refunds shall be issued to persons who pay the fuel tax collected under subsection 3 of section 142.803 and who claim an exemption and refund in accordance

with this section and shall apply so that the fuel taxpayer has no liability for the tax collected in the corresponding tax year under subsection 3 of section 142.803.

[~~2.~~**] 3.** To claim an exemption and refund in accordance with **subdivision (1) of subsection 2 of** this section, a person shall present to the director a statement containing a written verification that the claim is made under penalty of perjury and that states the total fuel tax paid in the applicable fiscal year for each vehicle for which the exemption and refund is claimed. The claim shall **[**~~not be transferred or assigned, and shall~~**]** be filed on or after July first, but not later than September thirtieth, following the fiscal year for which the exemption and refund is claimed. The claim statement may be submitted electronically, and shall at a minimum include the following information:

(1) **[**~~Vehicle identification number of the motor vehicle into which the motor fuel was delivered;~~

~~(2)~~**]** Date of sale;

[~~(3)~~**] (2)** Name and address of purchaser;

[~~(4) Name and address of seller;~~

~~(5)~~**] (3)** Number of gallons purchased; **[**~~and~~

~~(6)~~**] (4)** Number of gallons purchased and charged Missouri fuel tax, as a separate item**; and**

(5) If the claim is submitted by a nonprofit entity:

(a) Documentation of the nonprofit entity's tax-exempt status; and

(b) A statement signed by the purchaser indicating that the nonprofit entity is entitled to the purchaser's refund.

4. To claim an exemption and refund in accordance with subdivision (2) of subsection 2 of this section, a person may elect to proceed under either subdivision (1) or (2) of this subsection:

(1) For a receipt-based exemption and refund under this subdivision, a person shall present to the director a statement containing a written verification that the claim is made under penalty of perjury and that states the total fuel tax paid in the applicable tax year for each vehicle for which the exemption and refund is claimed. The claim shall not be transferred or assigned and shall be filed on or after January fifteenth but not later than April fifteenth after the close of the tax year for which the exemption and refund is claimed. A person claiming a refund under this subdivision shall not be entitled to claim a standard refund under subdivision (2) of this subsection for the same tax year. The claim statement may be submitted electronically and shall at a minimum include the following information:

(a) Date of sale;

(b) Name and address of purchaser;

(c) Number of gallons purchased;

(d) Number of gallons purchased and charged Missouri fuel tax, as a separate item; and

(e) An affirmation that such person is claiming the itemized refund and shall not claim the standard refund under subdivision (2) of this subsection; or

(2) For a standard refund under this subdivision, at the time a person files his or her Missouri income tax return, a person may select to claim the exemption and refund as a standard refund applied as an immediate refund or applied as a credit against the person's Missouri income tax liability under chapter 143. A person claiming a standard refund under this subdivision shall not be entitled to claim a receipt-based refund under subdivision (1) of this subsection for the same tax year. For the purposes of this subdivision, the term "standard refund" shall mean the exemption and refund provided under this section, applied for and claimed by a person as a set, flat amount under paragraph (a) of this subdivision, selected to be refunded to such person as either an immediate refund or credit applied against the person's Missouri income tax liability under chapter 143.

(a) The standard refund shall be allocated as follows:

a. Thirty dollars for the 2023 tax year;

b. Forty-five dollars for the 2024 tax year;

c. Sixty dollars for the 2025 tax year; and

d. Seventy-five dollars for all tax years beginning on or after January 1, 2026.

(b) A person shall file a form, provided by the department of revenue, with such person's Missouri income tax return, if applicable. The claim shall not be transferred or assigned and the form shall be filed on or after January fifteenth but not later than April fifteenth after the close of the tax year for which the exemption and refund is claimed.

(c) Such form may be submitted electronically and at minimum shall include:

a. The person's selection of the standard refund taken as a refund or as a credit against chapter 143 income taxes, as provided under this subdivision, that he or she is claiming for the applicable tax year;

b. An affirmation that such person is claiming the standard refund and shall not claim the receipt-based refund under subdivision (1) of this subsection;

c. The vehicle identification number of the motor vehicle into which the motor fuel was delivered;

d. The name and address of the person making the claim;

e. Information or identification showing that such person was the owner of a vehicle licensed in Missouri;

f. An affirmation that such person made eligible purchases under this section in the tax year for which the exemption and refund is claimed; and

g. Any other information that the department may require to fulfill the obligations under this section.

5. The exemption and refund as reimbursed under the provisions of this section shall be paid out of the proceeds of the additional tax under subsection 3 of section 142.803. Refunds shall not exceed the tax collected under subsection 3 of section 142.803. If the amount of refunds claimed under this section in a tax year exceeds the tax collected for the tax year, refunds shall be allowed based on the order in which they are claimed. The qualifications provided under subsections 3 and 4 of this section shall be subject to audit by the department.

