

CONFERENCE COMMITTEE SUBSTITUTE

FOR

SENATE COMMITTEE SUBSTITUTE

FOR

SENATE BILL NO. 612

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.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF MISSOURI,
AS FOLLOWS:

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2 RSMo, are repealed and four new sections enacted in lieu thereof,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

5 143.183. 1. As used in this section, the following terms
6 mean:

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

1 entertainment provided by nonresident entertainers, or any other
2 entity that is paid compensation for entertainment provided by
3 nonresident entertainers;

4 (2) "Nonresident member of a professional athletic team", a
5 professional athletic team member who resides outside this state,
6 including any active player, any player on the disabled list if
7 such player is in uniform on the day of the game at the site of
8 the game, and any other person traveling with and performing
9 services on behalf of a professional athletic team;

10 (3) "Personal service income" includes exhibition and
11 regular season salaries and wages, guaranteed payments, strike
12 benefits, deferred payments, severance pay, bonuses, and any
13 other type of compensation paid to the nonresident entertainer or
14 nonresident member of a professional athletic team, but does not
15 include prizes, bonuses or incentive money received from
16 competition in a livestock, equine or rodeo performance,
17 exhibition or show;

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

21 2. Any person, venue, or entity who pays compensation to a
22 nonresident entertainer shall deduct and withhold from such
23 compensation as a prepayment of tax an amount equal to two
24 percent of the total compensation if the amount of compensation
25 is in excess of three hundred dollars paid to the nonresident
26 entertainer. For purposes of this section, the term "person,
27 venue, or entity who pays compensation" shall not be construed to
28 include any person, venue, or entity that is exempt from taxation

1 under 26 U.S.C. Section 501(c)(3), as amended, and that pays an
2 amount to the nonresident entertainer for the entertainer's
3 appearance but receives no benefit from the entertainer's
4 appearance other than the entertainer's performance.

5 3. Any person, venue, or entity required to deduct and
6 withhold tax pursuant to subsection 2 of this section shall, for
7 each calendar quarter, on or before the last day of the month
8 following the close of such calendar quarter, remit the taxes
9 withheld in such form or return as prescribed by the director of
10 revenue and pay over to the director of revenue or to a
11 depository designated by the director of revenue the taxes so
12 required to be deducted and withheld.

13 4. Any person, venue, or entity subject to this section
14 shall be considered an employer for purposes of section 143.191,
15 and shall be subject to all penalties, interest, and additions to
16 tax provided in this chapter for failure to comply with this
17 section.

18 5. Notwithstanding other provisions of this chapter to the
19 contrary, the commissioner of administration, for all taxable
20 years beginning on or after January 1, 1999, but none after
21 December 31, [2015] 2020, shall annually estimate the amount of
22 state income tax revenues collected pursuant to this chapter
23 which are received from nonresident members of professional
24 athletic teams and nonresident entertainers. For fiscal year
25 2000, and for each subsequent fiscal year for a period of
26 [sixteen] twenty-one years, sixty percent of the annual estimate
27 of taxes generated from the nonresident entertainer and
28 professional athletic team income tax shall be allocated annually

1 to the Missouri arts council trust fund, and shall be
2 transferred, subject to appropriations, from the general revenue
3 fund to the Missouri arts council trust fund established in
4 section 185.100 and any amount transferred shall be in addition
5 to such agency's budget base for each fiscal year. The director
6 shall by rule establish the method of determining the portion of
7 personal service income of such persons that is allocable to
8 Missouri.

