

SECOND REGULAR SESSION

HOUSE BILL NO. 1835

96TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES SILVEY (Sponsor), DIEHL, STREAM, JONES (89), PARKINSON, LOEHNER, HOUGH, CAUTHORN, SCHARNHORST, DAVIS, NETH, McCAHERTY, SOLON, SCHATZ, LONG, HIGDON, ALLEN, HAEFNER, LEACH, BROWN (85), CONWAY (14), LARGENT, DAY, BROWN (116), HOSKINS, FUNDERBURK, CURTMAN, TORPEY, JONES (117), ELMER, RICHARDSON, MOLENDORP, BERRY, CROSS, GATSCHENBERGER, McGHEE, FITZWATER, BAHR, BRATTIN AND FLANIGAN (Co-sponsors).

5933L.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 144.030 and 209.030, RSMo, and to enact in lieu thereof two new sections relating to health care costs of blind individuals.

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

Section A. Sections 144.030 and 209.030, RSMo, are repealed and two new sections
2 enacted in lieu thereof, to be known as sections 144.030 and 209.030, to read as follows:

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

9 2. There are also specifically exempted from the provisions of the local sales tax law as
10 defined in section 32.085, section 238.235, and sections 144.010 to 144.525 and 144.600 to
11 144.761 and from the computation of the tax levied, assessed or payable pursuant to the local
12 sales tax law as defined in section 32.085, section 238.235, and sections 144.010 to 144.525 and
13 144.600 to 144.745:

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.

14 (1) Motor fuel or special fuel subject to an excise tax of this state, unless all or part of
15 such excise tax is refunded pursuant to section 142.824; or upon the sale at retail of fuel to be
16 consumed in manufacturing or creating gas, power, steam, electrical current or in furnishing
17 water to be sold ultimately at retail; or feed for livestock or poultry; or grain to be converted into
18 foodstuffs which are to be sold ultimately in processed form at retail; or seed, limestone or
19 fertilizer which is to be used for seeding, liming or fertilizing crops which when harvested will
20 be sold at retail or will be fed to livestock or poultry to be sold ultimately in processed form at
21 retail; economic poisons registered pursuant to the provisions of the Missouri pesticide
22 registration law (sections 281.220 to 281.310) which are to be used in connection with the
23 growth or production of crops, fruit trees or orchards applied before, during, or after planting,
24 the crop of which when harvested will be sold at retail or will be converted into foodstuffs which
25 are to be sold ultimately in processed form at retail;

26 (2) Materials, manufactured goods, machinery and parts which when used in
27 manufacturing, processing, compounding, mining, producing or fabricating become a component
28 part or ingredient of the new personal property resulting from such manufacturing, processing,
29 compounding, mining, producing or fabricating and which new personal property is intended to
30 be sold ultimately for final use or consumption; and materials, including without limitation,
31 gases and manufactured goods, including without limitation slagging materials and firebrick,
32 which are ultimately consumed in the manufacturing process by blending, reacting or interacting
33 with or by becoming, in whole or in part, component parts or ingredients of steel products
34 intended to be sold ultimately for final use or consumption;

35 (3) Materials, replacement parts and equipment purchased for use directly upon, and for
36 the repair and maintenance or manufacture of, motor vehicles, watercraft, railroad rolling stock
37 or aircraft engaged as common carriers of persons or property;

38 (4) Replacement machinery, equipment, and parts and the materials and supplies solely
39 required for the installation or construction of such replacement machinery, equipment, and
40 parts, used directly in manufacturing, mining, fabricating or producing a product which is
41 intended to be sold ultimately for final use or consumption; and machinery and equipment, and
42 the materials and supplies required solely for the operation, installation or construction of such
43 machinery and equipment, purchased and used to establish new, or to replace or expand existing,
44 material recovery processing plants in this state. For the purposes of this subdivision, a "material
45 recovery processing plant" means a facility that has as its primary purpose the recovery of
46 materials into a useable product or a different form which is used in producing a new product and
47 shall include a facility or equipment which are used exclusively for the collection of recovered
48 materials for delivery to a material recovery processing plant but shall not include motor vehicles
49 used on highways. For purposes of this section, the terms motor vehicle and highway shall have

50 the same meaning pursuant to section 301.010. Material recovery is not the reuse of materials
51 within a manufacturing process or the use of a product previously recovered. The material
52 recovery processing plant shall qualify under the provisions of this section regardless of
53 ownership of the material being recovered;

54 (5) Machinery and equipment, and parts and the materials and supplies solely required
55 for the installation or construction of such machinery and equipment, purchased and used to
56 establish new or to expand existing manufacturing, mining or fabricating plants in the state if
57 such machinery and equipment is used directly in manufacturing, mining or fabricating a product
58 which is intended to be sold ultimately for final use or consumption;

