

SECOND REGULAR SESSION  
[TRULY AGREED TO AND FINALLY PASSED]  
CONFERENCE COMMITTEE SUBSTITUTE FOR  
SENATE COMMITTEE SUBSTITUTE FOR

# SENATE BILL NO. 612

97TH GENERAL ASSEMBLY

2014

4820S.04T

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## AN ACT

To repeal sections 143.183, 143.451, 144.021, and 144.054, RSMo, and to enact in lieu thereof four new sections relating to taxation.

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

Section A. Sections 143.183, 143.451, 144.021, and 144.054, RSMo, are  
2 repealed and four new sections enacted in lieu thereof, to be known as sections  
3 143.183, 143.451, 144.021, and 144.054, to read as follows:

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

2 (1) "Nonresident entertainer", a person residing or registered as a  
3 corporation outside this state who, for compensation, performs any vocal,  
4 instrumental, musical, comedy, dramatic, dance or other performance in this state  
5 before a live audience and any other person traveling with and performing  
6 services on behalf of a nonresident entertainer, including a nonresident  
7 entertainer who is paid compensation for providing entertainment as an  
8 independent contractor, a partnership that is paid compensation for  
9 entertainment provided by nonresident entertainers, a corporation that is paid  
10 compensation for entertainment provided by nonresident entertainers, or any  
11 other entity that is paid compensation for entertainment provided by nonresident  
12 entertainers;

13 (2) "Nonresident member of a professional athletic team", a professional  
14 athletic team member who resides outside this state, including any active player,  
15 any player on the disabled list if such player is in uniform on the day of the game  
16 at the site of the game, and any other person traveling with and performing  
17 services on behalf of a professional athletic team;

18 (3) "Personal service income" includes exhibition and regular season

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

19 salaries and wages, guaranteed payments, strike benefits, deferred payments,  
20 severance pay, bonuses, and any other type of compensation paid to the  
21 nonresident entertainer or nonresident member of a professional athletic team,  
22 but does not include prizes, bonuses or incentive money received from competition  
23 in a livestock, equine or rodeo performance, exhibition or show;

24 (4) "Professional athletic team" includes, but is not limited to, any  
25 professional baseball, basketball, football, soccer and hockey team.

26 2. Any person, venue, or entity who pays compensation to a nonresident  
27 entertainer shall deduct and withhold from such compensation as a prepayment  
28 of tax an amount equal to two percent of the total compensation if the amount of  
29 compensation is in excess of three hundred dollars paid to the nonresident  
30 entertainer. For purposes of this section, the term "person, venue, or entity who  
31 pays compensation" shall not be construed to include any person, venue, or entity  
32 that is exempt from taxation under 26 U.S.C. Section 501(c)(3), as amended, and  
33 that pays an amount to the nonresident entertainer for the entertainer's  
34 appearance but receives no benefit from the entertainer's appearance other than  
35 the entertainer's performance.

36 3. Any person, venue, or entity required to deduct and withhold tax  
37 pursuant to subsection 2 of this section shall, for each calendar quarter, on or  
38 before the last day of the month following the close of such calendar quarter,  
39 remit the taxes withheld in such form or return as prescribed by the director of  
40 revenue and pay over to the director of revenue or to a depository designated by  
41 the director of revenue the taxes so required to be deducted and withheld.

42 4. Any person, venue, or entity subject to this section shall be considered  
43 an employer for purposes of section 143.191, and shall be subject to all penalties,  
44 interest, and additions to tax provided in this chapter for failure to comply with  
45 this section.

46 5. Notwithstanding other provisions of this chapter to the contrary, the  
47 commissioner of administration, for all taxable years beginning on or after  
48 January 1, 1999, but none after December 31, [2015] **2020**, shall annually  
49 estimate the amount of state income tax revenues collected pursuant to this  
50 chapter which are received from nonresident members of professional athletic  
51 teams and nonresident entertainers. For fiscal year 2000, and for each  
52 subsequent fiscal year for a period of [sixteen] **twenty-one** years, sixty percent  
53 of the annual estimate of taxes generated from the nonresident entertainer and  
54 professional athletic team income tax shall be allocated annually to the Missouri

55 arts council trust fund, and shall be transferred, **subject to appropriations**,  
56 from the general revenue fund to the Missouri arts council trust fund established  
57 in section 185.100 and any amount transferred shall be in addition to such  
58 agency's budget base for each fiscal year. The director shall by rule establish the  
59 method of determining the portion of personal service income of such persons that  
60 is allocable to Missouri.

