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

SENATE BILL NO. 884
99TH GENERAL ASSEMBLY
2018

AN ACT
To repeal sections 32.200, 143.011, 143.071, 143.431, 143.451, 143.461, 143.471, 144.087, and 620.1350, RSMo, and to enact in lieu thereof ten new sections relating to taxation.

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

Section A. Sections 32.200, 143.011, 143.071, 143.431, 143.451, 143.461, 143.471, 144.087, and 620.1350, RSMo, are repealed and ten new sections enacted in lieu thereof, to be known as sections 32.200, 143.011, 143.071, 143.431, 143.451, 143.455, 143.461, 143.471, 144.087, and 620.1350, to read as follows:

32.200. The "Multistate Tax Compact" is hereby enacted into law and entered into with all jurisdictions legally joining therein, in the form substantially as follows:

MULTISTATE TAX COMPACT

Article I

The purposes of this compact are to:

1. Facilitate proper determination of state and local tax liability of multistate taxpayers, including the equitable apportionment of tax bases and settlement of apportionment disputes.

2. Promote uniformity or compatibility in significant components of tax systems.

3. Facilitate taxpayer convenience and compliance in the filing of tax returns and in other phases of tax administration.

4. Avoid duplicative taxation.

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

As used in this compact:

1. "State" means a state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, or any territory or possession of the United States.

2. "Subdivision" means any governmental unit or special district of a state.

3. "Taxpayer" means any corporation, partnership, firm, association, governmental unit or agency or person acting as a business entity in more than one state.

4. "Income tax" means a tax imposed on or measured by net income including any tax imposed on or measured by an amount arrived at by deducting expenses from gross income, one or more forms of which expenses are not specifically and directly related to particular transactions.

5. "Capital stock tax" means a tax measured in any way by the capital of a corporation considered in its entirety.

6. "Gross receipts tax" means a tax, other than a sales tax, which is imposed on or measured by the gross volume of business, in terms of gross receipts or in other terms, and in the determination of which no deduction is allowed which would constitute the tax an income tax.

7. "Sales tax" means a tax imposed with respect to the transfer for a consideration of ownership, possession or custody of tangible personal property or the rendering of services measured by the price of the tangible personal property transferred or services rendered and which is required by state or local law to be separately stated from the sales price by the seller, or which is customarily separately stated from the sales price, but does not include a tax imposed exclusively on the sale of a specifically identified commodity or article or class of commodities or articles.

8. "Use tax" means a nonrecurring tax, other than a sales tax, which (a) is imposed on or with respect to the exercise or enjoyment of any right or power over tangible personal property incident to the ownership, possession or custody of that property or the leasing of that property from another including any consumption, keeping, retention, or other use of tangible personal property; and

(b) is complementary to a sales tax.

9. "Tax" means an income tax, capital stock tax, gross receipts tax, sales
tax, use tax, and any other tax which has a multistate impact, except that the provisions of articles III, IV and V of this compact shall apply only to the taxes specifically designated therein and the provisions of article IX of this compact shall apply only in respect to determinations pursuant to article IV.

Article III

1. Any taxpayer subject to an income tax whose income is subject to apportionment and allocation for tax purposes pursuant to the laws of a party state or pursuant to the laws of subdivisions in two or more party states may elect to apportion and allocate his income in the manner provided by the laws of such state or by the laws of such states and subdivisions without reference to this compact, or may elect to apportion and allocate in accordance with article IV; except that for tax years beginning on or after January 1, 2020, any taxpayer subject to the tax imposed by section 143.071 shall apportion and allocate in accordance with the provisions of Chapter 143 and shall not apportion or allocate in accordance with article IV. This election for any tax year may be made in all party states or subdivisions thereof or in any one or more of the party states or subdivisions thereof without reference to the election made in the others. For the purposes of this paragraph, taxes imposed by subdivisions shall be considered separately from state taxes and the apportionment and allocation also may be applied to the entire tax base. In no instance wherein article IV is employed for all subdivisions of a state may the sum of all apportionments and allocations to subdivisions within a state be greater than the apportionment and allocation that would be assignable to that state if the apportionment or allocation were being made with respect to a state income tax.