59 (6) Tangible personal property which is used exclusively in the manufacturing,
60 processing, modification or assembling of products sold to the United States government or to
61 any agency of the United States government;

62 (7) Animals or poultry used for breeding or feeding purposes, or captive wildlife;

63 (8) Newsprint, ink, computers, photosensitive paper and film, toner, printing plates and
64 other machinery, equipment, replacement parts and supplies used in producing newspapers
65 published for dissemination of news to the general public. **For all years beginning on or after**
66 **January 1, 2013, no exemption shall be granted on sales of items listed in this subdivision,**
67 **and all revenues derived from any state taxes imposed on the sales of such items shall be**
68 **deposited in the blind medical subsidy fund created in section 209.030;**

69 (9) The rentals of films, records or any type of sound or picture transcriptions for public
70 commercial display;

71 (10) Pumping machinery and equipment used to propel products delivered by pipelines
72 engaged as common carriers;

73 (11) Railroad rolling stock for use in transporting persons or property in interstate
74 commerce and motor vehicles licensed for a gross weight of twenty-four thousand pounds or
75 more or trailers used by common carriers, as defined in section 390.020, in the transportation of
76 persons or property;

77 (12) Electrical energy used in the actual primary manufacture, processing, compounding,
78 mining or producing of a product, or electrical energy used in the actual secondary processing
79 or fabricating of the product, or a material recovery processing plant as defined in subdivision
80 (4) of this subsection, in facilities owned or leased by the taxpayer, if the total cost of electrical
81 energy so used exceeds ten percent of the total cost of production, either primary or secondary,
82 exclusive of the cost of electrical energy so used or if the raw materials used in such processing
83 contain at least twenty-five percent recovered materials as defined in section 260.200. There
84 shall be a rebuttable presumption that the raw materials used in the primary manufacture of
85 automobiles contain at least twenty-five percent recovered materials. For purposes of this

86 subdivision, "processing" means any mode of treatment, act or series of acts performed upon
87 materials to transform and reduce them to a different state or thing, including treatment necessary
88 to maintain or preserve such processing by the producer at the production facility;

89 (13) Anodes which are used or consumed in manufacturing, processing, compounding,
90 mining, producing or fabricating and which have a useful life of less than one year;

91 (14) Machinery, equipment, appliances and devices purchased or leased and used solely
92 for the purpose of preventing, abating or monitoring air pollution, and materials and supplies
93 solely required for the installation, construction or reconstruction of such machinery, equipment,
94 appliances and devices;

95 (15) Machinery, equipment, appliances and devices purchased or leased and used solely
96 for the purpose of preventing, abating or monitoring water pollution, and materials and supplies
97 solely required for the installation, construction or reconstruction of such machinery, equipment,
98 appliances and devices;

99 (16) Tangible personal property purchased by a rural water district;

100 (17) All amounts paid or charged for admission or participation or other fees paid by or
101 other charges to individuals in or for any place of amusement, entertainment or recreation, games
102 or athletic events, including museums, fairs, zoos and planetariums, owned or operated by a
103 municipality or other political subdivision where all the proceeds derived therefrom benefit the
104 municipality or other political subdivision and do not inure to any private person, firm, or
105 corporation;

106 (18) All sales of insulin and prosthetic or orthopedic devices as defined on January 1,
107 1980, by the federal Medicare program pursuant to Title XVIII of the Social Security Act of
108 1965, including the items specified in Section 1862(a)(12) of that act, and also specifically
109 including hearing aids and hearing aid supplies and all sales of drugs which may be legally
110 dispensed by a licensed pharmacist only upon a lawful prescription of a practitioner licensed to
111 administer those items, including samples and materials used to manufacture samples which may
112 be dispensed by a practitioner authorized to dispense such samples and all sales or rental of
113 medical oxygen, home respiratory equipment and accessories, hospital beds and accessories and
114 ambulatory aids, all sales or rental of manual and powered wheelchairs, stairway lifts, Braille
115 writers, electronic Braille equipment and, if purchased or rented by or on behalf of a person with
116 one or more physical or mental disabilities to enable them to function more independently, all
117 sales or rental of scooters, reading machines, electronic print enlargers and magnifiers, electronic
118 alternative and augmentative communication devices, and items used solely to modify motor
119 vehicles to permit the use of such motor vehicles by individuals with disabilities or sales of
120 over-the-counter or nonprescription drugs to individuals with disabilities, and drugs required by
121 the Food and Drug Administration to meet the over-the-counter drug product labeling

122 requirements in 21 CFR 201.66, or its successor, as prescribed by a health care practitioner
123 licensed to prescribe;

