

FIRST REGULAR SESSION

[PERFECTED]

# HOUSE BILL NO. 253

## 97TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES BERRY (Sponsor), JONES (110), NETH, DIEHL, SMITH (120), CIERPIOT, MOLENDORP, SCHIEBER, BROWN, WIELAND, LANT, GUERNSEY, KEENEY, BARNES, FREDERICK, FRANKLIN, MUNTZEL, LOVE, DAVIS, WHITE, CRAWFORD, LAIR, ALLEN, JONES (50), ELMER, RICHARDSON, HOUGHTON, HOUGH AND KOENIG (Co-sponsors).

0619H.01P

D. ADAM CRUMBLISS, Chief Clerk

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### AN ACT

To repeal sections 143.071, 143.221, 144.020, and 144.030, RSMo, and to enact in lieu thereof five new sections relating to the taxation of businesses.

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

Section A. Sections 143.071, 143.221, 144.020 and, 144.030, RSMo, RSMo, are  
2 repealed and five new sections enacted in lieu thereof, to be known as sections 143.013, 143.071,  
3 143.221, 144.020 and, 144.030, to read as follows:

**143.013. 1. This act shall be known and maybe cited as the "Broad-Based Tax  
2 Relief Act of 2013".**

**3 2. As used in this section, "business income" means income greater than zero  
4 arising from transactions and activity in the regular course of the taxpayer's trade or  
5 business and includes income from tangible property if the acquisition, management, and  
6 disposition of the property constitute integral parts of the taxpayer's regular trade or  
7 business operations. "Business income" shall not include "compensation" as such term  
8 is defined under subsection 1 of article IV of section 32.200.**

**9 3. In the case of a small corporation described in section 143.471 or a partnership,  
10 computing the deduction allowed under subsection 4 of this section, taxpayers described  
11 in subdivisions (1) or (2) of this subsection shall be allowed such deduction apportioned in  
12 proportion to their share of ownership of the business on the last day of the taxpayer's tax**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

13 period for which such deduction is being claimed when determining the Missouri adjusted  
14 gross income of:

15 (1) The shareholders of a small corporation as described in section 143.471;

16 (2) The partners in a partnership.

17 4. (1) In addition to all other modifications allowed by law, there shall be  
18 subtracted from the federal adjusted gross income of an individual taxpayer the amounts  
19 of business income as provided in this subsection to the extent included in federal adjusted  
20 gross income when determining the taxpayer's Missouri adjusted gross income.

21 (2) (a) For all tax years beginning on or after January 1, 2013, the percentage of  
22 the amount of business income to be subtracted under this subsection shall be determined  
23 as provided in this subdivision.

24 (b) The office of administration shall compare the sum of the Missouri net  
25 individual income tax revenues and the Missouri net corporation income tax revenues, as  
26 reported by the department of revenue, received in the fiscal year ending on June 30, 2011,  
27 to the Missouri net individual income tax revenues and the Missouri net corporation  
28 income tax revenues, as reported by the department of revenue, received in the fiscal year  
29 ending on June thirtieth of the tax year preceding the tax year for which the percentage  
30 of the amount of business income to be subtracted under this section is being determined  
31 under this section. Upon the completion of such comparison, the office of administration  
32 shall immediately report the results of such comparison to the director of the department  
33 of revenue.

34 (c) If, upon comparison of the sum of the Missouri net individual income tax  
35 revenues and the Missouri net corporation income tax revenues received as provided in this  
36 subdivision, the office of administration determines that the sum of the Missouri net  
37 individual income tax revenues and the Missouri net corporation income tax revenues  
38 received in the fiscal year ending on June thirtieth of such preceding tax year are less than  
39 the sum of the Missouri net individual income tax revenues and the Missouri net  
40 corporation income tax revenues received in the fiscal year ending on June 30, 2011, the  
41 percentage of the amount of business income that shall be subtracted under this subsection,  
42 if any, shall be the same as the immediately preceding tax year until such time the office  
43 of administration determines that the sum of the Missouri net individual income tax  
44 revenues and the Missouri net corporation income tax revenues received are equal to or  
45 greater than the sum of the Missouri net individual income tax revenues and the Missouri  
46 net corporation income tax revenues received in the fiscal year ending on June 30, 2011,  
47 and the percentage of business income subtracted should increase as provided in  
48 paragraph (d) of this subdivision.

