

FIRST REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 247
102ND GENERAL ASSEMBLY

0966H.04C

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 135.010, 135.025, 135.030, 137.115, 143.011, 143.071, 143.114, 143.124, 143.125, 144.030, 144.615, 273.050, and 273.060, RSMo, and to enact in lieu thereof thirteen new sections relating to taxation, with an emergency clause for a certain section.

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

Section A. Sections 135.010, 135.025, 135.030, 137.115, 143.011, 143.071, 143.114, 2 143.124, 143.125, 144.030, 144.615, 273.050, and 273.060, RSMo, are repealed and thirteen 3 new sections enacted in lieu thereof, to be known as sections 135.010, 135.025, 135.030, 4 137.115, 137.1050, 143.011, 143.071, 143.114, 143.124, 143.125, 144.030, 144.058, and 5 144.615, to read as follows:

135.010. As used in sections 135.010 to 135.030 the following words and terms 2 mean:

3 (1) "Claimant", a person or persons claiming a credit under sections 135.010 to 4 135.030. If the persons are eligible to file a joint federal income tax return and reside at the 5 same address at any time during the taxable year, then the credit may only be allowed if 6 claimed on a combined Missouri income tax return or a combined claim return reporting their 7 combined incomes and property taxes. A claimant shall not be allowed a property tax credit 8 unless the claimant or spouse has attained the age of sixty-five on or before the last day of the 9 calendar year and the claimant or spouse was a resident of Missouri for the entire year, or the 10 claimant or spouse is a veteran of any branch of the Armed Forces of the United States or this 11 state who became one hundred percent disabled as a result of such service, or the claimant or 12 spouse is disabled as defined in subdivision (2) of this section, and such claimant or spouse 13 provides proof of such disability in such form and manner, and at such times, as the director

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

14 of revenue may require, or if the claimant has reached the age of sixty on or before the last
15 day of the calendar year and such claimant received surviving spouse Social Security benefits
16 during the calendar year and the claimant provides proof, as required by the director of
17 revenue, that the claimant received surviving spouse Social Security benefits during the
18 calendar year for which the credit will be claimed. A claimant shall not be allowed a property
19 tax credit if the claimant filed a valid claim for a credit under section 137.106 in the year
20 following the year for which the property tax credit is claimed. The residency requirement
21 shall be deemed to have been fulfilled for the purpose of determining the eligibility of a
22 surviving spouse for a property tax credit if a person of the age of sixty-five years or older
23 who would have otherwise met the requirements for a property tax credit dies before the last
24 day of the calendar year. The residency requirement shall also be deemed to have been
25 fulfilled for the purpose of determining the eligibility of a claimant who would have
26 otherwise met the requirements for a property tax credit but who dies before the last day of
27 the calendar year;

28 (2) "Disabled", the inability to engage in any substantial gainful activity by reason of
29 any medically determinable physical or mental impairment which can be expected to result in
30 death or which has lasted or can be expected to last for a continuous period of not less than
31 twelve months. A claimant shall not be required to be gainfully employed prior to such
32 disability to qualify for a property tax credit;

33 (3) "Gross rent", amount paid by a claimant to a landlord for the rental, at arm's
34 length, of a homestead during the calendar year, exclusive of charges for health and personal
35 care services and food furnished as part of the rental agreement, whether or not expressly set
36 out in the rental agreement. If the director of revenue determines that the landlord and tenant
37 have not dealt at arm's length, and that the gross rent is excessive, then he shall determine the
38 gross rent based upon a reasonable amount of rent. Gross rent shall be deemed to be paid
39 only if actually paid prior to the date a return is filed. The director of revenue may prescribe
40 regulations requiring a return of information by a landlord receiving rent, certifying for a
41 calendar year the amount of gross rent received from a tenant claiming a property tax credit
42 and shall, by regulation, provide a method for certification by the claimant of the amount of
43 gross rent paid for any calendar year for which a claim is made. The regulations authorized
44 by this subdivision may require a landlord or a tenant or both to provide data relating to health
45 and personal care services and to food. Neither a landlord nor a tenant may be required to
46 provide data relating to utilities, furniture, home furnishings or appliances;

47 (4) "Homestead", the dwelling in Missouri owned or rented by the claimant and not to
48 exceed five acres of land surrounding it as is reasonably necessary for use of the dwelling as a
49 home. It may consist of part of a multidwelling or multipurpose building and part of the land
50 upon which it is built. "Owned" includes a vendee in possession under a land contract and

51 one or more tenants by the entireties, joint tenants, or tenants in common and includes a
52 claimant actually in possession if he was the immediate former owner of record, if a lineal
53 descendant is presently the owner of record, and if the claimant actually pays all taxes upon
54 the property. It may include a mobile home;

55 (5) "Income", Missouri adjusted gross income as defined in section 143.121 less two
56 thousand dollars **for all calendar years ending on or before December 31, 2023**, or in the
57 case of a homestead owned and occupied, for the entire year, by the claimant, less four
58 thousand dollars as an exemption for the claimant's spouse residing at the same address~~[-]~~ **for**
59 **all calendar years ending on or before December 31, 2023, or for all calendar years**
60 **beginning on or after January 1, 2024, less two thousand eight hundred dollars, or in the**
61 **case of a homestead owned and occupied, for the entire year, by the claimant, less five**
62 **thousand eight hundred dollars, as an exemption for the claimant's spouse residing at**
63 **the same address;** and increased, where necessary, to reflect the following:

64 (a) Social Security, railroad retirement, and veterans payments and benefits unless the
65 claimant is a one hundred percent service-connected, disabled veteran or a spouse of a one
66 hundred percent service-connected, disabled veteran. The one hundred percent service-
67 connected disabled veteran shall not be required to list veterans payments and benefits;

68 (b) The total amount of all other public and private pensions and annuities;

69 (c) Public relief, public assistance, and unemployment benefits received in cash, other
70 than benefits received under this chapter;

71 (d) No deduction being allowed for losses not incurred in a trade or business;

72 (e) Interest on the obligations of the United States, any state, or any of their
73 subdivisions and instrumentalities;

74 (6) "Property taxes accrued", property taxes paid, exclusive of special assessments,
75 penalties, interest, and charges for service levied on a claimant's homestead in any calendar
76 year. Property taxes shall qualify for the credit only if actually paid prior to the date a return
77 is filed. The director of revenue shall require a tax receipt or other proof of property tax
78 payment. If a homestead is owned only partially by claimant, then "property taxes accrued" is
79 that part of property taxes levied on the homestead which was actually paid by the claimant.
80 For purposes of this subdivision, property taxes are "levied" when the tax roll is delivered to
81 the director of revenue for collection. If a claimant owns a homestead part of the preceding
82 calendar year and rents it or a different homestead for part of the same year, "property taxes
83 accrued" means only taxes levied on the homestead both owned and occupied by the
84 claimant, multiplied by the percentage of twelve months that such property was owned and
85 occupied as the homestead of the claimant during the year. When a claimant owns and
86 occupies two or more different homesteads in the same calendar year, property taxes accrued
87 shall be the sum of taxes allocable to those several properties occupied by the claimant as a

88 homestead for the year. If a homestead is an integral part of a larger unit such as a farm, or
89 multipurpose or multidwelling building, property taxes accrued shall be that percentage of the
90 total property taxes accrued as the value of the homestead is of the total value. For purposes
91 of this subdivision "unit" refers to the parcel of property covered by a single tax statement of
92 which the homestead is a part;

93 (7) "Rent constituting property taxes accrued", twenty percent of the gross rent paid
94 by a claimant and spouse in the calendar year.

135.025. The property taxes accrued and rent constituting property taxes accrued on
2 each return shall be totaled. This total, up to seven hundred fifty dollars in rent constituting
3 property taxes actually paid or eleven hundred dollars in actual property tax paid, shall be
4 used in determining the property tax credit **for all calendar years ending on or before**
5 **December 31, 2023. For all calendar years beginning on or after January 1, 2024, this**
6 **total, up to one thousand fifty-five dollars in rent constituting property taxes actually**
7 **paid or one thousand five hundred fifty dollars in actual property tax paid, shall be used**
8 **in determining the property tax credit. Beginning January 1, 2025, the property tax**
9 **credit totals under this section shall be increased annually for inflation based on the**
10 **Consumer Price Index for All Urban Consumers for the Midwest Region, as defined**
11 **and officially recorded by the United States Department of Labor or its successor. The**
12 director of revenue shall prescribe regulations providing for allocations where part of a
13 claimant's homestead is rented to another or used for nondwelling purposes or where a
14 homestead is owned or rented or used as a dwelling for part of a year.

135.030. 1. As used in this section:

2 (1) The term "maximum upper limit" shall, for each calendar year after December 31,
3 1997, but before calendar year 2008, be the sum of twenty-five thousand dollars. For all
4 calendar years beginning on or after January 1, 2008, **but ending on or before December 31,**
5 **2023,** the maximum upper limit shall be the sum of twenty-seven thousand five hundred
6 dollars. In the case of a homestead owned and occupied for the entire year by the claimant,
7 **for all calendar years ending on or before December 31, 2023,** the maximum upper limit
8 shall be the sum of thirty thousand dollars. **For all calendar years beginning on or after**
9 **January 1, 2024, the maximum upper limit shall be the sum of thirty eight thousand two**
10 **hundred dollars and in the case of a homestead owned and occupied for the entire year**
11 **by the claimant, the maximum upper limit shall be the sum of forty-two thousand two**
12 **hundred dollars. Beginning January 1, 2025, the maximum upper limits shall be**
13 **increased annually for inflation based on the Consumer Price Index for All Urban**
14 **Consumers for the Midwest Region, as defined and officially recorded by the United**
15 **States Department of Labor or its successor;**

16 (2) The term "minimum base" shall, for each calendar year after December 31, 1997,
 17 but before calendar year 2008, be the sum of thirteen thousand dollars. For all calendar years
 18 beginning on or after January 1, 2008, the minimum base shall be the sum of fourteen
 19 thousand three hundred dollars.