[~~3.~~**] 6.** Every person shall maintain and keep records supporting the claim statement filed with the department of revenue for a period of three years to substantiate all claims for exemption and refund of the motor fuel tax, together with invoices, original sales receipts marked paid by the seller, bills of lading, and other pertinent records and paper as may be required by the director for reasonable administration of this chapter. **The requirement to maintain records shall be the responsibility of any nonprofit entity to which a purchaser submits claim records required by this section.**

[~~4.~~**] 7.** The director may make any investigation necessary before issuing an exemption and refund under this section, and may investigate an exemption and refund under this section after it has been issued and within the time frame for making adjustments to the tax pursuant to this chapter.

[~~5.~~**] 8.** If an exemption and refund is not issued within forty-five days of an accurate and complete filing, as required by this chapter, the director shall pay interest at the rate provided in section 32.065 accruing after the expiration of the forty-five-day period until the date the exemption and refund is issued.

[~~6.~~**] 9. (1) Except as provided in subdivision (2) of this subsection,** the exemption and refund specified in this section shall be available only with regard to motor fuel delivered into a motor vehicle with a gross weight, as defined in section 301.010, of twenty-six thousand pounds or less.

(2) The exemption and refund specified in this section shall be available with regard to motor fuel delivered into a motor vehicle with a gross weight that exceeds twenty-six thousand pounds when the motor vehicle is owned by a corporation licensed in Missouri with its primary headquarters in Missouri, or owned by a sole proprietor whose home office is located in Missouri, provided that the corporation or sole proprietor submits documentation to the director that any exemption and refund claimed is based solely on fuel delivered into a motor vehicle while it was operating in

the state of Missouri. If the motor vehicle was operated in multiple states, the applicant shall submit documentation that separates the fuel delivered to the vehicle while operating in other states from the fuel delivered to the vehicle while operating in the state of Missouri.

10. The department of revenue shall develop a mobile application that allows claims to be submitted on a person's phone at the time of motor fuel purchase in lieu of the procedures set out under subsection 2 of this section. The application shall be designed so that the person submitting the claim is required to demonstrate that he or she is at the motor fuel pump. The development and maintenance of the application shall be paid with funds that come from the fuel tax road fund.

[~~7.~~**] 11.** The director shall promulgate rules as necessary to implement the provisions off this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2021, shall be invalid and void.

142.824. 1. To claim a refund in accordance with section 142.815, a person shall present to the director a statement containing a written verification that the claim is made under penalties of perjury and lists the total amount of motor fuel purchased and used for exempt purposes. **Beginning on October 1, 2023, any nonprofit entity to which a person who is eligible to claim a refund as provided in this section submits all documentation and information required to make a refund application may make a claim for such person's refund as provided in this section. Upon approval, the refund shall be made to such nonprofit entity.** The claim shall **[**~~not be transferred or assigned and shall~~**]** be filed not more than three years after the date the motor fuel was imported, removed or sold if the claimant is a supplier, importer, exporter or distributor. If the claim is filed by the ultimate consumer, a consumer must file the claim within one year of the date of purchase or April fifteenth following the year of purchase, whichever is later. The claim statement may be submitted electronically, and shall be supported by documentation as approved by the director and shall include the following information:

(1) Date of sale;

(2) Name and address of purchaser;

(3) **[**~~Name and address of seller;~~

~~(4)~~**]** Number of gallons purchased and base price per gallon;

[~~(5)~~**] (4)** Number of gallons purchased and charged Missouri fuel tax, as a separate item; **[**~~and~~

~~(6)~~**] (5)** Number of gallons purchased and charged sales tax, if applicable, as a separate item**; and**

(6) If the claim is submitted by a nonprofit entity:

(a) Documentation of the nonprofit entity's tax-exempt status; and

(b) A statement signed by the purchaser indicating that the nonprofit entity is entitled to the purchaser's refund.

2. If the original sales slip or invoice is lost or destroyed, a statement to that effect shall accompany the claim for refund, and the claim statement shall also set forth the serial number of the invoice. If the director finds the claim is otherwise regular, the director may allow such claim for refund.

3. The director may make any investigation necessary before refunding the motor fuel tax to a person and may investigate a refund after the refund has been issued and within the time frame for making adjustments to the tax pursuant to this chapter.

4. In any case where a refund would be payable to a supplier pursuant to this chapter, the supplier may claim a credit in lieu of such refund for a period not to exceed three years.