61 6. Notwithstanding the provisions of sections 186.050 to 186.067 to the  
62 contrary, the commissioner of administration, for all taxable years beginning on  
63 or after January 1, 1999, but for none after December 31, [2015] **2020**, shall  
64 estimate annually the amount of state income tax revenues collected pursuant to  
65 this chapter which are received from nonresident members of professional athletic  
66 teams and nonresident entertainers. For fiscal year 2000, and for each  
67 subsequent fiscal year for a period of [sixteen] **twenty-one** years, ten percent of  
68 the annual estimate of taxes generated from the nonresident entertainer and  
69 professional athletic team income tax shall be allocated annually to the Missouri  
70 humanities council trust fund, and shall be transferred, **subject to**  
71 **appropriations**, from the general revenue fund to the Missouri humanities  
72 council trust fund established in section 186.055 and any amount transferred  
73 shall be in addition to such agency's budget base for each fiscal year.

74 7. Notwithstanding other provisions of section 182.812 to the contrary, the  
75 commissioner of administration, for all taxable years beginning on or after  
76 January 1, 1999, but for none after December 31, [2015] **2020**, shall estimate  
77 annually the amount of state income tax revenues collected pursuant to this  
78 chapter which are received from nonresident members of professional athletic  
79 teams and nonresident entertainers. For fiscal year 2000, and for each  
80 subsequent fiscal year for a period of [sixteen] **twenty-one** years, ten percent of  
81 the annual estimate of taxes generated from the nonresident entertainer and  
82 professional athletic team income tax shall be allocated annually to the Missouri  
83 state library networking fund, and shall be transferred, **subject to**  
84 **appropriations**, from the general revenue fund to the secretary of state for  
85 distribution to public libraries for acquisition of library materials as established  
86 in section 182.812 and any amount transferred shall be in addition to such  
87 agency's budget base for each fiscal year.

88 8. Notwithstanding other provisions of section 185.200 to the contrary, the  
89 commissioner of administration, for all taxable years beginning on or after  
90 January 1, 1999, but for none after December 31, [2015] **2020**, shall estimate

91 annually the amount of state income tax revenues collected pursuant to this  
92 chapter which are received from nonresident members of professional athletic  
93 teams and nonresident entertainers. For fiscal year 2000, and for each  
94 subsequent fiscal year for a period of [sixteen] **twenty-one** years, ten percent of  
95 the annual estimate of taxes generated from the nonresident entertainer and  
96 professional athletic team income tax shall be allocated annually to the Missouri  
97 public television broadcasting corporation special fund, and shall be transferred,  
98 **subject to appropriations**, from the general revenue fund to the Missouri  
99 public television broadcasting corporation special fund, and any amount  
100 transferred shall be in addition to such agency's budget base for each fiscal year;  
101 provided, however, that twenty-five percent of such allocation shall be used for  
102 grants to public radio stations which were qualified by the corporation for public  
103 broadcasting as of November 1, 1996. Such grants shall be distributed to each  
104 of such public radio stations in this state after receipt of the station's certification  
105 of operating and programming expenses for the prior fiscal year. Certification  
106 shall consist of the most recent fiscal year financial statement submitted by a  
107 station to the corporation for public broadcasting. The grants shall be divided  
108 into two categories, an annual basic service grant and an operating grant. The  
109 basic service grant shall be equal to thirty-five percent of the total amount and  
110 shall be divided equally among the public radio stations receiving grants. The  
111 remaining amount shall be distributed as an operating grant to the stations on  
112 the basis of the proportion that the total operating expenses of the individual  
113 station in the prior fiscal year bears to the aggregate total of operating expenses  
114 for the same fiscal year for all Missouri public radio stations which are receiving  
115 grants.

