

SENATE SUBSTITUTE
FOR
HOUSE COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 2587
AN ACT

To repeal sections 130.029, 143.022, 143.071, 143.081, 144.030, and 285.730, RSMo, and to enact in lieu thereof twenty-one new sections relating to business entities.

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

Section A. Sections 130.029, 143.022, 143.071, 143.081, 2 144.030, and 285.730, RSMo, are repealed and twenty-one new 3 sections enacted in lieu thereof, to be known as sections 4 34.195, 64.008, 65.710, 71.990, 89.500, 130.029, 143.022, 5 143.071, 143.081, 143.436, 144.030, 285.730, 407.475, 620.3800, 6 620.3900, 620.3905, 620.3910, 620.3915, 620.3920, 620.3925, and 7 620.3930, to read as follows:

34.195. 1. This section shall be known and may be
2 cited as the "Right-to-Start Act".

3 2. No later than June 30, 2024, and annually
4 thereafter, the commissioner of administration shall file a
5 report with the general assembly that includes, but is not
6 limited to:

7 (1) The number of contracts awarded to businesses that
8 have been in operation for less than three years;

9 (2) The percentage of the number of contracts awarded
10 to businesses that have been in operation for less than
11 three years compared to the total number of contracts
12 awarded;

13 (3) The total dollar amount of all contracts awarded
14 to businesses that have been in operation for less than
15 three years;

16 (4) The percentage of the total dollar amount of
17 contracts awarded to businesses that have been in operation
18 for less than three years compared to the total dollar
19 amount of contracts awarded; and

20 (5) The number and total dollar amount of contracts
21 awarded to minority-owned businesses compared to the total
22 number and dollar amount of contracts awarded.

23 3. The commissioner of administration, in conjunction
24 with the office of entrepreneurship under section 620.3800,
25 shall produce and file a report with the general assembly
26 making recommendations on improving access and resources for
27 new Missouri businesses that have been in operation for less
28 than three years on or before January 1, 2024. The report
29 shall also include recommendations on improving access and
30 resources for new minority-owned Missouri businesses that
31 have been in operation for less than three years on or
32 before January 1, 2024.

64.008. 1. As used in this section, the term "home-
2 based work" means any lawful occupation performed by a
3 resident within a residential home or accessory structure,
4 which is clearly incidental and secondary to the use of the
5 dwelling unit for residential purposes and does not change
6 the residential character of the residential building or
7 adversely affect the character of the surrounding
8 neighborhood.

9 2. A zoning ordinance or regulation adopted pursuant
10 to this chapter that regulates home-based work shall not:

11 (1) Prohibit mail order or telephone sales for home-
12 based work;

13 (2) Prohibit service by appointment within the home or
14 accessory structure;

15 (3) Prohibit or require structural modifications to
16 the home or accessory structure;

17 (4) Restrict the hours of operation for home-based
18 work; or

19 (5) Restrict storage or the use of equipment that does
20 not produce effects outside the home or accessory structure.

21 3. A zoning ordinance or regulation adopted pursuant
22 to this chapter that regulates home-based work shall not
23 contain provisions that explicitly restrict or prohibit a
24 particular occupation.

25 4. The application of this section does not supersede
26 any deed restriction, covenant, or agreement restricting the
27 use of land nor any master deed, by law or other document
28 applicable to a common interest ownership community.

65.710. 1. As used in this section, the term "home-
2 based work" means any lawful occupation performed by a
3 resident within a residential home or accessory structure,
4 which is clearly incidental and secondary to the use of the
5 dwelling unit for residential purposes and does not change
6 the residential character of the residential building or
7 adversely affect the character of the surrounding
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14 accessory structure;

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16 the home or accessory structure;

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18 work; or

19 (5) Restrict storage or the use of equipment that does
20 not produce effects outside the home or accessory structure.

21 3. A zoning ordinance or regulation adopted pursuant
22 to this chapter that regulates home-based work shall not
23 contain provisions that explicitly restrict or prohibit a
24 particular occupation.

25 4. The application of this section does not supersede
26 any deed restriction, covenant, or agreement restricting the
27 use of land nor any master deed, by law or other document
28 applicable to a common interest ownership community.

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

3 (1) "Goods", any merchandise, equipment, products,
4 supplies, or materials;

5 (2) "Home-based business", any business operated in a
6 residential dwelling that manufactures, provides, or sells
7 goods or services and that is owned and operated by the
8 owner or tenant of the residential dwelling.

9 2. Any person who resides in a residential dwelling
10 may use the residential dwelling for a home-based business
11 unless such use is restricted by:

12 (1) Any deed restriction, covenant, or agreement
13 restricting the use of land; or

14 (2) Any master deed, bylaw, or other document
15 applicable to a common-interest ownership community.

16 3. Except as prescribed under subsection 4 of this
17 section, a political subdivision shall not prohibit the
18 operation of a no-impact, home-based business or otherwise
19 require a person to apply for, register for, or obtain any
20 permit, license, variance, or other type of prior approval
21 from the political subdivision to operate a no-impact, home-

22 based business. For the purposes of this section, a home-
23 based business qualifies as a no-impact, home-based business
24 if:

25 (1) The total number of employees and clients on-site
26 at one time does not exceed the occupancy limit for the
27 residential dwelling; and

28 (2) The activities of the business:

29 (a) Are limited to the sale of lawful goods and
30 services;

31 (b) May involve having more than one client on the
32 property at one time;

33 (c) Do not cause a substantial increase in traffic
34 through the residential area;

35 (d) Do not violate any parking regulations established
36 by the political subdivision;

37 (e) Occur inside the residential dwelling or in the
38 yard of the residential dwelling;

39 (f) Are not visible from the street; and

40 (g) Do not violate any narrowly tailored regulation
41 established under subsection 4 of this section.

42 4. A political subdivision may establish reasonable
43 regulations on a home-based business if the regulations are
44 narrowly tailored for the purpose of:

45 (1) Protecting the public health and safety, including
46 regulations related to fire and building codes, health and
47 sanitation, transportation or traffic control, solid or
48 hazardous waste, pollution, and noise control; or

49 (2) Ensuring that the business activity is compliant
50 with state and federal law and paying applicable taxes.

51 5. No political subdivision shall require a person, as
52 a condition of operating a home-based business, to:

53 (1) Rezone the property for commercial use;

54 (2) Obtain a home-based business license or other
55 general business license; or

56 (3) Install or equip fire sprinklers in a single-
57 family detached residential dwelling or any residential
58 dwelling with no more than two dwelling units.

59 6. Whether a regulation complies with this section is
60 a judicial question, and the political subdivision that
61 enacts the regulation shall establish by clear and
62 convincing evidence that the regulation complies with this
63 section.

89.500. 1. As used in this section, the term "home-
2 based work" means any lawful occupation performed by a
3 resident within a residential home or accessory structure,
4 which is clearly incidental and secondary to the use of the
5 dwelling unit for residential purposes and does not change
6 the residential character of the residential building or
7 adversely affect the character of the surrounding
8 neighborhood.

9 2. A zoning ordinance or regulation adopted pursuant
10 to this chapter that regulates home-based work shall not:

11 (1) Prohibit mail order or telephone sales for home-
12 based work;

13 (2) Prohibit service by appointment within the home or
14 accessory structure;

15 (3) Prohibit or require structural modifications to
16 the home or accessory structure;

17 (4) Restrict the hours of operation for home-based
18 work; or

19 (5) Restrict storage or the use of equipment that does
20 not produce effects outside the home or accessory structure.

21 3. A zoning ordinance or regulation adopted pursuant
22 to this chapter that regulates home-based work shall not

23 contain provisions that explicitly restrict or prohibit a
24 particular occupation.

25 4. The application of this section does not supersede
26 any deed restriction, covenant, or agreement restricting the
27 use of land nor any master deed, by law or other document
28 applicable to a common interest ownership community.

130.029. 1. Nothing herein contained shall be
2 construed to prohibit any corporation organized under any
3 general or special law of this state, or any other state or
4 by an act of the Congress of the United States or any labor
5 organization, cooperative association or mutual association
6 from making any contributions or expenditures, provided:

7 (1) That the board of directors of any corporation by
8 resolution has authorized contributions or expenditures, or
9 by resolution has authorized a designated officer to make
10 such contributions or expenditures; or

11 (2) That the members of any labor organization,
12 cooperative association or mutual association have
13 authorized contributions or expenditures by a majority vote
14 of the members present at a duly called meeting of any such
15 labor organization, cooperative association or mutual
16 association or by such vote has authorized a designated
17 officer to make such contributions or expenditures.

18 2. No provision of this section shall be construed to
19 authorize contributions or expenditures otherwise prohibited
20 by, or to change any necessary percentage of vote otherwise
21 required by, the articles of incorporation or association or
22 bylaws of such labor organization, corporation, cooperative
23 or mutual association.

24 3. Authority to make contributions or expenditures as
25 authorized by this section shall be adopted by general or
26 specific resolution. This resolution shall state the total
27 amount of contributions or expenditures authorized, the

28 purposes of such contributions or expenditures and the time
29 period within which such authority shall exist.

30 4. (1) Any limited liability company that is duly
31 registered pursuant to chapter 347 and that has not elected
32 to be classified as a corporation under the federal tax code
33 may make contributions to any committee if the limited
34 liability company has:

35 (a) Been in existence for at least one year prior to
36 such contribution; and

37 (b) Electronically filed with the Missouri ethics
38 commission indicating that the limited liability company is
39 a legitimate business with a legitimate business interest
40 and is not created for the sole purpose of making campaign
41 contributions.

42 (2) The Missouri ethics commission shall develop a
43 method for limited liability companies to use for purposes
44 of paragraph (b) of subdivision (1) of this subsection. The
45 commission shall post all information submitted pursuant to
46 this subdivision on its website in a searchable format.

143.022. 1. As used in this section, "business
2 income" means the income greater than zero arising from
3 transactions in the regular course of all of a taxpayer's
4 trade or business and shall be limited to the Missouri
5 source net profit from the combination of the following:

6 (1) The total combined profit as properly reported to
7 the Internal Revenue Service on each Schedule C, or its
8 successor form, filed; and

9 (2) The total partnership and S corporation income or
10 loss properly reported to the Internal Revenue Service on
11 Part II of Schedule E, or its successor form.

12 2. In addition to all other modifications allowed by
13 law, there shall be subtracted from the federal adjusted
14 gross income of an individual taxpayer a percentage of such

15 individual's business income, to the extent that such
16 amounts are included in federal adjusted gross income when
17 determining such individual's Missouri adjusted gross income.

18 3. In the case of an S corporation described in
19 section 143.471 or a partnership computing the deduction
20 allowed under subsection 2 of this section, taxpayers
21 described in subdivision (1) or (2) of this subsection shall
22 be allowed such deduction apportioned in proportion to their
23 share of ownership of the business as reported on the
24 taxpayer's Schedule K-1, or its successor form, for the tax
25 period for which such deduction is being claimed when
26 determining the Missouri adjusted gross income of:

27 (1) The shareholders of an S corporation as described
28 in section 143.471;

29 (2) The partners in a partnership.

30 4. The percentage to be subtracted under subsection 2
31 of this section shall be increased over a period of years.
32 Each increase in the percentage shall be by five percent and
33 no more than one increase shall occur in a calendar year.
34 The maximum percentage that may be subtracted is twenty
35 percent of business income. Any increase in the percentage
36 that may be subtracted shall take effect on January first of
37 a calendar year and such percentage shall continue in effect
38 until the next percentage increase occurs. An increase
39 shall only apply to tax years that begin on or after the
40 increase takes effect.