5. Every person shall maintain and keep for a period of three years records to substantiate all claims for refund of the motor fuel tax, together with invoices, original sales slips marked paid by the seller, bills of lading, and other pertinent records and paper as may be required by the director for reasonable administration of this chapter. **The requirement to maintain records shall be the responsibility of any nonprofit entity to which a purchaser submits claim records required by this section.**

6. Motor fuel tax that has been paid more than once with respect to the same gallon of motor fuel shall be refunded by the director to the person who last paid the tax after the subsequent taxable event upon submitting proof satisfactory to the director.

7. Motor fuel tax that has otherwise been erroneously paid by a person shall be refunded by the director upon proof shown satisfactory to the director.

8. If a refund is not issued within forty-five days of an accurate and complete filing, as required by this chapter, the director shall pay interest at the rate provided in section 32.065 accruing after the expiration of the forty-five-day period until the date the refund is issued.

9. The director shall promulgate rules as necessary to implement the provisions of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to

disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2021, shall be invalid and void.

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

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

2. (1) Notwithstanding the provisions of subsection 1 of this section to the contrary, **[**~~beginning with~~**]** **for** the 2023 calendar year, the top rate of tax pursuant to subsection 1 of this section shall be four and ninety-five hundredths percent.

(2) Notwithstanding the provisions of subsection 1 of this section to the contrary, beginning with the 2024 calendar year, the top rate of tax under subsection 1 of this section shall be four and one-half percent.

[~~(2)~~**]** **(3)** The modification of tax rates made pursuant to this subsection shall apply only to tax years that begin on or after January 1, 2023.

[~~(3)~~**]** **(4)** The director of the department of revenue shall, by rule, adjust the tax table provided in subsection 1 of this section to effectuate the provisions of this subsection. The

top remaining rate of tax shall apply to all income in excess of seven thousand dollars, as adjusted pursuant to subsection 5 of this section.

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

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

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

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

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

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

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

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

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

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

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

income subject to the top rate of tax shall be eliminated once the top rate of tax has been reduced below the rate applicable to such bracket, and the top remaining rate of tax shall apply to all income in excess of the income in the second highest remaining income bracket.

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

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

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

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

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

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

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

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

3. For all tax years beginning on or after January 1, 2020, **but on or before December 31, 2023,** a tax is hereby imposed upon the Missouri taxable income of corporations in an amount equal to four percent of Missouri taxable income.

4. **For all tax years beginning on or after January 1, 2024, a tax is hereby imposed upon the Missouri taxable income of corporations in an amount equal to two percent of Missouri taxable income.**

5. In addition to the rate reduction under subsection 4 of this section, beginning with the 2026 calendar year, the rate of tax imposed under subsection 4 of this section may be reduced from two percent to one percent as follows:

(1) In a fiscal year after the 2024 fiscal year, if the amount of net corporate income tax revenue collected in the immediately preceding fiscal year exceeds the amount of net corporate income tax revenue collected in the 2024 fiscal year by at least

fifty million dollars, the rate shall be reduced from two percent to one percent as provided under this subsection;

(2) The reduction in the rate of tax shall take effect on January first of the calendar year following the close of the previous fiscal year that caused the rate reduction as described in subdivision (1) of this subsection. The reduced rate shall continue in effect for all subsequent tax years; and

(3) The modification of the tax rate under this subsection shall apply only to tax years that begin on or after the date a modification takes effect.

6. In addition to the rate reductions under subsections 4 and 5 of this section, the rate of tax imposed under subsection 5 of this section may be reduced from one percent to zero as follows:

(1) Beginning with the calendar year immediately following the calendar year in which a rate reduction is made under subsection 5 of this section, if the amount of net general revenue collected, as defined under section 143.011, in the immediately preceding fiscal year exceeds the amount of net general revenue collected in the fiscal year in which the reduction under subsection 5 of this section was implemented by at least two hundred fifty million dollars, the rate shall be reduced as provided under this subsection and no income tax shall be imposed on the income of corporations under this section;

(2) The reduction of the rate of tax shall take effect on January first of the calendar year following the close of the previous fiscal year that caused the rate reduction as described in subdivision (1) of this subsection. The reduced rate shall continue in effect for all subsequent tax years; and

(3) The modification of the tax rate under this subsection shall apply only to tax years that begin on or after the date a modification takes effect.

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

8. (1) Upon the full reduction and elimination of the tax under subsections 4, 5, and 6 of this section, no corporate income tax credits shall be claimed in any tax years where there is no tax imposed upon the Missouri taxable income of corporations. Nothing in this subsection shall prevent a corporate taxpayer from redeeming a refundable tax credit properly claimed and issued before the elimination of the rate of tax under this section in a tax year after such elimination.