116 9. Notwithstanding other provisions of section 253.402 to the contrary, the  
117 commissioner of administration, for all taxable years beginning on or after  
118 January 1, 1999, but for none after December 31, [2015] **2020**, shall estimate  
119 annually the amount of state income tax revenues collected pursuant to this  
120 chapter which are received from nonresident members of professional athletic  
121 teams and nonresident entertainers. For fiscal year 2000, and for each  
122 subsequent fiscal year for a period of [sixteen] **twenty-one** years, ten percent of  
123 the annual estimate of taxes generated from the nonresident entertainer and  
124 professional athletic team income tax shall be allocated annually to the Missouri  
125 department of natural resources Missouri historic preservation revolving fund,  
126 and shall be transferred, **subject to appropriations**, from the general revenue

127 fund to the Missouri department of natural resources Missouri historic  
128 preservation revolving fund established in section 253.402 and any amount  
129 transferred shall be in addition to such agency's budget base for each fiscal  
130 year. [As authorized pursuant to subsection 2 of section 30.953, it is the  
131 intention and desire of the general assembly that the state treasurer convey, to  
132 the Missouri investment trust on January 1, 1999, up to one hundred percent of  
133 the balances of the Missouri arts council trust fund established pursuant to  
134 section 185.100 and the Missouri humanities council trust fund established  
135 pursuant to section 186.055. The funds shall be reconveyed to the state treasurer  
136 by the investment trust as follows: the Missouri arts council trust fund, no  
137 earlier than January 2, 2009; and the Missouri humanities council trust fund, no  
138 earlier than January 2, 2009.]

139         10. This section shall not be construed to apply to any person who makes  
140 a presentation for professional or technical education purposes or to apply to any  
141 presentation that is part of a seminar, conference, convention, school, or similar  
142 program format designed to provide professional or technical education.

143.451. 1. Missouri taxable income of a corporation shall include all  
2 income derived from sources within this state.

3         2. A corporation described in subdivision (1) of subsection 1 of section  
4 143.441 shall include in its Missouri taxable income all income from sources  
5 within this state, including that from the transaction of business in this state and  
6 that from the transaction of business partly done in this state and partly done in  
7 another state or states. However:

8         (1) Where income results from a transaction partially in this state and  
9 partially in another state or states, and income and deductions of the portion in  
10 the state cannot be segregated, then such portions of income and deductions shall  
11 be allocated in this state and the other state or states as will distribute to this  
12 state a portion based upon the portion of the transaction in this state and the  
13 portion in such other state or states.

14         (2) The taxpayer may elect to compute the portion of income from all  
15 sources in this state in the following manner, or the manner set forth in  
16 subdivision (3) of this subsection:

17         (a) The income from all sources shall be determined as provided,  
18 excluding therefrom the figures for the operation of any bridge connecting this  
19 state with another state.

20         (b) The amount of sales which are transactions wholly in this state shall

21 be added to one-half of the amount of sales which are transactions partly within  
22 this state and partly without this state, and the amount thus obtained shall be  
23 divided by the total sales or in cases where sales do not express the volume of  
24 business, the amount of business transacted wholly in this state shall be added  
25 to one-half of the amount of business transacted partly in this state and partly  
26 outside this state and the amount thus obtained shall be divided by the total  
27 amount of business transacted, and the net income shall be multiplied by the  
28 fraction thus obtained, to determine the proportion of income to be used to arrive  
29 at the amount of Missouri taxable income. The investment or reinvestment of its  
30 own funds, or sale of any such investment or reinvestment, shall not be  
31 considered as sales or other business transacted for the determination of said  
32 fraction.

33 (c) For the purposes of this subdivision, a transaction involving the sale  
34 of tangible property is:

35 a. "Wholly in this state" if both the seller's shipping point and the  
36 purchaser's destination point are in this state;

37 b. "Partly within this state and partly without this state" if the seller's  
38 shipping point is in this state and the purchaser's destination point is outside  
39 this state, or the seller's shipping point is outside this state and the purchaser's  
40 destination point is in this state;

41 c. Not "wholly in this state" or not "partly within this state and partly  
42 without this state" only if both the seller's shipping point and the purchaser's  
43 destination point are outside this state.