20 2. (1) If the income on a return is equal to or less than the maximum upper limit for
 21 the calendar year for which the return is filed, the property tax credit shall be determined from
 22 a table of credits based upon the amount by which the total property tax described in section
 23 135.025 exceeds the percent of income in the following list:

| If the income on the return is: | The percent is: |
|--|--|
| Not over the minimum base | 0 percent with credit not to exceed \$1,100 in actual property tax or rent equivalent paid up to \$750 |
| Over the minimum base but not over the maximum upper limit | 1/16 percent accumulative per \$300 from 0 percent to 4 percent. |

30 (2) The director of revenue shall prescribe a table based upon ~~[the preceding~~
 31 ~~sentences]~~ **subdivision (1) of this subsection.** The property tax shall be in increments of
 32 twenty-five dollars and the income in increments of three hundred dollars. The credit shall be
 33 the amount rounded to the nearest whole dollar computed on the basis of the property tax and
 34 income at the midpoints of each increment. As used in this subsection, the term
 35 "accumulative" means an increase by continuous or repeated application of the percent to the
 36 income increment at each three hundred dollar level.

37 3. (1) **For all calendar years beginning on or after January 1, 2024, if the income**
 38 **on a return is equal to or less than the maximum upper limit for the calendar year for**
 39 **which the return is filed, the property tax credit shall be determined from a table of**
 40 **credits based upon the amount by which the total property tax described in section**
 41 **135.025 exceeds the percent of income in the following list:**

| If the income on the return is: | The percent is: |
|--|--|
| Not over the minimum base | 0 percent with credit not to exceed \$1,550 in actual property tax or rent equivalent paid up to \$1,055, as adjusted for inflation. |
| Over the minimum base but not over the maximum upper limit | 1/16 percent accumulative per \$495 from 0 percent to 2 percent. |

51 **(2) The director of revenue shall prescribe a table based upon subdivision (1) of**
52 **this subsection. The property tax shall be in increments of twenty-five dollars and the**
53 **income in increments of four hundred ninety-five dollars. The credit shall be the**
54 **amount rounded to the nearest whole dollar computed on the basis of the property tax**
55 **and income at the midpoints of each increment. As used in this subsection, the term**
56 **"accumulative" means an increase by continuous or repeated application of the percent**
57 **to the income increment at each four hundred ninety-five dollar level.**

58 **4.** Notwithstanding subsection 4 of section 32.057, the department of revenue or any
59 duly authorized employee or agent shall determine whether any taxpayer filing a report or
60 return with the department of revenue who has not applied for the credit allowed pursuant to
61 section 135.020 may qualify for the credit, and shall notify any qualified claimant of the
62 claimant's potential eligibility, where the department determines such potential eligibility
63 exists.

137.115. 1. All other laws to the contrary notwithstanding, the assessor or the
2 assessor's deputies in all counties of this state including the City of St. Louis shall annually
3 make a list of all real and tangible personal property taxable in the assessor's city, county,
4 town or district. Except as otherwise provided in subsection 3 of this section and section
5 137.078, the assessor shall annually assess all personal property at thirty-three and one-third
6 percent of its true value in money as of January first of each calendar year. The assessor shall
7 annually assess all real property, including any new construction and improvements to real
8 property, and possessory interests in real property at the percent of its true value in money set
9 in subsection 5 of this section. The true value in money of any possessory interest in real
10 property in subclass (3), where such real property is on or lies within the ultimate airport
11 boundary as shown by a federal airport layout plan, as defined by 14 CFR 151.5, of a
12 commercial airport having a FAR Part 139 certification and owned by a political subdivision,
13 shall be the otherwise applicable true value in money of any such possessory interest in real
14 property, less the total dollar amount of costs paid by a party, other than the political
15 subdivision, towards any new construction or improvements on such real property completed
16 after January 1, 2008, and which are included in the above-mentioned possessory interest,
17 regardless of the year in which such costs were incurred or whether such costs were
18 considered in any prior year. The assessor shall annually assess all real property in the
19 following manner: new assessed values shall be determined as of January first of each odd-
20 numbered year and shall be entered in the assessor's books; those same assessed values shall
21 apply in the following even-numbered year, except for new construction and property
22 improvements which shall be valued as though they had been completed as of January first of
23 the preceding odd-numbered year. The assessor may call at the office, place of doing
24 business, or residence of each person required by this chapter to list property, and require the

25 person to make a correct statement of all taxable tangible personal property owned by the
26 person or under his or her care, charge or management, taxable in the county. On or before
27 January first of each even-numbered year, the assessor shall prepare and submit a two-year
28 assessment maintenance plan to the county governing body and the state tax commission for
29 their respective approval or modification. The county governing body shall approve and
30 forward such plan or its alternative to the plan to the state tax commission by February first.
31 If the county governing body fails to forward the plan or its alternative to the plan to the state
32 tax commission by February first, the assessor's plan shall be considered approved by the
33 county governing body. If the state tax commission fails to approve a plan and if the state tax
34 commission and the assessor and the governing body of the county involved are unable to
35 resolve the differences, in order to receive state cost-share funds outlined in section 137.750,
36 the county or the assessor shall petition the administrative hearing commission, by May first,
37 to decide all matters in dispute regarding the assessment maintenance plan. Upon agreement
38 of the parties, the matter may be stayed while the parties proceed with mediation or
39 arbitration upon terms agreed to by the parties. The final decision of the administrative
40 hearing commission shall be subject to judicial review in the circuit court of the county
41 involved. In the event a valuation of subclass (1) real property within any county with a
42 charter form of government, or within a city not within a county, is made by a computer,
43 computer-assisted method or a computer program, the burden of proof, supported by clear,
44 convincing and cogent evidence to sustain such valuation, shall be on the assessor at any
45 hearing or appeal. In any such county, unless the assessor proves otherwise, there shall be a
46 presumption that the assessment was made by a computer, computer-assisted method or a
47 computer program. Such evidence shall include, but shall not be limited to, the following:
48 (1) The findings of the assessor based on an appraisal of the property by generally
49 accepted appraisal techniques; and
50 (2) The purchase prices from sales of at least three comparable properties and the
51 address or location thereof. As used in this subdivision, the word "comparable" means that:
52 (a) Such sale was closed at a date relevant to the property valuation; and
53 (b) Such properties are not more than one mile from the site of the disputed property,
54 except where no similar properties exist within one mile of the disputed property, the nearest
55 comparable property shall be used. Such property shall be within five hundred square feet in
56 size of the disputed property, and resemble the disputed property in age, floor plan, number of
57 rooms, and other relevant characteristics.
58 2. Assessors in each county of this state and the City of St. Louis may send personal
59 property assessment forms through the mail.

60 3. The following items of personal property shall each constitute separate subclasses
61 of tangible personal property and shall be assessed and valued for the purposes of taxation at
62 the following percentages of their true value in money:

63 (1) Grain and other agricultural crops in an unmanufactured condition, one-half of
64 one percent;

65 (2) Livestock, twelve percent;

66 (3) Farm machinery, twelve percent;

67 (4) Motor vehicles which are eligible for registration as and are registered as historic
68 motor vehicles pursuant to section 301.131 and aircraft which are at least twenty-five years
69 old and which are used solely for noncommercial purposes and are operated less than two
70 hundred hours per year or aircraft that are home built from a kit, five percent;

71 (5) Poultry, twelve percent; and

72 (6) Tools and equipment used for pollution control and tools and equipment used in
73 retooling for the purpose of introducing new product lines or used for making improvements
74 to existing products by any company which is located in a state enterprise zone and which is
75 identified by any standard industrial classification number cited in subdivision (7) of section
76 135.200, twenty-five percent.

77 4. The person listing the property shall enter a true and correct statement of the
78 property, in a printed blank prepared for that purpose. The statement, after being filled out,
79 shall be signed and either affirmed or sworn to as provided in section 137.155. The list shall
80 then be delivered to the assessor.

81 5. (1) All subclasses of real property, as such subclasses are established in Section 4
82 (b) of Article X of the Missouri Constitution and defined in section 137.016, shall be assessed
83 at the following percentages of true value:

84 (a) For real property in subclass (1), nineteen percent;

85 (b) For real property in subclass (2), twelve percent; and

86 (c) For real property in subclass (3), thirty-two percent.

87 (2) A taxpayer may apply to the county assessor, or, if not located within a county,
88 then the assessor of such city, for the reclassification of such taxpayer's real property if the use
89 or purpose of such real property is changed after such property is assessed under the
90 provisions of this chapter. If the assessor determines that such property shall be reclassified,
91 he or she shall determine the assessment under this subsection based on the percentage of the
92 tax year that such property was classified in each subclassification.

93 6. Manufactured homes, as defined in section 700.010, which are actually used as
94 dwelling units shall be assessed at the same percentage of true value as residential real
95 property for the purpose of taxation. The percentage of assessment of true value for such
96 manufactured homes shall be the same as for residential real property. If the county collector

97 cannot identify or find the manufactured home when attempting to attach the manufactured
98 home for payment of taxes owed by the manufactured home owner, the county collector may
99 request the county commission to have the manufactured home removed from the tax books,
100 and such request shall be granted within thirty days after the request is made; however, the
101 removal from the tax books does not remove the tax lien on the manufactured home if it is
102 later identified or found. For purposes of this section, a manufactured home located in a
103 manufactured home rental park, rental community or on real estate not owned by the
104 manufactured home owner shall be considered personal property. For purposes of this
105 section, a manufactured home located on real estate owned by the manufactured home owner
106 may be considered real property.

107 7. Each manufactured home assessed shall be considered a parcel for the purpose of
108 reimbursement pursuant to section 137.750, unless the manufactured home is deemed to be
109 real estate as defined in subsection 7 of section 442.015 and assessed as a realty improvement
110 to the existing real estate parcel.

111 8. Any amount of tax due and owing based on the assessment of a manufactured
112 home shall be included on the personal property tax statement of the manufactured home
113 owner unless the manufactured home is deemed to be real estate as defined in subsection 7 of
114 section 442.015, in which case the amount of tax due and owing on the assessment of the
115 manufactured home as a realty improvement to the existing real estate parcel shall be
116 included on the real property tax statement of the real estate owner.