124 (19) All sales made by or to religious and charitable organizations and institutions in
125 their religious, charitable or educational functions and activities and all sales made by or to all
126 elementary and secondary schools operated at public expense in their educational functions and
127 activities;

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

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

144 (22) All sales made to any private not-for-profit elementary or secondary school, all sales
145 of feed additives, medications or vaccines administered to livestock or poultry in the production
146 of food or fiber, all sales of pesticides used in the production of crops, livestock or poultry for
147 food or fiber, all sales of bedding used in the production of livestock or poultry for food or fiber,
148 all sales of propane or natural gas, electricity or diesel fuel used exclusively for drying
149 agricultural crops, natural gas used in the primary manufacture or processing of fuel ethanol as
150 defined in section 142.028, natural gas, propane, and electricity used by an eligible new
151 generation cooperative or an eligible new generation processing entity as defined in section
152 348.432, and all sales of farm machinery and equipment, other than airplanes, motor vehicles and
153 trailers, and any freight charges on any exempt item. As used in this subdivision, the term "feed
154 additives" means tangible personal property which, when mixed with feed for livestock or
155 poultry, is to be used in the feeding of livestock or poultry. As used in this subdivision, the term
156 "pesticides" includes adjuvants such as crop oils, surfactants, wetting agents and other assorted
157 pesticide carriers used to improve or enhance the effect of a pesticide and the foam used to mark

158 the application of pesticides and herbicides for the production of crops, livestock or poultry. As
159 used in this subdivision, the term "farm machinery and equipment" means new or used farm
160 tractors and such other new or used farm machinery and equipment and repair or replacement
161 parts thereon and any accessories for and upgrades to such farm machinery and equipment, rotary
162 mowers used exclusively for agricultural purposes, and supplies and lubricants used exclusively,
163 solely, and directly for producing crops, raising and feeding livestock, fish, poultry, pheasants,
164 chukar, quail, or for producing milk for ultimate sale at retail, including field drain tile, and
165 one-half of each purchaser's purchase of diesel fuel therefor which is:

166 (a) Used exclusively for agricultural purposes;

167 (b) Used on land owned or leased for the purpose of producing farm products; and

168 (c) Used directly in producing farm products to be sold ultimately in processed form or
169 otherwise at retail or in producing farm products to be fed to livestock or poultry to be sold
170 ultimately in processed form at retail;

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

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

183 (b) Regulated utility sellers shall determine whether individual purchases are exempt or
184 nonexempt based upon the seller's utility service rate classifications as contained in tariffs on file
185 with and approved by the Missouri public service commission. Sales and purchases made
186 pursuant to the rate classification "residential" and sales to and purchases made by or on behalf
187 of the occupants of residential apartments or condominiums through a single or master meter,
188 including service for common areas and facilities and vacant units, shall be considered as sales
189 made for domestic use and such sales shall be exempt from sales tax. Sellers shall charge sales
190 tax upon the entire amount of purchases classified as nondomestic use. The seller's utility
191 service rate classification and the provision of service thereunder shall be conclusive as to
192 whether or not the utility must charge sales tax;

193 (c) Each person making domestic use purchases of services or property and who uses any
194 portion of the services or property so purchased for a nondomestic use shall, by the fifteenth day
195 of the fourth month following the year of purchase, and without assessment, notice or demand,
196 file a return and pay sales tax on that portion of nondomestic purchases. Each person making
197 nondomestic purchases of services or property and who uses any portion of the services or
198 property so purchased for domestic use, and each person making domestic purchases on behalf
199 of occupants of residential apartments or condominiums through a single or master meter,
200 including service for common areas and facilities and vacant units, under a nonresidential utility
201 service rate classification may, between the first day of the first month and the fifteenth day of
202 the fourth month following the year of purchase, apply for credit or refund to the director of
203 revenue and the director shall give credit or make refund for taxes paid on the domestic use
204 portion of the purchase. The person making such purchases on behalf of occupants of residential
205 apartments or condominiums shall have standing to apply to the director of revenue for such
206 credit or refund;

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

210 (25) Excise taxes, collected on sales at retail, imposed by Sections 4041, 4061, 4071,
211 4081, 4091, 4161, 4181, 4251, 4261 and 4271 of Title 26, United States Code. The director of
212 revenue shall promulgate rules pursuant to chapter 536 to eliminate all state and local sales taxes
213 on such excise taxes;

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

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

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

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

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

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

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

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

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

241 (35) All sales of feed which are developed for and used in the feeding of pets owned by
242 a commercial breeder when such sales are made to a commercial breeder, as defined in section
243 273.325, and licensed pursuant to sections 273.325 to 273.357;

