

FIRST REGULAR SESSION

# SENATE BILL NO. 66

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR MOSLEY.

0061S.01I

KRISTINA MARTIN, Secretary

## AN ACT

To repeal sections 144.020 and 144.070, RSMo, and to enact in lieu thereof two new sections relating to motor vehicle sales tax.

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

Section A. Sections 144.020 and 144.070, RSMo, are  
2 repealed and two new sections enacted in lieu thereof, to be  
3 known as sections 144.020 and 144.070, to read as follows:

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

11 (1) Upon every retail sale in this state of tangible  
12 personal property, excluding motor vehicles, trailers,  
13 motorcycles, mopeds, motortricycles, boats and outboard  
14 motors required to be titled under the laws of the state of  
15 Missouri and subject to tax under subdivision (9) of this  
16 subsection, a tax equivalent to four percent of the purchase  
17 price paid or charged, or in case such sale involves the  
18 exchange of property, a tax equivalent to four percent of

19 the consideration paid or charged, including the fair market  
20 value of the property exchanged at the time and place of the  
21 exchange, except as otherwise provided in section 144.025;

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

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

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

43 (b) If local and long distance telecommunications  
44 services subject to tax under this subdivision are  
45 aggregated with and not separately stated from charges for  
46 telecommunications service or other services not subject to  
47 tax under this subdivision, including, but not limited to,  
48 interstate or international telecommunications services,  
49 then the charges for nontaxable services may be subject to  
50 taxation unless the telecommunications provider can identify

51 by reasonable and verifiable standards such portion of the  
52 charges not subject to such tax from its books and records  
53 that are kept in the regular course of business, including,  
54 but not limited to, financial statement, general ledgers,  
55 invoice and billing systems and reports, and reports for  
56 regulatory tariffs and other regulatory matters;

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

64 (d) The director of revenue may promulgate and enforce  
65 reasonable rules and regulations for the administration and  
66 enforcement of the provisions of this subdivision. Any rule  
67 or portion of a rule, as that term is defined in section  
68 536.010, that is created under the authority delegated in  
69 this section shall become effective only if it complies with  
70 and is subject to all of the provisions of chapter 536 and,  
71 if applicable, section 536.028. This section and chapter  
72 536 are nonseverable and if any of the powers vested with  
73 the general assembly pursuant to chapter 536 to review, to  
74 delay the effective date, or to disapprove and annul a rule  
75 are subsequently held unconstitutional, then the grant of  
76 rulemaking authority and any rule proposed or adopted after  
77 August 28, 2019, shall be invalid and void;

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

81 (6) A tax equivalent to four percent on the amount of  
82 sales or charges for all rooms, meals and drinks furnished

83 at any hotel, motel, tavern, inn, restaurant, eating house,  
84 drugstore, dining car, tourist cabin, tourist camp or other  
85 place in which rooms, meals or drinks are regularly served  
86 to the public. The tax imposed under this subdivision shall  
87 not apply to any automatic mandatory gratuity for a large  
88 group imposed by a restaurant when such gratuity is reported  
89 as employee tip income and the restaurant withholds income  
90 tax under section 143.191 on such gratuity;

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

98 (8) A tax equivalent to four percent of the amount  
99 paid or charged for rental or lease of tangible personal  
100 property, provided that if the lessor or renter of any  
101 tangible personal property had previously purchased the  
102 property under the conditions of sale at retail or leased or  
103 rented the property and the tax was paid at the time of  
104 purchase, lease or rental, the lessor, sublessor, renter or  
105 subrenter shall not apply or collect the tax on the  
106 subsequent lease, sublease, rental or subrental receipts  
107 from that property. The purchase, rental or lease of motor  
108 vehicles, trailers, motorcycles, mopeds, motortricycles,  
109 boats, and outboard motors shall be taxed and the tax paid  
110 as provided in this section and section 144.070. In no  
111 event shall the rental or lease of boats and outboard motors  
112 be considered a sale, charge, or fee to, for or in places of  
113 amusement, entertainment or recreation nor shall any such  
114 rental or lease be subject to any tax imposed to, for, or in