(2) Notwithstanding the provisions of section 148.720, the reduction of the tax rate and eventual elimination of the Missouri corporate income tax under subsections 4, 5, and 6 of this section shall not apply to, or in any way cause a reduction or elimination of, any tax or tax rate imposed under chapter 148.

9. For the purposes of this section, the term "net corporate income tax revenue collected" shall mean all revenue collected from the tax imposed under this section and deposited into the general revenue fund, less refunds and revenues originally deposited into the general revenue fund but designated by law for a specific distribution or transfer to another state fund.

143.125. 1. As used in this section, the following terms mean:

(1) "Benefits"**[**,**]:**

(a) On or before December 31, 2023, any Social Security benefits received by a taxpayer age sixty-two years of age and older, or Social Security disability benefits;

(b) On or after January 1, 2024, any Social Security benefits received by a taxpayer, regardless of age, including retirement, disability, survivors, and supplemental benefits;

(2) "Taxpayer", any resident individual.

2. For the taxable year beginning on or after January 1, 2007, any taxpayer shall be allowed to subtract from the taxpayer's Missouri adjusted gross income to determine Missouri taxable income a maximum of an amount equal to twenty percent of the amount of any benefits received by the taxpayer and that are included in federal adjusted gross income under Section 86 of the Internal Revenue Code of 1986, as amended. For the taxable year beginning on or after January 1, 2008, any taxpayer shall be allowed to subtract from the taxpayer's Missouri adjusted gross income to determine Missouri taxable income a maximum of an amount equal to thirty-five percent of the amount of any benefits received by the taxpayer and that are included in federal adjusted gross income under Section 86 of the Internal Revenue Code of 1986, as amended. For the taxable year beginning on or after January 1, 2009, any taxpayer shall be allowed to subtract from the taxpayer's Missouri adjusted gross income to determine Missouri taxable income a maximum of an amount equal to fifty percent of the amount of any benefits received by the taxpayer and that are included in federal adjusted gross income under Section 86 of the Internal Revenue Code of 1986, as amended. For the taxable year beginning on or after January 1, 2010, any taxpayer shall be allowed to subtract from the taxpayer's Missouri adjusted gross income to determine Missouri taxable income a maximum of an amount equal to sixty-five percent of the amount of any benefits received by the taxpayer and that are included in federal adjusted gross income under Section 86 of the Internal Revenue Code of 1986, as amended. For the taxable year beginning on or after January 1, 2011, any taxpayer shall be allowed to subtract from the taxpayer's Missouri adjusted gross income to determine Missouri taxable income a maximum of an amount equal to eighty percent of the amount of any benefits received by the taxpayer and that are included in federal adjusted gross income under Section 86 of the Internal Revenue Code of 1986, as amended. For all taxable years beginning on or after January 1, 2012, any taxpayer shall be

allowed to subtract from the taxpayer's Missouri adjusted gross income to determine Missouri taxable income a maximum of an amount equal to one hundred percent of the amount of any benefits received by the taxpayer and that are included in federal adjusted gross income under Section 86 of the Internal Revenue Code of 1986, as amended. **For all tax years ending on or before December 31, 2023,** a taxpayer shall be entitled to the maximum exemption provided by this subsection:

(1) If the taxpayer's filing status is married filing combined, and their combined Missouri adjusted gross income is equal to or less than one hundred thousand dollars; or

(2) If the taxpayer's filing status is single, head of household, qualifying widow(er), or married filing separately, and the taxpayer's Missouri adjusted gross income is equal to or less than eighty-five thousand dollars.

For all tax years beginning on or after January 1, 2024, a taxpayer shall be entitled to the maximum exemption provided by this subsection regardless of the taxpayer's filing status or the amount of the taxpayer's Missouri adjusted gross income.

3. **For all tax years ending on or before December 31, 2023,** if a taxpayer's adjusted gross income exceeds the adjusted gross income ceiling for such taxpayer's filing status, as provided in subdivisions (1) and (2) of subsection 2 of this section, such taxpayer shall be entitled to an exemption equal to the greater of zero or the maximum exemption provided in subsection 2 of this section reduced by one dollar for every dollar such taxpayer's income exceeds the ceiling for his or her filing status.

