

SECOND REGULAR SESSION

SENATE BILL NO. 617

99TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR EIGEL.

Pre-filed December 1, 2017, and ordered printed.

ADRIANE D. CROUSE, Secretary.

4085S.07I

AN ACT

To repeal sections 135.352, 142.803, 143.011, 143.131, 143.171, 144.140, 144.710, and 313.935, RSMo, and to enact in lieu thereof seven new sections relating to taxation.

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

Section A. Sections 135.352, 142.803, 143.011, 143.131, 143.171, 144.140, 2 144.710, and 313.935, RSMo, are repealed and seven new sections enacted in lieu 3 thereof, to be known as sections 32.070, 135.007, 135.352, 142.803, 143.011, 4 143.131, and 313.935, to read as follows:

32.070. 1. The director of the department of revenue shall enter 2 into the streamlined sales and use tax agreement with one or more 3 states to simplify and modernize sales and use tax administration in 4 order to substantially reduce the burden of tax compliance for all 5 sellers and for all types of commerce. In furtherance of the streamlined 6 sales and use tax agreement, the director of the department of revenue 7 may act jointly with other states that are members of the streamlined 8 sales and use tax agreement to establish standards for certification of 9 a certified service provider and certified automated system and 10 establish performance standards for multistate sellers.

2. The director of the department of revenue may take other 11 action reasonably required to implement the provisions set forth in the 12 streamlined sales and use tax agreement, including, but not limited to, 13 the promulgation of rules and the joint procurement, with other 14 member states, of goods and services in furtherance of the streamlined 15 sales and use tax agreement. 16

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

17 **3. For the purposes of representing the state as a member of the**
18 **agreement and, if necessary, amending the agreement, the state shall**
19 **be represented by four delegates, one of whom shall be appointed by**
20 **the governor, one shall be a member of the general assembly appointed**
21 **by the president pro tempore of the senate, one shall be a member of**
22 **the general assembly appointed by the speaker of the house of**
23 **representatives, with the director of the department of revenue or the**
24 **director's designee as the fourth delegate. The delegates shall**
25 **recommend to the committees responsible for reviewing tax issues in**
26 **the senate and the house of representatives each year any amendment**
27 **of state statutes required to be substantially in compliance with the**
28 **agreement. Such delegates shall make a written report by the fifteenth**
29 **day of January each year regarding the status of the agreement.**

30 **4. The department of revenue shall promulgate rules necessary**
31 **to implement the provisions of the streamlined sales and use tax**
32 **agreement. Any rule or portion of a rule, as that term is defined in**
33 **section 536.010 that is created under the authority delegated in this**
34 **section shall become effective only if it complies with and is subject to**
35 **all of the provisions of chapter 536, and, if applicable, section**
36 **536.028. This section and chapter 536 are nonseverable and if any of**
37 **the powers vested with the general assembly pursuant to chapter 536,**
38 **to review, to delay the effective date, or to disapprove and annul a rule**
39 **are subsequently held unconstitutional, then the grant of rulemaking**
40 **authority and any rule proposed or adopted after August 28, 2018, shall**
41 **be invalid and void.**

135.007. Notwithstanding any other provision of law to the
2 **contrary, the total amount of tax credits that may be authorized in a**
3 **given fiscal year shall not exceed four hundred twenty-five million**
4 **dollars.**

 135.352. 1. A taxpayer owning an interest in a qualified Missouri project
2 shall, subject to the limitations provided under the provisions of subsection 3 of
3 this section, be allowed a state tax credit, whether or not allowed a federal tax
4 credit, to be termed the Missouri low-income housing tax credit, if the commission
5 issues an eligibility statement for that project.

 2. For qualified Missouri projects placed in service after January 1, 1997,
7 the Missouri low-income housing tax credit available to a project shall be such
8 amount as the commission shall determine is necessary to ensure the feasibility

9 of the project, up to an amount equal to the federal low-income housing tax credit
10 for a qualified Missouri project, for a federal tax period, and such amount shall
11 be subtracted from the amount of state tax otherwise due for the same tax period.

12 3. No [more than six million dollars in] tax credits shall be authorized
13 [each fiscal year] **under sections 135.350 to 135.363** for projects financed
14 through tax-exempt bond issuance.

15 4. The Missouri low-income housing tax credit shall be taken against the
16 taxes and in the order specified pursuant to section 32.115. The credit authorized
17 by this section shall not be refundable. Any amount of credit that exceeds the tax
18 due for a taxpayer's taxable year may be carried back to any of the taxpayer's
19 three prior taxable years or carried forward to any of the taxpayer's five
20 subsequent taxable years.