49           **(d) a. In the first tax year for which the office of administration determines that the**  
50 **sum of the Missouri net individual income tax revenues and the Missouri net corporation**  
51 **income tax revenues received in the preceding fiscal year ending on June thirtieth of such**  
52 **tax year are equal to or greater than the sum of the Missouri net individual income tax**  
53 **revenues and the Missouri net corporation income tax revenues received in the fiscal year**  
54 **ending on June 30, 2011, the percentage of the amount of business income that shall be**  
55 **subtracted under this subsection shall be ten percent.**

56           **b. In the second tax year for which the office of administration determines that the**  
57 **sum of the Missouri net individual income tax revenues and the Missouri net corporation**  
58 **income tax revenues received in the preceding fiscal year ending on June thirtieth of such**  
59 **tax year are equal to or greater than the sum of the Missouri net individual income tax**  
60 **revenues and the Missouri net corporation income tax revenues received in the fiscal year**  
61 **ending on June 30, 2011, the percentage of the amount of business income that shall be**  
62 **subtracted under this subsection shall be twenty percent.**

63           **c. In the third tax year for which the office of administration determines that the**  
64 **sum of the Missouri net individual income tax revenues and the Missouri net corporation**  
65 **income tax revenues received in the preceding fiscal year ending on June thirtieth of such**  
66 **tax year are equal to or greater than the sum of the Missouri net individual income tax**  
67 **revenues and the Missouri net corporation income tax revenues received in the fiscal year**  
68 **ending on June 30, 2011, the percentage of the amount of business income that shall be**  
69 **subtracted under this subsection shall be thirty percent.**

70           **d. In the fourth tax year for which the office of administration determines that the**  
71 **sum of the Missouri net individual income tax revenues and the Missouri net corporation**  
72 **income tax revenues received in the preceding fiscal year ending on June thirtieth of such**  
73 **tax year are equal to or greater than the sum of the Missouri net individual income tax**  
74 **revenues and the Missouri net corporation income tax revenues received in the fiscal year**  
75 **ending on June 30, 2011, the percentage of the amount of business income that shall be**  
76 **subtracted under this subsection shall be forty percent.**

77           **e. In the fifth tax year for which the office of administration determines that the**  
78 **sum of the Missouri net individual income tax revenues and the Missouri net corporation**  
79 **income tax revenues received in the preceding fiscal year ending on June thirtieth of such**  
80 **tax year are equal to or greater than the sum of the Missouri net individual income tax**  
81 **revenues and the Missouri net corporation income tax revenues received in the fiscal year**  
82 **ending on June 30, 2011, the percentage of the amount of business income that shall be**  
83 **subtracted under this subsection shall be fifty percent.**

84           **(e) Once an increase occurs in the percentage of the amount of business income to**  
85 **be subtracted under this subsection as provided in paragraph (d) of this subdivision, the**  
86 **percentage of the amount subtracted under this subsection shall not be decreased even if**  
87 **the sum of the Missouri net individual income tax revenues and the Missouri net**  
88 **corporation income tax revenues received in any following fiscal year ending on June**  
89 **thirtieth of any following tax year are less than the sum of the Missouri net individual**  
90 **income tax revenues and the Missouri net corporation income tax revenues received in the**  
91 **fiscal year ending on June 30, 2011.**

92           **5. (1) For all tax years beginning on or after January 1, 2013, in the event the**  
93 **average payroll for the tax year of the business that is the source of such business income**  
94 **exceeds one hundred fifty percent of the county average wage in the county in which the**  
95 **business is located, notwithstanding the provisions of subsection 4 of this section to the**  
96 **contrary and in lieu of the deduction provided in subsection 4 of this section and in**  
97 **addition to all other modifications allowed by law, there shall be subtracted from the**  
98 **federal adjusted gross income of an individual taxpayer fifty percent of business income**  
99 **to the extent included in federal adjusted gross income when determining the taxpayer's**  
100 **Missouri adjusted gross income. For the purposes of this subsection, "county average**  
101 **wage" shall be determined as provided in section 620.1878, RSMo, and "average payroll"**  
102 **shall mean the amount of taxable wages of full-time employees of the business divided by**  
103 **the total number of full-time employees.**