9 6. Notwithstanding the provisions of sections 186.050 to
10 186.067 to the contrary, the commissioner of administration, for
11 all taxable years beginning on or after January 1, 1999, but for
12 none after December 31, ~~[2015]~~ 2020, shall estimate annually the
13 amount of state income tax revenues collected pursuant to this
14 chapter which are received from nonresident members of
15 professional athletic teams and nonresident entertainers. For
16 fiscal year 2000, and for each subsequent fiscal year for a
17 period of ~~[sixteen]~~ twenty-one years, ten percent of the annual
18 estimate of taxes generated from the nonresident entertainer and
19 professional athletic team income tax shall be allocated annually
20 to the Missouri humanities council trust fund, and shall be
21 transferred, subject to appropriations, from the general revenue
22 fund to the Missouri humanities council trust fund established in
23 section 186.055 and any amount transferred shall be in addition
24 to such agency's budget base for each fiscal year.

25 7. Notwithstanding other provisions of section 182.812 to
26 the contrary, the commissioner of administration, for all taxable
27 years beginning on or after January 1, 1999, but for none after
28 December 31, ~~[2015]~~ 2020, shall estimate annually the amount of

1 state income tax revenues collected pursuant to this chapter
2 which are received from nonresident members of professional
3 athletic teams and nonresident entertainers. For fiscal year
4 2000, and for each subsequent fiscal year for a period of
5 ~~【sixteen】~~ twenty-one years, ten percent of the annual estimate of
6 taxes generated from the nonresident entertainer and professional
7 athletic team income tax shall be allocated annually to the
8 Missouri state library networking fund, and shall be transferred,
9 subject to appropriations, from the general revenue fund to the
10 secretary of state for distribution to public libraries for
11 acquisition of library materials as established in section
12 182.812 and any amount transferred shall be in addition to such
13 agency's budget base for each fiscal year.

14 8. Notwithstanding other provisions of section 185.200 to
15 the contrary, the commissioner of administration, for all taxable
16 years beginning on or after January 1, 1999, but for none after
17 December 31, ~~【2015】~~ 2020, shall estimate annually the amount of
18 state income tax revenues collected pursuant to this chapter
19 which are received from nonresident members of professional
20 athletic teams and nonresident entertainers. For fiscal year
21 2000, and for each subsequent fiscal year for a period of
22 ~~【sixteen】~~ twenty-one years, ten percent of the annual estimate of
23 taxes generated from the nonresident entertainer and professional
24 athletic team income tax shall be allocated annually to the
25 Missouri public television broadcasting corporation special fund,
26 and shall be transferred, subject to appropriations, from the
27 general revenue fund to the Missouri public television
28 broadcasting corporation special fund, and any amount transferred

1 shall be in addition to such agency's budget base for each fiscal
2 year; provided, however, that twenty-five percent of such
3 allocation shall be used for grants to public radio stations
4 which were qualified by the corporation for public broadcasting
5 as of November 1, 1996. Such grants shall be distributed to each
6 of such public radio stations in this state after receipt of the
7 station's certification of operating and programming expenses for
8 the prior fiscal year. Certification shall consist of the most
9 recent fiscal year financial statement submitted by a station to
10 the corporation for public broadcasting. The grants shall be
11 divided into two categories, an annual basic service grant and an
12 operating grant. The basic service grant shall be equal to
13 thirty-five percent of the total amount and shall be divided
14 equally among the public radio stations receiving grants. The
15 remaining amount shall be distributed as an operating grant to
16 the stations on the basis of the proportion that the total
17 operating expenses of the individual station in the prior fiscal
18 year bears to the aggregate total of operating expenses for the
19 same fiscal year for all Missouri public radio stations which are
20 receiving grants.