117 9. **For the tax year ending on or before December 31, 2023,** the assessor of each
118 county and each city not within a county shall use ~~[the trade-in value published in the October~~
119 ~~issue of]~~ **a nationally recognized automotive trade publication such as** the National
120 Automobile Dealers' Association Official Used Car Guide, **Kelley Blue Book**, or ~~[its~~
121 ~~successor publication]~~ **Edmunds, or other similar publication** as the recommended guide of
122 information for determining the true value of motor vehicles described in such publication.
123 **The state tax commission shall determine which publication shall be used. The assessor**
124 **of each county and each city not within a county shall use the trade-in value published in**
125 **the current or any of the three immediately previous years' October issue of the**
126 **publication selected by the state tax commission.** The assessor shall not use a value that is
127 greater than the average trade-in value in determining the true value of the motor vehicle
128 without performing a physical inspection of the motor vehicle. For vehicles two years old or
129 newer from a vehicle's model year, the assessor may use a value other than average without
130 performing a physical inspection of the motor vehicle.

131 10. **For all tax years beginning on or after January 1, 2024, the assessor of each**
132 **county and each city not within a county shall use the manufacturer's suggested retail**
133 **price for all manufactured motor vehicles as acquired annually by the state tax**

commission for the original value in money of all motor vehicle assessment valuations. For the purposes of this subsection, the term "original value in money" means the manufacturer's suggested retail price. For the purposes of this subsection, the term "motor vehicles" means trucks, automobiles, motorcycles, boats, trailers, and other motor vehicles required to be registered and titled pursuant to the provisions of the motor vehicle and registration laws of this state. The term "motor vehicles" shall include farm tractors and farm machinery including tractors or machinery designed for off-road use but capable of movement on roads at low speeds. The following ten-year depreciation schedule shall be applied to each manufacturer's suggested retail price to develop the annual and historical valuation guide for all motor vehicles. The values shall be delivered to each software vendor not later than November fifteenth annually and vendors shall have the values in place by December fifteenth annually for use in the next assessment year. In the absence of a listing for a particular motor vehicle in such publication, the assessor shall use such information or publications which in the assessor's judgment will fairly estimate the ~~true~~ original value in money of the motor vehicle~~[-]~~ and the assessor shall apply the appropriate depreciation from the table as follows:

| Year | Percent Depreciation |
|-----------------|----------------------|
| Current | 15 |
| 1 | 25 |
| 2 | 32.5 |
| 3 | 45.3 |
| 4 | 50.3 |
| 5 | 55.8 |
| 6 | 60.1 |
| 7 | 75.2 |
| 8 | 83.2 |
| 9 | 87.2 |
| 10 | 90 |
| Greater than 10 | 99.9 |

To implement the new schedule without large variations from the current method, the assessor shall assume that the last valuation tables prior to October 1, 2024, are fair valuations and these valuations shall be depreciated from the above table until the end of their useful life. The state tax commission shall, with the assistance of the Missouri state assessor's association, develop the bid specifications to secure the original manufacturer's suggested retail price from a nationally recognized service. The state

170 tax commission shall secure an annual appropriation from the legislature for the guide
171 and the programming necessary to allow valuation by vehicle identification number in
172 all certified mass appraisal software systems used in the state. The state tax commission
173 or the state of Missouri shall be the registered user of the value guide with rights to
174 allow all assessors access to the guide and to an online site. The state tax commission or
175 state shall be responsible for renewals and annual software cost for preparing the data
176 in a usable format for approved personal property software vendors in the state. If a
177 county creates its own software, it shall meet the same standards as the approved
178 vendors. The data shall be available to all vendors by November fifteenth annually. All
179 vendors shall have the data available for use in their client counties by December
180 fifteenth prior to the January first assessment date. When the manufacturer's
181 suggested retail price data is not available from the approved source or the assessor
182 deems it not appropriate for the vehicle value he or she is valuing, the assessor may
183 obtain a manufacturer's suggested retail price from a source he or she deems reliable
184 and apply the depreciation schedule set out above.

185 ~~[40:]~~ 11. Before the assessor may increase the assessed valuation of any parcel of
186 subclass (1) real property by more than fifteen percent since the last assessment, excluding
187 increases due to new construction or improvements, the assessor shall conduct a physical
188 inspection of such property.

189 ~~[41:]~~ 12. If a physical inspection is required, pursuant to subsection 10 of this section,
190 the assessor shall notify the property owner of that fact in writing and shall provide the owner
191 clear written notice of the owner's rights relating to the physical inspection. If a physical
192 inspection is required, the property owner may request that an interior inspection be
193 performed during the physical inspection. The owner shall have no less than thirty days to
194 notify the assessor of a request for an interior physical inspection.

195 ~~[42:]~~ 13. A physical inspection, as required by subsection 10 of this section, shall
196 include, but not be limited to, an on-site personal observation and review of all exterior
197 portions of the land and any buildings and improvements to which the inspector has or may
198 reasonably and lawfully gain external access, and shall include an observation and review of
199 the interior of any buildings or improvements on the property upon the timely request of the
200 owner pursuant to subsection 11 of this section. Mere observation of the property via a drive-
201 by inspection or the like shall not be considered sufficient to constitute a physical inspection
202 as required by this section.

203 ~~[43:]~~ 14. A county or city collector may accept credit cards as proper form of payment
204 of outstanding property tax or license due. No county or city collector may charge surcharge
205 for payment by credit card which exceeds the fee or surcharge charged by the credit card
206 bank, processor, or issuer for its service. A county or city collector may accept payment by

207 electronic transfers of funds in payment of any tax or license and charge the person making
208 such payment a fee equal to the fee charged the county by the bank, processor, or issuer of
209 such electronic payment.

210 ~~[14.]~~ **15.** Any county or city not within a county in this state may, by an affirmative
211 vote of the governing body of such county, opt out of the provisions of this section and
212 sections 137.073, 138.060, and 138.100 as enacted by house bill no. 1150 of the ninety-first
213 general assembly, second regular session and section 137.073 as modified by house
214 committee substitute for senate substitute for senate committee substitute for senate bill no.
215 960, ninety-second general assembly, second regular session, for the next year of the general
216 reassessment, prior to January first of any year. No county or city not within a county shall
217 exercise this opt-out provision after implementing the provisions of this section and sections
218 137.073, 138.060, and 138.100 as enacted by house bill no. 1150 of the ninety-first general
219 assembly, second regular session and section 137.073 as modified by house committee
220 substitute for senate substitute for senate committee substitute for senate bill no. 960, ninety-
221 second general assembly, second regular session, in a year of general reassessment. For the
222 purposes of applying the provisions of this subsection, a political subdivision contained
223 within two or more counties where at least one of such counties has opted out and at least one
224 of such counties has not opted out shall calculate a single tax rate as in effect prior to the
225 enactment of house bill no. 1150 of the ninety-first general assembly, second regular session.
226 A governing body of a city not within a county or a county that has opted out under the
227 provisions of this subsection may choose to implement the provisions of this section and
228 sections 137.073, 138.060, and 138.100 as enacted by house bill no. 1150 of the ninety-first
229 general assembly, second regular session, and section 137.073 as modified by house
230 committee substitute for senate substitute for senate committee substitute for senate bill no.
231 960, ninety-second general assembly, second regular session, for the next year of general
232 reassessment, by an affirmative vote of the governing body prior to December thirty-first of
233 any year.

234 ~~[15.]~~ **16.** The governing body of any city of the third classification with more than
235 twenty-six thousand three hundred but fewer than twenty-six thousand seven hundred
236 inhabitants located in any county that has exercised its authority to opt out under subsection
237 14 of this section may levy separate and differing tax rates for real and personal property only
238 if such city bills and collects its own property taxes or satisfies the entire cost of the billing
239 and collection of such separate and differing tax rates. Such separate and differing rates shall
240 not exceed such city's tax rate ceiling.

241 ~~[16.]~~ **17.** Any portion of real property that is available as reserve for strip, surface, or
242 coal mining for minerals for purposes of excavation for future use or sale to others that has
243 not been bonded and permitted under chapter 444 shall be assessed based upon how the real

244 property is currently being used. Any information provided to a county assessor, state tax
245 commission, state agency, or political subdivision responsible for the administration of tax
246 policies shall, in the performance of its duties, make available all books, records, and
247 information requested, except such books, records, and information as are by law declared
248 confidential in nature, including individually identifiable information regarding a specific
249 taxpayer or taxpayer's mine property. For purposes of this subsection, "mine property" shall
250 mean all real property that is in use or readily available as a reserve for strip, surface, or coal
251 mining for minerals for purposes of excavation for current or future use or sale to others that
252 has been bonded and permitted under chapter 444.

137.1050. 1. For the purposes of this section, the following terms shall mean:

2 **(1) "Eligible credit amount", the difference between an eligible taxpayer's real**
3 **property tax liability on such taxpayer's homestead for a given tax year, minus the real**
4 **property tax liability on such homestead in the year that the taxpayer became an eligible**
5 **taxpayer;**

6 **(2) "Eligible taxpayer", a Missouri resident who:**

7 **(a) Is eligible for Social Security retirement benefits;**

8 **(b) Is an owner of record of a homestead or has a legal or equitable interest in**
9 **such property as evidenced by a written instrument; and**

10 **(c) Is liable for the payment of real property taxes on such homestead;**

11 **(3) "Homestead", real property actually occupied by an eligible taxpayer as the**
12 **primary residence. An eligible taxpayer shall not claim more than one primary**
13 **residence.**

14 **2. Any county authorized to impose a property tax may grant a property tax**
15 **credit to eligible taxpayers residing in such county in an amount equal to the taxpayer's**
16 **eligible credit amount, provided that:**

17 **(1) Such county adopts an ordinance authorizing such credit; or**

18 **(2) (a) A petition in support of a referendum on such a credit is signed by at**
19 **least five percent of the registered voters of such county voting in the last gubernatorial**
20 **election and the petition is delivered to the governing body of the county, which shall**
21 **subsequently hold a referendum on such credit.**

22 **(b) The ballot of submission for the question submitted to the voters pursuant to**
23 **paragraph (a) of this subdivision shall be in substantially the following form:**

24 **Shall the County of _____ exempt senior citizens from increases in**
25 **the property tax liability due on such seniors citizens' primary**
26 **residence?**

27 ☐ **YES**

☐ **NO**

28

29 **If a majority of the votes cast on the proposal by the qualified voters voting thereon are**
 30 **in favor of the proposal, then the credit shall be in effect.**