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

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

(1) Upon every retail sale in this state of tangible personal property, excluding motor vehicles, trailers, motorcycles, mopeds, motortricycles, boats and outboard motors required to be titled under the laws of the state of Missouri and subject to tax under subdivision (9) of this subsection, a tax equivalent to four percent of the purchase price paid or charged, or in case such sale involves the exchange of property, a tax equivalent to four percent of the consideration paid or charged, including the fair market value of the property exchanged at the time and place of the exchange, except as otherwise provided in section 144.025;

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

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

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

(b) If local and long distance telecommunications services subject to tax under this subdivision are aggregated with and not separately stated from charges for telecommunications service or other services not subject to tax under this subdivision, including, but not limited to, interstate or international telecommunications services, then the charges for nontaxable services may be subject to taxation unless the telecommunications provider can identify by reasonable and verifiable standards such portion of the charges not subject to such tax from its books and records that are kept in the regular course of business, including, but not limited to, financial statement, general ledgers, invoice and billing systems and reports, and reports for regulatory tariffs and other regulatory matters;

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

(d) The director of revenue may promulgate and enforce reasonable rules and regulations for the administration and enforcement of the provisions of this subdivision. Any

rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2019, shall be invalid and void;

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

(6) A tax equivalent to four percent on the amount of sales or charges for all rooms, meals and drinks furnished at any hotel, motel, tavern, inn, restaurant, eating house, drugstore, dining car, tourist cabin, tourist camp or other place in which rooms, meals or drinks are regularly served to the public. The tax imposed under this subdivision shall not apply to any automatic mandatory gratuity for a large group imposed by a restaurant when such gratuity is reported as employee tip income and the restaurant withholds income tax under section 143.191 on such gratuity;

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

(8) A tax equivalent to four percent of the amount paid or charged for rental or lease of tangible personal property, provided that if the lessor or renter of any tangible personal property had previously purchased the property under the conditions of sale at retail or leased or rented the property and the tax was paid at the time of purchase, lease or rental, the lessor, sublessor, renter or subrenter shall not apply or collect the tax on the subsequent lease, sublease, rental or subrental receipts from that property. The purchase, rental or lease of motor vehicles, trailers, motorcycles, mopeds, motortricycles, boats, and outboard motors shall be taxed and the tax paid as provided in this section and section 144.070. In no event shall the rental or lease of boats and outboard motors be considered a sale, charge, or fee to, for or in places of amusement, entertainment or recreation nor shall any such rental or lease be subject to any tax imposed to, for, or in such places of amusement, entertainment or recreation. Rental and leased boats or outboard motors shall be taxed under the provisions of the sales tax laws as provided under such laws for motor vehicles and trailers. Tangible personal property which is exempt from the sales or use tax under section 144.030 upon a sale thereof is likewise exempt from the sales or use tax upon the lease or rental thereof;

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

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

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

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

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

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

5. Any person, company, or corporation engaged in the business of renting or leasing motor vehicles, trailers, boats, or outboard motors, which are to be used exclusively for rental or lease purposes, and not for resale, may apply to the director of revenue for authority to

operate as a leasing or rental company and pay an annual fee of two hundred fifty dollars for such authority. Any company approved by the director of revenue may pay the tax due on any motor vehicle, trailer, boat, or outboard motor as required in section 144.020 at the time of registration thereof or in lieu thereof may pay a sales tax as provided in sections 144.010, 144.020, 144.070 and 144.440. A sales tax shall be charged to and paid by a leasing company which does not exercise the option of paying in accordance with section 144.020, on the amount charged for each rental or lease agreement while the motor vehicle, trailer, boat, or outboard motor is domiciled in this state. Any motor vehicle, trailer, boat, or outboard motor which is leased as the result of a contract executed in this state shall be presumed to be domiciled in this state.

6. Every applicant to be a registered fleet owner as described in subsections 6 to 10 of section 301.032 shall furnish with the application to operate as a registered fleet owner a corporate surety bond or irrevocable letter of credit, as defined in section 400.5-102, issued by any state or federal financial institution in the penal sum of one hundred thousand dollars, on a form approved by the department. The bond or irrevocable letter of credit shall be conditioned upon the registered fleet owner complying with the provisions of any statutes applicable to registered fleet owners, and the bond shall be an indemnity for any loss sustained by reason of the acts of the person bonded when such acts constitute grounds for the suspension or revocation of the registered fleet owner license. The bond shall be executed in the name of the state of Missouri for the benefit of all aggrieved parties or the irrevocable letter of credit shall name the state of Missouri as the beneficiary; except that, the aggregate liability of the surety or financial institution to the aggrieved parties shall, in no event, exceed the amount of the bond or irrevocable letter of credit. The proceeds of the bond or irrevocable letter of credit shall be paid upon receipt by the department of a final judgment from a Missouri court of competent jurisdiction against the principal and in favor of an aggrieved party.