21 9. Notwithstanding other provisions of section 253.402 to
22 the contrary, the commissioner of administration, for all taxable
23 years beginning on or after January 1, 1999, but for none after
24 December 31, ~~[2015]~~ 2020, shall estimate annually the amount of
25 state income tax revenues collected pursuant to this chapter
26 which are received from nonresident members of professional
27 athletic teams and nonresident entertainers. For fiscal year
28 2000, and for each subsequent fiscal year for a period of

1 [sixteen] twenty-one years, ten percent of the annual estimate of
2 taxes generated from the nonresident entertainer and professional
3 athletic team income tax shall be allocated annually to the
4 Missouri department of natural resources Missouri historic
5 preservation revolving fund, and shall be transferred, subject to
6 appropriations, from the general revenue fund to the Missouri
7 department of natural resources Missouri historic preservation
8 revolving fund established in section 253.402 and any amount
9 transferred shall be in addition to such agency's budget base for
10 each fiscal year. [As authorized pursuant to subsection 2 of
11 section 30.953, it is the intention and desire of the general
12 assembly that the state treasurer convey, to the Missouri
13 investment trust on January 1, 1999, up to one hundred percent of
14 the balances of the Missouri arts council trust fund established
15 pursuant to section 185.100 and the Missouri humanities council
16 trust fund established pursuant to section 186.055. The funds
17 shall be reconveyed to the state treasurer by the investment
18 trust as follows: the Missouri arts council trust fund, no
19 earlier than January 2, 2009; and the Missouri humanities council
20 trust fund, no earlier than January 2, 2009.]

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

26 143.451. 1. Missouri taxable income of a corporation shall
27 include all income derived from sources within this state.

28 2. A corporation described in subdivision (1) of subsection

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

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

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

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

19 (b) The amount of sales which are transactions wholly in
20 this state shall be added to one-half of the amount of sales
21 which are transactions partly within this state and partly
22 without this state, and the amount thus obtained shall be divided
23 by the total sales or in cases where sales do not express the
24 volume of business, the amount of business transacted wholly in
25 this state shall be added to one-half of the amount of business
26 transacted partly in this state and partly outside this state and
27 the amount thus obtained shall be divided by the total amount of
28 business transacted, and the net income shall be multiplied by

1 the fraction thus obtained, to determine the proportion of income
2 to be used to arrive at the amount of Missouri taxable income.
3 The investment or reinvestment of its own funds, or sale of any
4 such investment or reinvestment, shall not be considered as sales
5 or other business transacted for the determination of said
6 fraction.

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

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

11 b. "Partly within this state and partly without this state"
12 if the seller's shipping point is in this state and the
13 purchaser's destination point is outside this state, or the
14 seller's shipping point is outside this state and the purchaser's
15 destination point is in this state;

16 c. Not "wholly in this state" or not "partly within this
17 state and partly without this state" only if both the seller's
18 shipping point and the purchaser's destination point are outside
19 this state.

20 (d) For purposes of this subdivision:

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

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

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

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

4 (b) The amount of sales which are transactions in this
5 state shall be divided by the total sales, and the net income
6 shall be multiplied by the fraction thus obtained, to determine
7 the proportion of income to be used to arrive at the amount of
8 Missouri taxable income. The investment or reinvestment of its
9 own funds, or sale of any such investment or reinvestment, shall
10 not be considered as sales or other business transacted for the
11 determination of said fraction;

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

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

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

18 (d) For purposes of this subdivision, the purchaser's
19 destination point shall be determined without regard to the FOB
20 point or other conditions of the sale and shall not be in this
21 state if the purchaser received the tangible personal property
22 from the seller in this state for delivery to the purchaser's
23 location outside this state;

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

28 a. In the case of sale, rental, lease, or license of real

1 property, if and to the extent the property is located in this
2 state;

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

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

9 d. In the case of intangible property:

10 (i) That is rented, leased, or licensed, if and to the
11 extent the property is used in this state by the rentee, lessee,
12 or licensee, provided that intangible property utilized in
13 marketing a good or service to a consumer is "used in this state"
14 if that good or service is purchased by a consumer who is in this
15 state. Franchise fees or royalties received for the rent, lease,
16 license, or use of a trade name, trademark, service mark, or
17 franchise system or provides a right to conduct business activity
18 in a specific geographic area are "used in this state" to the
19 extent the franchise location is in this state; and