31 **3. A county granting an exemption pursuant to this section shall apply such**
 32 **exemption when calculating the eligible taxpayer's property tax liability for the tax year.**
 33 **The amount of the credit shall be noted on the statement of tax due sent to the eligible**
 34 **taxpayer by the county collector.**

35 **4. For the purposes of calculating property tax levies pursuant to section**
 36 **137.073, the total amount of credits authorized by a county pursuant to this section shall**
 37 **be considered tax revenue, as such term is defined in section 137.073, actually received**
 38 **by the county.**

143.011. 1. A tax is hereby imposed for every taxable year on the Missouri taxable
 2 income of every resident. The tax shall be determined by applying the tax table or the rate
 3 provided in section 143.021, which is based upon the following rates:

| | | |
|----|--------------------------------|--|
| 4 | If the Missouri taxable income | The tax is: |
| 5 | is: | |
| 6 | Not over \$1,000.00 | 1 1/2% of the Missouri taxable income |
| 7 | Over \$1,000 but not over | \$15 plus 2% of excess over \$1,000 |
| 8 | \$2,000 | |
| 9 | Over \$2,000 but not over | \$35 plus 2 1/2% of excess over \$2,000 |
| 10 | \$3,000 | |
| 11 | Over \$3,000 but not over | \$60 plus 3% of excess over \$3,000 |
| 12 | \$4,000 | |
| 13 | Over \$4,000 but not over | \$90 plus 3 1/2% of excess over \$4,000 |
| 14 | \$5,000 | |
| 15 | Over \$5,000 but not over | \$125 plus 4% of excess over \$5,000 |
| 16 | \$6,000 | |
| 17 | Over \$6,000 but not over | \$165 plus 4 1/2% of excess over \$6,000 |
| 18 | \$7,000 | |
| 19 | Over \$7,000 but not over | \$210 plus 5% of excess over \$7,000 |
| 20 | \$8,000 | |
| 21 | Over \$8,000 but not over | \$260 plus 5 1/2% of excess over \$8,000 |
| 22 | \$9,000 | |
| 23 | Over \$9,000 | \$315 plus 6% of excess over \$9,000 |

24 2. (1) Notwithstanding the provisions of subsection 1 of this section to the contrary,
25 ~~[beginning with]~~ for the 2023 calendar year, the top rate of tax pursuant to subsection 1 of
26 this section shall be four and ninety-five hundredths percent.

27 **(2) Notwithstanding the provisions of subsection 1 of this section to the contrary,**
28 **beginning with the 2024 calendar year, the top rate of tax under subsection 1 of this**
29 **section shall be four and one-half percent.**

30 ~~[(2)]~~ (3) The modification of tax rates made pursuant to this subsection shall apply
31 only to tax years that begin on or after January 1, 2023.

32 ~~[(3)]~~ (4) The director of the department of revenue shall, by rule, adjust the tax table
33 provided in subsection 1 of this section to effectuate the provisions of this subsection. The
34 top remaining rate of tax shall apply to all income in excess of seven thousand dollars, as
35 adjusted pursuant to subsection 5 of this section.

36 3. (1) In addition to the rate reduction under subsection 2 of this section, beginning
37 with the ~~[2024]~~ **2025** calendar year, the top rate of tax under subsection 1 of this section may
38 be reduced by fifteen hundredths of a percent. A reduction in the rate of tax shall take effect
39 on January first of a calendar year and such reduced rates shall continue in effect until the
40 next reduction occurs.

41 (2) A reduction in the rate of tax shall only occur if the amount of net general revenue
42 collected in the previous fiscal year exceeds the highest amount of net general revenue
43 collected in any of the three fiscal years prior to such fiscal year by at least one hundred
44 seventy-five million dollars.

45 (3) Any modification of tax rates under this subsection shall only apply to tax years
46 that begin on or after a modification takes effect.

47 (4) The director of the department of revenue shall, by rule, adjust the tax tables
48 under subsection 1 of this section to effectuate the provisions of this subsection.

49 4. (1) In addition to the rate reductions under subsections 2 and 3 of this section,
50 beginning with the calendar year immediately following the calendar year in which a
51 reduction is made pursuant to subsection 3 of this section, the top rate of tax under subsection
52 1 of this section may be further reduced over a period of years. Each reduction in the top rate
53 of tax shall be by one-tenth of a percent and no more than one reduction shall occur in a
54 calendar year. No more than three reductions shall be made under this subsection.
55 Reductions in the rate of tax shall take effect on January first of a calendar year and such
56 reduced rates shall continue in effect until the next reduction occurs.

57 (2) (a) A reduction in the rate of tax shall only occur if:

58 a. The amount of net general revenue collected in the previous fiscal year exceeds the
59 highest amount of net general revenue collected in any of the three fiscal years prior to such
60 fiscal year by at least two hundred million dollars; and

61 b. The amount of net general revenue collected in the previous fiscal year exceeds the
62 amount of net general revenue collected in the fiscal year five years prior, adjusted annually
63 by the percentage increase in inflation over the preceding five fiscal years.

64 (b) The amount of net general revenue collected required by subparagraph a. of
65 paragraph (a) of this subdivision in order to make a reduction pursuant to this subsection shall
66 be adjusted annually by the percent increase in inflation beginning with January 2, 2023.

67 (3) Any modification of tax rates under this subsection shall only apply to tax years
68 that begin on or after a modification takes effect.

69 (4) The director of the department of revenue shall, by rule, adjust the tax tables under
70 subsection 1 of this section to effectuate the provisions of this subsection. The bracket for
71 income subject to the top rate of tax shall be eliminated once the top rate of tax has been
72 reduced below the rate applicable to such bracket, and the top remaining rate of tax shall
73 apply to all income in excess of the income in the second highest remaining income bracket.

74 5. Beginning with the 2017 calendar year, the brackets of Missouri taxable income
75 identified in subsection 1 of this section shall be adjusted annually by the percent increase in
76 inflation. The director shall publish such brackets annually beginning on or after October 1,
77 2016. Modifications to the brackets shall take effect on January first of each calendar year
78 and shall apply to tax years beginning on or after the effective date of the new brackets.

79 6. As used in this section, the following terms mean:

80 (1) "CPI", the Consumer Price Index for All Urban Consumers for the United States
81 as reported by the Bureau of Labor Statistics, or its successor index;

82 (2) "CPI for the preceding calendar year", the average of the CPI as of the close of the
83 twelve-month period ending on August thirty-first of such calendar year;

84 (3) "Net general revenue collected", all revenue deposited into the general revenue
85 fund, less refunds and revenues originally deposited into the general revenue fund but
86 designated by law for a specific distribution or transfer to another state fund;

87 (4) "Percent increase in inflation", the percentage, if any, by which the CPI for the
88 preceding calendar year exceeds the CPI for the year beginning September 1, 2014, and
89 ending August 31, 2015.

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

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

7 3. For all tax years beginning on or after January 1, 2020, **but on or before**
8 **December 31, 2023**, a tax is hereby imposed upon the Missouri taxable income of
9 corporations in an amount equal to four percent of Missouri taxable income.

10 4. For all tax years beginning on or after January 1, 2024, a tax is hereby
11 **imposed upon the Missouri taxable income of corporations in an amount equal to two**
12 **percent of Missouri taxable income.**

13 5. In addition to the rate reduction under subsection 4 of this section, beginning
14 with the 2026 calendar year, the rate of tax imposed under subsection 4 of this section
15 may be reduced from two percent to one percent as follows:

16 (1) In a fiscal year after the 2024 fiscal year, if the amount of net corporate
17 income tax revenue collected in the immediately preceding fiscal year exceeds the
18 amount of net corporate income tax revenue collected in the 2024 fiscal year by at least
19 fifty million dollars, the rate shall be reduced from two percent to one percent as
20 provided under this subsection;

21 (2) The reduction in the rate of tax shall take effect on January first of the
22 calendar year following the close of the previous fiscal year that caused the rate
23 reduction as described in subdivision (1) of this subsection. The reduced rate shall
24 continue in effect for all subsequent tax years; and

25 (3) The modification of the tax rate under this subsection shall apply only to tax
26 years that begin on or after a modification takes effect.

27 6. In addition to the rate reductions under subsections 4 and 5 of this section, the
28 rate of tax imposed under subsection 5 of this section may be reduced from one percent
29 to zero as follows:

30 (1) Beginning with the calendar year immediately following the calendar year in
31 which a rate reduction is made under subsection 5 of this section, if the amount of net
32 general revenue collected, as defined under section 143.011, in the immediately
33 preceding fiscal year exceeds the amount of net general revenue collected in the fiscal
34 year in which the reduction under subsection 5 of this section was implemented by at
35 least two hundred fifty million dollars, the rate shall be reduced as provided under this
36 subsection and no income tax shall be imposed on the income of corporations under this
37 section;

38 (2) The reduction of the rate of tax shall take effect on January first of the
39 calendar year following the close of the previous fiscal year that caused the rate
40 reduction as described in subdivision (1) of this subsection. The reduced rate shall
41 continue in effect for all subsequent tax years; and

42 (3) The modification of the tax rate under this subsection shall only apply to tax
43 years that begin on or after a modification takes effect.

44 7. The provisions of this section shall not apply to out-of-state businesses operating
45 under sections 190.270 to 190.285.