244 (36) All purchases by a contractor on behalf of an entity located in another state,
245 provided that the entity is authorized to issue a certificate of exemption for purchases to a
246 contractor under the provisions of that state's laws. For purposes of this subdivision, the term
247 "certificate of exemption" shall mean any document evidencing that the entity is exempt from
248 sales and use taxes on purchases pursuant to the laws of the state in which the entity is located.
249 Any contractor making purchases on behalf of such entity shall maintain a copy of the entity's
250 exemption certificate as evidence of the exemption. If the exemption certificate issued by the
251 exempt entity to the contractor is later determined by the director of revenue to be invalid for any
252 reason and the contractor has accepted the certificate in good faith, neither the contractor or the
253 exempt entity shall be liable for the payment of any taxes, interest and penalty due as the result
254 of use of the invalid exemption certificate. Materials shall be exempt from all state and local
255 sales and use taxes when purchased by a contractor for the purpose of fabricating tangible
256 personal property which is used in fulfilling a contract for the purpose of constructing, repairing
257 or remodeling facilities for the following:

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

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

263 (37) All sales or other transfers of tangible personal property to a lessor who leases the
264 property under a lease of one year or longer executed or in effect at the time of the sale or other

265 transfer to an interstate compact agency created pursuant to sections 70.370 to 70.441 or sections
266 238.010 to 238.100;

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

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

276 (40) Beginning January 1, 2009, but not after January 1, 2015, materials, replacement
277 parts, and equipment purchased for use directly upon, and for the modification, replacement,
278 repair, and maintenance of aircraft, aircraft power plants, and aircraft accessories;

279 (41) Sales of sporting clays, wobble, skeet, and trap targets to any shooting range or
280 similar places of business for use in the normal course of business and money received by a
281 shooting range or similar places of business from patrons and held by a shooting range or similar
282 place of business for redistribution to patrons at the conclusion of a shooting event.

209.030. 1. Every adult blind person, eighteen years of age or over, of good moral
2 character who shall have been a resident of the state of Missouri for one year or more next
3 preceding the time of making application for the pension herein provided and every adult blind
4 person eighteen years of age or over who may have lost his or her sight while a bona fide resident
5 of this state and who has been a continuous resident thereof since such loss of sight, shall be
6 entitled to receive, when enrolled under the provisions of sections 209.010 to 209.160, an annual
7 pension as provided for herein, payable in equal monthly installments, provided that no such
8 person shall be entitled to a pension who owns property or has an interest in property to the value
9 of twenty thousand dollars or more, or if married and actually living with husband or wife, if the
10 value of his or her interest in property, together with that of such husband or wife, exceeds said
11 amount; provided, further, that in determining the total value of property owned, the real estate
12 occupied by the blind person or spouse as the home, shall be excluded; or who has a sighted
13 spouse resident in this state who upon the investigation of the division of family services may
14 be found to be able to provide for the reasonable support of such applicant, or while publicly
15 soliciting alms in any manner or through any artifice in any part of this state; and provided,
16 further, that blind persons who are maintained in private or endowed institutions or who are
17 inmates of a public institution shall not be entitled to the benefits of sections 209.010 to 209.160,
18 except as a patient in a public medical institution; provided, benefits shall not be paid to a blind

19 person under sixty-five years of age, who is a patient in an institution for mental diseases or
20 tuberculosis. In order to comply with federal laws and regulations and state plans in making
21 payments to or on behalf of mentally ill individuals sixty-five years of age, or over, who are
22 patients in a state mental institution, the division of family services shall require agreements or
23 other arrangements with the institution to provide a framework for cooperation and to assure that
24 state plan requirements and federal laws and regulations relating to such payment will be
25 observed. In the event the federal laws or regulations will not permit approval of the state plan
26 for benefit payments to or on behalf of an individual who is sixty-five years of age, or over, and
27 is a patient in a state institution for mental diseases, this portion of this section shall be
28 inoperative until approval of a state plan is obtained.

29 **2. There is hereby created in the state treasury the "Blind Medical Subsidy Fund",**
30 **which shall consist of money collected under subdivision (8) of subsection 2 of section**
31 **144.030. The state treasurer shall be custodian of the fund. In accordance with sections**
32 **30.170 and 30.180, the state treasurer may approve disbursements. The fund shall be a**
33 **dedicated fund and, upon appropriation, money in the fund shall be used solely to assist**
34 **individuals who are eligible to receive a pension under this section and who are not eligible**
35 **for MO HealthNet benefits associated with such individual's blindness with payment of the**
36 **individual's health care costs. Notwithstanding the provisions of section 33.080 to the**
37 **contrary, any moneys remaining in the fund at the end of the biennium shall not revert to**
38 **the credit of the general revenue fund. The state treasurer shall invest moneys in the fund**
39 **in the same manner as other funds are invested. Any interest and moneys earned on such**
40 **investments shall be credited to the fund.**

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