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

22 i. A contract right, government license, or similar
23 intangible property that authorizes the holder to conduct a
24 business activity in a specific geographic area is "used in this
25 state" if the geographic area includes all or part of this state;

26 ii. Receipts from intangible property sales that are
27 contingent on the productivity, use, or disposition of the
28 intangible property shall be treated as receipts from the rental,

1 lease, or licensing of such intangible property under item (i) of
2 this subparagraph; and

3 iii. All other receipts from a sales of intangible
4 property shall be excluded from the numerator and denominator of
5 the sales factor;

6 (f) If the state or states of assignment under paragraph
7 (e) of this subdivision cannot be determined, the state or states
8 of assignment shall be reasonably approximated;

9 (g) If the state of assignment cannot be determined under
10 paragraph (e) of this subdivision or reasonably approximated
11 under paragraph (f) of this subdivision, such sales shall be
12 excluded from the denominator of the sales factor;

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

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

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

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

26 (c) "Distribution services" include, but are not limited
27 to, the services of advertising, servicing, marketing,
28 underwriting or selling shares of an investment company, but, in

1 the case of advertising, servicing or marketing shares, only
2 where such service is performed by a person who is, or in the
3 case of a closed end company, was, either engaged in the services
4 of underwriting or selling investment company shares or
5 affiliated with a person that is engaged in the service of
6 underwriting or selling investment company shares. In the case
7 of an open end company, such service of underwriting or selling
8 shares must be performed pursuant to a contract entered into
9 pursuant to 15 U.S.C. Section 80a-15(b), as from time to time
10 amended;

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

17 (e) "Investment funds service corporation" includes any
18 corporation or S corporation doing business in the state which
19 derives more than fifty percent of its gross income in the
20 ordinary course of business from the provision directly or
21 indirectly of management, distribution or administration services
22 to or on behalf of an investment company or from trustees,
23 sponsors and participants of employee benefit plans which have
24 accounts in an investment company. An investment funds service
25 corporation shall include any corporation or S corporation
26 providing management services as an investment advisory firm
27 registered under Section 203 of the Investment Advisors Act of
28 1940, as amended from time to time, regardless of the percentage

1 of gross revenues consisting of fees from management services
2 provided to or on behalf of an investment company;

3 (f) "Management services" include but are not limited to,
4 the rendering of investment advice directly or indirectly to an
5 investment company making determinations as to when sales and
6 purchases of securities are to be made on behalf of the
7 investment company, or the selling or purchasing of securities
8 constituting assets of an investment company, and related
9 activities, but only where such activity or activities are
10 performed:

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

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

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

18 (g) "Qualifying sales", gross income derived from the
19 provision directly or indirectly of management, distribution or
20 administration services to or on behalf of an investment company
21 or from trustees, sponsors and participants of employee benefit
22 plans which have accounts in an investment company. For purposes
23 of this section, "gross income" is defined as that amount of
24 income earned from qualifying sources without deduction of
25 expenses related to the generation of such income;

26 (h) "Residence", presumptively the fund shareholder's
27 mailing address on the records of the investment company. If,
28 however, the investment company or the investment funds service

1 corporation has actual knowledge that the fund shareholder's
2 primary residence or principal place of business is different
3 than the fund shareholder's mailing address such presumption
4 shall not control. To the extent an investment funds service
5 corporation does not have access to the records of the investment
6 company, the investment funds service corporation may employ
7 reasonable methods to determine the investment company fund
8 shareholder's residence.