46 **8. Upon the full reduction and elimination of the tax under subsections 4, 5, and**
47 **6 of this section, no corporate income tax credits shall be claimed in any tax years where**
48 **there is no tax imposed upon the Missouri taxable income of corporations. Nothing in**
49 **this subsection shall prevent a corporate taxpayer from redeeming a refundable tax**
50 **credit properly claimed and issued before the elimination of the rate of tax under this**
51 **section in a tax year after such elimination.**

52 **9. The provisions of this section shall apply as set forth under section 148.720.**

53 **10. For the purposes of this section, the term "net corporate income tax revenue**
54 **collected" shall mean all revenue collected from the tax imposed under this section and**
55 **deposited into the general revenue fund, less refunds and revenues originally deposited**
56 **into the general revenue fund but designated by law for a specific distribution or**
57 **transfer to another state fund.**

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

2 (1) "Commercial domicile", the principal place from which the trade or business of
3 the taxpayer is directed or managed;

4 (2) "Deduction", an amount subtracted from the taxpayer's Missouri adjusted gross
5 income to determine Missouri taxable income for the tax year in which such deduction is
6 claimed;

7 (3) "Employer securities", the same meaning as defined under Section 409(l) of the
8 Internal Revenue Code;

9 (4) "Missouri corporation", a corporation whose commercial domicile is in this state;

10 (5) "Qualified Missouri employee stock ownership plan", an employee stock
11 ownership plan, as defined under Section 4975(e)(7) of the Internal Revenue Code, and trust
12 that is established by a Missouri corporation for the benefit of the employees of the
13 corporation;

14 (6) "Taxpayer", an individual, firm, partner in a firm, corporation, partnership,
15 shareholder in an S corporation, or member of a limited liability company subject to the
16 income tax imposed under chapter 143, excluding withholding tax imposed by sections
17 143.191 to 143.265.

18 2. For all tax years beginning on or after January 1, ~~[2017]~~ **2023**, in addition to all
19 other modifications allowed by law, a taxpayer shall be allowed a deduction from the
20 taxpayer's federal adjusted gross income when determining Missouri adjusted gross income in
21 an amount equal to fifty percent of the net capital gain from the sale or exchange of employer
22 securities of a Missouri corporation to a qualified Missouri employee stock ownership plan if,
23 upon completion of the transaction, the qualified Missouri employee stock ownership plan

owns at least thirty percent of all outstanding employer securities issued by the Missouri corporation.

3. Whenever an employee leaves a Missouri corporation with a qualified Missouri employee stock ownership plan, the Missouri corporation shall inform the former employee of the deadline for when the former employee shall decide whether they will receive their shares of employer securities or compensation for their shares of employer securities.

4. The department of revenue may promulgate rules and regulations for the administration of this section. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2016, shall be invalid and void.

~~[5. Under section 23.253 of the Missouri sunset act:~~

~~(1) The provisions of the new program authorized under this section shall automatically sunset on December thirty first, six years after October 14, 2016, unless reauthorized by an act of the general assembly;~~

~~(2) If such program is reauthorized, the program authorized under this section shall automatically sunset on December thirty first, twelve years after the effective date of the reauthorization of this section; and~~

~~(3) This section shall terminate on September first of the calendar year immediately following the calendar year in which the program authorized under this section is sunset.]~~

143.124. 1. Other provisions of law to the contrary notwithstanding, for tax years ending on or before December 31, 2006, the total amount of all annuities, pensions, or retirement allowances above the amount of six thousand dollars annually provided by any law of this state, the United States, or any other state to any person except as provided in subsection 4 of this section, shall be subject to tax pursuant to the provisions of this chapter, in the same manner, to the same extent and under the same conditions as any other taxable income received by the person receiving it. For purposes of this section, "annuity, pension, retirement benefit, or retirement allowance" shall be defined as an annuity, pension or retirement allowance provided by the United States, this state, any other state or any political subdivision or agency or institution of this or any other state. For all tax years beginning on or after January 1, 1998, for purposes of this section, annuity, pension or retirement allowance shall be defined to include 401(k) plans, deferred compensation plans, self-employed retirement plans, also known as Keogh plans, annuities from a defined pension plan and

14 individual retirement arrangements, also known as IRAs, as described in the Internal Revenue
15 Code, but not including Roth IRAs, as well as an annuity, pension or retirement allowance
16 provided by the United States, this state, any other state or any political subdivision or agency
17 or institution of this or any other state. An individual taxpayer shall only be allowed a
18 maximum deduction equal to the amounts provided under this section for each taxpayer on
19 the combined return.

20 2. For the period beginning July 1, 1989, and ending December 31, 1989, there shall
21 be subtracted from Missouri adjusted gross income for that period, determined pursuant to
22 section 143.121, the first three thousand dollars of retirement benefits received by each
23 taxpayer:

24 (1) If the taxpayer's filing status is single, head of household or qualifying widow(er)
25 and the taxpayer's Missouri adjusted gross income is less than twelve thousand five hundred
26 dollars; or

27 (2) If the taxpayer's filing status is married filing combined and their combined
28 Missouri adjusted gross income is less than sixteen thousand dollars; or

29 (3) If the taxpayer's filing status is married filing separately and the taxpayer's
30 Missouri adjusted gross income is less than eight thousand dollars.

31 3. For the tax years beginning on or after January 1, 1990, but ending on or before
32 December 31, 2006, there shall be subtracted from Missouri adjusted gross income,
33 determined pursuant to section 143.121, a maximum of the first six thousand dollars of
34 retirement benefits received by each taxpayer from sources other than privately funded
35 sources, and for tax years beginning on or after January 1, 1998, there shall be subtracted
36 from Missouri adjusted gross income, determined pursuant to section 143.121, a maximum of
37 the first one thousand dollars of any retirement allowance received from any privately funded
38 source for tax years beginning on or after January 1, 1998, but before January 1, 1999, and a
39 maximum of the first three thousand dollars of any retirement allowance received from any
40 privately funded source for tax years beginning on or after January 1, 1999, but before
41 January 1, 2000, and a maximum of the first four thousand dollars of any retirement
42 allowance received from any privately funded source for tax years beginning on or after
43 January 1, 2000, but before January 1, 2001, and a maximum of the first five thousand dollars
44 of any retirement allowance received from any privately funded source for tax years
45 beginning on or after January 1, 2001, but before January 1, 2002, and a maximum of the first
46 six thousand dollars of any retirement allowance received from any privately funded sources
47 for tax years beginning on or after January 1, 2002. A taxpayer shall be entitled to the
48 maximum exemption provided by this subsection:

49 (1) If the taxpayer's filing status is single, head of household or qualifying widow(er)
50 and the taxpayer's Missouri adjusted gross income is less than twenty-five thousand dollars;
51 or

52 (2) If the taxpayer's filing status is married filing combined and their combined
53 Missouri adjusted gross income is less than thirty-two thousand dollars; or

54 (3) If the taxpayer's filing status is married filing separately and the taxpayer's
55 Missouri adjusted gross income is less than sixteen thousand dollars.

56 4. If a taxpayer's adjusted gross income exceeds the adjusted gross income ceiling for
57 such taxpayer's filing status, as provided in subdivisions (1), (2) and (3) of subsection 3 of this
58 section, such taxpayer shall be entitled to an exemption equal to the greater of zero or the
59 maximum exemption provided in subsection 3 of this section reduced by one dollar for every
60 dollar such taxpayer's income exceeds the ceiling for his or her filing status.

61 5. For purposes of this subsection, the term "maximum Social Security benefit
62 available" shall mean thirty-two thousand five hundred dollars for the tax year beginning on
63 or after January 1, 2007, and for each subsequent tax year such amount shall be increased by
64 the percentage increase in the Consumer Price Index for All Urban Consumers, or its
65 successor index, as such index is defined and officially reported by the United States
66 Department of Labor, or its successor agency. For the tax year beginning on or after January
67 1, 2007, but ending on or before December 31, 2007, there shall be subtracted from Missouri
68 adjusted gross income, determined pursuant to section 143.121, a maximum of an amount
69 equal to the greater of: six thousand dollars in retirement benefits received from sources other
70 than privately funded sources, to the extent such benefits are included in the taxpayer's federal
71 adjusted gross income; or twenty percent of the retirement benefits received from sources
72 other than privately funded sources in the tax year, but not to exceed the maximum Social
73 Security benefit available for such tax year. For the tax year beginning on or after January 1,
74 2008, but ending on or before December 31, 2008, there shall be subtracted from Missouri
75 adjusted gross income, determined pursuant to section 143.121, a maximum of an amount
76 equal to the greater of: six thousand dollars in retirement benefits received from sources other
77 than privately funded sources, to the extent such benefits are included in the taxpayer's federal
78 adjusted gross income; or thirty-five percent of the retirement benefits received from sources
79 other than privately funded sources in the tax year, but not to exceed the maximum Social
80 Security benefit available for such tax year. For the tax year beginning on or after January 1,
81 2009, but ending on or before December 31, 2009, there shall be subtracted from Missouri
82 adjusted gross income, determined pursuant to section 143.121, a maximum of an amount
83 equal to the greater of: six thousand dollars in retirement benefits received from sources other
84 than privately funded sources, to the extent such benefits are included in the taxpayer's federal
85 adjusted gross income; or fifty percent of the retirement benefits received from sources other

86 than privately funded sources in the tax year, but not to exceed the maximum Social Security
87 benefit available for such tax year. For the tax year beginning on or after January 1, 2010, but
88 ending on or before December 31, 2010, there shall be subtracted from Missouri adjusted
89 gross income, determined pursuant to section 143.121, a maximum of an amount equal to the
90 greater of: six thousand dollars in retirement benefits received from sources other than
91 privately funded sources, to the extent such benefits are included in the taxpayer's federal
92 adjusted gross income; or sixty-five percent of the retirement benefits received from sources
93 other than privately funded sources in the tax year, but not to exceed the maximum Social
94 Security benefit available for such tax year. For the tax year beginning on or after January 1,
95 2011, but ending on or before December 31, 2011, there shall be subtracted from Missouri
96 adjusted gross income, determined pursuant to section 143.121, a maximum of an amount
97 equal to the greater of: six thousand dollars in retirement benefits received from sources other
98 than privately funded sources, to the extent such benefits are included in the taxpayer's federal
99 adjusted gross income; or eighty percent of the retirement benefits received from sources
100 other than privately funded sources in the tax year, but not to exceed the maximum Social
101 Security benefit available for such tax year. For all tax years beginning on or after January 1,
102 2012, there shall be subtracted from Missouri adjusted gross income, determined pursuant to
103 section 143.121, a maximum of an amount equal to one hundred percent of the retirement
104 benefits received from sources other than privately funded sources in the tax year, but not to
105 exceed the maximum Social Security benefit available for such tax year. **For all tax years**
106 **beginning on or before December 31, 2023,** a taxpayer shall be entitled to the maximum
107 exemption provided by this subsection:

- 108 (1) If the taxpayer's filing status is married filing combined, and their combined
109 Missouri adjusted gross income is equal to or less than one hundred thousand dollars; or
110 (2) If the taxpayer's filing status is single, head of household, qualifying widow(er),
111 or married filing separately, and the taxpayer's Missouri adjusted gross income is equal to or
112 less than eighty-five thousand dollars.