21 5. All or any portion of Missouri tax credits issued in accordance with the
22 provisions of sections 135.350 to 135.362 may be allocated to parties who are
23 eligible pursuant to the provisions of subsection 1 of this section. Beginning
24 January 1, 1995, for qualified projects which began on or after January 1, 1994,
25 an owner of a qualified Missouri project shall certify to the director the amount
26 of credit allocated to each taxpayer. The owner of the project shall provide to the
27 director appropriate information so that the low-income housing tax credit can be
28 properly allocated.

29 6. In the event that recapture of Missouri low-income housing tax credits
30 is required pursuant to subsection 2 of section 135.355, any statement submitted
31 to the director as provided in this section shall include the proportion of the state
32 credit required to be recaptured, the identity of each taxpayer subject to the
33 recapture and the amount of credit previously allocated to such taxpayer.

34 7. **For each fiscal year beginning on or after July 1, 2018, no tax**
35 **credits shall be authorized under the provisions of sections 135.350 to**
36 **135.363 which, in the aggregate, exceed one hundred thirty-five million**
37 **dollars, increased by any amount of tax credits that are recaptured**
38 **under the provisions of section 135.355.**

39 8. The director of the department may promulgate rules and regulations
40 necessary to administer the provisions of this section. No rule or portion of a rule
41 promulgated pursuant to the authority of this section shall become effective
42 unless it has been promulgated pursuant to the provisions of section 536.024.

142.803. 1. A tax is levied and imposed on all motor fuel used or
2 consumed in this state as follows:

3 (1) Motor fuel, seventeen cents per gallon **until December 31, 2018,**
4 **and twenty-three cents per gallon thereafter;**

5 (2) Alternative fuels, not subject to the decal fees as provided in section
6 142.869, with a power potential equivalent of motor fuel. In the event alternative
7 fuel, which is not commonly sold or measured by the gallon, is used in motor
8 vehicles on the highways of this state, the director is authorized to assess and
9 collect a tax upon such alternative fuel measured by the nearest power potential
10 equivalent to that of one gallon of regular grade gasoline. The determination by
11 the director of the power potential equivalent of such alternative fuel shall be
12 prima facie correct;

13 (3) Aviation fuel used in propelling aircraft with reciprocating engines,
14 nine cents per gallon as levied and imposed by section 155.080 to be collected as
15 required under this chapter;

16 (4) Compressed natural gas fuel, five cents per gasoline gallon equivalent
17 until December 31, 2019, eleven cents per gasoline gallon equivalent from
18 January 1, 2020, until December 31, 2024, and then seventeen cents per gasoline
19 gallon equivalent thereafter. The gasoline gallon equivalent and method of sale
20 for compressed natural gas shall be as published by the National Institute of
21 Standards and Technology in Handbooks 44 and 130, and supplements thereto
22 or revisions thereof. In the absence of such standard or agreement, the gasoline
23 gallon equivalent and method of sale for compressed natural gas shall be equal
24 to five and sixty-six-hundredths pounds of compressed natural gas. All applicable
25 provisions contained in this chapter governing administration, collections, and
26 enforcement of the state motor fuel tax shall apply to the tax imposed on
27 compressed natural gas, including but not limited to licensing, reporting,
28 penalties, and interest;

29 (5) Liquefied natural gas fuel, five cents per diesel gallon equivalent until
30 December 31, 2019, eleven cents per diesel gallon equivalent from January 1,
31 2020, until December 31, 2024, and then seventeen cents per diesel gallon
32 equivalent thereafter. The diesel gallon equivalent and method of sale for
33 liquefied natural gas shall be as published by the National Institute of Standards
34 and Technology in Handbooks 44 and 130, and supplements thereto or revisions
35 thereof. In the absence of such standard or agreement, the diesel gallon
36 equivalent and method of sale for liquefied natural gas shall be equal to six and
37 six-hundredths pounds of liquefied natural gas. All applicable provisions
38 contained in this chapter governing administration, collections, and enforcement

39 of the state motor fuel tax shall apply to the tax imposed on liquefied natural gas,
40 including but not limited to licensing, reporting, penalties, and interest;

41 (6) Propane gas fuel, five cents per gallon until December 31, 2019, eleven
42 cents per gallon from January 1, 2020, until December 31, 2024, and then
43 seventeen cents per gallon thereafter. All applicable provisions contained in this
44 chapter governing administration, collection, and enforcement of the state motor
45 fuel tax shall apply to the tax imposed on propane gas including, but not limited
46 to, licensing, reporting, penalties, and interest;

47 (7) If a natural gas, compressed natural gas, liquefied natural gas,
48 electric, or propane connection is used for fueling motor vehicles and for another
49 use, such as heating, the tax imposed by this section shall apply to the entire
50 amount of natural gas, compressed natural gas, liquefied natural gas, electricity,
51 or propane used unless an approved separate metering and accounting system is
52 in place.