2. Each party state or any subdivision thereof which imposes an income tax shall provide by law that any taxpayer required to file a return, whose only activities within the taxing jurisdiction consist of sales and do not include owning or renting real estate or tangible personal property, and whose dollar volume of gross sales made during the tax year within the state or subdivision, as the case may be, is not in excess of $100,000 may elect to report and pay any tax due on the basis of a percentage of such volume, and shall adopt rates which shall produce a tax which reasonably approximates the tax otherwise due. The multistate tax commission, not more than once in five years, may adjust the $100,000 figure in order to reflect such changes as may occur in the real value of the dollar, and such adjusted figure, upon adoption by the commission, shall
replace the $100,000 figure specifically provided herein. Each party state and subdivision thereof may make the same election available to taxpayers additional to those specified in this paragraph.

3. Nothing in this article relates to the reporting or payment of any tax other than an income tax.

Article IV

1. As used in this article, unless the context otherwise requires:

(1) "Business income" means income arising from transactions and activity in the regular course of the taxpayer's trade or business and includes income from tangible and intangible property if the acquisition, management, and disposition of the property constitute integral parts of the taxpayer's regular trade or business operations.

(2) "Commercial domicile" means the principal place from which the trade or business of the taxpayer is directed or managed.

(3) "Compensation" means wages, salaries, commissions and any other form of remuneration paid to employees for personal services.

(4) "Financial organization" means any bank, trust company, savings bank, industrial bank, land bank, safe deposit company, private banker, savings and loan association, credit union, cooperative bank, small loan company, sales finance company, investment company, or any type of insurance company.

(5) "Nonbusiness income" means all income other than business income.

(6) "Public utility" means any business entity

(a) which owns or operates any plant, equipment, property, franchise, or license for the transmission of communications, transportation of goods or persons, except by pipeline, or the production, transmission, sale, delivery, or furnishing of electricity, water or steam; and

(b) whose rates of charges for goods or services have been established or approved by a federal, state or local government or governmental agency.

(7) "Sales" means all gross receipts of the taxpayer not allocated under paragraphs of this article.

(8) "State" means any state of the United States, the District of Columbia, the Commonwealth of Puerto Rico, any territory or possession of the United States, and any foreign country or political subdivision thereof.

(9) "This state" means the state in which the relevant tax return is filed or, in the case of application of this article, to the apportionment and allocation of income for local tax purposes, the subdivision or local taxing district in which
the relevant tax return is filed.

2. Any taxpayer having income from business activity which is taxable both within and without this state, other than activity as a financial organization or public utility or the rendering of purely personal services by an individual, shall allocate and apportion his net income as provided in this article. If a taxpayer has income from business activity as a public utility but derives the greater percentage of his income from activities subject to this article, the taxpayer may elect to allocate and apportion his entire net income as provided in this article.

3. For purposes of allocation and apportionment of income under this article, a taxpayer is taxable in another state if

   (1) in that state he is subject to a net income tax, a franchise tax measured by net income, a franchise tax for the privilege of doing business, or a corporate stock tax; or

   (2) that state has jurisdiction to subject the taxpayer to a net income tax regardless of whether, in fact, the state does or does not.

4. Rents and royalties from real or tangible personal property, capital gains, interest, dividends or patent or copyright royalties, to the extent that they constitute nonbusiness income, shall be allocated as provided in paragraphs 5 through 8 of this article.

5. (1) Net rents and royalties from real property located in this state are allocable to this state.

   (2) Net rents and royalties from tangible personal property are allocable to this state:

      (a) if and to the extent that the property is utilized in this state; or

      (b) in their entirety if the taxpayer's commercial domicile is in this state and the taxpayer is not organized under the laws of or taxable in the state in which the property is utilized.

   (3) The extent of utilization of tangible personal property in a state is determined by multiplying the rents and royalties by a fraction, the numerator of which is the number of days of physical location of the property in the state during the rental or royalty period in the taxable year and the denominator of which is the number of days of physical location of the property everywhere during all rental or royalty periods in the taxable year. If the physical location of the property during the rental or royalty period is unknown or unascertainable by the taxpayer, tangible personal property is utilized in the state in which the
property was located at the time the rental or royalty payer obtained possession.