9 (5) Notwithstanding other provisions of law to the
10 contrary, qualifying sales of an investment funds service
11 corporation, or S corporation, shall be considered wholly in this
12 state only to the extent that the fund shareholders of the
13 investment companies, to which the investment funds service
14 corporation, or S corporation, provide services, are resided
15 in this state. Wholly in this state qualifying sales of an
16 investment funds service corporation, or S corporation, shall be
17 determined as follows:

18 (a) By multiplying the investment funds service
19 corporation's total dollar amount of qualifying sales from
20 services provided to each investment company by a fraction, the
21 numerator of which shall be the average of the number of shares
22 owned by the investment company's fund shareholders resided in
23 this state at the beginning of and at the end of the investment
24 company's taxable year that ends with or within the investment
25 funds service corporation's taxable year, and the denominator of
26 which shall be the average of the number of shares owned by the
27 investment company's fund shareholders everywhere at the
28 beginning of and at the end of the investment company's taxable

1 year that ends with or within the investment funds service
2 corporation's taxable year;

3 (b) A separate computation shall be made to determine the
4 wholly in this state qualifying sales from each investment
5 company. The qualifying sales for each investment company shall
6 be multiplied by the respective percentage of each fund, as
7 calculated pursuant to paragraph (a) of this subdivision. The
8 product of this equation shall result in the wholly in this state
9 qualifying sales. The qualifying sales for each investment
10 company which are not wholly in this state will be considered
11 wholly without this state;

12 (c) To the extent an investment funds service corporation
13 has sales which are not qualifying sales, those nonqualified
14 sales shall be apportioned to this state based on the methodology
15 utilized by the investment funds service corporation without
16 regard to this subdivision.

17 3. Any corporation described in subdivision (1) of
18 subsection 1 of section 143.441 organized in this state or
19 granted a permit to operate in this state for the transportation
20 or care of passengers shall report its gross earnings within the
21 state on intrastate business and shall also report its gross
22 earnings on all interstate business done in this state which
23 report shall be subject to inquiry for the purpose of determining
24 the amount of income to be included in Missouri taxable income.
25 The previous sentence shall not apply to a railroad.

26 4. A corporation described in subdivision (2) of subsection
27 1 of section 143.441 shall include in its Missouri taxable income
28 all income arising from all sources in this state and all income

1 from each transportation service wholly within this state, from
2 each service where the only lines of such corporation used are
3 those in this state, and such proportion of revenue from each
4 service where the facilities of such corporation in this state
5 and in another state or states are used, as the mileage used over
6 the lines of such corporation in the state shall bear to the
7 total mileage used over the lines of such corporation. The
8 taxpayer may elect to compute the portion of income from all
9 sources within this state in the following manner:

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

12 (2) The amount of investment of such corporation on
13 December thirty-first of each year in this state in fixed
14 transportation facilities, real estate and improvements, plus the
15 value on December thirty-first of each year of any fixed
16 transportation facilities, real estate and improvements in this
17 state leased from any other railroad shall be divided by the sum
18 of the total amount of investment of such corporation on December
19 thirty-first of each year in fixed transportation facilities,
20 real estate and improvements, plus the value on December thirty-
21 first of each year, of any fixed transportation facilities, real
22 estate and improvements leased from any other railroad. Where
23 any fixed transportation facilities, real estate or improvements
24 are leased by more than one railroad, such portion of the value
25 shall be used by each railroad as the rental paid by each shall
26 bear to the rental paid by all lessees. The income shall be
27 multiplied by the fraction thus obtained to determine the
28 proportion to be used to arrive at the amount of Missouri taxable

1 income.

2 5. A corporation described in subdivision (3) of subsection
3 1 of section 143.441 shall include in its Missouri taxable income
4 one-half of the net income from the operation of a bridge between
5 this and another state. If any such bridge is owned or operated
6 by a railroad corporation or corporations, or by a corporation
7 owning a railroad corporation using such bridge, then the figures
8 for operation of such bridge may be included in the return of
9 such railroad or railroads; or if such bridge is owned or
10 operated by any other corporation which may now or hereafter be
11 required to file an income tax return, one-half of the income or
12 loss to such corporation from such bridge may be included in such
13 return by adding or subtracting same to or from another net
14 income or loss shown by the return.