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

4           2. For all tax years beginning on or after September 1, 1993, **but before January 1,**  
5 **2013,** a tax is hereby imposed upon the Missouri taxable income of corporations in an amount  
6 equal to six and one-fourth percent of Missouri taxable income.

7           **3. (1) For each tax year beginning on or after January 1, 2013, the tax imposed**  
8 **upon the Missouri taxable income of corporations shall be in an amount as determined**  
9 **under this subsection.**

10           **(2) The office of administration shall compare the sum of the Missouri net**  
11 **corporation income tax revenues and the Missouri net individual income tax revenues, as**  
12 **reported by the department of revenue, received in the fiscal year ending on June 30, 2011,**  
13 **to the sum of the Missouri net corporation income tax revenues and the Missouri net**  
14 **individual income tax revenues, as reported by the department of revenue, received in the**  
15 **fiscal year ending on June thirtieth of the tax year preceding the tax year for which the**  
16 **amount of the tax imposed under this section is being determined under this section. Upon**

17 the completion of such comparison, the office of administration shall immediately report  
18 the results of such comparison to the director of the department of revenue.

19 (3) If, upon comparison of the sum of the Missouri net corporation income tax  
20 revenues and the Missouri net individual income tax revenues received as provided in this  
21 subsection, the office of administration determines that the sum of the Missouri net  
22 corporation income tax revenues and the Missouri net individual income tax revenues  
23 received in the fiscal year ending on June thirtieth of such preceding tax year are less than  
24 the sum of the Missouri net corporation income tax revenues and the Missouri net  
25 individual income tax revenues received in the fiscal year ending on June 30, 2011, the  
26 amount of the tax imposed under this subsection shall be at the same rate as the  
27 immediately preceding tax year until such time the office of administration determines that  
28 the sum of the Missouri net corporation income tax revenues and the Missouri net  
29 individual income tax revenues received are equal to or greater than the sum of the  
30 Missouri net corporation income tax revenues and the Missouri net individual income tax  
31 revenues received in the fiscal year ending on June 30, 2011, and the amount of the tax  
32 imposed under this subsection should decrease as provided in subdivision (4) of this  
33 subsection.

34 (4) (a) In the first tax year for which the office of administration determines that the  
35 sum of the Missouri net corporation income tax revenues and the Missouri net individual  
36 income tax revenues received in the preceding fiscal year ending on June thirtieth of such  
37 tax year are equal to or greater than the sum of the Missouri net corporation income tax  
38 revenues and the Missouri net individual income tax revenues received in the fiscal year  
39 ending on June 30, 2011, the amount of the tax imposed under this subsection shall  
40 decrease to an amount equal to five and five-eighths percent of Missouri taxable income.

41 (b) In the second tax year for which the office of administration determines that the  
42 sum of the Missouri net corporation income tax revenues and the Missouri net individual  
43 income tax revenues received in the preceding fiscal year ending on June thirtieth of such  
44 tax year are equal to or greater than the sum of the Missouri net corporation income tax  
45 revenues and the Missouri net individual income tax revenues received in the fiscal year  
46 ending on June 30, 2011, the amount of the tax imposed under this subsection shall  
47 decrease to an amount equal to five percent of Missouri taxable income.

48 (c) In the third tax year for which the office of administration determines that the  
49 sum of the Missouri net corporation income tax revenues and the Missouri net individual  
50 income tax revenues received in the preceding fiscal year ending on June thirtieth of such  
51 tax year are equal to or greater than the sum of the Missouri net corporation income tax  
52 revenues and the Missouri net individual income tax revenues received in the fiscal year

53 ending on June 30, 2011, the amount of the tax imposed under this subsection shall  
54 decrease to an amount equal to four and three-eighths percent of Missouri taxable income.