53 2. All taxes, surcharges and fees are imposed upon the ultimate consumer,
54 but are to be precollected as described in this chapter, for the facility and
55 convenience of the consumer. The levy and assessment on other persons as
56 specified in this chapter shall be as agents of this state for the precollection of the
57 tax.

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

5 If the Missouri taxable income is:	The tax is:
6 Not over \$1,000.00	1 ½% of the Missouri taxable income
7 Over \$1,000 but not over \$2,000	\$15 plus 2% of excess over \$1,000
8 Over \$2,000 but not over \$3,000	\$35 plus 2 ½% of excess over \$2,000
9 Over \$3,000 but not over \$4,000	\$60 plus 3% of excess over \$3,000
10 Over \$4,000 but not over \$5,000	\$90 plus 3 ½% of excess over \$4,000
11 Over \$5,000 but not over \$6,000	\$125 plus 4% of excess over \$5,000
12 Over \$6,000 but not over \$7,000	\$165 plus 4 ½% of excess over \$6,000
13 Over \$7,000 but not over \$8,000	\$210 plus 5% of excess over \$7,000
14 Over \$8,000 but not over \$9,000	\$260 plus 5 ½% of excess over \$8,000
15 Over \$9,000	\$315 plus 6% of excess over \$9,000

16 2. (1) Beginning with the [2017] **2019** calendar year, the top [rate] **two**
17 **and bottom four rates** of tax under subsection 1 of this section [may] **shall be**

18 [reduced over a period of years] **eliminated, and the top remaining tax rate**
19 **shall be reduced to four and eight-tenths percent for all income over**
20 **seven thousand dollars as adjusted under subsection 3 of this**
21 **section. The bottom remaining tax rate shall be three and one-half**
22 **percent for all income not over five thousand dollars, as adjusted under**
23 **subsection 3 of this section.**

24 **(2) Beginning with the 2020 calendar year, the remaining rates**
25 **of tax under subsection 1 of this section may be reduced over a period**
26 **of years.** Each reduction in the [top rate] rates of tax shall be by one-tenth of
27 a percent and no more than one reduction shall occur **for each rate** in a
28 calendar year. [The top rate of tax shall not be reduced below five and one-half
29 percent.] Reductions in the [rate] rates of tax shall take effect on January first
30 of a calendar year and such reduced rates shall continue in effect until the next
31 reduction occurs.

32 [(2)] **(3)** A reduction in the [rate] rates of tax shall only occur if the
33 amount of net general revenue collected in the previous fiscal year **equals or**
34 exceeds the [highest] amount of net general revenue collected in [any of] the
35 [three] fiscal [years] **year** prior to such fiscal year [by at least one hundred fifty
36 million dollars].

37 [(3)] **(4)** Any modification of tax rates under this subsection shall only
38 apply to tax years that begin on or after a modification takes effect.

39 [(4)] **(5)** The director of the department of revenue shall, by rule, adjust
40 the tax tables under subsection 1 of this section to effectuate the provisions of
41 this subsection. The bracket for income subject to the [top rate of tax shall be
42 eliminated once the top rate of tax has been reduced to five and one-half of a
43 percent] **lowest rate of tax shall be eliminated once the rate of tax for**
44 **such income bracket is reduced to zero percent.**

45 3. Beginning with the 2017 calendar year, the brackets of Missouri
46 taxable income identified in subsection 1 of this section shall be adjusted
47 annually by the percent increase in inflation. The director shall publish such
48 brackets annually beginning on or after October 1, 2016. Modifications to the
49 brackets shall take effect on January first of each calendar year and shall apply
50 to tax years beginning on or after the effective date of the new brackets.

51 4. As used in this section, the following terms mean:

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

54 index;

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

58 (3) "Percent increase in inflation", the percentage, if any, by which the
59 CPI for the preceding calendar year exceeds the CPI for the year beginning
60 September 1, 2014, and ending August 31, 2015.

143.131. 1. The Missouri standard deduction may be deducted in
2 determining Missouri taxable income of a resident individual unless the taxpayer
3 or his spouse has elected to itemize his deduction as provided in section 143.141.

4 2. The Missouri standard deduction shall be [the allowable federal
5 standard deduction]:

6 **(1) If the taxpayer's filing status is single or married filing**
7 **separate, six thousand three hundred dollars;**

8 **(2) If the taxpayer's filing status is married filing combined or**
9 **qualifying widow(er), twelve thousand six hundred dollars;**

10 **(3) If the taxpayer's filing status is head of household, nine**
11 **thousand three hundred dollars.**

313.935. 1. No fantasy sports contest operator shall offer any fantasy
2 sports contest in Missouri without first being licensed by the commission. A
3 fantasy sports contest operator wishing to offer fantasy sports contests in this
4 state shall annually apply to the commission for a license and shall remit to the
5 commission an annual application fee of ten thousand dollars or ten percent of
6 the applicant's net revenue from the previous calendar year, whichever is lower.