41 5. An increase in the percentage that may be
42 subtracted under subsection 2 of this section shall only
43 occur if the amount of net general revenue collected in the
44 previous fiscal year exceeds the highest amount of net
45 general revenue collected in any of the three fiscal years
46 prior to such fiscal year by at least one hundred fifty
47 million dollars.

48 6. The first year that a taxpayer may make the
49 subtraction under subsection 2 of this section is 2017,
50 provided that the provisions of subsection 5 of this section
51 are met. If the provisions of subsection 5 of this section
52 are met, the percentage that may be subtracted in 2017 is
53 five percent.

54 7. As used in this section, the term "new business
55 income" means any business income from a taxpayer that
56 begins business operations in this state on or after January
57 1, 2023. The term "new business income" shall not include
58 any business income from a taxpayer that began business
59 operations in this state prior to January 1, 2023, dissolved
60 or otherwise terminated such business operations and
61 reincorporates, or otherwise reinstates such business
62 operations on or after January 1, 2023.

63 8. The first one hundred thousand dollars of any
64 remaining amount of new business income included in a
65 taxpayer's Missouri adjusted gross income after the
66 subtraction provided for in subsection 2 of this section
67 shall be reduced for the first through third tax years in
68 which the taxpayer's business is in operation by twenty
69 percent.

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

5 2. For all tax years beginning on or after September
6 1, 1993, and ending on or before December 31, 2019, a tax is
7 hereby imposed upon the Missouri taxable income of
8 corporations in an amount equal to six and one-fourth
9 percent of Missouri taxable income.

10 3. For all tax years beginning on or after January 1,
11 2020, a tax is hereby imposed upon the Missouri taxable

12 income of corporations in an amount equal to four percent of
13 Missouri taxable income.

14 4. As used in this section, the term "eligible new
15 corporation" means a corporation validly licensed as
16 provided in the applicable laws of this state that begins
17 operations in this state on and after January 1, 2023. The
18 term "eligible new corporation" shall not include any
19 corporation that dissolves or otherwise terminates business
20 operations and reincorporates or otherwise reinitiates
21 operations in this state on or after January 1, 2023.

22 5. (1) For all tax years beginning on and after
23 January 1, 2023, in lieu of the tax imposed pursuant to
24 subsection 3 of this section, a tax is hereby imposed upon
25 the Missouri taxable income of each eligible new corporation
26 for the first through third tax years of such eligible
27 corporation of three percent for the first one hundred
28 thousand dollars of income and any remaining portion of
29 income shall be taxed at a rate of four percent.

30 (2) For the fourth tax year of an eligible new
31 corporation and for all tax years thereafter, all income
32 shall be taxed as otherwise provided for in law.

33 6. The provisions of this section shall not apply to
34 out-of-state businesses operating under sections 190.270 to
35 190.285.

143.081. 1. A resident individual, resident estate,
2 and resident trust shall be allowed a credit against the tax
3 otherwise due pursuant to sections 143.005 to 143.998 for
4 the amount of any income tax imposed for the taxable year by
5 another state of the United States (or a political
6 subdivision thereof) or the District of Columbia on income
7 derived from sources therein and which is also subject to
8 tax pursuant to sections 143.005 to 143.998. For purposes
9 of this subsection, the phrase "income tax imposed" shall be

10 that amount of tax before any income tax credit allowed by
11 such other state or the District of Columbia if the other
12 state or the District of Columbia authorizes a reciprocal
13 benefit for residents of this state.

14 2. The credit provided pursuant to this section shall
15 not exceed an amount which bears the same ratio to the tax
16 otherwise due pursuant to sections 143.005 to 143.998 as the
17 amount of the taxpayer's Missouri adjusted gross income
18 derived from sources in the other taxing jurisdiction bears
19 to the taxpayer's Missouri adjusted gross income derived
20 from all sources. In applying the limitation of the
21 previous sentence to an estate or trust, Missouri taxable
22 income shall be substituted for Missouri adjusted gross
23 income. If the tax of more than one other taxing
24 jurisdiction is imposed on the same item of income, the
25 credit shall not exceed the limitation that would result if
26 the taxes of all the other jurisdictions applicable to the
27 item were deemed to be of a single jurisdiction.

28 3. (1) For the purposes of this section, in the case
29 of an S corporation, each resident S shareholder shall be
30 considered to have paid a tax imposed on the shareholder in
31 an amount equal to the shareholder's pro rata share of any
32 net income tax paid by the S corporation to a state which
33 does not measure the income of shareholders on an S
34 corporation by reference to the income of the S corporation
35 or where a composite return and composite payments are made
36 in such state on behalf of the S shareholders by the S
37 corporation.

38 (2) A resident S shareholder shall be eligible for a
39 credit issued pursuant to this section in an amount equal to
40 the shareholder's pro rata share of any income tax imposed
41 pursuant to chapter 143 on income derived from sources in
42 another state of the United States, or a political

43 subdivision thereof, or the District of Columbia, and which
44 is subject to tax pursuant to chapter 143 but is not subject
45 to tax in such other jurisdiction.

46 4. For purposes of subsection 3 of this section, in
47 the case of an S corporation that is a bank chartered by a
48 state, the Office of Thrift Supervision, or the comptroller
49 of currency, each Missouri resident S shareholder of such
50 out-of-state bank shall qualify for the shareholder's pro
51 rata share of any net tax paid, including a bank franchise
52 tax based on the income of the bank, by such S corporation
53 where bank payment of taxes are made in such state on behalf
54 of the S shareholders by the S bank to the extent of the tax
55 paid.

143.436. 1. This section shall be known and may be
2 cited as the "SALT Parity Act".

3 2. For the purposes of this section, the following
4 terms shall mean:

5 (1) "Affected business entity", any partnership or S
6 corporation that elects to be subject to tax pursuant to
7 subsection 10 of this section;

8 (2) "Direct member", a member that holds an interest
9 directly in an affected business entity;

10 (3) "Indirect member", a member that itself holds an
11 interest, through a direct or indirect member that is a
12 partnership or an S corporation, in an affected business
13 entity;

14 (4) "Member":

15 (a) A shareholder of an S corporation;

16 (b) A partner in a general partnership, a limited
17 partnership, or a limited liability partnership; or

18 (c) A member of a limited liability company that is
19 treated as a partnership or S corporation for federal income
20 tax purposes;

21 (5) "Partnership", the same meaning as provided in 26
22 U.S.C. Section 7701(a)(2). The term "partnership" shall
23 include a limited liability company that is treated as a
24 partnership for federal income tax purposes;

25 (6) "S corporation", a corporation or limited
26 liability company that is treated as an S corporation for
27 federal income tax purposes;

28 (7) "Tax year", the tax year of a partnership or S
29 corporation for federal income tax purposes.

30 3. (1) Notwithstanding any provision of law to the
31 contrary, a tax is hereby imposed on each affected business
32 entity that is a partnership and that is doing business in
33 this state. Such affected business entity shall, at the
34 time that the affected business entity's return is due, pay
35 a tax in an amount equal to the sum of the separately and
36 nonseparately computed items, as described in 26 U.S.C.
37 Section 702(a), of the affected business entity, to the
38 extent derived from or connected with sources within this
39 state, as determined pursuant to section 143.455, decreased
40 by the deduction allowed under 26 U.S.C. Section 199A
41 computed as if such deduction was allowed to be taken by the
42 affected business entity for federal tax purposes, and
43 increased or decreased by any modification made pursuant to
44 section 143.471 that relates to an item of the affected
45 business entity's income, gain, loss, or deduction, to the
46 extent derived from or connected with sources within this
47 state, as determined pursuant to section 143.455, with such
48 sum multiplied by the highest rate of tax used to determine
49 a Missouri income tax liability for an individual pursuant
50 to section 143.011. An affected entity paying the tax
51 pursuant to this subsection shall include with the payment
52 of such taxes each report provided to a member pursuant to
53 subsection 7 of this section.

54 (2) If the amount calculated pursuant to subdivision
55 (1) of this section results in a net loss, such net loss may
56 be carried forward to succeeding tax years for which the
57 affected business entity elects to be subject to tax
58 pursuant to subsection 11 of this section until fully used.

59 4. (1) Notwithstanding any provision of law to the
60 contrary, a tax is hereby imposed on each affected business
61 entity that is an S corporation and that is doing business
62 in this state. Such affected business entity shall, at the
63 time that the affected business entity's return is due, pay
64 a tax in an amount equal to the sum of the separately and
65 nonseparately computed items, as described in 26 U.S.C.
66 Section 1366, of the affected business entity, to the extent
67 derived from or connected with sources within this state, as
68 determined pursuant to section 143.455, decreased by the
69 deduction allowed under 26 U.S.C. Section 199A computed as
70 if such deduction was allowed to be taken by the affected
71 business entity for federal tax purposes, and increased or
72 decreased by any modification made pursuant to section
73 143.471 that relates to an item of the affected business
74 entity's income, gain, loss, or deduction, to the extent
75 derived from or connected with sources within this state, as
76 determined pursuant to section 143.455, with such sum
77 multiplied by the highest rate of tax used to determine a
78 Missouri income tax liability for an individual pursuant to
79 section 143.011. An affected entity paying the tax pursuant
80 to this subsection shall include with the payment of such
81 taxes each report provided to a member pursuant to
82 subsection 7 of this section.

83 (2) If the amount calculated pursuant to subdivision
84 (1) of this section results in a net loss, such net loss may
85 be carried forward to succeeding tax years for which the

86 affected business entity elects to be subject to tax
87 pursuant to subsection 11 of this section until fully used.

88 5. If an affected business entity is a direct or
89 indirect member of another affected business entity, the
90 member affected business entity shall, when calculating its
91 net income or loss pursuant to subsections 3 or 4 of this
92 section, subtract its distributive share of income or add
93 its distributive share of loss from the affected business
94 entity in which it is a direct or indirect member to the
95 extent that the income or loss was derived from or connected
96 with sources within this state, as determined pursuant to
97 section 143.455.

98 6. A nonresident individual who is a member shall not
99 be required to file an income tax return pursuant to this
100 chapter for a tax year if, for such tax year, the only
101 source of income derived from or connected with sources
102 within the state for such member, or the member and the
103 member's spouse if a joint federal income tax return is or
104 shall be filed, is from one or more affected business
105 entities and such affected business entity or entities file
106 and pay the tax due under this section.

107 7. Each partnership and S corporation shall report to
108 each of its members, for each tax year, such member's direct
109 pro rata share of the tax imposed pursuant to this section
110 on such partnership or S corporation if it is an affected
111 business entity and its indirect pro rata share of the tax
112 imposed on any affected business entity in which such
113 affected business entity is a direct or indirect member.

114 8. (1) Each member that is subject to the tax imposed
115 pursuant to section 143.011 shall be entitled to a credit
116 against the tax imposed pursuant to section 143.011. Such
117 credit shall be in an amount equal to such member's direct
118 and indirect pro rata share of the tax paid pursuant to this

119 section by any affected business entity of which such member
120 is directly or indirectly a member.

121 (2) If the amount of the credit authorized by this
122 subsection exceeds such member's tax liability for the tax
123 imposed pursuant to section 143.011, the excess amount shall
124 not be refunded but may be carried forward to each
125 succeeding tax year until such credit is fully taken.