55 (d) In the fourth tax year for which the office of administration determines that the  
56 sum of the Missouri net corporation income tax revenues and the Missouri net individual  
57 income tax revenues received in the preceding fiscal year ending on June thirtieth of such  
58 tax year are equal to or greater than the sum of the Missouri net corporation income tax  
59 revenues and the Missouri net individual income tax revenues received in the fiscal year  
60 ending on June 30, 2011, the amount of the tax imposed under this subsection shall  
61 decrease to an amount equal to three and three-fourths percent of Missouri taxable income.

62 (e) In the fifth tax year for which the office of administration determines that the  
63 sum of the Missouri net corporation income tax revenues and the Missouri net individual  
64 income tax revenues received in the preceding fiscal year ending on June thirtieth of such  
65 tax year are equal to or greater than the sum of the Missouri net corporation income tax  
66 revenues and the Missouri net individual income tax revenues received in the fiscal year  
67 ending on June 30, 2011, the amount of the tax imposed under this subsection shall  
68 decrease to an amount equal to three and one-eighth percent of Missouri taxable income.

69 (5) Once a decrease occurs in the amount of the tax imposed under this subsection  
70 as provided in subdivision (4) of this subsection, the amount of the tax imposed under this  
71 subsection shall not increase even if the sum of the Missouri net corporation income tax  
72 revenues and the Missouri net individual income tax revenues received in any following  
73 fiscal year ending on June thirtieth of any following tax year are less than the sum of the  
74 Missouri net corporation income tax revenues and the Missouri net individual income tax  
75 revenues received in the fiscal year ending on June 30, 2011.

76 4. (1) For all tax years beginning on or after January 1, 2013, in the event the  
77 average payroll for the tax year of a corporation exceeds one hundred fifty percent of the  
78 county average wage in the county in which the corporation is located, notwithstanding the  
79 provisions of subsection 3 of this section to the contrary and in lieu of the rate of tax  
80 provided in subsection 3 of this section, the tax imposed upon the Missouri taxable income  
81 of corporations shall be three and one-eighth percent of Missouri taxable income.

82 (2) For the purposes of this subsection, "county average wage" shall be determined  
83 as provided in section 620.1878, RSMo, and "average payroll" shall mean the amount of  
84 taxable wages of full-time employees of the business divided by the total number of full-  
85 time employees.

143.221. 1. Every employer required to deduct and withhold tax under sections 143.011  
2 to 143.996 shall, for each calendar quarter, on or before the last day of the month following the  
3 close of such calendar quarter, file a withholding return as prescribed by the director of revenue

4 and pay over to the director of revenue or to a depository designated by the director of revenue  
5 the taxes so required to be deducted and withheld.

6         2. Where the aggregate amount required to be deducted and withheld by any employer  
7 exceeds fifty dollars for at least two of the preceding twelve months, the director, by regulation,  
8 may require a monthly return. The due dates of the monthly return and the monthly payment or  
9 deposit for the first two months of each quarter shall be by the fifteenth day of the succeeding  
10 month. The due dates of the monthly return and the monthly payment or deposit for the last  
11 month of each quarter shall be by the last day of the succeeding month. The director may  
12 increase the amount required for making a monthly employer withholding payment and return  
13 to more than fifty dollars or decrease such required amount, however, the decreased amount shall  
14 not be less than fifty dollars.

15         3. Where the aggregate amount required to be deducted and withheld by any employer  
16 is less than [twenty] **one hundred** dollars in each of the four preceding quarters, **and to the**  
17 **extent the employer does not meet the requirements in subsection 1 or 2 of this section for**  
18 **filing a withholding return on a quarterly or monthly basis**, the employer shall file a  
19 withholding return for a calendar year. The director, by regulation, may also allow other  
20 employers to file annual returns. The return shall be filed and the taxes if any paid on or before  
21 January thirty-first of the succeeding year. The director may increase the amount required for  
22 making an annual employer withholding payment and return to more than [twenty] **one hundred**  
23 dollars or decrease such required amount, however, the decreased amount shall not be less than  
24 [twenty] **one hundred** dollars.

