

SECOND REGULAR SESSION

HOUSE BILL NO. 1765

91ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE BRAY.

Read 1st time January 31, 2002, and 1000 copies ordered printed.

TED WEDEL, Chief Clerk

4457L.011

AN ACT

To amend chapter 144, RSMo, by adding thereto five new sections relating to simplified sales and use tax administration.

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

Section A. Chapter 144, RSMo, is amended by adding thereto five new sections, to be
2 known as sections 144.1000, 144.1003, 144.1006, 144.1009, and 144.1012, to read as follows:

2 **144.1000. Sections 144.1000 to 144.1012 shall be known as and referred to as the**
2 **"Simplified Sales and Use Tax Administration Act".**

2 **144.1003. As used in sections 144.1000 to 144.1012, the following terms shall mean:**

2 (1) "Agreement", the streamlined sales and use tax agreement;

3 (2) "Certified automated system", software certified jointly by the states that are
4 signatories to the agreement to calculate the tax imposed by each jurisdiction on a
5 transaction, determine the amount of tax to remit to the appropriate state, and maintain
6 a record of the transaction;

7 (3) "Certified service provider", an agent certified jointly by the states that are
8 signatories to the agreement to perform all of the seller's sales tax functions;

9 (4) "Person", an individual, trust, estate, fiduciary, partnership, limited liability
10 company, limited liability partnership, corporation, or any other legal entity;

11 (5) "Sales tax", any sales tax levied pursuant to this chapter, section 32.085, RSMo,
12 or any other sales tax authorized by statute and levied by this state or its political
13 subdivisions;

14 (6) "Seller", any person making sales, leases, or rentals of personal property or
15 services;

16 (7) "State", any state of the United States, and the District of Columbia;

17 (8) "Use tax", the use tax levied pursuant to this chapter.

144.1006. For the purposes of reviewing and if necessary amending the agreement
2 embodying the simplification requirements as contained in section 144.1012, the state shall
3 enter into multistate discussions. The director of revenue or the director's designee shall
4 represent the state in such discussions. There is hereby established the "Streamlined Sales
5 Tax Oversight Committee" to monitor the director's participation in such discussions. The
6 director of revenue shall consult with the committee on the proposed terms of the
7 agreement and any vote cast by the director concerning the terms of the agreement must
8 be approved in advance by at least four members of the committee. The committee shall
9 be composed of the director of revenue or other member who shall be appointed by the
10 governor, one member of the majority party in the house of representatives appointed by
11 the speaker of the house of representatives, one member of the minority party in the house
12 of representatives appointed by the minority leader of the house of representatives, one
13 member of the majority party in the senate appointed by the president pro tempore of the
14 senate and one member of the minority party in the senate appointed by the minority
15 leader of the senate. At least one of the committee members shall be an individual who is
16 not a government employee nor an elected official and shall be responsible for representing
17 the views of the business community of this state on the committee. The committee shall
18 recommend to the committees responsible for reviewing tax issues in the senate and the
19 house of representatives each year what state statutes are required to be amended to be
20 substantially in compliance with the agreement. The committee shall make a written
21 report by the fifteenth day of January each year regarding the status of multistate
22 discussions and upon final adoption of the terms of the sales and use tax agreement by the
23 multistate body. The final report shall be delivered to the governor, the president pro
24 tempore of the senate, the speaker of the house of representatives, and the chairs of the
25 committees responsible for reviewing tax issues in the senate and the house of
26 representatives and shall be made available for public review and shall detail the impact
27 that any action proposed by the multistate group would have on the taxpayers of Missouri
28 if enacted by the general assembly, with specific attention to proposals that would require
29 legislation to:

30 (1) Adopt a definition of any term that would cause any item or transaction that is
31 now excluded or exempted from sales or use tax to become subject to sales or use tax;

32 (2) Fully exempt or fully apply sales taxes to the sales of food or any other item;

33 (3) Restrict the ability of local governments from maintaining one or more local
34 taxes on one or more item without the application of the tax to all sales within the taxing
35 jurisdiction;

36 (4) Adopt any rate structure that would result in a tax increase for any Missouri
37 taxpayer;

38 (5) Change the sourcing of sales tax transactions; or

39 (6) Abolish limitations or thresholds on the application of sales and use tax rates
40 or abolish any current sales or use tax exemption in the state of Missouri, including
41 exemptions that are based on the value of the transaction or item.

144.1009. No provision of the agreement authorized by sections 144.1000 to
2 144.1012 in whole or in part shall invalidate or amend any provision of the law of this state.
3 Adoption of the agreement by this state shall not amend or modify any law of this state.

144.1012. 1. The state of Missouri shall not enter into the streamlined sales and use
2 tax agreement until the general assembly, through concurrent resolution, expresses support
3 and approval for the agreement reached by the multistate body and until legislation
4 substantially complying with the requirements of the agreement is enacted into law in this
5 state.

6 2. The state of Missouri shall not enter into the streamlined sales and use tax
7 agreement unless the agreement requires each state to abide by the following requirements:

8 (1) The agreement must set restrictions to limit over time the number of state rates;

9 (2) The agreement must establish uniform standards for the following:

10 (a) The sourcing of transactions to taxing jurisdictions;

11 (b) The administration of exempt sales; and

12 (c) Sales and use tax returns and remittances;

13 (3) The agreement must provide a central, electronic registration system that allows
14 a seller to register to collect and remit sales and use taxes for all signatory states;

15 (4) The agreement must provide that registration with the central registration
16 system and the collection of sales and use taxes in the signatory states will not be used as
17 a factor in determining whether the seller has nexus with a state for any tax;

18 (5) The agreement must provide for reduction of the burdens of complying with
19 local sales and use taxes through the following:

20 (a) Restricting variances between the state and local tax bases;

21 (b) Requiring states to administer any sales and use taxes levied by local
22 jurisdictions within the state so that sellers collecting and remitting these taxes will not
23 have to register or file returns with, remit funds to, or be subject to independent audits
24 from local taxing jurisdictions;

25 (c) Restricting the frequency of changes in the local sales and use tax rates and
26 setting effective dates for the application of local jurisdictional boundary changes to local
27 sales and use taxes; and

28 **(d) Providing notice of change in local sales and use tax rates and of changes in the**
29 **boundaries of local taxing jurisdictions;**

30 **(6) The agreement must outline any monetary allowances that are to be provided**
31 **by the states to sellers or certified service providers. The agreement must allow for a joint**
32 **public and private sector study of the compliance cost on sellers and certified service**
33 **providers to collect sales and use taxes for state and local governments under various levels**
34 **of complexity, to be completed by July 1, 2003;**

35 **(7) The agreement must require each state to certify compliance with the terms of**
36 **the agreement prior to joining and to maintain compliance, under the laws of the member**
37 **state, with all provisions of the agreement while a member;**

38 **(8) The agreement must require each state to adopt a uniform policy for certified**
39 **service providers that protects the privacy of consumers and maintains the confidentiality**
40 **of tax information; and**

41 **(9) The agreement must provide for the appointment of an advisory council of**
42 **private sector representatives and an advisory council of nonmember state representatives**
43 **to consult with in the administration of the agreement.**