126 9. (1) Each member that is subject to the tax imposed
127 pursuant to section 143.011 as a resident or part-year
128 resident of this state shall be entitled to a credit against
129 the tax imposed pursuant to section 143.011 for such
130 member's direct and indirect pro rata share of taxes paid to
131 another state of the United States or to the District of
132 Columbia, on income of any partnership or S corporation of
133 which such person is a member that is derived therefrom,
134 provided the taxes paid to another state of the United
135 States or to the District of Columbia results from a tax
136 that the director of revenue determines is substantially
137 similar to the tax imposed pursuant to this section. Any
138 such credit shall be calculated in a manner to be prescribed
139 by the director of revenue, provided such calculation is
140 consistent with the provisions of this section, and further
141 provided that the limitations provided in subsection 2 of
142 section 143.081 shall apply to the credit authorized by this
143 subsection.

144 (2) If the amount of the credit authorized by this
145 subsection exceeds such member's tax liability for the tax
146 imposed pursuant to section 143.011, the excess amount shall
147 not be refunded and shall not be carried forward.

148 10. (1) Each corporation that is subject to the tax
149 imposed pursuant to section 143.071 and that is a member
150 shall be entitled to a credit against the tax imposed
151 pursuant to section 143.071. Such credit shall be in an

152 amount equal to such corporation's direct and indirect pro
153 rata share of the tax paid pursuant to this section by any
154 affected business entity of which such corporation is
155 directly or indirectly a member. Such credit shall be
156 applied after all other credits.

157 (2) If the amount of the credit authorized by this
158 subsection exceeds such corporation's tax liability for the
159 tax imposed pursuant to section 143.071, the excess amount
160 shall not be refunded but may be carried forward to each
161 succeeding tax year until such credit is fully taken.

162 11. A partnership or an S corporation may elect to
163 become an affected business entity that is required to pay
164 the tax pursuant to this section in any tax year. A
165 separate election shall be made for each taxable year. Such
166 election shall be made on such form and in such manner as
167 the director of revenue may prescribe by rule. An election
168 made pursuant to this subsection shall be signed by:

169 (1) Each member of the electing entity who is a member
170 at the time the election is filed; or

171 (2) Any officer, manager, or member of the electing
172 entity who is authorized to make the election and who
173 attests to having such authorization under penalty of
174 perjury.

175 12. The provisions of sections 143.425 and 143.601
176 shall apply to any modifications made to an affected
177 business entity's federal return, and such affected business
178 entity shall pay any resulting underpayment of tax to the
179 extent not already paid pursuant to section 143.425.

180 13. (1) With respect to an action required or
181 permitted to be taken by an affected business entity
182 pursuant to this section, a proceeding under section 143.631
183 for reconsideration by the director of revenue, an appeal to
184 the administrative hearing commission, or a review by the

185 judiciary with respect to such action, the affected business
186 entity shall designate an affected business entity
187 representative for the tax year, and such affected business
188 entity representative shall have the sole authority to act
189 on behalf of the affected business entity, and the affected
190 business entity's members shall be bound by those actions.

191 (2) The department of revenue may establish reasonable
192 qualifications and procedures for designating a person to be
193 the affected business entity representative.

194 (3) The affected business entity representative shall
195 be considered an authorized representative of the affected
196 business entity and its members under section 32.057 for the
197 purposes of compliance with this section, or participating
198 in a proceeding described in subdivision (1) of this
199 subsection.

200 14. The provisions of this section shall only apply to
201 tax years ending on or after December 31, 2022.

202 15. The department of revenue may promulgate rules to
203 implement the provisions of this section. Any rule or
204 portion of a rule, as that term is defined in section
205 536.010, that is created under the authority delegated in
206 this section shall become effective only if it complies with
207 and is subject to all of the provisions of chapter 536 and,
208 if applicable, section 536.028. This section and chapter
209 536 are nonseverable and if any of the powers vested with
210 the general assembly pursuant to chapter 536 to review, to
211 delay the effective date, or to disapprove and annul a rule
212 are subsequently held unconstitutional, then the grant of
213 rulemaking authority and any rule proposed or adopted after
214 August 28, 2022, shall be invalid and void.

144.030. 1. There is hereby specifically exempted
2 from the provisions of sections 144.010 to 144.525 and from
3 the computation of the tax levied, assessed or payable

4 pursuant to sections 144.010 to 144.525 such retail sales as
5 may be made in commerce between this state and any other
6 state of the United States, or between this state and any
7 foreign country, and any retail sale which the state of
8 Missouri is prohibited from taxing pursuant to the
9 Constitution or laws of the United States of America, and
10 such retail sales of tangible personal property which the
11 general assembly of the state of Missouri is prohibited from
12 taxing or further taxing by the constitution of this state.

13 2. There are also specifically exempted from the
14 provisions of the local sales tax law as defined in section
15 32.085, section 238.235, and sections 144.010 to 144.525 and
16 144.600 to 144.761 and from the computation of the tax
17 levied, assessed or payable pursuant to the local sales tax
18 law as defined in section 32.085, section 238.235, and
19 sections 144.010 to 144.525 and 144.600 to 144.745:

20 (1) Motor fuel or special fuel subject to an excise
21 tax of this state, unless all or part of such excise tax is
22 refunded pursuant to section 142.824; or upon the sale at
23 retail of fuel to be consumed in manufacturing or creating
24 gas, power, steam, electrical current or in furnishing water
25 to be sold ultimately at retail; or feed for livestock or
26 poultry; or grain to be converted into foodstuffs which are
27 to be sold ultimately in processed form at retail; or seed,
28 limestone or fertilizer which is to be used for seeding,
29 liming or fertilizing crops which when harvested will be
30 sold at retail or will be fed to livestock or poultry to be
31 sold ultimately in processed form at retail; economic
32 poisons registered pursuant to the provisions of the
33 Missouri pesticide registration law, sections 281.220 to
34 281.310, which are to be used in connection with the growth
35 or production of crops, fruit trees or orchards applied
36 before, during, or after planting, the crop of which when

37 harvested will be sold at retail or will be converted into
38 foodstuffs which are to be sold ultimately in processed form
39 at retail;

40 (2) Materials, manufactured goods, machinery and parts
41 which when used in manufacturing, processing, compounding,
42 mining, producing or fabricating become a component part or
43 ingredient of the new personal property resulting from such
44 manufacturing, processing, compounding, mining, producing or
45 fabricating and which new personal property is intended to
46 be sold ultimately for final use or consumption; and
47 materials, including without limitation, gases and
48 manufactured goods, including without limitation slagging
49 materials and firebrick, which are ultimately consumed in
50 the manufacturing process by blending, reacting or
51 interacting with or by becoming, in whole or in part,
52 component parts or ingredients of steel products intended to
53 be sold ultimately for final use or consumption;

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

59 (4) Replacement machinery, equipment, and parts and
60 the materials and supplies solely required for the
61 installation or construction of such replacement machinery,
62 equipment, and parts, used directly in manufacturing,
63 mining, fabricating or producing a product which is intended
64 to be sold ultimately for final use or consumption; and
65 machinery and equipment, and the materials and supplies
66 required solely for the operation, installation or
67 construction of such machinery and equipment, purchased and
68 used to establish new, or to replace or expand existing,
69 material recovery processing plants in this state. For the

70 purposes of this subdivision, a "material recovery
71 processing plant" means a facility that has as its primary
72 purpose the recovery of materials into a usable product or a
73 different form which is used in producing a new product and
74 shall include a facility or equipment which are used
75 exclusively for the collection of recovered materials for
76 delivery to a material recovery processing plant but shall
77 not include motor vehicles used on highways. For purposes
78 of this section, the terms motor vehicle and highway shall
79 have the same meaning pursuant to section 301.010. For the
80 purposes of this subdivision, subdivision (5) of this
81 subsection, and section 144.054, as well as the definition
82 in subdivision (9) of subsection 1 of section 144.010, the
83 term "product" includes telecommunications services and the
84 term "manufacturing" shall include the production, or
85 production and transmission, of telecommunications
86 services. The preceding sentence does not make a
87 substantive change in the law and is intended to clarify
88 that the term "manufacturing" has included and continues to
89 include the production and transmission of
90 "telecommunications services", as enacted in this
91 subdivision and subdivision (5) of this subsection, as well
92 as the definition in subdivision (9) of subsection 1 of
93 section 144.010. The preceding two sentences reaffirm
94 legislative intent consistent with the interpretation of
95 this subdivision and subdivision (5) of this subsection in
96 *Southwestern Bell Tel. Co. v. Director of Revenue*, 78 S.W.3d
97 763 (Mo. banc 2002) and *Southwestern Bell Tel. Co. v.*
98 *Director of Revenue*, 182 S.W.3d 226 (Mo. banc 2005), and
99 accordingly abrogates the Missouri supreme court's
100 interpretation of those exemptions in *IBM Corporation v.*
101 *Director of Revenue*, 491 S.W.3d 535 (Mo. banc 2016) to the
102 extent inconsistent with this section and *Southwestern Bell*

103 *Tel. Co. v. Director of Revenue*, 78 S.W.3d 763 (Mo. banc
104 2002) and *Southwestern Bell Tel. Co. v. Director of Revenue*,
105 182 S.W.3d 226 (Mo. banc 2005). The construction and
106 application of this subdivision as expressed by the Missouri
107 supreme court in *DST Systems, Inc. v. Director of Revenue*,
108 43 S.W.3d 799 (Mo. banc 2001); *Southwestern Bell Tel. Co. v.*
109 *Director of Revenue*, 78 S.W.3d 763 (Mo. banc 2002); and
110 *Southwestern Bell Tel. Co. v. Director of Revenue*, 182
111 S.W.3d 226 (Mo. banc 2005), is hereby affirmed. Material
112 recovery is not the reuse of materials within a
113 manufacturing process or the use of a product previously
114 recovered. The material recovery processing plant shall
115 qualify under the provisions of this section regardless of
116 ownership of the material being recovered;

117 (5) Machinery and equipment, and parts and the
118 materials and supplies solely required for the installation
119 or construction of such machinery and equipment, purchased
120 and used to establish new or to expand existing
121 manufacturing, mining or fabricating plants in the state if
122 such machinery and equipment is used directly in
123 manufacturing, mining or fabricating a product which is
124 intended to be sold ultimately for final use or
125 consumption. The construction and application of this
126 subdivision as expressed by the Missouri supreme court in
127 *DST Systems, Inc. v. Director of Revenue*, 43 S.W.3d 799 (Mo.
128 banc 2001); *Southwestern Bell Tel. Co. v. Director of*
129 *Revenue*, 78 S.W.3d 763 (Mo. banc 2002); and *Southwestern*
130 *Bell Tel. Co. v. Director of Revenue*, 182 S.W.3d 226 (Mo.
131 banc 2005), is hereby affirmed;

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

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

138 (8) Newsprint, ink, computers, photosensitive paper
139 and film, toner, printing plates and other machinery,
140 equipment, replacement parts and supplies used in producing
141 newspapers published for dissemination of news to the
142 general public;

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

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

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

153 (12) Electrical energy used in the actual primary
154 manufacture, processing, compounding, mining or producing of
155 a product, or electrical energy used in the actual secondary
156 processing or fabricating of the product, or a material
157 recovery processing plant as defined in subdivision (4) of
158 this subsection, in facilities owned or leased by the
159 taxpayer, if the total cost of electrical energy so used
160 exceeds ten percent of the total cost of production, either
161 primary or secondary, exclusive of the cost of electrical
162 energy so used or if the raw materials used in such
163 processing contain at least twenty-five percent recovered
164 materials as defined in section 260.200. There shall be a
165 rebuttable presumption that the raw materials used in the
166 primary manufacture of automobiles contain at least twenty-
167 five percent recovered materials. For purposes of this
168 subdivision, "processing" means any mode of treatment, act

169 or series of acts performed upon materials to transform and
170 reduce them to a different state or thing, including
171 treatment necessary to maintain or preserve such processing
172 by the producer at the production facility;