25         4. If the director of revenue finds that the collection of taxes required to be deducted and  
26 withheld by an employer may be jeopardized by delay, he may require the employer to pay over  
27 the tax or make a return at any time. A lien outstanding with regard to any tax administered by  
28 the director shall be a sufficient basis for this action.

144.020. 1. A tax is hereby levied and imposed upon all sellers for the privilege of  
2 engaging in the business of selling tangible personal property or rendering taxable service at  
3 retail in this state. The rate of tax shall be as follows:

4         (1) Upon every retail sale in this state of tangible personal property, including but not  
5 limited to motor vehicles, trailers, motorcycles, mopeds, motortricycles, boats and outboard  
6 motors, a tax equivalent to four percent of the purchase price paid or charged, or in case such sale  
7 involves the exchange of property, a tax equivalent to four percent of the consideration paid or  
8 charged, including the fair market value of the property exchanged at the time and place of the  
9 exchange, except as otherwise provided in section 144.025;

10           (2) A tax equivalent to four percent of the amount paid for admission and seating  
11 accommodations[, or fees paid to, or] in any place of amusement, entertainment or recreation,  
12 games and athletic events;

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

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

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

25           (6) A tax equivalent to four percent on the amount of sales or charges for all rooms,  
26 meals and drinks furnished at any hotel, motel, tavern, inn, restaurant, eating house, drugstore,  
27 dining car, tourist cabin, tourist camp or other place in which rooms, meals or drinks are  
28 regularly served to the public;

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

34           (8) A tax equivalent to four percent of the amount paid or charged for rental or lease of  
35 tangible personal property, provided that if the lessor or renter of any tangible personal property  
36 had previously purchased the property under the conditions of "sale at retail" or leased or rented  
37 the property and the tax was paid at the time of purchase, lease or rental, the lessor, sublessor,  
38 renter or subrenter shall not apply or collect the tax on the subsequent lease, sublease, rental or  
39 subrental receipts from that property. The purchase, rental or lease of motor vehicles, trailers,  
40 motorcycles, mopeds, motortricycles, boats, and outboard motors shall be taxed and the tax paid  
41 as provided in this section and section 144.070. In no event shall the rental or lease of boats and  
42 outboard motors be considered a sale, charge, or fee to, for or in places of amusement,  
43 entertainment or recreation nor shall any such rental or lease be subject to any tax imposed to,  
44 for, or in such places of amusement, entertainment or recreation. Rental and leased boats or  
45 outboard motors shall be taxed under the provisions of the sales tax laws as provided under such

46 laws for motor vehicles and trailers. Tangible personal property which is exempt from the sales  
47 or use tax under section 144.030 upon a sale thereof is likewise exempt from the sales or use tax  
48 upon the lease or rental thereof.

49 2. All tickets sold which are sold under the provisions of sections 144.010 to 144.525  
50 which are subject to the sales tax shall have printed, stamped or otherwise endorsed thereon, the  
51 words "This ticket is subject to a sales tax.

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:

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) Motor vehicles registered in excess of fifty-four thousand pounds, and the trailers  
39 pulled by such motor vehicles, that are actually used in the normal course of business to haul  
40 property on the public highways of the state, and that are capable of hauling loads commensurate  
41 with the motor vehicle's registered weight; and the materials, replacement parts, and equipment  
42 purchased for use directly upon, and for the repair and maintenance or manufacture of such  
43 vehicles. For purposes of this subdivision "motor vehicle" and "public highway" shall have the  
44 meaning as ascribed in section 390.020;