6. (1) Capital gains and losses from sales of real property located in this state are allocable to this state.

(2) Capital gains and losses from sales of tangible personal property are allocable to this state if

(a) the property had a situs in this state at the time of the sale; or

(b) the taxpayer's commercial domicile is in this state and the taxpayer is not taxable in the state in which the property had a situs.

(3) Capital gains and losses from sales of intangible personal property are

allocable to this state if the taxpayer's commercial domicile is in this state.

7. Interest and dividends are allocable to this state if the taxpayer's commercial domicile is in this state.

8. (1) Patent and copyright royalties are allocable to this state:

(a) if and to the extent that the patent or copyright is utilized by the payer in this state; or

(b) if and to the extent that the patent copyright is utilized by the payer in a state in which the taxpayer is not taxable and the taxpayer's commercial domicile is in this state.

(2) A patent is utilized in a state to the extent that it is employed in production, fabrication, manufacturing, or other processing in the state or to the extent that a patented product is produced in the state. If the basis of receipts from patent royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the patent is utilized in the state in which the taxpayer's commercial domicile is located.

(3) A copyright is utilized in a state to the extent that printing or other publication originates in the state. If the basis of receipts from copyright royalties does not permit allocation to states or if the accounting procedures do not reflect states of utilization, the copyright is utilized in the state in which the taxpayer's commercial domicile is located.

9. All business income shall be apportioned to this state by multiplying the income by a fraction, the numerator of which is the property factor plus the payroll factor plus the sales factor, and the denominator of which is three.

10. The property factor is a fraction, the numerator of which is the average value of the taxpayer's real and tangible personal property owned or rented and used in this state during the tax period and the denominator of which is the average value of all the taxpayer's real and tangible personal property
owned or rented and used during the tax period.

11. Property owned by the taxpayer is valued at its original cost. Property rented by the taxpayer is valued at eight times the net annual rental rate. Net annual rental rate is the annual rental rate paid by the taxpayer less any annual rental rate received by the taxpayer from subrentals.

12. The average value of property shall be determined by averaging the values at the beginning and ending of the tax period but the tax administrator may require the averaging of monthly values during the tax period if reasonably required to reflect properly the average value of the taxpayer's property.

13. The payroll factor is a fraction, the numerator of which is the total amount paid in this state during the tax period by the taxpayer for compensation and the denominator of which is the total compensation paid everywhere during the tax period.

14. Compensation is paid in this state if:

(1) the individual's service is performed entirely within the state;
(2) the individual's service is performed both within and without the state, but the service performed without the state is incidental to the individual's service within the state; or
(3) some of the service is performed in the state; and
   (a) the base of operations or, if there is no base of operations, the place from which the service is directed or controlled is in the state; or
   (b) the base of operations or the place from which the service is directed or controlled is not in any state in which some part of the service is performed, but the individual's residence is in this state.

15. The sales factor is a fraction, the numerator of which is the total sales of the taxpayer in this state during the tax period, and the denominator of which is the total sales of the taxpayer everywhere during the tax period.

16. Sales of tangible personal property are in this state if:

(1) the property is delivered or shipped to a purchaser, other than the United States government, within this state regardless of the f.o.b. point or other conditions of the sale; or
(2) the property is shipped from an office, store, warehouse, factory, or other place of storage in this state; and
   (a) the purchaser is the United States government; or
   (b) the taxpayer is not taxable in the state of the purchaser.

17. Sales, other than sales of tangible personal property, are in this state
if:

(1) the income-producing activity is performed in this state; or
(2) the income-producing activity is performed both in and outside this state and a greater proportion of the income-producing activity is performed in this state than in any other state, based on costs of performance.

18. If the allocation and apportionment provisions of this article do not fairly represent the extent of the taxpayer's business activity in this state, the taxpayer may petition for or the tax administrator may require, in respect to all or any part of the taxpayer's business activity, if reasonable:

(1) separate accounting;
(2) the exclusion of any one or more of the factors;
(3) the inclusion of one or more additional factors which will fairly represent the taxpayer's business activity in this state; or
(4) the employment of any other method to effectuate an equitable allocation and apportionment of the taxpayer's income.