44 (d) For purposes of this subdivision:

45 a. The purchaser's destination point shall be determined without regard  
46 to the FOB point or other conditions of the sale; and

47 b. The seller's shipping point is determined without regard to the location  
48 of the seller's principle office or place of business.

49 (3) The taxpayer may elect to compute the portion of income from all  
50 sources in this state in the following manner:

51 (a) The income from all sources shall be determined as provided,  
52 excluding therefrom the figures for the operation of any bridge connecting this  
53 state with another state;

54 (b) The amount of sales which are transactions in this state shall be  
55 divided by the total sales, and the net income shall be multiplied by the fraction  
56 thus obtained, to determine the proportion of income to be used to arrive at the

57 amount of Missouri taxable income. The investment or reinvestment of its own  
58 funds, or sale of any such investment or reinvestment, shall not be considered as  
59 sales or other business transacted for the determination of said fraction;

60 (c) For the purposes of this subdivision, a transaction involving the sale  
61 of tangible property is:

62 a. "In this state" if the purchaser's destination point is in this state;

63 b. Not "in this state" if the purchaser's destination point is outside this  
64 state;

65 (d) For purposes of this subdivision, the purchaser's destination point  
66 shall be determined without regard to the FOB point or other conditions of the  
67 sale and shall not be in this state if the purchaser received the tangible personal  
68 property from the seller in this state for delivery to the purchaser's location  
69 outside this state;

70 (e) For the purposes of this subdivision, a transaction involving  
71 the sale other than the sale of tangible property is "in this state" if the  
72 taxpayer's market for the sales is in this state. The taxpayer's market  
73 for sales is in this state:

74 a. In the case of sale, rental, lease, or license of real property, if  
75 and to the extent the property is located in this state;

76 b. In the case of rental, lease, or license of tangible personal  
77 property, if and to the extent the property is located in this state;

78 c. In the case of sale of a service, if and to the extent the benefit  
79 of the service is delivered to a purchaser location in this state; and

80 d. In the case of intangible property:

81 (i) That is rented, leased, or licensed, if and to the extent the  
82 property is used in this state by the rentee, lessee, or licensee, provided  
83 that intangible property utilized in marketing a good or service to a  
84 consumer is "used in this state" if that good or service is purchased by  
85 a consumer who is in this state. Franchise fees or royalties received  
86 for the rent, lease, license, or use of a trade name, trademark, service  
87 mark, or franchise system or provides a right to conduct business  
88 activity in a specific geographic area are "used in this state" to the  
89 extent the franchise location is in this state; and

90 (ii) That is sold, if and to the extent the property is used in this  
91 state, provided that:

92 i. A contract right, government license, or similar intangible

93 **property that authorizes the holder to conduct a business activity in a**  
94 **specific geographic area is "used in this state" if the geographic area**  
95 **includes all or part of this state;**

96 **ii. Receipts from intangible property sales that are contingent on**  
97 **the productivity, use, or disposition of the intangible property shall be**  
98 **treated as receipts from the rental, lease, or licensing of such**  
99 **intangible property under item (i) of this subparagraph; and**

100 **iii. All other receipts from a sales of intangible property shall**  
101 **be excluded from the numerator and denominator of the sales factor;**

102 **(f) If the state or states of assignment under paragraph (e) of this**  
103 **subdivision cannot be determined, the state or states of assignment**  
104 **shall be reasonably approximated;**

105 **(g) If the state of assignment cannot be determined under**  
106 **paragraph (e) of this subdivision or reasonably approximated under**  
107 **paragraph (f) of this subdivision, such sales shall be excluded from the**  
108 **denominator of the sales factor;**

109 **(h) The director may prescribe such rules and regulations as**  
110 **necessary or appropriate to carry out the purposes of this section.**

111 (4) For purposes of this subsection, the following words shall, unless the  
112 context otherwise requires, have the following meaning:

113 (a) "Administration services" include, but are not limited to, clerical, fund  
114 or shareholder accounting, participant record keeping, transfer agency,  
115 bookkeeping, data processing, custodial, internal auditing, legal and tax services  
116 performed for an investment company;

117 (b) "Affiliate", the meaning as set forth in 15 U.S.C. Section 80a-2(a)(3)(C),  
118 as may be amended from time to time;

119 (c) "Distribution services" include, but are not limited to, the services of  
120 advertising, servicing, marketing, underwriting or selling shares of an investment  
121 company, but, in the case of advertising, servicing or marketing shares, only  
122 where such service is performed by a person who is, or in the case of a closed end  
123 company, was, either engaged in the services of underwriting or selling  
124 investment company shares or affiliated with a person that is engaged in the  
125 service of underwriting or selling investment company shares. In the case of an  
126 open end company, such service of underwriting or selling shares must be  
127 performed pursuant to a contract entered into pursuant to 15 U.S.C. Section 80a-  
128 15(b), as from time to time amended;

129 (d) "Investment company", any person registered under the federal  
130 Investment Company Act of 1940, as amended from time to time, (the act) or a  
131 company which would be required to register as an investment company under  
132 the act except that such person is exempt to such registration pursuant to Section  
133 80a-3(c)(1) of the act;

134 (e) "Investment funds service corporation" includes any corporation or S  
135 corporation doing business in the state which derives more than fifty percent of  
136 its gross income in the ordinary course of business from the provision directly or  
137 indirectly of management, distribution or administration services to or on behalf  
138 of an investment company or from trustees, sponsors and participants of employee  
139 benefit plans which have accounts in an investment company. An investment  
140 funds service corporation shall include any corporation or S corporation providing  
141 management services as an investment advisory firm registered under Section  
142 203 of the Investment Advisors Act of 1940, as amended from time to time,  
143 regardless of the percentage of gross revenues consisting of fees from  
144 management services provided to or on behalf of an investment company;

145 (f) "Management services" include but are not limited to, the rendering of  
146 investment advice directly or indirectly to an investment company making  
147 determinations as to when sales and purchases of securities are to be made on  
148 behalf of the investment company, or the selling or purchasing of securities  
149 constituting assets of an investment company, and related activities, but only  
150 where such activity or activities are performed:

151 a. Pursuant to a contract with the investment company entered into  
152 pursuant to 15 U.S.C. Section 80a-15(a), as from time to time amended;

153 b. For a person that has entered into such contract with the investment  
154 company; or

155 c. For a person that is affiliated with a person that has entered into such  
156 contract with an investment company;

157 (g) "Qualifying sales", gross income derived from the provision directly or  
158 indirectly of management, distribution or administration services to or on behalf  
159 of an investment company or from trustees, sponsors and participants of employee  
160 benefit plans which have accounts in an investment company. For purposes of  
161 this section, "gross income" is defined as that amount of income earned from  
162 qualifying sources without deduction of expenses related to the generation of such  
163 income;

164 (h) "Residence", presumptively the fund shareholder's mailing address on

165 the records of the investment company. If, however, the investment company or  
166 the investment funds service corporation has actual knowledge that the fund  
167 shareholder's primary residence or principal place of business is different than  
168 the fund shareholder's mailing address such presumption shall not control. To  
169 the extent an investment funds service corporation does not have access to the  
170 records of the investment company, the investment funds service corporation may  
171 employ reasonable methods to determine the investment company fund  
172 shareholder's residence.