45 (5) Replacement machinery, equipment, and parts and the materials and supplies solely  
46 required for the installation or construction of such replacement machinery, equipment, and  
47 parts, used directly in manufacturing, mining, fabricating or producing a product which is  
48 intended to be sold ultimately for final use or consumption; and machinery and equipment, and  
49 the materials and supplies required solely for the operation, installation or construction of such  
50 machinery and equipment, purchased and used to establish new, or to replace or expand existing,  
51 material recovery processing plants in this state. For the purposes of this subdivision, a "material  
52 recovery processing plant" means a facility that has as its primary purpose the recovery of  
53 materials into a useable product or a different form which is used in producing a new product and  
54 shall include a facility or equipment which are used exclusively for the collection of recovered  
55 materials for delivery to a material recovery processing plant but shall not include motor vehicles  
56 used on highways. For purposes of this section, the terms motor vehicle and highway shall have  
57 the same meaning pursuant to section 301.010. Material recovery is not the reuse of materials  
58 within a manufacturing process or the use of a product previously recovered. The material  
59 recovery processing plant shall qualify under the provisions of this section regardless of  
60 ownership of the material being recovered;

61 (6) Machinery and equipment, and parts and the materials and supplies solely required  
62 for the installation or construction of such machinery and equipment, purchased and used to  
63 establish new or to expand existing manufacturing, mining or fabricating plants in the state,  
64 **including any titled manufacturing or mining equipment**, if such machinery and equipment  
65 is used directly in manufacturing, mining or fabricating a product which is intended to be sold  
66 ultimately for final use or consumption;

67 (7) Tangible personal property which is used exclusively in the manufacturing,  
68 processing, modification or assembling of products sold to the United States government or to  
69 any agency of the United States government;

70 (8) Animals or poultry used for breeding or feeding purposes, or captive wildlife;

71 (9) Newsprint, ink, computers, photosensitive paper and film, toner, printing plates and  
72 other machinery, equipment, replacement parts and supplies used in producing newspapers  
73 published for dissemination of news to the general public;

74 (10) The rentals of films, records or any type of sound or picture transcriptions for public  
75 commercial display;

76 (11) Pumping machinery and equipment used to propel products delivered by pipelines  
77 engaged as common carriers;

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

82 (13) Electrical energy used in the actual primary manufacture, processing, compounding,  
83 mining or producing of a product, or electrical energy used in the actual secondary processing  
84 or fabricating of the product, or a material recovery processing plant as defined in subdivision  
85 (5) of this subsection, in facilities owned or leased by the taxpayer, if the total cost of electrical  
86 energy so used exceeds ten percent of the total cost of production, either primary or secondary,  
87 exclusive of the cost of electrical energy so used or if the raw materials used in such processing  
88 contain at least twenty-five percent recovered materials as defined in section 260.200. There  
89 shall be a rebuttable presumption that the raw materials used in the primary manufacture of  
90 automobiles contain at least twenty-five percent recovered materials. For purposes of this  
91 subdivision, "processing" means any mode of treatment, act or series of acts performed upon  
92 materials to transform and reduce them to a different state or thing, including treatment necessary  
93 to maintain or preserve such processing by the producer at the production facility;

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

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

100 (16) Machinery, equipment, appliances and devices purchased or leased and used solely  
101 for the purpose of preventing, abating or monitoring water pollution, and materials and supplies

102 solely required for the installation, construction or reconstruction of such machinery, equipment,  
103 appliances and devices;

104 (17) Tangible personal property purchased by a rural water district;

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

111 (19) All sales of insulin and prosthetic or orthopedic devices as defined on January 1,  
112 1980, by the federal Medicare program pursuant to Title XVIII of the Social Security Act of  
113 1965, including the items specified in Section 1862(a)(12) of that act, and also specifically  
114 including hearing aids and hearing aid supplies and all sales of drugs which may be legally  
115 dispensed by a licensed pharmacist only upon a lawful prescription of a practitioner licensed to  
116 administer those items, including samples and materials used to manufacture samples which may  
117 be dispensed by a practitioner authorized to dispense such samples and all sales or rental of  
118 medical oxygen, home respiratory equipment and accessories, hospital beds and accessories and  
119 ambulatory aids, all sales or rental of manual and powered wheelchairs, stairway lifts, Braille  
120 writers, electronic Braille equipment and, if purchased or rented by or on behalf of a person with  
121 one or more physical or mental disabilities to enable them to function more independently, all  
122 sales or rental of scooters, reading machines, electronic print enlargers and magnifiers, electronic  
123 alternative and augmentative communication devices, and items used solely to modify motor  
124 vehicles to permit the use of such motor vehicles by individuals with disabilities or sales of over-  
125 the-counter or nonprescription drugs to individuals with disabilities, and drugs required by the  
126 Food and Drug Administration to meet the over-the-counter drug product labeling requirements  
127 in 21 CFR 201.66, or its successor, as prescribed by a health care practitioner licensed to  
128 prescribe;