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

177 (14) Machinery, equipment, appliances and devices
178 purchased or leased and used solely for the purpose of
179 preventing, abating or monitoring air pollution, and
180 materials and supplies solely required for the installation,
181 construction or reconstruction of such machinery, equipment,
182 appliances and devices;

183 (15) Machinery, equipment, appliances and devices
184 purchased or leased and used solely for the purpose of
185 preventing, abating or monitoring water pollution, and
186 materials and supplies solely required for the installation,
187 construction or reconstruction of such machinery, equipment,
188 appliances and devices;

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

191 (17) All amounts paid or charged for admission or
192 participation or other fees paid by or other charges to
193 individuals in or for any place of amusement, entertainment
194 or recreation, games or athletic events, including museums,
195 fairs, zoos and planetariums, owned or operated by a
196 municipality or other political subdivision where all the
197 proceeds derived therefrom benefit the municipality or other
198 political subdivision and do not inure to any private
199 person, firm, or corporation, provided, however, that a
200 municipality or other political subdivision may enter into
201 revenue-sharing agreements with private persons, firms, or

202 corporations providing goods or services, including
203 management services, in or for the place of amusement,
204 entertainment or recreation, games or athletic events, and
205 provided further that nothing in this subdivision shall
206 exempt from tax any amounts retained by any private person,
207 firm, or corporation under such revenue-sharing agreement;

208 (18) All sales of insulin, and all sales, rentals,
209 repairs, and parts of durable medical equipment, prosthetic
210 devices, and orthopedic devices as defined on January 1,
211 1980, by the federal Medicare program pursuant to Title
212 XVIII of the Social Security Act of 1965, including the
213 items specified in Section 1862(a)(12) of that act, and also
214 specifically including hearing aids and hearing aid supplies
215 and all sales of drugs which may be legally dispensed by a
216 licensed pharmacist only upon a lawful prescription of a
217 practitioner licensed to administer those items, including
218 samples and materials used to manufacture samples which may
219 be dispensed by a practitioner authorized to dispense such
220 samples and all sales or rental of medical oxygen, home
221 respiratory equipment and accessories including parts, and
222 hospital beds and accessories and ambulatory aids including
223 parts, and all sales or rental of manual and powered
224 wheelchairs including parts, and stairway lifts, Braille
225 writers, electronic Braille equipment and, if purchased or
226 rented by or on behalf of a person with one or more physical
227 or mental disabilities to enable them to function more
228 independently, all sales or rental of scooters including
229 parts, and reading machines, electronic print enlargers and
230 magnifiers, electronic alternative and augmentative
231 communication devices, and items used solely to modify motor
232 vehicles to permit the use of such motor vehicles by
233 individuals with disabilities or sales of over-the-counter
234 or nonprescription drugs to individuals with disabilities,

235 and drugs required by the Food and Drug Administration to
236 meet the over-the-counter drug product labeling requirements
237 in 21 CFR 201.66, or its successor, as prescribed by a
238 health care practitioner licensed to prescribe;

239 (19) All sales made by or to religious and charitable
240 organizations and institutions in their religious,
241 charitable or educational functions and activities and all
242 sales made by or to all elementary and secondary schools
243 operated at public expense in their educational functions
244 and activities;

245 (20) All sales of aircraft to common carriers for
246 storage or for use in interstate commerce and all sales made
247 by or to not-for-profit civic, social, service or fraternal
248 organizations, including fraternal organizations which have
249 been declared tax-exempt organizations pursuant to Section
250 501(c)(8) or (10) of the 1986 Internal Revenue Code, as
251 amended, in their civic or charitable functions and
252 activities and all sales made to eleemosynary and penal
253 institutions and industries of the state, and all sales made
254 to any private not-for-profit institution of higher
255 education not otherwise excluded pursuant to subdivision
256 (19) of this subsection or any institution of higher
257 education supported by public funds, and all sales made to a
258 state relief agency in the exercise of relief functions and
259 activities;

260 (21) All ticket sales made by benevolent, scientific
261 and educational associations which are formed to foster,
262 encourage, and promote progress and improvement in the
263 science of agriculture and in the raising and breeding of
264 animals, and by nonprofit summer theater organizations if
265 such organizations are exempt from federal tax pursuant to
266 the provisions of the Internal Revenue Code and all
267 admission charges and entry fees to the Missouri state fair

268 or any fair conducted by a county agricultural and
269 mechanical society organized and operated pursuant to
270 sections 262.290 to 262.530;

271 (22) All sales made to any private not-for-profit
272 elementary or secondary school, all sales of feed additives,
273 medications or vaccines administered to livestock or poultry
274 in the production of food or fiber, all sales of pesticides
275 used in the production of crops, livestock or poultry for
276 food or fiber, all sales of bedding used in the production
277 of livestock or poultry for food or fiber, all sales of
278 propane or natural gas, electricity or diesel fuel used
279 exclusively for drying agricultural crops, natural gas used
280 in the primary manufacture or processing of fuel ethanol as
281 defined in section 142.028, natural gas, propane, and
282 electricity used by an eligible new generation cooperative
283 or an eligible new generation processing entity as defined
284 in section 348.432, and all sales of farm machinery and
285 equipment, other than airplanes, motor vehicles and
286 trailers, and any freight charges on any exempt item. As
287 used in this subdivision, the term "feed additives" means
288 tangible personal property which, when mixed with feed for
289 livestock or poultry, is to be used in the feeding of
290 livestock or poultry. As used in this subdivision, the term
291 "pesticides" includes adjuvants such as crop oils,
292 surfactants, wetting agents and other assorted pesticide
293 carriers used to improve or enhance the effect of a
294 pesticide and the foam used to mark the application of
295 pesticides and herbicides for the production of crops,
296 livestock or poultry. As used in this subdivision, the term
297 "farm machinery and equipment" [means] shall mean:

298 (a) New or used farm tractors and such other new or
299 used farm machinery and equipment, including utility
300 vehicles used for any agricultural use, and repair or

301 replacement parts thereon and any accessories for and
302 upgrades to such farm machinery and equipment[,] and rotary
303 mowers used [exclusively] for any agricultural purposes[, ,
304 and];

305 (b) Supplies and lubricants used exclusively, solely,
306 and directly for producing crops, raising and feeding
307 livestock, fish, poultry, pheasants, chukar, quail, or for
308 producing milk for ultimate sale at retail, including field
309 drain tile[,]; and

310 (c) One-half of each purchaser's purchase of diesel
311 fuel therefor which is:

312 [(a)] a. Used exclusively for agricultural purposes;

313 [(b)] b. Used on land owned or leased for the purpose
314 of producing farm products; and

315 [(c)] c. Used directly in producing farm products to
316 be sold ultimately in processed form or otherwise at retail
317 or in producing farm products to be fed to livestock or
318 poultry to be sold ultimately in processed form at retail;

319 For the purposes of this subdivision, "utility vehicle"
320 shall mean any motorized vehicle manufactured and used
321 exclusively for off-highway use which is more than fifty
322 inches but no more than eighty inches in width, measured
323 from outside of tire rim to outside of tire rim, with an
324 unladen dry weight of three thousand five hundred pounds or
325 less, traveling on four or six wheels.

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

332 (a) "Domestic use" means that portion of metered water
333 service, electricity, electrical current, natural,

334 artificial or propane gas, wood, coal or home heating oil,
335 and in any city not within a county, metered or unmetered
336 water service, which an individual occupant of a residential
337 premises uses for nonbusiness, noncommercial or
338 nonindustrial purposes. Utility service through a single or
339 master meter for residential apartments or condominiums,
340 including service for common areas and facilities and vacant
341 units, shall be deemed to be for domestic use. Each seller
342 shall establish and maintain a system whereby individual
343 purchases are determined as exempt or nonexempt;

344 (b) Regulated utility sellers shall determine whether
345 individual purchases are exempt or nonexempt based upon the
346 seller's utility service rate classifications as contained
347 in tariffs on file with and approved by the Missouri public
348 service commission. Sales and purchases made pursuant to
349 the rate classification "residential" and sales to and
350 purchases made by or on behalf of the occupants of
351 residential apartments or condominiums through a single or
352 master meter, including service for common areas and
353 facilities and vacant units, shall be considered as sales
354 made for domestic use and such sales shall be exempt from
355 sales tax. Sellers shall charge sales tax upon the entire
356 amount of purchases classified as nondomestic use. The
357 seller's utility service rate classification and the
358 provision of service thereunder shall be conclusive as to
359 whether or not the utility must charge sales tax;

360 (c) Each person making domestic use purchases of
361 services or property and who uses any portion of the
362 services or property so purchased for a nondomestic use
363 shall, by the fifteenth day of the fourth month following
364 the year of purchase, and without assessment, notice or
365 demand, file a return and pay sales tax on that portion of
366 nondomestic purchases. Each person making nondomestic

367 purchases of services or property and who uses any portion
368 of the services or property so purchased for domestic use,
369 and each person making domestic purchases on behalf of
370 occupants of residential apartments or condominiums through
371 a single or master meter, including service for common areas
372 and facilities and vacant units, under a nonresidential
373 utility service rate classification may, between the first
374 day of the first month and the fifteenth day of the fourth
375 month following the year of purchase, apply for credit or
376 refund to the director of revenue and the director shall
377 give credit or make refund for taxes paid on the domestic
378 use portion of the purchase. The person making such
379 purchases on behalf of occupants of residential apartments
380 or condominiums shall have standing to apply to the director
381 of revenue for such credit or refund;

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

387 (25) Excise taxes, collected on sales at retail,
388 imposed by Sections 4041, 4071, 4081, 4091, 4161, 4181,
389 4251, 4261 and 4271 of Title 26, United States Code. The
390 director of revenue shall promulgate rules pursuant to
391 chapter 536 to eliminate all state and local sales taxes on
392 such excise taxes;

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

400 (27) All sales made to an interstate compact agency
401 created pursuant to sections 70.370 to 70.441 or sections
402 238.010 to 238.100 in the exercise of the functions and
403 activities of such agency as provided pursuant to the
404 compact;

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

412 (29) All livestock sales when either the seller is
413 engaged in the growing, producing or feeding of such
414 livestock, or the seller is engaged in the business of
415 buying and selling, bartering or leasing of such livestock;

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

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

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

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

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

435 (35) All sales of feed which are developed for and
436 used in the feeding of pets owned by a commercial breeder
437 when such sales are made to a commercial breeder, as defined
438 in section 273.325, and licensed pursuant to sections
439 273.325 to 273.357;

440 (36) All purchases by a contractor on behalf of an
441 entity located in another state, provided that the entity is
442 authorized to issue a certificate of exemption for purchases
443 to a contractor under the provisions of that state's laws.
444 For purposes of this subdivision, the term "certificate of
445 exemption" shall mean any document evidencing that the
446 entity is exempt from sales and use taxes on purchases
447 pursuant to the laws of the state in which the entity is
448 located. Any contractor making purchases on behalf of such
449 entity shall maintain a copy of the entity's exemption
450 certificate as evidence of the exemption. If the exemption
451 certificate issued by the exempt entity to the contractor is
452 later determined by the director of revenue to be invalid
453 for any reason and the contractor has accepted the
454 certificate in good faith, neither the contractor or the
455 exempt entity shall be liable for the payment of any taxes,
456 interest and penalty due as the result of use of the invalid
457 exemption certificate. Materials shall be exempt from all
458 state and local sales and use taxes when purchased by a
459 contractor for the purpose of fabricating tangible personal
460 property which is used in fulfilling a contract for the
461 purpose of constructing, repairing or remodeling facilities
462 for the following:

463 (a) An exempt entity located in this state, if the
464 entity is one of those entities able to issue project

465 exemption certificates in accordance with the provisions of
466 section 144.062; or

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

472 (37) All sales or other transfers of tangible personal
473 property to a lessor who leases the property under a lease
474 of one year or longer executed or in effect at the time of
475 the sale or other transfer to an interstate compact agency
476 created pursuant to sections 70.370 to 70.441 or sections
477 238.010 to 238.100;

478 (38) Sales of tickets to any collegiate athletic
479 championship event that is held in a facility owned or
480 operated by a governmental authority or commission, a quasi-
481 governmental agency, a state university or college or by the
482 state or any political subdivision thereof, including a
483 municipality, and that is played on a neutral site and may
484 reasonably be played at a site located outside the state of
485 Missouri. For purposes of this subdivision, "neutral site"
486 means any site that is not located on the campus of a
487 conference member institution participating in the event;

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

493 (40) All materials, replacement parts, and equipment
494 purchased for use directly upon, and for the modification,
495 replacement, repair, and maintenance of aircraft, aircraft
496 power plants, and aircraft accessories;

497 (41) Sales of sporting clays, wobble, skeet, and trap
498 targets to any shooting range or similar places of business
499 for use in the normal course of business and money received
500 by a shooting range or similar places of business from
501 patrons and held by a shooting range or similar place of
502 business for redistribution to patrons at the conclusion of
503 a shooting event;

504 (42) All sales of motor fuel, as defined in section
505 142.800, used in any watercraft, as defined in section
506 306.010;

507 (43) Any new or used aircraft sold or delivered in
508 this state to a person who is not a resident of this state
509 or a corporation that is not incorporated in this state, and
510 such aircraft is not to be based in this state and shall not
511 remain in this state more than ten business days subsequent
512 to the last to occur of:

513 (a) The transfer of title to the aircraft to a person
514 who is not a resident of this state or a corporation that is
515 not incorporated in this state; or

516 (b) The date of the return to service of the aircraft
517 in accordance with 14 CFR 91.407 for any maintenance,
518 preventive maintenance, rebuilding, alterations, repairs, or
519 installations that are completed contemporaneously with the
520 transfer of title to the aircraft to a person who is not a
521 resident of this state or a corporation that is not
522 incorporated in this state;

523 (44) Motor vehicles registered in excess of fifty-four
524 thousand pounds, and the trailers pulled by such motor
525 vehicles, that are actually used in the normal course of
526 business to haul property on the public highways of the
527 state, and that are capable of hauling loads commensurate
528 with the motor vehicle's registered weight; and the
529 materials, replacement parts, and equipment purchased for

530 use directly upon, and for the repair and maintenance or
531 manufacture of such vehicles. For purposes of this
532 subdivision, "motor vehicle" and "public highway" shall have
533 the meaning as ascribed in section 390.020;

534 (45) All internet access or the use of internet access
535 regardless of whether the tax is imposed on a provider of
536 internet access or a buyer of internet access. For purposes
537 of this subdivision, the following terms shall mean:

538 (a) "Direct costs", costs incurred by a governmental
539 authority solely because of an internet service provider's
540 use of the public right-of-way. The term shall not include
541 costs that the governmental authority would have incurred if
542 the internet service provider did not make such use of the
543 public right-of-way. Direct costs shall be determined in a
544 manner consistent with generally accepted accounting
545 principles;

546 (b) "Internet", computer and telecommunications
547 facilities, including equipment and operating software, that
548 comprises the interconnected worldwide network that employ
549 the transmission control protocol or internet protocol, or
550 any predecessor or successor protocols to that protocol, to
551 communicate information of all kinds by wire or radio;

552 (c) "Internet access", a service that enables users to
553 connect to the internet to access content, information, or
554 other services without regard to whether the service is
555 referred to as telecommunications, communications,
556 transmission, or similar services, and without regard to
557 whether a provider of the service is subject to regulation
558 by the Federal Communications Commission as a common carrier
559 under 47 U.S.C. Section 201, et seq. For purposes of this
560 subdivision, internet access also includes: the purchase,
561 use, or sale of communications services, including
562 telecommunications services as defined in section 144.010,

563 to the extent the communications services are purchased,
564 used, or sold to provide the service described in this
565 subdivision or to otherwise enable users to access content,
566 information, or other services offered over the internet;
567 services that are incidental to the provision of a service
568 described in this subdivision, when furnished to users as
569 part of such service, including a home page, electronic
570 mail, and instant messaging, including voice-capable and
571 video-capable electronic mail and instant messaging, video
572 clips, and personal electronic storage capacity; a home page
573 electronic mail and instant messaging, including voice-
574 capable and video-capable electronic mail and instant
575 messaging, video clips, and personal electronic storage
576 capacity that are provided independently or that are not
577 packed with internet access. As used in this subdivision,
578 internet access does not include voice, audio, and video
579 programming or other products and services, except services
580 described in this paragraph or this subdivision, that use
581 internet protocol or any successor protocol and for which
582 there is a charge, regardless of whether the charge is
583 separately stated or aggregated with the charge for services
584 described in this paragraph or this subdivision;

585 (d) "Tax", any charge imposed by the state or a
586 political subdivision of the state for the purpose of
587 generating revenues for governmental purposes and that is
588 not a fee imposed for a specific privilege, service, or
589 benefit conferred, except as described as otherwise under
590 this subdivision, or any obligation imposed on a seller to
591 collect and to remit to the state or a political subdivision
592 of the state any gross retail tax, sales tax, or use tax
593 imposed on a buyer by such a governmental entity. The term
594 tax shall not include any franchise fee or similar fee
595 imposed or authorized under section 67.1830 or 67.2689;

596 Section 622 or 653 of the Communications Act of 1934, 47
597 U.S.C. Section 542 and 47 U.S.C. Section 573; or any other
598 fee related to obligations of telecommunications carriers
599 under the Communications Act of 1934, 47 U.S.C. Section 151,
600 et seq., except to the extent that:

601 a. The fee is not imposed for the purpose of
602 recovering direct costs incurred by the franchising or other
603 governmental authority from providing the specific
604 privilege, service, or benefit conferred to the payer of the
605 fee; or

606 b. The fee is imposed for the use of a public right-of-
607 way based on a percentage of the service revenue, and the
608 fee exceeds the incremental direct costs incurred by the
609 governmental authority associated with the provision of that
610 right-of-way to the provider of internet access service.

611 Nothing in this subdivision shall be interpreted as an
612 exemption from taxes due on goods or services that were
613 subject to tax on January 1, 2016.

614 3. Any ruling, agreement, or contract, whether written
615 or oral, express or implied, between a person and this
616 state's executive branch, or any other state agency or
617 department, stating, agreeing, or ruling that such person is
618 not required to collect sales and use tax in this state
619 despite the presence of a warehouse, distribution center, or
620 fulfillment center in this state that is owned or operated
621 by the person or an affiliated person shall be null and void
622 unless it is specifically approved by a majority vote of
623 each of the houses of the general assembly. For purposes of
624 this subsection, an "affiliated person" means any person
625 that is a member of the same controlled group of
626 corporations as defined in Section 1563(a) of the Internal
627 Revenue Code of 1986, as amended, as the vendor or any other
628 entity that, notwithstanding its form of organization, bears

629 the same ownership relationship to the vendor as a
630 corporation that is a member of the same controlled group of
631 corporations as defined in Section 1563(a) of the Internal
632 Revenue Code, as amended.

285.730. 1. Except as specifically provided in
2 sections 285.700 to 285.750 or in the professional employer
3 agreement, in each coemployment relationship:

4 (1) The client shall be entitled to exercise all
5 rights, and shall be obligated to perform all duties and
6 responsibilities otherwise applicable to an employer in an
7 employment relationship;

8 (2) The PEO shall be entitled to exercise only those
9 rights and obligated to perform only those duties and
10 responsibilities specifically required under sections
11 285.700 to 285.750 or set forth in the professional employer
12 agreement. The rights, duties, and obligations of the PEO
13 as coemployer with respect to any covered employee shall be
14 limited to those arising pursuant to the professional
15 employer agreement and sections 285.700 to 285.750 during
16 the term of coemployment by the PEO of such covered
17 employee; and

18 (3) Unless otherwise expressly agreed by the PEO and
19 the client in a professional employer agreement, the client
20 retains the exclusive right to direct and control the
21 covered employees as is necessary to conduct the client's
22 business, to discharge any of the client's fiduciary
23 responsibilities, or to comply with any licensure
24 requirements applicable to the client or to the covered
25 employees.

26 2. Except as specifically provided under sections
27 285.700 to 285.750, the coemployment relationship between
28 the client and the PEO and between each coemployer and each
29 covered employee shall be governed by the professional

30 employer agreement. Each professional employer agreement
31 shall include the following:

32 (1) The allocation of rights, duties, and obligations
33 as described in subsection 1 of this section;

34 (2) A requirement that the PEO shall have
35 responsibility to:

36 (a) Pay wages to covered employees;

37 (b) Withhold, collect, report, and remit payroll-
38 related and unemployment taxes; and

39 (c) To the extent the PEO has assumed responsibility
40 in the professional employer agreement, to make payments for
41 employee benefits for covered employees.

42 As used in this section, the term "wages" does not include
43 any obligation between a client and a covered employee for
44 payments beyond or in addition to the covered employee's
45 salary, draw, or regular rate of pay, such as bonuses,
46 commissions, severance pay, deferred compensation, profit
47 sharing, vacation, sick, or other paid-time off pay, unless
48 the PEO has expressly agreed to assume liability for such
49 payments in the professional employer agreement; and

50 (3) A requirement that the PEO shall have a right to
51 hire, discipline, and terminate a covered employee as may be
52 necessary to fulfill the PEO's responsibilities under
53 sections 285.700 to 285.750 and the professional employer
54 agreement. The client shall have a right to hire,
55 discipline, and terminate a covered employee.

56 3. With respect to each professional employer
57 agreement entered into by a PEO, such PEO shall provide
58 written notice to each covered employee affected by such
59 agreement of the general nature of the coemployment
60 relationship between and among the PEO, the client, and such
61 covered employee.

62 4. Except to the extent otherwise expressly provided
63 by the applicable professional employer agreement:

64 (1) A client shall be solely responsible for the
65 quality, adequacy, or safety of the goods or services
66 produced or sold in the client's business;

67 (2) A client shall be solely responsible for
68 directing, supervising, training, and controlling the work
69 of the covered employees with respect to the business
70 activities of the client and solely responsible for the
71 acts, errors, or omissions of the covered employees with
72 regard to such activities;

73 (3) A client shall not be liable for the acts, errors,
74 or omissions of a PEO or of any covered employee of the
75 client and a PEO if such covered employee is acting under
76 the express direction and control of the PEO;

77 (4) A PEO shall not be liable for the acts, errors, or
78 omissions of a client or of any covered employee of the
79 client if such covered employee is acting under the express
80 direction and control of the client;

81 (5) Nothing in this subsection shall serve to limit
82 any contractual liability or obligation specifically
83 provided in the written professional employer agreement; and

84 (6) A covered employee is not, solely as the result of
85 being a covered employee of a PEO, an employee of the PEO
86 for purposes of general liability insurance, fidelity bonds,
87 surety bonds, employer's liability that is not covered by
88 workers' compensation, or liquor liability insurance carried
89 by the PEO unless the covered employees are included by
90 specific reference in the professional employer agreement
91 and applicable prearranged employment contract, insurance
92 contract, or bond.