173 (5) Notwithstanding other provisions of law to the contrary, qualifying  
174 sales of an investment funds service corporation, or S corporation, shall be  
175 considered wholly in this state only to the extent that the fund shareholders of  
176 the investment companies, to which the investment funds service corporation, or  
177 S corporation, provide services, are resided in this state. Wholly in this state  
178 qualifying sales of an investment funds service corporation, or S corporation, shall  
179 be determined as follows:

180 (a) By multiplying the investment funds service corporation's total dollar  
181 amount of qualifying sales from services provided to each investment company by  
182 a fraction, the numerator of which shall be the average of the number of shares  
183 owned by the investment company's fund shareholders resided in this state  
184 at the beginning of and at the end of the investment company's taxable year that  
185 ends with or within the investment funds service corporation's taxable year, and  
186 the denominator of which shall be the average of the number of shares owned by  
187 the investment company's fund shareholders everywhere at the beginning of and  
188 at the end of the investment company's taxable year that ends with or within the  
189 investment funds service corporation's taxable year;

190 (b) A separate computation shall be made to determine the wholly in this  
191 state qualifying sales from each investment company. The qualifying sales for  
192 each investment company shall be multiplied by the respective percentage of each  
193 fund, as calculated pursuant to paragraph (a) of this subdivision. The product of  
194 this equation shall result in the wholly in this state qualifying sales. The  
195 qualifying sales for each investment company which are not wholly in this state  
196 will be considered wholly without this state;

197 (c) To the extent an investment funds service corporation has sales which  
198 are not qualifying sales, those nonqualified sales shall be apportioned to this  
199 state based on the methodology utilized by the investment funds service  
200 corporation without regard to this subdivision.

201           3. Any corporation described in subdivision (1) of subsection 1 of section  
202 143.441 organized in this state or granted a permit to operate in this state for the  
203 transportation or care of passengers shall report its gross earnings within the  
204 state on intrastate business and shall also report its gross earnings on all  
205 interstate business done in this state which report shall be subject to inquiry for  
206 the purpose of determining the amount of income to be included in Missouri  
207 taxable income. The previous sentence shall not apply to a railroad.

208           4. A corporation described in subdivision (2) of subsection 1 of section  
209 143.441 shall include in its Missouri taxable income all income arising from all  
210 sources in this state and all income from each transportation service wholly  
211 within this state, from each service where the only lines of such corporation used  
212 are those in this state, and such proportion of revenue from each service where  
213 the facilities of such corporation in this state and in another state or states are  
214 used, as the mileage used over the lines of such corporation in the state shall  
215 bear to the total mileage used over the lines of such corporation. The taxpayer  
216 may elect to compute the portion of income from all sources within this state in  
217 the following manner:

218           (1) The income from all sources shall be determined as provided;

219           (2) The amount of investment of such corporation on December thirty-first  
220 of each year in this state in fixed transportation facilities, real estate and  
221 improvements, plus the value on December thirty-first of each year of any fixed  
222 transportation facilities, real estate and improvements in this state leased from  
223 any other railroad shall be divided by the sum of the total amount of investment  
224 of such corporation on December thirty-first of each year in fixed transportation  
225 facilities, real estate and improvements, plus the value on December thirty-first  
226 of each year, of any fixed transportation facilities, real estate and improvements  
227 leased from any other railroad. Where any fixed transportation facilities, real  
228 estate or improvements are leased by more than one railroad, such portion of the  
229 value shall be used by each railroad as the rental paid by each shall bear to the  
230 rental paid by all lessees. The income shall be multiplied by the fraction thus  
231 obtained to determine the proportion to be used to arrive at the amount of  
232 Missouri taxable income.

233           5. A corporation described in subdivision (3) of subsection 1 of section  
234 143.441 shall include in its Missouri taxable income one-half of the net income  
235 from the operation of a bridge between this and another state. If any such bridge  
236 is owned or operated by a railroad corporation or corporations, or by a corporation

237 owning a railroad corporation using such bridge, then the figures for operation  
238 of such bridge may be included in the return of such railroad or railroads; or if  
239 such bridge is owned or operated by any other corporation which may now or  
240 hereafter be required to file an income tax return, one-half of the income or loss  
241 to such corporation from such bridge may be included in such return by adding  
242 or subtracting same to or from another net income or loss shown by the return.