Article V

1. Each purchaser liable for a use tax on tangible personal property shall be entitled to full credit for the combined amount or amounts of legally imposed sales or use taxes paid by him with respect to the same property to another state and any subdivision thereof. The credit shall be applied first against the amount of any use tax due the state, and any unused portion of the credit shall then be applied against the amount of any use tax due a subdivision.

2. Whenever a vendor receives and accepts in good faith from a purchaser a resale or other exemption certificate or other written evidence of exemption authorized by the appropriate state or subdivision taxing authority, the vendor shall be relieved of liability for a sales or use tax with respect to the transaction.

Article VI

1. (a) The multistate tax commission is hereby established. It shall be composed of one "member" from each party state who shall be the head of the state agency charged with the administration of the types of taxes to which this compact applies. If there is more than one such agency the state shall provide by law for the selection of the commission member from the heads of the relevant agencies. State law may provide that a member of the commission be represented by an alternate but only if there is on file with the commission written notification of the designation and identity of the alternate. The attorney general of each party state or his designee, or other counsel if the laws of the party state
specifically provide, shall be entitled to attend the meetings of the commission,
but shall not vote. Such attorneys general, designees, or other counsel shall
receive all notices of meetings required under paragraph 1 (e) of this article.

(b) Each party state shall provide by law for the selection of
representatives from its subdivisions affected by this compact to consult with the
commission member from that state.

(c) Each member shall be entitled to one vote. The commission shall not
act unless a majority of the members are present, and no action shall be binding
unless approved by a majority of the total number of members.

(d) The commission shall adopt an official seal to be used as it may
provide.

(e) The commission shall hold an annual meeting and such other regular
meetings as its bylaws may provide and such special meetings as its executive
committee may determine. The commission bylaws shall specify the dates of the
annual and any other regular meetings, and shall provide for the giving of notice
of annual, regular and special meetings. Notices of special meetings shall include
the reasons therefor and an agenda of the items to be considered.

(f) The commission shall elect annually, from among its members, a
chairman, a vice chairman and a treasurer. The commission shall appoint an
executive director who shall serve at its pleasure, and it shall fix his duties and
compensation. The executive director shall be secretary of the commission. The
commission shall make provision for the bonding of such of its officers and
employees as it may deem appropriate.

(g) Irrespective of the civil service, personnel or other merit system laws
of any party state, the executive director shall appoint or discharge such
personnel as may be necessary for the performance of the functions of the
commission and shall fix their duties and compensation. The commission bylaws
shall provide for personnel policies and programs.

(h) The commission may borrow, accept or contract for the services of
personnel from any state, the United States, or any other governmental entity.

(i) The commission may accept for any of its purposes and functions any
and all donations and grants of money, equipment, supplies, materials and
services, conditional or otherwise, from any governmental entity, and may utilize
and dispose of the same.

(j) The commission may establish one or more offices for the transacting
of its business.
(k) The commission shall adopt bylaws for the conduct of its business. The commission shall publish its bylaws in convenient form, and shall file a copy of the bylaws and any amendments thereto with the appropriate agency or officer in each of the party states.

(l) The commission annually shall make to the governor and legislature of each party state a report covering its activities for the preceding year. Any donation or grant accepted by the commission or services borrowed shall be reported in the annual report of the commission, and shall include the nature, amount and conditions, if any, of the donation, gift, grant or services borrowed and the identity of the donor or lender. The commission may make additional reports as it may deem desirable.

2. (a) To assist in the conduct of its business when the full commission is not meeting, the commission shall have an executive committee of seven members, including the chairman, vice chairman, treasurer and four other members elected annually by the commission. The executive committee, subject to the provisions of this compact and consistent with the policies of the commission, shall function as provided in the bylaws of the commission.

(b) The commission may establish advisory and technical committees, membership on which may include private persons and public officials, in furthering any of its activities. Such committees may consider any matter of concern to the commission, including problems of special interest to any party state and problems dealing with particular types of taxes.

(c) The commission may establish such additional committees as its bylaws may provide.