93 5. A PEO under sections 285.700 to 285.750 is not
94 engaged in the sale of insurance or in acting as a third-

95 party administrator by offering, marketing, selling,
96 administering, or providing professional employer services
97 that include services and employee benefit plans for covered
98 employees. A client and a registered professional employer
99 organization shall each be deemed an employer under the laws
100 of this state for purposes of sponsoring retirement and
101 welfare benefits plans for its covered employees. A fully
102 insured welfare benefit plan sponsored by a registered
103 professional employer organization for the benefit of its
104 covered employees shall be treated for the purposes of state
105 law as a single employer welfare benefit plan. For purposes
106 of sponsoring welfare benefit plans for its eligible covered
107 employees, a registered professional employer organization
108 shall be considered the employer of all of its eligible
109 covered employees, and all eligible covered employees of one
110 or more clients participating in a health benefit plan
111 sponsored by a registered professional employer organization
112 shall be considered employees of such registered
113 professional employer organization. The provisions of this
114 section shall not supersede or preempt any requirements
115 under section 375.014.

116 6. For purposes of this state or any county,
117 municipality, or other political subdivision thereof:

118 (1) Any tax or assessment imposed upon professional
119 employer services or any business license or other fee that
120 is based upon gross receipts shall allow a deduction from
121 the gross income or receipts of the business derived from
122 performing professional employer services that is equal to
123 that portion of the fee charged to a client that represents
124 the actual cost of wages and salaries, benefits, payroll
125 taxes, withholding, or other assessments paid to or on
126 behalf of a covered employee by the professional employer
127 organization under a professional employer agreement;

128 (2) Any tax assessed or assessment or mandated
129 expenditure on a per-capita or per-employee basis shall be
130 assessed against the client for covered employees and
131 against the professional employer organization for its
132 employees who are not covered employees coemployed with a
133 client. Benefits or monetary consideration that meet the
134 requirements of mandates imposed on a client and that are
135 received by covered employees through the PEO either through
136 payroll or through benefit plans sponsored by the PEO shall
137 be credited against the client's obligation to fulfill such
138 mandates; and

139 (3) In the case of a tax or an assessment imposed or
140 calculated upon the basis of total payroll, the professional
141 employer organization shall be eligible to apply any small
142 business allowance or exemption available to the client for
143 the covered employees for purposes of computing the tax.

407.475. 1. Except when specifically required or
2 authorized by federal law, no state agency or state official
3 shall impose any additional annual filing or reporting
4 requirements on an organization regulated or specifically
5 exempted from regulation under sections 407.450 to 407.478
6 that are more stringent, restrictive, or expansive than the
7 requirements authorized under section 407.462.

8 2. This section shall not apply to state grants or
9 contracts, nor investigations under section 407.472 and
10 shall not restrict enforcement actions against specific
11 charitable organizations. This section shall not apply to
12 labor organizations, as that term is defined in section
13 105.500.

14 3. This section shall not apply when an organization
15 regulated or specifically exempted from regulation under
16 sections 407.450 to 407.475 is providing any report or

17 disclosure required by state law to be filed with the
18 secretary of state.

620.3800. There is hereby created within the
2 department of economic development the "Office of
3 Entrepreneurship". The office shall employ an individual to
4 promote policies and initiatives to support the growth of
5 entrepreneurship, including minority entrepreneurship, in
6 the state. The office shall work with stakeholders and
7 communities, including minority communities, to provide
8 information and technical support to entrepreneurs. The
9 office shall support and advise the office of administration
10 with preparing the report pursuant to subsection 3 of
11 section 34.195.

620.3900. 1. Sections 620.3900 to 620.3930 shall be
2 known and may be cited as the "Regulatory Sandbox Act".

3 2. For the purposes of sections 620.3900 to 620.3930,
4 the following terms shall mean:

5 (1) "Advisory committee", the general regulatory
6 sandbox program advisory committee created in section
7 620.3910;

8 (2) "Applicable agency", a department or agency of the
9 state that by law regulates a business activity and persons
10 engaged in such business activity, including the issuance of
11 licenses or other types of authorization, and which the
12 regulatory relief office determines would otherwise regulate
13 a sandbox participant. A participant may fall under
14 multiple applicable agencies if multiple agencies regulate
15 the business activity that is subject to the sandbox program
16 application. "Applicable agency" shall not include the
17 division of professional registration and its boards,
18 commissions, committees and offices;

19 (3) "Applicant" or "sandbox applicant", a person or
20 business that applies to participate in the sandbox program;

- 21 (4) "Consumer", a person who purchases or otherwise
22 enters into a transaction or agreement to receive a product
23 or service offered through the sandbox program pursuant to a
24 demonstration by a program participant;
- 25 (5) "Demonstrate" or "demonstration", to temporarily
26 provide an offering of an innovative product or service in
27 accordance with the provisions of the sandbox program;
- 28 (6) "Department", the department of economic
29 development;
- 30 (7) "Innovation", the use or incorporation of a new
31 idea, a new or emerging technology, or a new use of existing
32 technology to address a problem, provide a benefit, or
33 otherwise offer a product, production method, or service;
- 34 (8) "Innovative offering", an offering of a product or
35 service that includes an innovation;
- 36 (9) "Product", a commercially distributed good that is:
37 (a) Tangible personal property; and
38 (b) The result of a production process;
- 39 (10) "Production", the method or process of creating
40 or obtaining a good, which may include assembling, breeding,
41 capturing, collecting, extracting, fabricating, farming,
42 fishing, gathering, growing, harvesting, hunting,
43 manufacturing, mining, processing, raising, or trapping a
44 good;
- 45 (11) "Regulatory relief office", the office
46 responsible for administering the sandbox program within the
47 department;
- 48 (12) "Sandbox participant" or "participant", a person
49 or business whose application to participate in the sandbox
50 program is approved in accordance with the provisions of
51 section 620.3915;
- 52 (13) "Sandbox program", the general regulatory sandbox
53 program created in sections 620.3900 to 620.3930 that allows

54 a person to temporarily demonstrate an innovative offering
55 of a product or service under a waiver or suspension of one
56 or more state laws or regulations;

57 (14) "Sandbox program director", the director of the
58 regulatory relief office;

59 (15) "Service", any commercial activity, duty, or
60 labor performed for another person or business. "Service"
61 shall not include a product or service when its use would
62 impact rates, statutorily authorized service areas, or
63 system safety or reliability of an electrical corporation or
64 gas corporation, as defined in section 386.020, as
65 determined by the public service commission, or of any rural
66 electric cooperative organized or operating under the
67 provisions of chapter 394, or to any corporation organized
68 on a nonprofit or a cooperative basis as described in
69 subsection 1 of section 394.200, or to any electrical
70 corporation operating under a cooperative business plan as
71 described in subsection 2 of section 393.110.

620.3905. 1. There is hereby created within the
2 department of economic development the "Regulatory Relief
3 Office", which shall be administered by the sandbox program
4 director. The sandbox program director shall report to the
5 director of the department and may appoint staff, subject to
6 the approval of the director of the department.

7 2. The regulatory relief office shall:

8 (1) Administer the sandbox program pursuant to
9 sections 620.3900 to 620.3930;

10 (2) Act as a liaison between private businesses and
11 applicable agencies that regulate such businesses to
12 identify state laws or regulations that could potentially be
13 waived or suspended under the sandbox program;

14 (3) Consult with each applicable agency; and

15 (4) Establish a program to enable a person to obtain
16 monitored access to the market in the state along with legal
17 protections for a product or service related to the laws or
18 regulations that are being waived as a part of participation
19 in the sandbox program, in order to demonstrate an
20 innovative product or service without obtaining a license or
21 other authorization that might otherwise be required.

22 3. The regulatory relief office shall:

23 (1) Review state laws and regulations that may
24 unnecessarily inhibit the creation and success of new
25 companies or industries and provide recommendations to the
26 governor and the general assembly on modifying or repealing
27 such state laws and regulations;

28 (2) Create a framework for analyzing the risk level of
29 the health, safety, and financial well-being of consumers
30 related to permanently removing or temporarily waiving laws
31 and regulations inhibiting the creation or success of new
32 and existing companies or industries;

33 (3) Propose and enter into reciprocity agreements
34 between states that use or are proposing to use similar
35 regulatory sandbox programs as described in sections
36 620.3900 to 620.3930, provided that such reciprocity
37 agreement is supported by a two-thirds majority vote of the
38 advisory committee and the regulatory relief office is
39 directed by an order of the governor to pursue such
40 reciprocity agreement;

41 (4) Enter into agreements with or adopt best practices
42 of corresponding federal regulatory agencies or other states
43 that are administering similar programs;

44 (5) Consult with businesses in the state about
45 existing or potential proposals for the sandbox program; and

46 (6) In accordance with the provisions of chapter 536
47 and the provisions of sections 620.3900 to 620.3930, make

48 rules regarding the administration of the sandbox program,
49 including making rules regarding the application process and
50 the reporting requirements of sandbox participants. Any
51 rule or portion of a rule, as that term is defined in
52 section 536.010, that is created under the authority
53 delegated in this section shall become effective only if it
54 complies with and is subject to all of the provisions of
55 chapter 536 and, if applicable, section 536.028. This
56 section and chapter 536 are nonseverable, and if any of the
57 powers vested with the general assembly pursuant to chapter
58 536 to review, to delay the effective date, or to disapprove
59 and annul a rule are subsequently held unconstitutional,
60 then the grant of rulemaking authority and any rule proposed
61 or adopted after August 28, 2022, shall be invalid and void.

62 4. (1) The regulatory relief office shall create and
63 maintain on the department's website a web page that invites
64 residents and businesses in the state to make suggestions
65 regarding laws and regulations that could be modified or
66 eliminated to reduce the regulatory burden on residents and
67 businesses in the state.

68 (2) On at least a quarterly basis, the regulatory
69 relief office shall compile the relevant suggestions from
70 the web page created pursuant to subdivision (1) of this
71 subsection and provide a written report to the governor and
72 the general assembly.

73 (3) In creating the report described in subdivision
74 (2) of this subsection, the regulatory relief office:

75 (a) Shall provide the identity of residents and
76 businesses that make suggestions on the web page if those
77 residents and businesses wish to comment publicly, and shall
78 ensure that the private information of residents and
79 businesses that make suggestions on the web page is not made
80 public if they do not wish to comment publicly; and

81 (b) May evaluate the suggestions and provide analysis
82 and suggestions regarding which state laws and regulations
83 could be modified or eliminated to reduce the regulatory
84 burden on residents and businesses in the state while still
85 protecting consumers.

86 5. (1) By October first of each year, the department
87 shall submit an annual report to the governor, the general
88 assembly, and to each state agency which shall include:

89 (a) Information regarding each participant in the
90 sandbox program, including industries represented by each
91 participant and the anticipated or actual cost savings that
92 each participant experienced;

93 (b) The anticipated or actual benefit to consumers
94 created by each demonstration in the sandbox program;

95 (c) Recommendations regarding any laws or regulations
96 that should be permanently modified or repealed;

97 (d) Information regarding any health and safety events
98 related to the activities of a participant in the sandbox
99 program; and

100 (e) Recommendations for changes to the sandbox program
101 or other duties of the regulatory relief office.

102 (2) The department may provide an interim report from
103 the sandbox program director to the governor and general
104 assembly on specific, time-sensitive issues for the
105 functioning of the sandbox program, for the health and
106 safety of consumers, for the success of participants in the
107 program, and for other issues of urgent need.