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

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

(2) Is authorized to do business in Missouri;

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

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

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

8. If the owner of any motor vehicle, trailer, boat, or outboard motor desires to charge and collect sales tax as provided in this section, the owner shall make application to the director of revenue for a permit to operate as a motor vehicle, trailer, boat, or outboard motor leasing company. The director of revenue shall promulgate rules and regulations determining the qualifications of such a company, and the method of collection and reporting of sales tax charged and collected. Such regulations shall apply only to owners of motor vehicles, trailers, boats, or outboard motors, electing to qualify as motor vehicle, trailer, boat, or outboard motor leasing companies under the provisions of subsection 5 of this section, and no motor vehicle renting or leasing, trailer renting or leasing, or boat or outboard motor renting or leasing company can come under sections 144.010, 144.020, 144.070 and 144.440 unless all motor vehicles, trailers, boats, and outboard motors held for renting and leasing are included.

9. Any person, company, or corporation engaged in the business of renting or leasing three thousand five hundred or more motor vehicles which are to be used exclusively for rental or leasing purposes and not for resale, and that has applied to the director of revenue for authority to operate as a leasing company may also operate as a registered fleet owner as prescribed in section 301.032.

10. Beginning July 1, 2010, any motor vehicle dealer licensed under section 301.560 engaged in the business of selling motor vehicles or trailers **[**~~may~~**] shall** apply to the director of revenue for authority to collect and remit the sales tax required under this section on all motor vehicles sold by the motor vehicle dealer. A motor vehicle dealer receiving authority to collect and remit the tax is subject to all provisions under sections 144.010 to 144.525. Any motor vehicle dealer authorized to collect and remit sales taxes on motor vehicles under this subsection shall be entitled to deduct and retain an amount equal to two percent of the motor vehicle sales tax pursuant to section 144.140. Any amount of the tax collected under this subsection that is retained by a motor vehicle dealer pursuant to section 144.140 shall not constitute state revenue. In no event shall revenues from the general revenue fund or any other state fund be utilized to compensate motor vehicle dealers for their role in collecting and remitting sales taxes on motor vehicles. In the event this subsection or any portion thereof is held to violate Article IV, Section 30(b) of the Missouri Constitution, no motor vehicle dealer shall be authorized to collect and remit sales taxes on motor vehicles under this section. No motor vehicle dealer shall seek compensation from the state of Missouri or its agencies if a

court of competent jurisdiction declares that the retention of two percent of the motor vehicle sales tax is unconstitutional and orders the return of such revenues.

11. (1) Every motor vehicle dealer licensed under section 301.560, as soon as technologically possible following the development and maintenance of a modernized, integrated system for the titling of vehicles, issuance and renewal of vehicle registrations, issuance and renewal of driver's licenses and identification cards, and perfection and release of liens and encumbrances on vehicles, to be funded by the motor vehicle administration technology fund as created in section 301.558, shall collect and remit the sales tax required under this section on all motor vehicles that such dealer sells. In collecting and remitting this sales tax, motor vehicle dealers shall be subject to all applicable provisions under sections 144.010 to 144.527.

(2) The director of revenue may promulgate all necessary rules and regulations for the administration of this subsection. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this subsection shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This subsection and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2023, shall be invalid and void.

407.812. 1. Any franchisor obtaining or renewing its license after August 28, 2010, shall be bound by the provisions of the MVFP act and shall comply with it, and no franchise agreement made, entered, modified, or renewed after August 28, 2010, shall avoid the requirements of the MVFP act, or violate its provisions, and no franchise agreement shall be performed after the date the franchisor's license is issued or renewed in such a manner that the franchisor avoids or otherwise does not conform or comply with the requirements of the MVFP act. Notwithstanding the effective date of any franchise agreement, all franchisor licenses and renewals thereof are issued subject to all provisions of the MVFP act and chapter 301 and any regulations in effect upon the date of issuance, as well as all future provisions of the MVFP act and chapter 301 and any regulations which may become effective during the term of the license.

2. The provisions of the MVFP act shall apply to each franchise that a franchisor, manufacturer, importer, or distributor has with a franchisee and all agreements between a franchisee and a common entity or any person that is controlled by a franchisor.

3. No dealer or manufacturer licensed in this state under sections 301.550 to 301.573 shall allow any subsidiary or related entity to engage in the business of selling motor vehicles, as defined in section 301.010, to retail consumers in this state, except as

otherwise permitted by law. Any dealer or manufacturer licensed in this state shall have standing to enforce the provisions of this subsection, provided that a franchise relationship exists between the parties.

4. No entity controlling, controlled by, or sharing a common parent entity or sibling entity with a licensed dealer or manufacturer shall engage in the business of selling motor vehicles to retail consumers in this state, except as permitted by sections 301.550 to 301.575 and the MVFP act. Any dealer or manufacturer licensed in this state shall have standing to enforce the provisions of this subsection.