243           6. A corporation described in subdivision (4) of subsection 1 of section  
244 143.441 shall include in its Missouri taxable income all income arising from all  
245 sources within this state. Income shall include revenue from each telephonic or  
246 telegraphic service rendered wholly within this state; from each service rendered  
247 for which the only facilities of such corporation used are those in this state; and  
248 from each service rendered over the facilities of such corporation in this state and  
249 in other state or states, such proportion of such revenue as the mileage involved  
250 in this state shall bear to the total mileage involved over the lines of said  
251 company in all states. The taxpayer may elect to compute the portion of income  
252 from all sources within this state in the following manner:

253           (1) The income from all sources shall be determined as provided;

254           (2) The amount of investment of such corporation on December thirty-first  
255 of each year in this state in telephonic or telegraphic facilities, real estate and  
256 improvements thereon, shall be divided by the amount of the total investment of  
257 such corporation on December thirty-first of each year in telephonic or telegraphic  
258 facilities, real estate and improvements. The income of the taxpayer shall be  
259 multiplied by fraction thus obtained to determine the proportion to be used to  
260 arrive at the amount of Missouri taxable income.

261           7. From the income determined in subsections 2, 3, 4, 5 and 6 of this  
262 section to be from all sources within this state shall be deducted such of the  
263 deductions for expenses in determining Missouri taxable income as were incurred  
264 in this state to produce such income and all losses actually sustained in this state  
265 in the business of the corporation.

266           8. If a corporation derives only part of its income from sources within  
267 Missouri, its Missouri taxable income shall only reflect the effect of the following  
268 listed deductions to the extent applicable to Missouri. The deductions are: (a)  
269 its deduction for federal income taxes pursuant to section 143.171, and (b) the  
270 effect on Missouri taxable income of the deduction for net operating loss allowed  
271 by Section 172 of the Internal Revenue Code. The extent applicable to Missouri  
272 shall be determined by multiplying the amount that would otherwise affect

273 Missouri taxable income by the ratio for the year of the Missouri taxable income  
274 of the corporation for the year divided by the Missouri taxable income for the year  
275 as though the corporation had derived all of its income from sources within  
276 Missouri. For the purpose of the preceding sentence, Missouri taxable income  
277 shall not reflect the listed deductions.

278 9. Any investment funds service corporation organized as a corporation  
279 or S corporation which has any shareholders resided in this state shall be  
280 subject to Missouri income tax as provided in this chapter.

144.021. 1. The purpose and intent of sections 144.010 to 144.510 is to  
2 impose a tax upon the privilege of engaging in the business, in this state, of  
3 selling tangible personal property and those services listed in section 144.020 and  
4 for the privilege of titling new and used motor vehicles, trailers, boats, and  
5 outboard motors purchased or acquired for use on the highways or waters of this  
6 state which are required to be registered under the laws of the state of  
7 Missouri. Except as otherwise provided, the primary tax burden is placed upon  
8 the seller making the taxable sales of property or service and is levied at the rate  
9 provided for in section 144.020. Excluding subdivision (9) of subsection 1 of  
10 section 144.020 and sections 144.070, 144.440 and 144.450, the extent to which  
11 a seller is required to collect the tax from the purchaser of the taxable property  
12 or service is governed by section 144.285 and in no way affects sections 144.080  
13 and 144.100, which require all sellers to report to the director of revenue their  
14 "gross receipts", defined herein to mean the aggregate amount of the sales price  
15 of all sales at retail, and remit tax at four percent of their gross receipts.

16 2. **If the amount of taxes due under sections 144.010 to 144.510 is**  
17 **modified by a decision of:**

- 18 (1) **The director of revenue;**  
19 (2) **The administrative hearing commission; or**  
20 (3) **A court of competent jurisdiction;**

21 **which changes which items of tangible personal property or services**  
22 **are taxable, all affected sellers shall be notified by the department of**  
23 **revenue before such modification shall take effect for such**  
24 **sellers. Failure of the department of revenue to notify a seller shall**  
25 **relieve such seller of liability for taxes that would be due under the**  
26 **modification until the seller is notified. The waiver of liability for**  
27 **taxes under this subsection shall only apply to sellers actively selling**  
28 **the type of tangible personal property or service affected by the**

**29 decision on the date the decision is made or handed down.**

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

2 (1) "Processing", any mode of treatment, act, or series of acts performed  
3 upon materials to transform or reduce them to a different state or thing,  
4 including treatment necessary to maintain or preserve such processing by the  
5 producer at the production facility;

6 (2) "Recovered materials", those materials which have been diverted or  
7 removed from the solid waste stream for sale, use, reuse, or recycling, whether  
8 or not they require subsequent separation and processing.