620.3910. 1. There is hereby created the "General
2 Regulatory Sandbox Program Advisory Committee", to be
3 composed of the following members:

4 (1) The director of the department of economic
5 development or his or her designee;

6 (2) The director of the department of commerce and
7 insurance or his or her designee;

8 (3) The attorney general or his or her designee;

9 (4) A member of the public to be appointed by the
10 governor;

11 (5) A member of the public or of an institution of
12 higher education, to be appointed by the governor;

13 (6) A member of an institution of higher education, to
14 be appointed by the director of the department of higher
15 education and workforce development;

16 (7) Two members of the house of representatives, one
17 to be appointed by the speaker of the house of
18 representatives and one to be appointed by the minority
19 leader of the house of representatives;

20 (8) Two members of the senate, one to be appointed by
21 the president pro tempore of the senate and one to be
22 appointed by the minority leader of the senate; and

23 (9) An employee of the office of public counsel, to be
24 appointed by the public counsel.

25 2. (1) Advisory committee members shall be appointed
26 to a four-year term. Members who cease holding elective
27 office shall be replaced by the speaker or minority leader
28 of the house of representatives or the president pro tempore
29 or minority floor leader of the senate, as applicable. The
30 sandbox program director may establish the terms of initial
31 appointments so that approximately half of the advisory
32 committee is appointed every two years.

33 (2) The sandbox program director shall select a chair
34 of the advisory committee every two years in consultation
35 with the members of the advisory committee.

36 (3) No appointee of the governor, speaker of the house
37 of representatives, or president pro tempore of the senate
38 may serve more than two complete terms.

39 3. A majority of the advisory committee shall
40 constitute a quorum for the purpose of conducting business,
41 and the action of a majority of a quorum shall constitute
42 the action of the advisory committee, except as provided in
43 subsection 4 of this section.

44 4. The advisory committee may, at its own discretion,
45 meet to override a decision of the regulatory relief office
46 on the admission or denial of an applicant to the sandbox
47 program, provided such override is decided with a two-thirds
48 majority vote of the members of the advisory committee, and
49 further provided that such vote shall be taken within
50 fifteen business days of the regulatory relief office's
51 decision.

52 5. The advisory committee shall advise and make
53 recommendations to the regulatory relief office on whether
54 to approve applications to the sandbox program pursuant to
55 section 620.3915.

56 6. The regulatory relief office shall provide
57 administrative staff support for the advisory committee.

58 7. The members of the advisory committee shall serve
59 without compensation, but may be reimbursed for any actual
60 and necessary expenses incurred in the performance of the
61 advisory committee's official duties.

62 8. Meetings of the advisory committee shall be
63 considered public meetings for the purposes of chapter 610.
64 However, a meeting of the committee shall be a closed
65 meeting if the purpose of the meeting is to discuss an
66 application for participation in the regulatory sandbox and
67 failing to hold a closed meeting would reveal information
68 that constitutes proprietary or confidential trade secrets.
69 Upon approval by a majority vote by members of the advisory
70 committee, the advisory committee shall be allowed to
71 conduct remote meetings, and individual members shall be

72 allowed to attend meetings remotely. The advisory committee
73 shall provide the public the ability to view any such remote
74 meetings.

620.3915. 1. An applicant for the sandbox program
2 shall provide to the regulatory relief office an application
3 in a form prescribed by the regulatory relief office that:

4 (1) Confirms the applicant is subject to the
5 jurisdiction of the state;

6 (2) Confirms the applicant has established physical
7 residence or a virtual location in the state from which the
8 demonstration of an innovative offering will be developed
9 and performed, and where all required records, documents,
10 and data will be maintained;

11 (3) Contains relevant personal and contact information
12 for the applicant, including legal names, addresses,
13 telephone numbers, email addresses, website addresses, and
14 other information required by the regulatory relief office;

15 (4) Discloses criminal convictions of the applicant or
16 other participating personnel, if any; and

17 (5) Contains a description of the innovative offering
18 to be demonstrated, including statements regarding:

19 (a) How the innovative offering is subject to
20 licensing, legal prohibition, or other authorization
21 requirements outside of the sandbox program;

22 (b) Each law or regulation that the applicant seeks to
23 have waived or suspended while participating in the sandbox
24 program;

25 (c) How the innovative offering would benefit
26 consumers;

27 (d) How the innovative offering is different from
28 other innovative offerings available in the state;

29 (e) The risks that might exist for consumers who use
30 or purchase the innovative offering;

31 (f) How participating in the sandbox program would
32 enable a successful demonstration of the innovative offering
33 of an innovative product or service;

34 (g) A description of the proposed demonstration plan,
35 including estimated time periods for beginning and ending
36 the demonstration;

37 (h) Recognition that the applicant will be subject to
38 all laws and regulations pertaining to the applicant's
39 innovative offering after the conclusion of the
40 demonstration;

41 (i) How the applicant will end the demonstration and
42 protect consumers if the demonstration fails;

43 (j) A list of each applicable agency, if any, that the
44 applicant knows regulates the applicant's business; and

45 (k) Any other required information as determined by
46 the regulatory relief office.

47 2. An applicant shall remit to the regulatory relief
48 office an application fee of three hundred dollars per
49 application for each innovative offering. Such application
50 fees shall be used by the regulatory relief office solely
51 for the purpose of implementing the provisions of sections
52 620.3900 to 620.3930.

53 3. An applicant shall file a separate application for
54 each innovative offering that the applicant wishes to
55 demonstrate.

56 4. An applicant for the sandbox program may contact
57 the regulatory relief office to request a consultation
58 regarding the sandbox program before submitting an
59 application. The regulatory relief office may provide
60 assistance to an applicant in preparing an application for
61 submission.

62 5. (1) After an application is filed, the regulatory
63 relief office shall:

64 (a) Consult with each applicable agency that regulates
65 the applicant's business regarding whether more information
66 is needed from the applicant; and

67 (b) Seek additional information from the applicant
68 that the regulatory relief office determines is necessary.

69 (2) No later than fifteen business days after the day
70 on which a completed application is received by the
71 regulatory relief office, the regulatory relief office shall:

72 (a) Review the application and refer the application
73 to each applicable agency that regulates the applicant's
74 business; and

75 (b) Provide to the applicant:

76 a. An acknowledgment of receipt of the application; and
77 b. The identity and contact information of each
78 applicable agency to which the application has been referred
79 for review.

80 (3) No later than forty-five days after the day on
81 which an applicable agency receives a completed application
82 for review, the applicable agency shall provide a written
83 report to the sandbox program director with the applicable
84 agency's findings. Such report shall:

85 (a) Describe any identifiable, likely, and significant
86 harm to the health, safety, or financial well-being of
87 consumers that the relevant law or regulation protects
88 against; and

89 (b) Make a recommendation to the regulatory relief
90 office that the applicant either be admitted or denied
91 entrance into the sandbox program.

92 (4) An applicable agency may request an additional ten
93 business days to deliver the written report required by
94 subdivision (3) of this subsection by providing notice to
95 the sandbox program director, which request shall
96 automatically be granted. An applicable agency may request

97 only one extension per application. The sandbox program
98 director may also provide an additional extension to the
99 applicable agency for cause.

100 (5) If an applicable agency recommends an applicant
101 under this section be denied entrance into the sandbox
102 program, the written report required by subdivision (3) of
103 this subsection shall include a description of the reasons
104 for such recommendation, including the reason a temporary
105 waiver or suspension of the relevant laws or regulations
106 would potentially significantly harm the health, safety, or
107 financial well-being of consumers or the public and the
108 assessed likelihood of such harm occurring.

109 (6) If an applicable agency determines that the
110 consumer's or public's health, safety, or financial well-
111 being can be protected through less restrictive means than
112 the existing relevant laws or regulations, the applicable
113 agency shall provide a recommendation of how that can be
114 achieved.

115 (7) If an applicable agency fails to deliver the
116 written report required by subdivision (3) of this
117 subsection, the sandbox program director shall provide a
118 final notice to the applicable agency for delivery of the
119 written report. If the report is not delivered within five
120 days of such final notice, the sandbox program director
121 shall assume that the applicable agency does not object to
122 the temporary waiver or suspension of the relevant laws or
123 regulations for an applicant seeking to participate in the
124 sandbox program.

125 6. (1) Notwithstanding any provision of this section
126 to the contrary, an applicable agency may, by written notice
127 to the regulatory relief office:

128 (a) Reject an application, provided such rejection
129 occurs within forty-five days after the day on which the

130 applicable agency receives a complete application for
131 review, or within fifty days if an extension has been
132 requested by the applicable agency, if the applicable agency
133 determines, in the applicable agency's sole discretion, that
134 the applicant's offering fails to comply with standards or
135 specifications:

136 a. Required by federal rule or regulation; or

137 b. Previously approved for use by a federal agency; or

138 (b) Reject an application preliminarily approved by
139 the regulatory relief office, if the applicable agency:

140 a. Recommends rejection of the application in the
141 applicable agency's written report submitted pursuant to
142 subdivision (3) of subsection 5 of this section; and

143 b. Provides in the written report submitted pursuant
144 to subdivision (3) of subsection 5 of this section a
145 description of the applicable agency's reasons approval of
146 the application would create a substantial risk of harm to
147 the health or safety of the public, or create unreasonable
148 expenses for taxpayers in the state.

149 (2) If any applicable agency rejects an application on
150 a nonpreliminary basis pursuant to subdivision (1) of this
151 subsection, the regulatory relief office shall not approve
152 the application.

153 7. (1) The sandbox program director shall provide all
154 applications and associated written reports to the advisory
155 committee upon receiving a written report from an applicable
156 agency.

157 (2) The sandbox program director may call the advisory
158 committee to meet as needed, but not less than once per
159 quarter if applications are available for review.

160 (3) After receiving and reviewing the application and
161 each associated written report, the advisory committee shall
162 provide to the sandbox program director the advisory

163 committee's recommendation as to whether the applicant
164 should be admitted as a sandbox participant.

165 (4) As part of the advisory committee's review of each
166 report, the advisory committee shall use criteria used by
167 applicable agencies to evaluate applications.

168 8. The regulatory relief office shall consult with
169 each applicable agency and the advisory committee before
170 admitting an applicant into the sandbox program. Such
171 consultation may include seeking information about whether:

172 (1) The applicable agency has previously issued a
173 license or other authorization to the applicant; and

174 (2) The applicable agency has previously investigated,
175 sanctioned, or pursued legal action against the applicant.

176 9. In reviewing an application under this section, the
177 regulatory relief office and applicable agencies shall
178 consider whether:

179 (1) A competitor to the applicant is or has been a
180 sandbox participant and, if so, weigh that as a factor in
181 favor of allowing the applicant to also become a sandbox
182 participant;

183 (2) The applicant's plan will adequately protect
184 consumers from potential harm identified by an applicable
185 agency in the applicable agency's written report;

186 (3) The risk of harm to consumers is outweighed by the
187 potential benefits to consumers from the applicant's
188 participation in the sandbox program; and

189 (4) Certain state laws or regulations that regulate an
190 innovative offering should not be waived or suspended even
191 if the applicant is approved as a sandbox participant,
192 including applicable anti-fraud or disclosure provisions.

193 10. An applicant shall become a sandbox participant if
194 the regulatory relief office approves the application for
195 the sandbox program and enters into a written agreement with

196 the applicant describing the specific laws and regulations
197 that are waived or suspended as part of participation in the
198 sandbox program. Notwithstanding any other provision of
199 this section to the contrary, the regulatory relief office
200 shall not enter into a written agreement with an applicant
201 that exempts the applicant from any income, property, or
202 sales tax liability unless such applicant otherwise
203 qualifies for an exemption from such tax.