5. No dealer or manufacturer not licensed in this state under sections 301.550 to 301.575 shall engage in the business of selling motor vehicles to retail consumers in this state, except as permitted by sections 301.550 to 301.575 and the MVFP act. Any dealer or manufacturer in this state shall have standing to enforce the provisions of this subsection, provided that a franchise relationship exists between the parties.

6. Notwithstanding any provision of sections 301.550 to 301.575 to the contrary, a manufacturer, importer, or distributor may engage in the business of selling motor vehicles to retail consumers in this state from a dealership if the manufacturer, importer, or distributor owned the dealership and initially submitted a dealer license application to the Missouri department of revenue on or before August 28, 2023, provided that the license is subsequently granted, and the ownership or controlling interest of such dealership is not transferred, sold, or conveyed to another person or entity required to be licensed under this chapter.

407.828. 1. Notwithstanding any provision in a franchise to the contrary, each franchisor shall specify in writing to each of its franchisees in this state the franchisee's obligations for preparation, delivery, and warranty service on its products. The franchisor shall fairly and reasonably compensate the franchisee for preparation, delivery, and warranty service required of the franchisee by the franchisor. The franchisor shall provide the franchisee with the schedule of compensation to be paid to the franchisee for parts, labor, and service, and the time allowance for the performance of the labor and service for the franchisee's obligations for preparation, delivery, and warranty service.

2. The schedule of compensation shall include reasonable compensation for diagnostic work, as well as repair service and labor for the franchisee to meet its obligations for preparation, delivery, and warranty service. The schedule shall also include reasonable and adequate time allowances for the diagnosis and performance of preparation, delivery, and warranty service to be performed in a careful and professional manner. In the determination of what constitutes reasonable compensation for labor and service pursuant to this section, the principal factor to be given consideration shall be the prevailing wage rates being charged for similar labor and service by **[**~~franchisees in the market in which the franchisee is doing~~

~~business, and in no event shall the compensation of a franchisee for labor and service be less than the rates charged by~~**]** the franchisee for similar labor and service to retail customers for nonwarranty labor and service**[**~~, provided that such rates are reasonable~~**]**. The primary factor in determining **[**~~a fair and~~**]** reasonable compensation for parts under this section shall be the **[**~~prevailing amount charged for similar parts by other same line-make franchisees in the market in which the franchisee is doing business and the fair and reasonable compensation for parts shall not be less than the~~**]** amount charged by the franchisee for similar parts to retail customers for nonwarranty parts**[**~~, provided that such rates are reasonable. If another same line-make franchisee is not available within the market, then the prevailing amount charged for similar parts by other franchisees in the market shall be used as the primary factor~~**]**.

3. A franchisor shall perform all warranty obligations, including recall notices; include in written notices of franchisor recalls to new motor vehicle owners and franchisees the expected date by which necessary parts and equipment will be available to franchisees for the correction of the defects; and **[**~~reasonably~~**]** compensate any of the franchisees in this state for repairs required by the recall. **[**~~Reasonable~~**]** Compensation for parts**[**~~,~~**]** **and** labor**[**~~, and service~~**]** **for recall repairs** shall be determined under subsection 2 of this section.

4. No franchisor shall require a franchisee to submit a claim authorized under this section sooner than thirty days after the franchisee completes the preparation, delivery, or warranty service authorizing the claim for preparation, delivery, or warranty service. All claims made by a franchisee under this section shall be paid within thirty days after their approval. All claims shall be either approved or disapproved by the franchisor within thirty days after their receipt on a proper form generally used by the franchisor and containing the usually required information therein. Any claims not specifically disapproved in writing within thirty days after the receipt of the form shall be considered to be approved and payment shall be made within fifteen days thereafter. A franchisee shall not be required to maintain defective parts for more than thirty days after submission of a claim.

5. A franchisor shall compensate the franchisee for franchisor-sponsored sales or service promotion events, including but not limited to, rebates, programs, or activities in accordance with established written guidelines for such events, programs, or activities, which guidelines shall be provided to each franchisee.

6. No franchisor shall require a franchisee to submit a claim authorized under subsection 5 of this section sooner than thirty days after the franchisee becomes eligible to submit the claim. All claims made by a franchisee pursuant to subsection 5 of this section for promotion events, including but not limited to rebates, programs, or activities shall be paid within ten days after their approval. All claims shall be either approved or disapproved by the franchisor within thirty days after their receipt on a proper form generally used by the franchisor and containing the usually required information therein. Any claim not

specifically disapproved in writing within thirty days after the receipt of this form shall be considered to be approved and payment shall be made within **[**~~ten~~**]** **fifteen** days.