113

114 **For all tax years beginning on or after January 1, 2024, a taxpayer shall be entitled to**
115 **the maximum exemption provided by this subsection regardless of the taxpayer's filing**
116 **status or the amount of the taxpayer's Missouri adjusted gross income.**

117 6. **For all tax years beginning on or before December 31, 2023,** if a taxpayer's
118 adjusted gross income exceeds the adjusted gross income ceiling for such taxpayer's filing
119 status, as provided in subdivisions (1) and (2) of subsection 5 of this section, such taxpayer
120 shall be entitled to an exemption, less any applicable reduction provided under subsection 7
121 of this section, equal to the greater of zero or the maximum exemption provided in subsection

122 5 of this section reduced by one dollar for every dollar such taxpayer's income exceeds the
123 ceiling for his or her filing status.

124 7. For purposes of calculating the subtraction provided in subsection 5 of this section,
125 such subtraction shall be decreased by an amount equal to any Social Security benefit
126 exemption provided under section 143.125.

127 8. For purposes of this section, any Social Security benefits otherwise included in
128 Missouri adjusted gross income shall be subtracted; but Social Security benefits shall not be
129 subtracted for purposes of other computations pursuant to this chapter, and are not to be
130 considered as retirement benefits for purposes of this section.

131 9. The provisions of subdivisions (1) and (2) of subsection 3 of this section shall
132 apply during all tax years in which the federal Internal Revenue Code provides exemption
133 levels for calculation of the taxability of Social Security benefits that are the same as the
134 levels in subdivisions (1) and (2) of subsection 3 of this section. If the exemption levels for
135 the calculation of the taxability of Social Security benefits are adjusted by applicable federal
136 law or regulation, the exemption levels in subdivisions (1) and (2) of subsection 3 of this
137 section shall be accordingly adjusted to the same exemption levels.

138 10. The portion of a taxpayer's lump sum distribution from an annuity or other
139 retirement plan not otherwise included in Missouri adjusted gross income as calculated
140 pursuant to this chapter but subject to taxation under Internal Revenue Code Section 402 shall
141 be taxed in an amount equal to ten percent of the taxpayer's federal liability on such
142 distribution for the same tax year.

143 11. For purposes of this section, retirement benefits received shall not include any
144 withdrawals from qualified retirement plans which are subsequently rolled over into another
145 retirement plan.

146 12. The exemptions provided for in this section shall not affect the calculation of the
147 income to be used to determine the property tax credit provided in sections 135.010 to
148 135.035.

149 13. The exemptions provided for in this section shall apply to any annuity, pension, or
150 retirement allowance as defined in subsection 1 of this section to the extent that such amounts
151 are included in the taxpayer's federal adjusted gross income and not otherwise deducted from
152 the taxpayer's federal adjusted gross income in the calculation of Missouri taxable income.
153 This subsection shall not apply to any individual who qualifies under federal guidelines to be
154 one hundred percent disabled.

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

2 (1) "Benefits", any Social Security benefits received by a taxpayer age sixty-two
3 years of age and older, or Social Security disability benefits;

4 (2) "Taxpayer", any resident individual.

5 2. For the taxable year beginning on or after January 1, 2007, any taxpayer shall be
6 allowed to subtract from the taxpayer's Missouri adjusted gross income to determine Missouri
7 taxable income a maximum of an amount equal to twenty percent of the amount of any
8 benefits received by the taxpayer and that are included in federal adjusted gross income under
9 Section 86 of the Internal Revenue Code of 1986, as amended. For the taxable year beginning
10 on or after January 1, 2008, any taxpayer shall be allowed to subtract from the taxpayer's
11 Missouri adjusted gross income to determine Missouri taxable income a maximum of an
12 amount equal to thirty-five percent of the amount of any benefits received by the taxpayer and
13 that are included in federal adjusted gross income under Section 86 of the Internal Revenue
14 Code of 1986, as amended. For the taxable year beginning on or after January 1, 2009, any
15 taxpayer shall be allowed to subtract from the taxpayer's Missouri adjusted gross income to
16 determine Missouri taxable income a maximum of an amount equal to fifty percent of the
17 amount of any benefits received by the taxpayer and that are included in federal adjusted
18 gross income under Section 86 of the Internal Revenue Code of 1986, as amended. For the
19 taxable year beginning on or after January 1, 2010, any taxpayer shall be allowed to subtract
20 from the taxpayer's Missouri adjusted gross income to determine Missouri taxable income a
21 maximum of an amount equal to sixty-five percent of the amount of any benefits received by
22 the taxpayer and that are included in federal adjusted gross income under Section 86 of the
23 Internal Revenue Code of 1986, as amended. For the taxable year beginning on or after
24 January 1, 2011, any taxpayer shall be allowed to subtract from the taxpayer's Missouri
25 adjusted gross income to determine Missouri taxable income a maximum of an amount equal
26 to eighty percent of the amount of any benefits received by the taxpayer and that are included
27 in federal adjusted gross income under Section 86 of the Internal Revenue Code of 1986, as
28 amended. For all taxable years beginning on or after January 1, 2012, any taxpayer shall be
29 allowed to subtract from the taxpayer's Missouri adjusted gross income to determine Missouri
30 taxable income a maximum of an amount equal to one hundred percent of the amount of any
31 benefits received by the taxpayer and that are included in federal adjusted gross income under
32 Section 86 of the Internal Revenue Code of 1986, as amended. **For all tax years beginning**
33 **on or before December 31, 2023,** a taxpayer shall be entitled to the maximum exemption
34 provided by this subsection:

35 (1) If the taxpayer's filing status is married filing combined, and their combined
36 Missouri adjusted gross income is equal to or less than one hundred thousand dollars; or

37 (2) If the taxpayer's filing status is single, head of household, qualifying widow(er),
38 or married filing separately, and the taxpayer's Missouri adjusted gross income is equal to or
39 less than eighty-five thousand dollars.

40

41 **For all tax years beginning on or after January 1, 2024, a taxpayer shall be entitled to**
42 **the maximum exemption provided by this subsection regardless of the taxpayer's filing**
43 **status or the amount of the taxpayer's Missouri adjusted gross income.**

44 3. **For all tax years beginning on or before December 31, 2023,** if a taxpayer's
45 adjusted gross income exceeds the adjusted gross income ceiling for such taxpayer's filing
46 status, as provided in subdivisions (1) and (2) of subsection 2 of this section, such taxpayer
47 shall be entitled to an exemption equal to the greater of zero or the maximum exemption
48 provided in subsection 2 of this section reduced by one dollar for every dollar such taxpayer's
49 income exceeds the ceiling for his or her filing status.

50 4. The director of the department of revenue may promulgate rules to implement the
51 provisions of this section. Any rule or portion of a rule, as that term is defined in section
52 536.010, that is created under the authority delegated in this section shall become effective
53 only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable,
54 section 536.028. This section and chapter 536 are nonseverable and if any of the powers
55 vested with the general assembly pursuant to chapter 536 to review, to delay the effective
56 date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant
57 of rulemaking authority and any rule proposed or adopted after August 28, 2007, shall be
58 invalid and void.

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

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

14 (1) Motor fuel or special fuel subject to an excise tax of this state, unless all or part of
15 such excise tax is refunded pursuant to section 142.824; or upon the sale at retail of fuel to be
16 consumed in manufacturing or creating gas, power, steam, electrical current or in furnishing
17 water to be sold ultimately at retail; or feed for livestock or poultry; or grain to be converted
18 into foodstuffs which are to be sold ultimately in processed form at retail; or seed, limestone
19 or fertilizer which is to be used for seeding, liming or fertilizing crops which when harvested

20 will be sold at retail or will be fed to livestock or poultry to be sold ultimately in processed
21 form at retail; economic poisons registered pursuant to the provisions of the Missouri
22 pesticide registration law, sections 281.220 to 281.310, which are to be used in connection
23 with the growth or production of crops, fruit trees or orchards applied before, during, or after
24 planting, the crop of which when harvested will be sold at retail or will be converted into
25 foodstuffs which are to be sold ultimately in processed form at retail;

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

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

39 (4) Replacement machinery, equipment, and parts and the materials and supplies
40 solely required for the installation or construction of such replacement machinery, equipment,
41 and parts, used directly in manufacturing, mining, fabricating or producing a product which is
42 intended to be sold ultimately for final use or consumption; and machinery and equipment,
43 and the materials and supplies required solely for the operation, installation or construction of
44 such machinery and equipment, purchased and used to establish new, or to replace or expand
45 existing, material recovery processing plants in this state. For the purposes of this
46 subdivision, a "material recovery processing plant" means a facility that has as its primary
47 purpose the recovery of materials into a usable product or a different form which is used in
48 producing a new product and shall include a facility or equipment which are used exclusively
49 for the collection of recovered materials for delivery to a material recovery processing plant
50 but shall not include motor vehicles used on highways. For purposes of this section, the terms
51 motor vehicle and highway shall have the same meaning pursuant to section 301.010. For the
52 purposes of this subdivision, subdivision (5) of this subsection, and section 144.054, as well
53 as the definition in subdivision (9) of subsection 1 of section 144.010, the term "product"
54 includes telecommunications services and the term "manufacturing" shall include the
55 production, or production and transmission, of telecommunications services. The preceding
56 sentence does not make a substantive change in the law and is intended to clarify that the term