204 11. (1) The sandbox program director may deny at his
205 or her sole discretion any application submitted under this
206 section for any reason, including if the sandbox program
207 director determines that the preponderance of evidence
208 demonstrates that suspending or waiving enforcement of a law
209 or regulation would cause significant risk of harm to
210 consumers or residents of the state.

211 (2) If the sandbox program director denies an
212 application submitted under this section, the regulatory
213 relief office shall provide to the applicant a written
214 description of the reasons for not allowing the applicant to
215 become a sandbox participant.

216 (3) The denial of an application submitted under this
217 section shall not be subject to judicial or administrative
218 review.

219 (4) The acceptance or denial of an application
220 submitted under this section may be overridden by an
221 affirmative vote of a two-thirds majority of the advisory
222 committee at the discretion of the advisory committee,
223 provided such vote shall take place within fifteen business
224 days of the sandbox program director's decision.
225 Notwithstanding any other provision of this section to the
226 contrary, the advisory committee shall not override a
227 rejection made by an applicable agency.

228 (5) The sandbox program director shall deny an
229 application for participation in the sandbox program if the
230 applicant or any person who seeks to participate with the
231 applicant in demonstrating an innovative offering has been
232 convicted, entered into a plea of nolo contendere, or
233 entered a plea of guilty or nolo contendere held in
234 abeyance, for any crime involving significant theft, fraud,
235 or dishonesty if the crime bears a significant relationship
236 to the applicant's or other participant's ability to safely
237 and competently participate in the sandbox program.

238 12. When an applicant is approved for participation in
239 the sandbox program, the sandbox program director may
240 provide notice of the approval to competitors of the
241 applicant and to the general public.

242 13. Applications to participate in the sandbox program
243 shall be considered public records for the purposes of
244 chapter 610, provided, however, that any information
245 contained in such applications that constitutes proprietary
246 or confidential trade secrets shall not be subject to
247 disclosure pursuant to chapter 610.

620.3920. 1. If the regulatory relief office approves
2 an application pursuant to section 620.3915, the sandbox
3 participant shall have twenty-four months after the day on
4 which the application was approved to demonstrate the
5 innovative offering described in the sandbox participant's
6 application.

7 2. An innovative offering that is demonstrated within
8 the sandbox program shall only be available to consumers who
9 are residents of Missouri or of another state. No law or
10 regulation shall be waived or suspended if waiving or
11 suspending such law or regulation would prevent a consumer
12 from seeking restitution in the event that the consumer is
13 harmed.

14 3. Nothing in sections 620.3900 to 620.3930 shall
15 restrict a sandbox participant that holds a license or other
16 authorization in another jurisdiction from acting in
17 accordance with such license or other authorization in that
18 jurisdiction.

19 4. A sandbox participant shall be deemed to possess an
20 appropriate license or other authorization under the laws of
21 this state for the purposes of any provision of federal law
22 requiring licensure or other authorization by the state.

23 5. (1) During the demonstration period, a sandbox
24 participant shall not be subject to the enforcement of state
25 laws or regulations identified in the written agreement
26 between the regulatory relief office and the sandbox
27 participant.

28 (2) A prosecutor shall not file or pursue charges
29 pertaining to any action related to a law or regulation
30 identified in the written agreement between the regulatory
31 relief office and the sandbox participant that occurs during
32 the demonstration period.

33 (3) A state agency shall not file or pursue any
34 punitive action against a sandbox participant, including a
35 fine or license suspension or revocation, for the violation
36 of a law or regulation that is identified as being waived or
37 suspended in the written agreement between the regulatory
38 relief office and the sandbox participant that occurs during
39 the demonstration period.

40 6. Notwithstanding any provision of this section to
41 the contrary, a sandbox participant shall not have immunity
42 related to any criminal offense committed during the sandbox
43 participant's participation in the sandbox program.

44 7. By written notice, the regulatory relief office may
45 end a sandbox participant's participation in the sandbox
46 program at any time and for any reason, including if the

47 sandbox program director determines that a sandbox
48 participant is not operating in good faith to bring an
49 innovative offering to market; provided, however, that the
50 sandbox program director's decision may be overridden by an
51 affirmative vote of a two-thirds majority of the members of
52 the advisory committee.

53 8. The regulatory relief office and regulatory relief
54 office's employees shall not be liable for any business
55 losses or the recouping of application expenses or other
56 expenses related to the sandbox program, including for:

57 (1) Denying an applicant's application to participate
58 in the sandbox program for any reason; or

59 (2) Ending a sandbox participant's participation in
60 the sandbox program at any time and for any reason.

620.3925. 1. Before demonstrating an innovative
2 offering to a consumer, a sandbox participant shall disclose
3 the following information to the consumer:

4 (1) The name and contact information of the sandbox
5 participant;

6 (2) A statement that the innovative offering is
7 authorized pursuant to the sandbox program and, if
8 applicable, that the sandbox participant does not have a
9 license or other authorization to provide an innovative
10 offering under state laws that regulate offerings outside of
11 the sandbox program;

12 (3) A statement that specific laws and regulations
13 have been waived for the sandbox participant for the
14 duration of its demonstration in the sandbox program, with a
15 summary of such waived laws and regulations;

16 (4) A statement that the innovative offering is
17 undergoing testing and may not function as intended and may
18 expose the consumer to certain risks as identified by the
19 applicable agency's written report;

20 (5) A statement that the provider of the innovative
21 offering is not immune from civil liability for any losses
22 or damages caused by the innovative offering;

23 (6) A statement that the provider of the innovative
24 offering is not immune from criminal prosecution for
25 violations of state law or regulations that are not
26 suspended or waived as allowed within the sandbox program;

27 (7) A statement that the innovative offering is a
28 temporary demonstration that may be discontinued at the end
29 of the demonstration period;

30 (8) The expected end date of the demonstration period;
31 and

32 (9) A statement that a consumer may contact the
33 regulatory relief office and file a complaint regarding the
34 innovative offering being demonstrated, providing the
35 regulatory relief office's telephone number, email address,
36 and website address where a complaint may be filed.

37 2. The disclosures required by subsection 1 of this
38 section shall be provided to a consumer in a clear and
39 conspicuous form and, for an internet- or application-based
40 innovative offering, a consumer shall acknowledge receipt of
41 the disclosure before any transaction may be completed.

42 3. The regulatory relief office may require that a
43 sandbox participant make additional disclosures to a
44 consumer.

620.3930. 1. At least forty-five days before the end
2 of the twenty-four-month demonstration period, a sandbox
3 participant shall:

4 (1) Notify the regulatory relief office that the
5 sandbox participant will exit the sandbox program and
6 discontinue the sandbox participant's demonstration after
7 the day on which the twenty-four-month demonstration period
8 ends; or

9 (2) Seek an extension pursuant to subsection 4 of this
10 section.

11 2. If the regulatory relief office does not receive
12 notification as required by subsection 1 of this section,
13 the demonstration period shall end at the end of the twenty-
14 four-month demonstration period.

15 3. If a demonstration includes an innovative offering
16 that requires ongoing services or duties beyond the twenty-
17 four-month demonstration period, the sandbox participant may
18 continue to demonstrate the innovative offering but shall be
19 subject to enforcement of the laws or regulations that were
20 waived or suspended as part of the sandbox program.

21 4. (1) No later than forty-five days before the end
22 of the twenty-four-month demonstration period, a sandbox
23 participant may request an extension of the demonstration
24 period.

25 (2) The regulatory relief office shall grant or deny a
26 request for an extension by the end of the twenty-four month
27 demonstration period.

28 (3) The regulatory relief office may grant an
29 extension for not more than twelve months after the end of
30 the demonstration period.

31 (4) Sandbox participants may apply for additional
32 extensions in accordance with the criteria used to assess
33 their initial application, up to a cumulative maximum of
34 seven years inclusive of the original twenty-four-month
35 demonstration period.

36 5. (1) A sandbox participant shall retain records,
37 documents, and data produced in the ordinary course of
38 business regarding an innovative offering demonstrated in
39 the sandbox program for twenty-four months after exiting the
40 sandbox program.

41 (2) The regulatory relief office may request relevant
42 records, documents, and data from a sandbox participant,
43 and, upon the regulatory relief office's request, the
44 sandbox participant shall make such records, documents, and
45 data available for inspection by the regulatory relief
46 office.

47 6. If a sandbox participant ceases to provide an
48 innovative offering before the end of a demonstration
49 period, the sandbox participant shall notify the regulatory
50 relief office and each applicable agency and report on
51 actions taken by the sandbox participant to ensure consumers
52 have not been harmed as a result.

53 7. The regulatory relief office shall establish
54 quarterly reporting requirements for each sandbox
55 participant, including information about any consumer
56 complaints.

57 8. (1) The sandbox participant shall notify the
58 regulatory relief office and each applicable agency of any
59 incidents that result in harm to the health, safety, or
60 financial well-being of a consumer. The parameters for such
61 incidents that shall be reported shall be laid out in the
62 written agreement between the applicant and the regulatory
63 relief office. Any incident reports shall be publicly
64 available on the regulatory sandbox webpage provided,
65 however, that any information contained in such reports that
66 constitutes proprietary or confidential trade secrets shall
67 not be subject to disclosure pursuant to chapter 610.

68 (2) If a sandbox participant fails to notify the
69 regulatory relief office and each applicable agency of any
70 incidents required to be reported, or the regulatory relief
71 office or an applicable agency has evidence that significant
72 harm to a consumer has occurred, the regulatory relief

73 office may immediately remove the sandbox participant from
74 the sandbox program.

75 9. No later than thirty days after the day on which a
76 sandbox participant exits the sandbox program, the sandbox
77 participant shall submit a written report to the regulatory
78 relief office and each applicable agency describing an
79 overview of the sandbox participant's demonstration.
80 Failure to submit such a report shall result in the sandbox
81 participant and any entity that later employs a member of
82 the leadership team of the sandbox participant being
83 prohibited from future participation in the sandbox
84 program. Such report shall include any:

- 85 (1) Incidents of harm to consumers;
86 (2) Legal action filed against the sandbox participant
87 as a result of the participant's demonstration; or
88 (3) Complaint filed with an applicable agency as a
89 result of the sandbox participant's demonstration.

90 Any incident reports of harm to consumers, legal actions
91 filed against a sandbox participant, or complaints filed
92 with an applicable agency shall be compiled and made
93 publicly available on the regulatory sandbox webpage
94 provided, however, that any information contained in such
95 reports or complaints that constitutes proprietary or
96 confidential trade secrets shall not be subject to
97 disclosure pursuant to chapter 610.

98 10. No later than thirty days after the day on which
99 an applicable agency receives the quarterly report required
100 by subsection 7 of this section or a written report from a
101 sandbox participant as required by subsection 9 of this
102 section, the applicable agency shall provide a written
103 report to the regulatory relief office on the demonstration,
104 which describes any statutory or regulatory reform the

105 applicable agency recommends as a result of the
106 demonstration.

107 11. The regulatory relief office may remove a sandbox
108 participant from the sandbox program at any time if the
109 regulatory relief office determines that a sandbox
110 participant has engaged in, is engaging in, or is about to
111 engage in any practice or transaction that is in violation
112 of sections 620.3900 to 620.3930 or that constitutes a
113 violation of a law or regulation for which suspension or
114 waiver has not been granted pursuant to the sandbox
115 program. Information on any removal of a sandbox
116 participant for engaging in any practice or transaction that
117 constitutes a violation of law or regulation for which
118 suspension or waiver has not been granted pursuant to the
119 sandbox program shall be made publicly available on the
120 regulatory sandbox webpage provided, however, that any
121 information that constitutes proprietary or confidential
122 trade secrets shall not be subject to disclosure pursuant to
123 chapter 610.