7. In calculating the retail rate customarily charged by the franchisee for parts, service, and labor, the following work shall not be included in the calculation:

(1) Repairs for franchisor, manufacturer, or distributor special events, specials, or promotional discounts for retail customer repairs;

(2) Parts sold at wholesale;

(3) Engine assemblies and transmission assemblies;

(4) Routine maintenance not covered under any retail customer warranty, such as fluids, filters, and belts not provided in the course of repairs;

(5) Nuts, bolts, fasteners, and similar items that do not have an individual part number;

(6) Tires; and

(7) Vehicle reconditioning.

8. If a franchisor, manufacturer, importer, or distributor furnishes a part or component to a franchisee, at no cost, to use in performing repairs under a recall, campaign service action, or warranty repair, the franchisor shall compensate the franchisee for the part or component in the same manner as warranty parts compensation under this section by compensating the franchisee at the average markup on the cost for the part or component as listed in the price schedule of the franchisor, manufacturer, importer, or distributor, less the cost for the part or component. **This subsection shall not apply to entire engine assemblies, propulsion engine assemblies, including electric vehicle batteries, or entire transmission assemblies.**

9. A franchisor shall not require a franchisee to establish the retail rate customarily charged by the franchisee for parts, service, or labor by an unduly burdensome or time-consuming method or by requiring information that is unduly burdensome or time consuming to provide, including, but not limited to, part-by-part or transaction-by-transaction calculations. A franchisee shall not request a franchisor to approve a different labor rate or parts rate more than twice in one calendar year.

10. If a franchisee submits any claim under this section to a franchisor that is incomplete, inaccurate, or lacking any information usually required by the franchisor, then the franchisor shall promptly notify the franchisee, and the time limit to submit the claim shall be extended for a reasonable length of time, not less than five business days following notice by the franchisor to the franchisee, for the franchisee to provide the complete, accurate, or lacking information to the franchisor.

11. (1) A franchisor may only audit warranty, sales, or incentive claims and charge-back to the franchisee unsubstantiated claims for a period of twelve months following

payment, subject to all of the provisions of this section. Furthermore, if the franchisor has good cause to believe that a franchisee has submitted fraudulent claims, then the franchisor may only audit suspected fraudulent warranty, sales, or incentive claims and charge-back to the franchisee fraudulent claims for a period of two years following payment, subject to all provisions of this section.

(2) A franchisor shall not require documentation for warranty, sales, or incentive claims more than twelve months after the claim was paid.

(3) Prior to requiring any charge-back, reimbursement, or credit against a future transaction arising out of an audit, the franchisor shall submit written notice to the franchisee along with a copy of its audit and the detailed reason for each intended charge-back, reimbursement, or credit.

12. A franchisee may file a complaint with the administrative hearing commission **pursuant to section 407.822** within **[**~~thirty~~**] sixty** days after receipt of any **[**~~such~~**]** written notice **[**~~challenging such action~~**] by a franchisor of any adverse decision on any claim for reimbursement submitted pursuant to this section, including, but not limited to, specific claims for reimbursement in individual warranty repair transactions, and requests for an increase in labor or parts rate**. If a complaint is filed within the **[**~~thirty~~**] sixty** days, then the **[**~~charge-back, reimbursement, or credit~~**] denial or reduction of reimbursement, denial of a request for an increase in labor or parts rate, charge-back, or other determination by a franchisor which is adverse to a franchisee** shall be stayed pending a hearing and determination of the matter under section 407.822. **The franchisor shall file an answer to the complaint within thirty days after service of the complaint.** If**, following a hearing which shall be held within sixty days following service of the franchisor's answer,** the administrative hearing commission determines that **[**~~any portion of the charge-back, reimbursement, or credit is improper, then that portion of the charge-back, reimbursement, or credit shall be void and not allowed~~**] a franchisor has violated any requirements of this section, then the denial or reduction of reimbursement, denial of a request for an increase in labor or parts rate, or charge-back shall be void and the franchisor shall, within fifteen days of the commission's order, fairly compensate the franchisee as required by the provisions of this section. Section 407.835 shall apply to proceedings pursuant to this section**.

Section B. Because immediate action is necessary to protect taxpayers from inflated values and rapidly increasing prices, the repeal and reenactment of section 137.115 of section A of this act is deemed necessary for the immediate preservation of the public health, welfare, peace, and safety, and is hereby declared to be an emergency act within the meaning of the

constitution, and the repeal and reenactment of section 137.115 of section A of this act shall be in full force and effect upon its passage and approval.

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