15 6. A corporation described in subdivision (4) of subsection
16 1 of section 143.441 shall include in its Missouri taxable income
17 all income arising from all sources within this state. Income
18 shall include revenue from each telephonic or telegraphic service
19 rendered wholly within this state; from each service rendered for
20 which the only facilities of such corporation used are those in
21 this state; and from each service rendered over the facilities of
22 such corporation in this state and in other state or states, such
23 proportion of such revenue as the mileage involved in this state
24 shall bear to the total mileage involved over the lines of said
25 company in all states. The taxpayer may elect to compute the
26 portion of income from all sources within this state in the
27 following manner:

28 (1) The income from all sources shall be determined as

1 provided;

2 (2) The amount of investment of such corporation on
3 December thirty-first of each year in this state in telephonic or
4 telegraphic facilities, real estate and improvements thereon,
5 shall be divided by the amount of the total investment of such
6 corporation on December thirty-first of each year in telephonic
7 or telegraphic facilities, real estate and improvements. The
8 income of the taxpayer shall be multiplied by fraction thus
9 obtained to determine the proportion to be used to arrive at the
10 amount of Missouri taxable income.

11 7. From the income determined in subsections 2, 3, 4, 5 and
12 6 of this section to be from all sources within this state shall
13 be deducted such of the deductions for expenses in determining
14 Missouri taxable income as were incurred in this state to produce
15 such income and all losses actually sustained in this state in
16 the business of the corporation.

17 8. If a corporation derives only part of its income from
18 sources within Missouri, its Missouri taxable income shall only
19 reflect the effect of the following listed deductions to the
20 extent applicable to Missouri. The deductions are: (a) its
21 deduction for federal income taxes pursuant to section 143.171,
22 and (b) the effect on Missouri taxable income of the deduction
23 for net operating loss allowed by Section 172 of the Internal
24 Revenue Code. The extent applicable to Missouri shall be
25 determined by multiplying the amount that would otherwise affect
26 Missouri taxable income by the ratio for the year of the Missouri
27 taxable income of the corporation for the year divided by the
28 Missouri taxable income for the year as though the corporation

1 had derived all of its income from sources within Missouri. For
2 the purpose of the preceding sentence, Missouri taxable income
3 shall not reflect the listed deductions.

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

8 144.021. 1. The purpose and intent of sections 144.010 to
9 144.510 is to impose a tax upon the privilege of engaging in the
10 business, in this state, of selling tangible personal property
11 and those services listed in section 144.020 and for the
12 privilege of titling new and used motor vehicles, trailers,
13 boats, and outboard motors purchased or acquired for use on the
14 highways or waters of this state which are required to be
15 registered under the laws of the state of Missouri. Except as
16 otherwise provided, the primary tax burden is placed upon the
17 seller making the taxable sales of property or service and is
18 levied at the rate provided for in section 144.020. Excluding
19 subdivision (9) of subsection 1 of section 144.020 and sections
20 144.070, 144.440 and 144.450, the extent to which a seller is
21 required to collect the tax from the purchaser of the taxable
22 property or service is governed by section 144.285 and in no way
23 affects sections 144.080 and 144.100, which require all sellers
24 to report to the director of revenue their "gross receipts",
25 defined herein to mean the aggregate amount of the sales price of
26 all sales at retail, and remit tax at four percent of their gross
27 receipts.

28 2. If the amount of taxes due under sections 144.010 to

1 144.510 is modified by a decision of:

2 (1) The director of revenue;

3 (2) The administrative hearing commission; or

4 (3) A court of competent jurisdiction;

5
6 which changes which items of tangible personal property or
7 services are taxable, all affected sellers shall be notified by
8 the department of revenue before such modification shall take
9 effect for such sellers. Failure of the department of revenue to
10 notify a seller shall relieve such seller of liability for taxes
11 that would be due under the modification until the seller is
12 notified. The waiver of liability for taxes under this
13 subsection shall only apply to sellers actively selling the type
14 of tangible personal property or service affected by the decision
15 on the date the decision is made or handed down.