57 "manufacturing" has included and continues to include the production and transmission of
58 "telecommunications services", as enacted in this subdivision and subdivision (5) of this
59 subsection, as well as the definition in subdivision (9) of subsection 1 of section 144.010.
60 The preceding two sentences reaffirm legislative intent consistent with the interpretation of
61 this subdivision and subdivision (5) of this subsection in *Southwestern Bell Tel. Co. v.*
62 *Director of Revenue*, 78 S.W.3d 763 (Mo. banc 2002) and *Southwestern Bell Tel. Co. v.*
63 *Director of Revenue*, 182 S.W.3d 226 (Mo. banc 2005), and accordingly abrogates the
64 Missouri supreme court's interpretation of those exemptions in *IBM Corporation v. Director*
65 *of Revenue*, 491 S.W.3d 535 (Mo. banc 2016) to the extent inconsistent with this section and
66 *Southwestern Bell Tel. Co. v. Director of Revenue*, 78 S.W.3d 763 (Mo. banc 2002) and
67 *Southwestern Bell Tel. Co. v. Director of Revenue*, 182 S.W.3d 226 (Mo. banc 2005). The
68 construction and application of this subdivision as expressed by the Missouri supreme court
69 in *DST Systems, Inc. v. Director of Revenue*, 43 S.W.3d 799 (Mo. banc 2001); *Southwestern*
70 *Bell Tel. Co. v. Director of Revenue*, 78 S.W.3d 763 (Mo. banc 2002); and *Southwestern Bell*
71 *Tel. Co. v. Director of Revenue*, 182 S.W.3d 226 (Mo. banc 2005), is hereby affirmed.
72 Material recovery is not the reuse of materials within a manufacturing process or the use of a
73 product previously recovered. The material recovery processing plant shall qualify under the
74 provisions of this section regardless of ownership of the material being recovered;

75 (5) Machinery and equipment, and parts and the materials and supplies solely
76 required for the installation or construction of such machinery and equipment, purchased and
77 used to establish new or to expand existing manufacturing, mining or fabricating plants in the
78 state if such machinery and equipment is used directly in manufacturing, mining or
79 fabricating a product which is intended to be sold ultimately for final use or consumption.
80 The construction and application of this subdivision as expressed by the Missouri supreme
81 court in *DST Systems, Inc. v. Director of Revenue*, 43 S.W.3d 799 (Mo. banc 2001);
82 *Southwestern Bell Tel. Co. v. Director of Revenue*, 78 S.W.3d 763 (Mo. banc 2002); and
83 *Southwestern Bell Tel. Co. v. Director of Revenue*, 182 S.W.3d 226 (Mo. banc 2005), is
84 hereby affirmed;

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

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

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

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

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

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

100 (12) Electrical energy used in the actual primary manufacture, processing,
101 compounding, mining or producing of a product, or electrical energy used in the actual
102 secondary processing or fabricating of the product, or a material recovery processing plant as
103 defined in subdivision (4) of this subsection, in facilities owned or leased by the taxpayer, if
104 the total cost of electrical energy so used exceeds ten percent of the total cost of production,
105 either primary or secondary, exclusive of the cost of electrical energy so used or if the raw
106 materials used in such processing contain at least twenty-five percent recovered materials as
107 defined in section 260.200. There shall be a rebuttable presumption that the raw materials
108 used in the primary manufacture of automobiles contain at least twenty-five percent
109 recovered materials. For purposes of this subdivision, "processing" means any mode of
110 treatment, act or series of acts performed upon materials to transform and reduce them to a
111 different state or thing, including treatment necessary to maintain or preserve such processing
112 by the producer at the production facility;

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

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

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

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

125 (17) All amounts paid or charged for admission or participation or other fees paid by
126 or other charges to individuals in or for any place of amusement, entertainment or recreation,
127 games or athletic events, including museums, fairs, zoos and planetariums, owned or operated
128 by a municipality or other political subdivision where all the proceeds derived therefrom
129 benefit the municipality or other political subdivision and do not inure to any private person,
130 firm, or corporation, provided, however, that a municipality or other political subdivision may

131 enter into revenue-sharing agreements with private persons, firms, or corporations providing
132 goods or services, including management services, in or for the place of amusement,
133 entertainment or recreation, games or athletic events, and provided further that nothing in this
134 subdivision shall exempt from tax any amounts retained by any private person, firm, or
135 corporation under such revenue-sharing agreement;

136 (18) All sales of insulin, and all sales, rentals, repairs, and parts of durable medical
137 equipment, prosthetic devices, and orthopedic devices as defined on January 1, 1980, by the
138 federal Medicare program pursuant to Title XVIII of the Social Security Act of 1965,
139 including the items specified in Section 1862(a)(12) of that act, and also specifically
140 including hearing aids and hearing aid supplies and all sales of drugs which may be legally
141 dispensed by a licensed pharmacist only upon a lawful prescription of a practitioner licensed
142 to administer those items, including samples and materials used to manufacture samples
143 which may be dispensed by a practitioner authorized to dispense such samples and all sales or
144 rental of medical oxygen, home respiratory equipment and accessories including parts, and
145 hospital beds and accessories and ambulatory aids including parts, and all sales or rental of
146 manual and powered wheelchairs including parts, and stairway lifts, Braille writers, electronic
147 Braille equipment and, if purchased or rented by or on behalf of a person with one or more
148 physical or mental disabilities to enable them to function more independently, all sales or
149 rental of scooters including parts, and reading machines, electronic print enlargers and
150 magnifiers, electronic alternative and augmentative communication devices, and items used
151 solely to modify motor vehicles to permit the use of such motor vehicles by individuals with
152 disabilities or sales of over-the-counter or nonprescription drugs to individuals with
153 disabilities, and drugs required by the Food and Drug Administration to meet the over-the-
154 counter drug product labeling requirements in 21 CFR 201.66, or its successor, as prescribed
155 by a health care practitioner licensed to prescribe;

156 (19) All sales made by or to religious and charitable organizations and institutions in
157 their religious, charitable or educational functions and activities and all sales made by or to all
158 elementary and secondary schools operated at public expense in their educational functions
159 and activities;

160 (20) All sales of aircraft to common carriers for storage or for use in interstate
161 commerce and all sales made by or to not-for-profit civic, social, service or fraternal
162 organizations, including fraternal organizations which have been declared tax-exempt
163 organizations pursuant to Section 501(c)(8) or (10) of the 1986 Internal Revenue Code, as
164 amended, in their civic or charitable functions and activities and all sales made to
165 eleemosynary and penal institutions and industries of the state, and all sales made to any
166 private not-for-profit institution of higher education not otherwise excluded pursuant to
167 subdivision (19) of this subsection or any institution of higher education supported by public

168 funds, and all sales made to a state relief agency in the exercise of relief functions and
169 activities;

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

177 (22) All sales made to any private not-for-profit elementary or secondary school, all
178 sales of feed additives, medications or vaccines administered to livestock or poultry in the
179 production of food or fiber, all sales of pesticides used in the production of crops, livestock or
180 poultry for food or fiber, all sales of bedding used in the production of livestock or poultry for
181 food or fiber, all sales of propane or natural gas, electricity or diesel fuel used exclusively for
182 drying agricultural crops, natural gas used in the primary manufacture or processing of fuel
183 ethanol as defined in section 142.028, natural gas, propane, and electricity used by an eligible
184 new generation cooperative or an eligible new generation processing entity as defined in
185 section 348.432, and all sales of farm machinery and equipment, other than airplanes, motor
186 vehicles and trailers, and any freight charges on any exempt item. As used in this
187 subdivision, the term "feed additives" means tangible personal property which, when mixed
188 with feed for livestock or poultry, is to be used in the feeding of livestock or poultry. As used
189 in this subdivision, the term "pesticides" includes adjuvants such as crop oils, surfactants,
190 wetting agents and other assorted pesticide carriers used to improve or enhance the effect of a
191 pesticide and the foam used to mark the application of pesticides and herbicides for the
192 production of crops, livestock or poultry. As used in this subdivision, the term "farm
193 machinery and equipment" shall mean:

194 (a) New or used farm tractors and such other new or used farm machinery and
195 equipment, including utility vehicles used for any agricultural use, and repair or replacement
196 parts thereon and any accessories for and upgrades to such farm machinery and equipment
197 and rotary mowers used for any agricultural purposes. For the purposes of this subdivision,
198 "utility vehicle" shall mean any motorized vehicle manufactured and used exclusively for off-
199 highway use which is more than fifty inches but no more than eighty inches in width,
200 measured from outside of tire rim to outside of tire rim, with an unladen dry weight of three
201 thousand five hundred pounds or less, traveling on four or six wheels;

202 (b) Supplies and lubricants used exclusively, solely, and directly for producing crops,
203 raising and feeding livestock, fish, poultry, pheasants, chukar, quail, or for producing milk for
204 ultimate sale at retail, including field drain tile; and

205 (c) One-half of each purchaser's purchase of diesel fuel therefor which is:
206 a. Used exclusively for agricultural purposes;
207 b. Used on land owned or leased for the purpose of producing farm products; and
208 c. Used directly in producing farm products to be sold ultimately in processed form or
209 otherwise at retail or in producing farm products to be fed to livestock or poultry to be sold
210 ultimately in processed form at retail;

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

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

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

233 (c) Each person making domestic use purchases of services or property and who uses
234 any portion of the services or property so purchased for a nondomestic use shall, by the
235 fifteenth day of the fourth month following the year of purchase, and without assessment,
236 notice or demand, file a return and pay sales tax on that portion of nondomestic purchases.
237 Each person making nondomestic purchases of services or property and who uses any portion
238 of the services or property so purchased for domestic use, and each person making domestic
239 purchases on behalf of occupants of residential apartments or condominiums through a single
240 or master meter, including service for common areas and facilities and vacant units, under a
241 nonresidential utility service rate classification may, between the first day of the first month

242 and the fifteenth day of the fourth month following the year of purchase, apply for credit or
243 refund to the director of revenue and the director shall give credit or make refund for taxes
244 paid on the domestic use portion of the purchase. The person making such purchases on
245 behalf of occupants of residential apartments or condominiums shall have standing to apply to
246 the director of revenue for such credit or refund;

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

250 (25) Excise taxes, collected on sales at retail, imposed by Sections 4041, 4071, 4081,
251 ~~[4091,]~~ 4161, 4181, 4251, 4261 and 4271 of Title 26, United States Code. The director of
252 revenue shall promulgate rules pursuant to chapter 536 to eliminate all state and local sales
253 taxes on such excise taxes;

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

259 (27) All sales made to an interstate compact agency created pursuant to sections
260 70.370 to 70.441 or sections 238.010 to 238.100 in the exercise of the functions and activities
261 of such agency as provided pursuant to the compact;