3. In addition to powers conferred elsewhere in this compact, the commission shall have power to:

(a) Study state and local tax systems and particular types of state and local taxes.

(b) Develop and recommend proposals for an increase in uniformity or compatibility of state and local tax laws with a view toward encouraging the simplification and improvement of state and local tax law and administration.

(c) Compile and publish information as in its judgment would assist the party states in implementation of the compact and taxpayers in complying with state and local tax laws.

(d) Do all things necessary and incidental to the administration of its functions pursuant to this compact.
4. (a) The commission shall submit to the governor or designated officer or officers of each party state a budget of its estimated expenditures for such period as may be required by the laws of that state for presentation to the legislature thereof.

(b) Each of the commission’s budgets of estimated expenditures shall contain specific recommendations of the amounts to be appropriated by each of the party states. The total amount of appropriations requested under any such budget shall be apportioned among the party states as follows: one-tenth in equal shares; and the remainder in proportion to the amount of revenue collected by each party state and its subdivisions from income taxes, capital stock taxes, gross receipts taxes, sales and use taxes. In determining such amounts, the commission shall employ such available public sources of information as, in its judgment, present the most equitable and accurate comparisons among the party states. Each of the commission’s budgets of estimated expenditures and requests for appropriations shall indicate the sources used in obtaining information employed in applying the formula contained in this paragraph.

(c) The commission shall not pledge the credit of any party state. The commission may meet any of its obligations in whole or in part with funds available to it under paragraph 1 (i) of this article; provided that the commission takes specific action setting aside such funds prior to incurring any obligation to be met in whole or in part in such manner. Except where the commission makes use of funds available to it under paragraph 1 (i), the commission shall not incur any obligation prior to the allotment of funds by the party states adequate to meet the same.

(d) The commission shall keep accurate accounts of all receipts and disbursements. The receipts and disbursements of the commission shall be subject to the audit and accounting procedures established under its bylaws. All receipts and disbursements of funds handled by the commission shall be audited yearly by a certified or licensed public accountant and the report of the audit shall be included in and become part of the annual report of the commission.

(e) The accounts of the commission shall be open at any reasonable time for inspection by duly constituted officers of the party states and by any persons authorized by the commission.

(f) Nothing contained in this article shall be construed to prevent commission compliance with laws relating to audit or inspection of accounts by or on behalf of any government contributing to the support of the commission.
Article VII

1. Whenever any two or more party states, or subdivisions of party states, have uniform or similar provisions of law relating to an income tax, capital stock tax, gross receipts tax, sales or use tax, the commission may adopt uniform regulations for any phase of the administration of such law, including assertion of jurisdiction to tax, or prescribing uniform tax forms. The commission may also act with respect to the provisions of article IV of this compact.

2. Prior to the adoption of any regulation, the commission shall:

   (a) As provided in its bylaws, hold at least one public hearing on due notice to all affected party states and subdivisions thereof and to all taxpayers and other persons who have made timely request of the commission for advance notice of its regulation-making proceedings.

   (b) Afford all affected party states and subdivisions and interested persons an opportunity to submit relevant written data and views, which shall be considered fully by the commission.

3. The commission shall submit any regulations adopted by it to the appropriate officials of all party states and subdivisions to which they might apply. Each such state and subdivision shall consider any such regulation for adoption in accordance with its own laws and procedures.

Article VIII

1. This article shall be in force only in those party states that specifically provide therefor by statute.

2. Any party state or subdivision thereof desiring to make or participate in an audit of any accounts, books, papers, records or other documents may request the commission to perform the audit on its behalf. In responding to the request, the commission shall have access to and may examine, at any reasonable time, such accounts, books, papers, records, and other documents and any relevant property or stock of merchandise. The commission may enter into agreements with party states or their subdivisions for assistance in performance of the audit. The commission shall make charges, to be paid by the state or local government or governments for which it performs the service, for any audits performed by it in order to reimburse itself for the actual costs incurred in making the audit.

3. The commission may require the attendance of any person within the state where it is conducting an audit or part thereof at a time and place fixed by it within such state for the purpose of giving testimony with respect to any
account, book, paper, document, other record, property or stock of merchandise
being examined in connection with the audit. If the person is not within the
jurisdiction, he may be required to attend for such purpose at any time and place
fixed by the commission within the state of which he is a resident; provided that
such state has adopted this article.