7 2. As part of the commission's investigation and licensing process, the
8 commission may conduct an investigation of the fantasy sports contest operator's
9 employees, officers, directors, trustees, and principal salaried executive staff
10 officers. The applicant shall be responsible for the total cost of the investigation.
11 If the cost of the investigation exceeds the application fee, the applicant shall
12 remit to the commission the total cost of the investigation prior to any license
13 being issued. The total cost of the investigation, paid by the applicant, shall not
14 exceed fifty thousand dollars. All revenue received under this section shall be
15 placed into the gaming commission fund created under section 313.835.

16 3. In addition to the application fee, a licensed operator shall also pay an
17 annual operation fee, on April fifteenth of each year, in a sum equal to [eleven
18 and one-half] **six** percent of the licensed operator's net revenue from the previous

19 calendar year. All revenue collected under this subsection shall be placed in the
20 gaming proceeds for education fund created under section 313.822. If a licensed
21 operator fails to pay the annual operation fee by April fifteenth, the licensed
22 operator shall have its license immediately suspended by the commission until
23 such payment is made.

24 4. Any fantasy sports contest operator already operating in the state prior
25 to April 1, 2016, may operate until they have received or have been denied a
26 license. Such fantasy sports contest operators shall apply for a license prior to
27 October 1, 2016. Any fantasy sports contest operator operating under this
28 subsection after August 28, 2016, shall pay the annual operation fee of [eleven
29 and one-half] **six** percent of its net revenue from August 28, 2016, until action is
30 taken on its application. If a fantasy sports contest operator fails to pay its
31 operation fee by April 15, 2017, the fantasy sports contest operator shall have its
32 license immediately suspended by the commission, or if the fantasy sports contest
33 operator has a pending application, its application shall be denied immediately.

34 5. If a fantasy sports contest operator ceases to offer fantasy sports
35 contests in Missouri, the operator shall pay an operation fee equal to [eleven and
36 one-half] **six** percent of its net revenue for the period of the calendar year in
37 which it offered fantasy sports contests in Missouri. Such payment shall be made
38 within sixty days of the last day the fantasy sports contest operator offered
39 fantasy sports contests in Missouri. After the expiration of sixty days, a penalty
40 of five hundred dollars per day shall be assessed against the fantasy sports
41 contest operator until the operation fee and any penalty is paid in full.

[143.171. 1. For all tax years beginning on or after January
2 1, 1994, an individual taxpayer shall be allowed a deduction for his
3 federal income tax liability under Chapter 1 of the Internal
4 Revenue Code for the same taxable year for which the Missouri
5 return is being filed, not to exceed five thousand dollars on a single
6 taxpayer's return or ten thousand dollars on a combined return,
7 after reduction for all credits thereon, except the credit for
8 payments of federal estimated tax, the credit for the overpayment
9 of any federal tax, and the credits allowed by the Internal Revenue
10 Code by Section 31 (tax withheld on wages), Section 27 (tax of
11 foreign country and United States possessions), and Section 34 (tax
12 on certain uses of gasoline, special fuels, and lubricating oils).

13 2. For all tax years beginning on or after September 1,

14 1993, a corporate taxpayer shall be allowed a deduction for fifty
15 percent of its federal income tax liability under Chapter 1 of the
16 Internal Revenue Code for the same taxable year for which the
17 Missouri return is being filed after reduction for all credits thereon,
18 except the credit for payments of federal estimated tax, the credit
19 for the overpayment of any federal tax, and the credits allowed by
20 the Internal Revenue Code by Section 31 (tax withheld on wages),
21 Section 27 (tax of foreign country and United States possessions),
22 and Section 34 (tax on certain uses of gasoline, special fuels and
23 lubricating oils).

24 3. If a federal income tax liability for a tax year prior to the
25 applicability of sections 143.011 to 143.996 for which he was not
26 previously entitled to a Missouri deduction is later paid or accrued,
27 he may deduct the federal tax in the later year to the extent it
28 would have been deductible if paid or accrued in the prior year.]

2 [144.140. From every remittance to the director of revenue
made on or before the date when the same becomes due, the person
3 required to remit the same shall be entitled to deduct and retain
4 an amount equal to two percent thereof.]

2 [144.710. From every remittance made by a vendor as
required by sections 144.600 to 144.745 to the director of revenue
3 on or before the date when the remittance becomes due, the vendor
4 may deduct and retain an amount equal to two percent thereof.]

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