115 such places of amusement, entertainment or recreation.  
116 Rental and leased boats or outboard motors shall be taxed  
117 under the provisions of the sales tax laws as provided under  
118 such laws for motor vehicles and trailers. Tangible  
119 personal property which is exempt from the sales or use tax  
120 under section 144.030 upon a sale thereof is likewise exempt  
121 from the sales or use tax upon the lease or rental thereof;

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

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

144.070. 1. At the time the owner of any new or used  
2 motor vehicle, trailer, boat, or outboard motor which was  
3 acquired in a transaction subject to sales tax under the  
4 Missouri sales tax law makes application to the director of  
5 revenue for an official certificate of title and the  
6 registration of the motor vehicle, trailer, boat, or  
7 outboard motor as otherwise provided by law, the owner shall  
8 present to the director of revenue evidence satisfactory to  
9 the director of revenue showing the purchase price exclusive  
10 of any charge incident to the extension of credit paid by or  
11 charged to the applicant in the acquisition of the motor  
12 vehicle, trailer, boat, or outboard motor, or that no sales  
13 tax was incurred in its acquisition, and if sales tax was

14 incurred in its acquisition, the applicant shall pay or  
15 cause to be paid to the director of revenue the sales tax  
16 provided by the Missouri sales tax law in addition to the  
17 registration fees now or hereafter required according to  
18 law, and the director of revenue shall not issue a  
19 certificate of title for any new or used motor vehicle,  
20 trailer, boat, or outboard motor subject to sales tax as  
21 provided in the Missouri sales tax law until the tax levied  
22 for the sale of the same under sections 144.010 to 144.510  
23 has been paid as provided in this section or is registered  
24 under the provisions of subsection 5 of this section.

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

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

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

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

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

61 6. Every applicant to be a registered fleet owner as  
62 described in subsections 6 to 10 of section 301.032 shall  
63 furnish with the application to operate as a registered  
64 fleet owner a corporate surety bond or irrevocable letter of  
65 credit, as defined in section 400.5-102, issued by any state  
66 or federal financial institution in the penal sum of one  
67 hundred thousand dollars, on a form approved by the  
68 department. The bond or irrevocable letter of credit shall  
69 be conditioned upon the registered fleet owner complying  
70 with the provisions of any statutes applicable to registered  
71 fleet owners, and the bond shall be an indemnity for any  
72 loss sustained by reason of the acts of the person bonded  
73 when such acts constitute grounds for the suspension or  
74 revocation of the registered fleet owner license. The bond  
75 shall be executed in the name of the state of Missouri for  
76 the benefit of all aggrieved parties or the irrevocable  
77 letter of credit shall name the state of Missouri as the

78 beneficiary; except that, the aggregate liability of the  
79 surety or financial institution to the aggrieved parties  
80 shall, in no event, exceed the amount of the bond or  
81 irrevocable letter of credit. The proceeds of the bond or  
82 irrevocable letter of credit shall be paid upon receipt by  
83 the department of a final judgment from a Missouri court of  
84 competent jurisdiction against the principal and in favor of  
85 an aggrieved party.

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

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

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

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

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

100 (5) Operates each of its divisions on a basis separate  
101 from each of its other divisions. However, when the  
102 transfer of a motor vehicle, trailer, boat or outboard motor  
103 occurs within a corporation which holds a license to operate  
104 as a motor vehicle or boat dealer pursuant to sections  
105 301.550 to 301.573 the provisions in subdivision (3) of this  
106 subsection shall not apply.