4. The commission may apply to any court having power to issue
compulsory process for orders in aid of its powers and responsibilities pursuant
to this article and any and all such courts shall have jurisdiction to issue such
orders. Failure of any person to obey any such order shall be punishable as
contempt of the issuing court. If the party or subject matter on account of which
the commission seeks an order is within the jurisdiction of the court to which
application is made, such application may be to a court in the state or subdivision
on behalf of which the audit is being made or a court in the state in which the
object of the order being sought is situated. The provisions of this paragraph
apply only to courts in a state that has adopted this article.

5. The commission may decline to perform any audit requested if it finds
that its available personnel or other resources are insufficient for the purpose or
that, in the terms requested, the audit is impracticable of satisfactory
performance. If the commission, on the basis of its experience, has reason to
believe that an audit of a particular taxpayer, either at a particular time or on
a particular schedule, would be of interest to a number of party states or their
subdivisions, it may offer to make the audit or audits, the offer to be contingent
on sufficient participation therein as determined by the commission.

6. Information obtained by any audit pursuant to this article shall be
confidential and available only for tax purposes to party states, their subdivisions
or the United States. Availability of information shall be in accordance with the
laws of the states or subdivisions on whose account the commission performs the
audit, and only through the appropriate agencies or officers of such states or
subdivisions. Nothing in this article shall be construed to require any taxpayer
to keep records for any period not otherwise required by law.

7. Other arrangements made or authorized pursuant to law for
cooperative audit by or on behalf of the party states or any of their subdivisions
are not superseded or invalidated by this article.

8. In no event shall the commission make any charge against a taxpayer
for an audit.

9. As used in this article, "tax" in addition to the meaning ascribed to it
in article II, means any tax or license fee imposed in whole or in part for revenue
purposes.

Article IX

1. Whenever the commission finds a need for settling disputes concerning
apportionments and allocations by arbitration, it may adopt a regulation placing
this article in effect, notwithstanding the provisions of article VII.

2. The commission shall select and maintain an arbitration panel
composed of officers and employees of state and local governments and private
persons who shall be knowledgeable and experienced in matters of tax law and
administration.

3. Whenever a taxpayer who has elected to employ article IV, or whenever
the laws of the party state or subdivision thereof are substantially identical with
the relevant provisions of article IV, the taxpayer, by written notice to the
commission and to each party state or subdivision thereof that would be affected,
may secure arbitration of an apportionment or allocation, if he is dissatisfied with
the final administrative determination of the tax agency of the state or
subdivision with respect thereto on the ground that it would subject him to
double or multiple taxation by two or more party states or subdivisions
thereof. Each party state and subdivision thereof hereby consents to the
arbitration as provided herein, and agrees to be bound thereby.

4. The arbitration board shall be composed of one person selected by the
taxpayer, one by the agency or agencies involved, and one member of the
commission's arbitration panel. If the agencies involved are unable to agree on
the person to be selected by them, such person shall be selected by lot from the
total membership of the arbitration panel. The two persons selected for the board
in the manner provided by the foregoing provisions of this paragraph shall jointly
select the third member of the board. If they are unable to agree on the selection,
the third member shall be selected by lot from among the total membership of the
arbitration panel. No member of a board selected by lot shall be qualified to
serve if he is an officer or employee or is otherwise affiliated with any party to
the arbitration proceeding. Residence within the jurisdiction of a party to the
arbitration proceeding shall not constitute affiliation within the meaning of this
paragraph.

5. The board may sit in any state or subdivision party to the proceeding,
in the state of the taxpayer's incorporation, residence or domicile, in any state
where the taxpayer does business, or in any place that it finds most appropriate
for gaining access to evidence relevant to the matter before it.

6. The board shall give due notice of the times and places of its hearings. The parties shall be entitled to be heard, to present evidence, and to examine and cross-examine witnesses. The board shall act by majority vote.