129 (20) All sales made by or to religious and charitable organizations and institutions in  
130 their religious, charitable or educational functions and activities and all sales made by or to all  
131 elementary and secondary schools operated at public expense in their educational functions and  
132 activities;

133 (21) All sales of aircraft to common carriers for storage or for use in interstate commerce  
134 and all sales made by or to not-for-profit civic, social, service or fraternal organizations,  
135 including fraternal organizations which have been declared tax-exempt organizations pursuant  
136 to Section 501(c)(8) or (10) of the 1986 Internal Revenue Code, as amended, in their civic or  
137 charitable functions and activities and all sales made to eleemosynary and penal institutions and

138 industries of the state, and all sales made to any private not-for-profit institution of higher  
139 education not otherwise excluded pursuant to subdivision (20) of this subsection or any  
140 institution of higher education supported by public funds, and all sales made to a state relief  
141 agency in the exercise of relief functions and activities;

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

149 (23) All sales made to any private not-for-profit elementary or secondary school, all sales  
150 of feed additives, medications or vaccines administered to livestock or poultry in the production  
151 of food or fiber, all sales of pesticides used in the production of crops, livestock or poultry for  
152 food or fiber, all sales of bedding used in the production of livestock or poultry for food or fiber,  
153 all sales of propane or natural gas, electricity or diesel fuel used exclusively for drying  
154 agricultural crops, natural gas used in the primary manufacture or processing of fuel ethanol as  
155 defined in section 142.028, natural gas, propane, and electricity used by an eligible new  
156 generation cooperative or an eligible new generation processing entity as defined in section  
157 348.432, and all sales of farm machinery and equipment, other than airplanes, motor vehicles and  
158 trailers, and any freight charges on any exempt item. As used in this subdivision, the term "feed  
159 additives" means tangible personal property which, when mixed with feed for livestock or  
160 poultry, is to be used in the feeding of livestock or poultry. As used in this subdivision, the term  
161 "pesticides" includes adjuvants such as crop oils, surfactants, wetting agents and other assorted  
162 pesticide carriers used to improve or enhance the effect of a pesticide and the foam used to mark  
163 the application of pesticides and herbicides for the production of crops, livestock or poultry. As  
164 used in this subdivision, the term "farm machinery and equipment" means new or used farm  
165 tractors and such other new or used farm machinery and equipment and repair or replacement  
166 parts thereon and any accessories for and upgrades to such farm machinery and equipment, rotary  
167 mowers used exclusively for agricultural purposes, and supplies and lubricants used exclusively,  
168 solely, and directly for producing crops, raising and feeding livestock, fish, poultry, pheasants,  
169 chukar, quail, or for producing milk for ultimate sale at retail, including field drain tile, and one-  
170 half of each purchaser's purchase of diesel fuel therefor which is:

171 (a) Used exclusively for agricultural purposes;

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

173 (c) Used directly in producing farm products to be sold ultimately in processed form or  
174 otherwise at retail or in producing farm products to be fed to livestock or poultry to be sold  
175 ultimately in processed form at retail;

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

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

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

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

209 portion of the purchase. The person making such purchases on behalf of occupants of residential  
210 apartments or condominiums shall have standing to apply to the director of revenue for such  
211 credit or refund;

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

215 (26) Excise taxes, collected on sales at retail, imposed by Sections 4041, 4061, 4071,  
216 4081, 4091, 4161, 4181, 4251, 4261 and 4271 of Title 26, United States Code. The director of  
217 revenue shall promulgate rules pursuant to chapter 536 to eliminate all state and local sales taxes  
218 on such excise taxes;