107 8. If the owner of any motor vehicle, trailer, boat,  
108 or outboard motor desires to charge and collect sales tax as  
109 provided in this section, the owner shall make application



110 to the director of revenue for a permit to operate as a  
111 motor vehicle, trailer, boat, or outboard motor leasing  
112 company. The director of revenue shall promulgate rules and  
113 regulations determining the qualifications of such a  
114 company, and the method of collection and reporting of sales  
115 tax charged and collected. Such regulations shall apply  
116 only to owners of motor vehicles, trailers, boats, or  
117 outboard motors, electing to qualify as motor vehicle,  
118 trailer, boat, or outboard motor leasing companies under the  
119 provisions of subsection 5 of this section, and no motor  
120 vehicle renting or leasing, trailer renting or leasing, or  
121 boat or outboard motor renting or leasing company can come  
122 under sections 144.010, 144.020, 144.070 and 144.440 unless  
123 all motor vehicles, trailers, boats, and outboard motors  
124 held for renting and leasing are included.

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

132 10. Beginning July 1, 2010, any motor vehicle dealer  
133 licensed under section 301.560 engaged in the business of  
134 selling motor vehicles or trailers may apply to the director  
135 of revenue for authority to collect and remit the sales tax  
136 required under this section on all motor vehicles sold by  
137 the motor vehicle dealer. A motor vehicle dealer receiving  
138 authority to collect and remit the tax is subject to all  
139 provisions under sections 144.010 to 144.525. Any motor  
140 vehicle dealer authorized to collect and remit sales taxes  
141 on motor vehicles under this subsection shall be entitled to

142 deduct and retain an amount equal to two percent of the  
143 motor vehicle sales tax pursuant to section 144.140. Any  
144 amount of the tax collected under this subsection that is  
145 retained by a motor vehicle dealer pursuant to section  
146 144.140 shall not constitute state revenue. In no event  
147 shall revenues from the general revenue fund or any other  
148 state fund be utilized to compensate motor vehicle dealers  
149 for their role in collecting and remitting sales taxes on  
150 motor vehicles. In the event this subsection or any portion  
151 thereof is held to violate Article IV, Section 30(b) of the  
152 Missouri Constitution, no motor vehicle dealer shall be  
153 authorized to collect and remit sales taxes on motor  
154 vehicles under this section. No motor vehicle dealer shall  
155 seek compensation from the state of Missouri or its agencies  
156 if a court of competent jurisdiction declares that the  
157 retention of two percent of the motor vehicle sales tax is  
158 unconstitutional and orders the return of such revenues.

159 **11. (1) Beginning January 1, 2024, if any amount of**  
160 **financing is extended to cover the cost of any sales tax due**  
161 **under the laws of this state including, but not limited to,**  
162 **local sales tax authorized under section 32.087 and state**  
163 **sales tax imposed under section 144.020, for the purchase of**  
164 **a motor vehicle, the financing entity shall remit such**  
165 **amount directly to the appropriate taxing authority on**  
166 **behalf of the purchaser. Any amounts received by the taxing**  
167 **authority shall be credited towards any amount of sales tax**  
168 **otherwise due to such taxing authority by the purchaser.**  
169 **This direct transfer requirement shall be a condition of any**  
170 **financing agreement to purchase a motor vehicle. The**  
171 **failure of the financing entity to properly remit funds to**  
172 **an appropriate taxing authority shall not be a defense to**  
173 **any claim owed by either party to the financing agreement,**

174 and both parties shall be jointly liable to such taxing  
175 authority for any taxes owed.

176 (2) The director of revenue may promulgate all  
177 necessary rules and regulations for the administration of  
178 this subsection. Any rule or portion of a rule, as that  
179 term is defined in section 536.010, that is created under  
180 the authority delegated in this subsection shall become  
181 effective only if it complies with and is subject to all of  
182 the provisions of chapter 536 and, if applicable, section  
183 536.028. This subsection and chapter 536 are nonseverable,  
184 and if any of the powers vested with the general assembly  
185 pursuant to chapter 536 to review, to delay the effective  
186 date, or to disapprove and annul a rule are subsequently  
187 held unconstitutional, then the grant of rulemaking  
188 authority and any rule proposed or adopted after August 28,  
189 2023, shall be invalid and void.

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