9 2. In addition to all other exemptions granted under this chapter, there  
10 is hereby specifically exempted from the provisions of sections 144.010 to 144.525  
11 and 144.600 to 144.761, and from the computation of the tax levied, assessed, or  
12 payable under sections 144.010 to 144.525 and 144.600 to 144.761, electrical  
13 energy and gas, whether natural, artificial, or propane, water, coal, and energy  
14 sources, chemicals, machinery, equipment, and materials used or consumed in the  
15 manufacturing, processing, compounding, mining, or producing of any product, or  
16 used or consumed in the processing of recovered materials, or used in research  
17 and development related to manufacturing, processing, compounding, mining, or  
18 producing any product. The exemptions granted in this subsection shall not  
19 apply to local sales taxes as defined in section 32.085 and the provisions of this  
20 subsection shall be in addition to any state and local sales tax exemption  
21 provided in section 144.030.

22 3. In addition to all other exemptions granted under this chapter, there  
23 is hereby specifically exempted from the provisions of sections 144.010 to 144.525  
24 and 144.600 to 144.761, and section 238.235, and the local sales tax law as  
25 defined in section 32.085, and from the computation of the tax levied, assessed,  
26 or payable under sections 144.010 to 144.525 and 144.600 to 144.761, and section  
27 238.235, and the local sales tax law as defined in section 32.085, all utilities,  
28 machinery, and equipment used or consumed directly in television or radio  
29 broadcasting and all sales and purchases of tangible personal property, utilities,  
30 services, or any other transaction that would otherwise be subject to the state or  
31 local sales or use tax when such sales are made to or purchases are made by a  
32 contractor for use in fulfillment of any obligation under a defense contract with  
33 the United States government, and all sales and leases of tangible personal  
34 property by any county, city, incorporated town, or village, provided such sale or  
35 lease is authorized under chapter 100, and such transaction is certified for sales

36 tax exemption by the department of economic development, and tangible personal  
37 property used for railroad infrastructure brought into this state for processing,  
38 fabrication, or other modification for use outside the state in the regular course  
39 of business.

40       4. In addition to all other exemptions granted under this chapter, there  
41 is hereby specifically exempted from the provisions of sections 144.010 to 144.525  
42 and 144.600 to 144.761, and section 238.235, and the local sales tax law as  
43 defined in section 32.085, and from the computation of the tax levied, assessed,  
44 or payable under sections 144.010 to 144.525 and 144.600 to 144.761, and section  
45 238.235, and the local sales tax law as defined in section 32.085, all sales and  
46 purchases of tangible personal property, utilities, services, or any other  
47 transaction that would otherwise be subject to the state or local sales or use tax  
48 when such sales are made to or purchases are made by a private partner for use  
49 in completing a project under sections 227.600 to 227.669.

50       **5. In addition to all other exemptions granted under this chapter,**  
51 **there is hereby specifically exempted from the provisions of sections**  
52 **144.010 to 144.525 and 144.600 to 144.761, and section 238.235, and the**  
53 **local sales tax law as defined in section 32.085, and from the**  
54 **computation of the tax levied, assessed, or payable under sections**  
55 **144.010 to 144.525 and 144.600 to 144.761, and section 238.235, and the**  
56 **local sales tax law as defined in section 32.085, all materials,**  
57 **manufactured goods, machinery and parts, electrical energy and gas,**  
58 **whether natural, artificial or propane, water, coal and other energy**  
59 **sources, chemicals, soaps, detergents, cleaning and sanitizing agents,**  
60 **and other ingredients and materials inserted by commercial or**  
61 **industrial laundries to treat, clean, and sanitize textiles in facilities**  
62 **which process at least five hundred pounds of textiles per hour and at**  
63 **least sixty thousand pounds per week.**

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