16 144.054. 1. As used in this section, the following terms
17 mean:

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

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

27 2. In addition to all other exemptions granted under this
28 chapter, there is hereby specifically exempted from the

1 provisions of sections 144.010 to 144.525 and 144.600 to 144.761,
2 and from the computation of the tax levied, assessed, or payable
3 under sections 144.010 to 144.525 and 144.600 to 144.761,
4 electrical energy and gas, whether natural, artificial, or
5 propane, water, coal, and energy sources, chemicals, machinery,
6 equipment, and materials used or consumed in the manufacturing,
7 processing, compounding, mining, or producing of any product, or
8 used or consumed in the processing of recovered materials, or
9 used in research and development related to manufacturing,
10 processing, compounding, mining, or producing any product. The
11 exemptions granted in this subsection shall not apply to local
12 sales taxes as defined in section 32.085 and the provisions of
13 this subsection shall be in addition to any state and local sales
14 tax exemption provided in section 144.030.

15 3. In addition to all other exemptions granted under this
16 chapter, there is hereby specifically exempted from the
17 provisions of sections 144.010 to 144.525 and 144.600 to 144.761,
18 and section 238.235, and the local sales tax law as defined in
19 section 32.085, and from the computation of the tax levied,
20 assessed, or payable under sections 144.010 to 144.525 and
21 144.600 to 144.761, and section 238.235, and the local sales tax
22 law as defined in section 32.085, all utilities, machinery, and
23 equipment used or consumed directly in television or radio
24 broadcasting and all sales and purchases of tangible personal
25 property, utilities, services, or any other transaction that
26 would otherwise be subject to the state or local sales or use tax
27 when such sales are made to or purchases are made by a contractor
28 for use in fulfillment of any obligation under a defense contract

1 with the United States government, and all sales and leases of
2 tangible personal property by any county, city, incorporated
3 town, or village, provided such sale or lease is authorized under
4 chapter 100, and such transaction is certified for sales tax
5 exemption by the department of economic development, and tangible
6 personal property used for railroad infrastructure brought into
7 this state for processing, fabrication, or other modification for
8 use outside the state in the regular course of business.

9 4. In addition to all other exemptions granted under this
10 chapter, there is hereby specifically exempted from the
11 provisions of sections 144.010 to 144.525 and 144.600 to 144.761,
12 and section 238.235, and the local sales tax law as defined in
13 section 32.085, and from the computation of the tax levied,
14 assessed, or payable under sections 144.010 to 144.525 and
15 144.600 to 144.761, and section 238.235, and the local sales tax
16 law as defined in section 32.085, all sales and purchases of
17 tangible personal property, utilities, services, or any other
18 transaction that would otherwise be subject to the state or local
19 sales or use tax when such sales are made to or purchases are
20 made by a private partner for use in completing a project under
21 sections 227.600 to 227.669.

22 5. In addition to all other exemptions granted under this
23 chapter, there is hereby specifically exempted from the
24 provisions of sections 144.010 to 144.525 and 144.600 to 144.761,
25 and section 238.235, and the local sales tax law as defined in
26 section 32.085, and from the computation of the tax levied,
27 assessed, or payable under sections 144.010 to 144.525 and
28 144.600 to 144.761, and section 238.235, and the local sales tax

1 law as defined in section 32.085, all materials, manufactured
2 goods, machinery and parts, electrical energy and gas, whether
3 natural, artificial or propane, water, coal and other energy
4 sources, chemicals, soaps, detergents, cleaning and sanitizing
5 agents, and other ingredients and materials inserted by
6 commercial or industrial laundries to treat, clean, and sanitize
7 textiles in facilities which process at least five hundred pounds
8 of textiles per hour and at least sixty thousand pounds per week.

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Rob Schaaf

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