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

224 (28) All sales made to an interstate compact agency created pursuant to sections 70.370  
225 to 70.441 or sections 238.010 to 238.100 in the exercise of the functions and activities of such  
226 agency as provided pursuant to the compact;

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

231 (30) All livestock sales when either the seller is engaged in the growing, producing or  
232 feeding of such livestock, or the seller is engaged in the business of buying and selling, bartering  
233 or leasing of such livestock;

234 (31) All sales of barges which are to be used primarily in the transportation of property  
235 or cargo on interstate waterways;

236 (32) Electrical energy or gas, whether natural, artificial or propane, water, or other  
237 utilities which are ultimately consumed in connection with the manufacturing of cellular glass  
238 products or in any material recovery processing plant as defined in subdivision (5) of this  
239 subsection;

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

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

- 245 (35) All sales of grain bins for storage of grain for resale;
- 246 (36) All sales of feed which are developed for and used in the feeding of pets owned by  
247 a commercial breeder when such sales are made to a commercial breeder, as defined in section  
248 273.325, and licensed pursuant to sections 273.325 to 273.357;
- 249 (37) All purchases by a contractor on behalf of an entity located in another state,  
250 provided that the entity is authorized to issue a certificate of exemption for purchases to a  
251 contractor under the provisions of that state's laws. For purposes of this subdivision, the term  
252 "certificate of exemption" shall mean any document evidencing that the entity is exempt from  
253 sales and use taxes on purchases pursuant to the laws of the state in which the entity is located.  
254 Any contractor making purchases on behalf of such entity shall maintain a copy of the entity's  
255 exemption certificate as evidence of the exemption. If the exemption certificate issued by the  
256 exempt entity to the contractor is later determined by the director of revenue to be invalid for any  
257 reason and the contractor has accepted the certificate in good faith, neither the contractor or the  
258 exempt entity shall be liable for the payment of any taxes, interest and penalty due as the result  
259 of use of the invalid exemption certificate. Materials shall be exempt from all state and local  
260 sales and use taxes when purchased by a contractor for the purpose of fabricating tangible  
261 personal property which is used in fulfilling a contract for the purpose of constructing, repairing  
262 or remodeling facilities for the following:
- 263 (a) An exempt entity located in this state, if the entity is one of those entities able to issue  
264 project exemption certificates in accordance with the provisions of section 144.062; or
- 265 (b) An exempt entity located outside the state if the exempt entity is authorized to issue  
266 an exemption certificate to contractors in accordance with the provisions of that state's law and  
267 the applicable provisions of this section;
- 268 (38) All sales or other transfers of tangible personal property to a lessor who leases the  
269 property under a lease of one year or longer executed or in effect at the time of the sale or other  
270 transfer to an interstate compact agency created pursuant to sections 70.370 to 70.441 or sections  
271 238.010 to 238.100;
- 272 (39) Sales of tickets to any collegiate athletic championship event that is held in a facility  
273 owned or operated by a governmental authority or commission, a quasi-governmental agency,  
274 a state university or college or by the state or any political subdivision thereof, including a  
275 municipality, and that is played on a neutral site and may reasonably be played at a site located  
276 outside the state of Missouri. For purposes of this subdivision, "neutral site" means any site that  
277 is not located on the campus of a conference member institution participating in the event;
- 278 (40) All purchases by a sports complex authority created under section 64.920, and all  
279 sales of utilities by such authority at the authority's cost that are consumed in connection with  
280 the operation of a sports complex leased to a professional sports team;

281 (41) Beginning January 1, 2009, but not after January 1, 2015, materials, replacement  
282 parts, and equipment purchased for use directly upon, and for the modification, replacement,  
283 repair, and maintenance of aircraft, aircraft power plants, and aircraft accessories;

284 (42) Sales of sporting clays, wobble, skeet, and trap targets to any shooting range or  
285 similar places of business for use in the normal course of business and money received by a  
286 shooting range or similar places of business from patrons and held by a shooting range or similar  
287 place of business for redistribution to patrons at the conclusion of a shooting event.

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