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

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

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

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

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

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

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

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

284 (36) All purchases by a contractor on behalf of an entity located in another state,
285 provided that the entity is authorized to issue a certificate of exemption for purchases to a
286 contractor under the provisions of that state's laws. For purposes of this subdivision, the term
287 "certificate of exemption" shall mean any document evidencing that the entity is exempt from
288 sales and use taxes on purchases pursuant to the laws of the state in which the entity is
289 located. Any contractor making purchases on behalf of such entity shall maintain a copy of
290 the entity's exemption certificate as evidence of the exemption. If the exemption certificate
291 issued by the exempt entity to the contractor is later determined by the director of revenue to
292 be invalid for any reason and the contractor has accepted the certificate in good faith, neither
293 the contractor or the exempt entity shall be liable for the payment of any taxes, interest and
294 penalty due as the result of use of the invalid exemption certificate. Materials shall be exempt
295 from all state and local sales and use taxes when purchased by a contractor for the purpose of
296 fabricating tangible personal property which is used in fulfilling a contract for the purpose of
297 constructing, repairing or remodeling facilities for the following:

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

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

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

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

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

317 (40) All materials, replacement parts, and equipment purchased for use directly upon,
318 and for the modification, replacement, repair, and maintenance of aircraft, aircraft power
319 plants, and aircraft accessories;

320 (41) Sales of sporting clays, wobble, skeet, and trap targets to any shooting range or
321 similar places of business for use in the normal course of business and money received by a
322 shooting range or similar places of business from patrons and held by a shooting range or
323 similar place of business for redistribution to patrons at the conclusion of a shooting event;

324 (42) All sales of motor fuel, as defined in section 142.800, used in any watercraft, as
325 defined in section 306.010;

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

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

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

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

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

346 (a) "Direct costs", costs incurred by a governmental authority solely because of an
347 internet service provider's use of the public right-of-way. The term shall not include costs that
348 the governmental authority would have incurred if the internet service provider did not make
349 such use of the public right-of-way. Direct costs shall be determined in a manner consistent
350 with generally accepted accounting principles;

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

355 (c) "Internet access", a service that enables users to connect to the internet to access
356 content, information, or other services without regard to whether the service is referred to as
357 telecommunications, communications, transmission, or similar services, and without regard to
358 whether a provider of the service is subject to regulation by the Federal Communications
359 Commission as a common carrier under 47 U.S.C. Section 201, et seq. For purposes of this
360 subdivision, internet access also includes: the purchase, use, or sale of communications
361 services, including telecommunications services as defined in section 144.010, to the extent
362 the communications services are purchased, used, or sold to provide the service described in
363 this subdivision or to otherwise enable users to access content, information, or other services
364 offered over the internet; services that are incidental to the provision of a service described in
365 this subdivision, when furnished to users as part of such service, including a home page,
366 electronic mail, and instant messaging, including voice-capable and video-capable electronic
367 mail and instant messaging, video clips, and personal electronic storage capacity; a home
368 page electronic mail and instant messaging, including voice-capable and video-capable
369 electronic mail and instant messaging, video clips, and personal electronic storage capacity
370 that are provided independently or that are not packed with internet access. As used in this
371 subdivision, internet access does not include voice, audio, and video programming or other
372 products and services, except services described in this paragraph or this subdivision, that use
373 internet protocol or any successor protocol and for which there is a charge, regardless of
374 whether the charge is separately stated or aggregated with the charge for services described in
375 this paragraph or this subdivision;

376 (d) "Tax", any charge imposed by the state or a political subdivision of the state for
377 the purpose of generating revenues for governmental purposes and that is not a fee imposed
378 for a specific privilege, service, or benefit conferred, except as described as otherwise under
379 this subdivision, or any obligation imposed on a seller to collect and to remit to the state or a
380 political subdivision of the state any gross retail tax, sales tax, or use tax imposed on a buyer
381 by such a governmental entity. The term tax shall not include any franchise fee or similar fee
382 imposed or authorized under sections 67.1830 to 67.1846 or section 67.2689; Section 622 or
383 653 of the Communications Act of 1934, 47 U.S.C. Section 542 and 47 U.S.C. Section 573;
384 or any other fee related to obligations of telecommunications carriers under the
385 Communications Act of 1934, 47 U.S.C. Section 151, et seq., except to the extent that:

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

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

393

394 Nothing in this subdivision shall be interpreted as an exemption from taxes due on goods or
395 services that were subject to tax on January 1, 2016;

396 (46) All purchases by a company of solar photovoltaic energy systems, components
397 used to construct a solar photovoltaic energy system, and all purchases of materials and
398 supplies used directly to construct or make improvements to such systems, provided that such
399 systems:

400 (a) Are sold or leased to an end user; or

401 (b) Are used to produce, collect and transmit electricity for resale or retail;

402 **(47) All sales of used tangible personal property purchased by a consumer for**
403 **use or consumption, and not for resale, for valuable consideration directly from a seller**
404 **at an auction of used tangible property. The term "used tangible personal property"**
405 **shall not include motor vehicles, trailers, boats, or outboard motors purchased or**
406 **acquired for use on the highways or waters of this state which are required to be titled**
407 **under the laws of the state of Missouri.**

408 3. Any ruling, agreement, or contract, whether written or oral, express or implied,
409 between a person and this state's executive branch, or any other state agency or department,
410 stating, agreeing, or ruling that such person is not required to collect sales and use tax in this
411 state despite the presence of a warehouse, distribution center, or fulfillment center in this state
412 that is owned or operated by the person or an affiliated person shall be null and void unless it
413 is specifically approved by a majority vote of each of the houses of the general assembly. For
414 purposes of this subsection, an "affiliated person" means any person that is a member of the
415 same controlled group of corporations as defined in Section 1563(a) of the Internal Revenue
416 Code of 1986, as amended, as the vendor or any other entity that, notwithstanding its form of
417 organization, bears the same ownership relationship to the vendor as a corporation that is a
418 member of the same controlled group of corporations as defined in Section 1563(a) of the
419 Internal Revenue Code, as amended.

144.058. In addition to other exemptions granted under this chapter, there is
2 **hereby specifically exempted from the provisions of and the computation of the tax**
3 **levied, assessed, or payable under this chapter and the local sales tax law as defined in**

4 **section 32.085, electrical energy and gas, whether natural, artificial, or propane; water,**
5 **coal, and energy sources; chemicals, machinery, equipment, parts, and material used or**
6 **consumed in connection with or to facilitate the generation, transmission, distribution,**
7 **sale, or furnishing of electricity for light, heat, or power; and any conduits, ducts, or**
8 **other devices, materials, apparatus, or property for containing, holding, or carrying**
9 **conductors used or to be used for the transmission of electricity for light, heat, or power**
10 **service to consumers. The provisions of this section shall be in addition to any other**
11 **sales or use tax exemption provided by law. Any public utility, as such term is defined in**
12 **section 386.020, that realizes any savings as a result of the sales tax exemption provided**
13 **in this section shall provide the public service commission information on the amount of**
14 **savings realized in such public utility's next general rate proceeding and shall include a**
15 **statement that such savings will be passed through to the public utility's rate determined**
16 **in the public utility's next general rate proceeding.**

144.615. There are specifically exempted from the taxes levied in sections 144.600 to
2 144.745:

3 (1) Property, the storage, use or consumption of which this state is prohibited from
4 taxing pursuant to the constitution or laws of the United States or of this state;

5 (2) Property, the gross receipts from the sale of which are required to be included in
6 the measure of the tax imposed pursuant to the Missouri sales tax law;

7 (3) Tangible personal property, the sale or other transfer of which, if made in this
8 state, would be exempt from or not subject to the Missouri sales tax pursuant to the provisions
9 of subsection 2 of section 144.030;

10 (4) Motor vehicles, trailers, boats, and outboard motors subject to the tax imposed by
11 section 144.020;

12 (5) Tangible personal property which has been subjected to a tax by any other state in
13 this respect to its sales or use; provided, if such tax is less than the tax imposed by sections
14 144.600 to 144.745, such property, if otherwise taxable, shall be subject to a tax equal to the
15 difference between such tax and the tax imposed by sections 144.600 to 144.745;

16 (6) Tangible personal property held by processors, retailers, importers, manufacturers,
17 wholesalers, or jobbers solely for resale in the regular course of business;

18 (7) Personal and household effects and farm machinery used while an individual was
19 a bona fide resident of another state and who thereafter became a resident of this state, or
20 tangible personal property brought into the state by a nonresident for his own storage, use or
21 consumption while temporarily within the state;

22 (8) **Tangible personal property purchased by a consumer for use or**
23 **consumption, and not for resale, for valuable consideration directly from a seller at**
24 **an auction of used tangible property. The term "used tangible personal property" shall**

25 **not include motor vehicles, trailers, boats, or outboard motors purchased or acquired**
26 **for use on the highways or waters of this state which are required to be titled under the**
27 **laws of the state of Missouri.**

2 ~~[273.050. No dog shall be permitted to be and remain within the limits~~
3 ~~of the state unless the owner thereof, or someone for said owner, shall have~~
4 ~~caused such dog to be listed and the tax imposed by sections 273.040 to~~
5 ~~273.180 to be paid on or before the first day of February of each year~~
~~hereafter.]~~

2 ~~[273.060. The tax on each male dog and each spayed female dog, of~~
3 ~~which the certificate of a veterinarian or the affidavit of the owner is produced,~~
4 ~~in this state shall be one dollar per year, and the tax on all other dogs in this~~
5 ~~state shall be three dollars per year, payable to the county clerk of the county in~~
6 ~~which the owner resides; provided, that any person or persons operating a~~
7 ~~licensed kennel of more than ten dogs in which all dogs kept by him or them~~
8 ~~are confined and not allowed to roam, shall pay a tax of ten dollars, which~~
9 ~~amount shall be the full amount of tax on all dogs kept by said person or~~
~~persons as described above.]~~

Section B. Because immediate action is necessary to protect taxpayers from inflated
2 values and rapidly increasing prices, the repeal and reenactment of section 137.115 of section
3 A of this act is deemed necessary for the immediate preservation of the public health, welfare,
4 peace, and safety, and is hereby declared to be an emergency act within the meaning of the
5 constitution, and the repeal and reenactment of section 137.115 of section A of this act shall
6 be in full force and effect upon its passage and approval.

✓