7. The board shall have power to administer oaths, take testimony, subpoena and require the attendance of witnesses and the production of accounts, books, papers, records, and other documents, and issue commissions to take testimony. Subpoenas may be signed by any member of the board. In case of failure to obey a subpoena, and upon application by the board, any judge of a court of competent jurisdiction of the state in which the board is sitting or in which the person to whom the subpoena is directed may be found may make an order requiring compliance with the subpoena, and the court may punish failure to obey the order as a contempt. The provisions of this paragraph apply only in states that have adopted this article.

8. Unless the parties otherwise agree the expenses and other costs of the arbitration shall be assessed and allocated among the parties by the board in such manner as it may determine. The commission shall fix a schedule of compensation for members of arbitration boards and of other allowable expenses and costs. No officer or employee of a state or local government who serves as a member of a board shall be entitled to compensation therefor unless he is required on account of his service to forego the regular compensation attaching to his public employment, but any such board member shall be entitled to expenses.

9. The board shall determine the disputed apportionment or allocation and any matters necessary thereto. The determinations of the board shall be final for purposes of making the apportionment or allocation, but for no other purpose.

10. The board shall file with the commission and with each tax agency represented in the proceeding: the determination of the board; the board’s written statement of its reasons therefor; the record of the board’s proceedings; and any other documents required by the arbitration rules of the commission to be filed.

11. The commission shall publish the determinations of boards together with the statements of the reasons therefor.

12. The commission shall adopt and publish rules of procedure and practice and shall file a copy of such rules and of any amendment thereto with
the appropriate agency or officer in each of the party states.

13. Nothing contained herein shall prevent at any time a written compromise of any matter or matters in dispute, if otherwise lawful, by the parties to the arbitration proceeding.

Article X

1. This compact shall enter into force when enacted into law by any seven states. Thereafter, this compact shall become effective as to any other state upon its enactment thereof. The commission shall arrange for notification of all party states whenever there is a new enactment of the compact.

2. Any party state may withdraw from this compact by enacting a statute repealing the same. No withdrawal shall affect any liability already incurred by or chargeable to a party state prior to the time of such withdrawal.

3. No proceeding commenced before an arbitration board prior to the withdrawal of a state and to which the withdrawing state or any subdivision thereof is a party shall be discontinued or terminated by the withdrawal, nor shall the board thereby lose jurisdiction over any of the parties to the proceeding necessary to make a binding determination therein.

Article XI

Nothing in this compact shall be construed to:

(a) Affect the power of any state or subdivision thereof to fix rates of taxation, except that a party state shall be obligated to implement article III 2 of this compact.

(b) Apply to any tax or fixed fee imposed for the registration of a motor vehicle or any tax on motor fuel, other than a sales tax; provided that the definition of "tax" in article VIII 9 may apply for the purposes of that article and the commission's powers of study and recommendation pursuant to article VI 3 may apply.

(c) Withdraw or limit the jurisdiction of any state or local court or administrative officer or body with respect to any person, corporation or other entity or subject matter, except to the extent that such jurisdiction is expressly conferred by or pursuant to this compact upon another agency or body.

(d) Supersede or limit the jurisdiction of any court of the United States.

Article XII

This compact shall be liberally construed so as to effectuate the purposes thereof. The provisions of this compact shall be severable and if any phrase, clause, sentence or provision of this compact is declared to be contrary to the
constitution of any state or of the United States or the applicability thereof to any
government, agency, person or circumstance is held invalid, the validity of the
remainder of this compact and the applicability thereof to any government,
agency, person or circumstance shall not be affected thereby. If this compact
shall be held contrary to the constitution of any state participating therein, the
compact shall remain in full force and effect as to the remaining party states and
in full force and effect as to the state affected as to all severable matters.

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

<table>
<thead>
<tr>
<th>If the Missouri taxable income is:</th>
<th>The tax is:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not over $1,000.00</td>
<td>1 1/2% of the Missouri taxable income</td>
</tr>
<tr>
<td>Over $1,000 but not over $2,000</td>
<td>$15 plus 2% of excess over $1,000</td>
</tr>
<tr>
<td>Over $2,000 but not over $3,000</td>
<td>$35 plus 2 1/2% of excess over $2,000</td>
</tr>
<tr>
<td>Over $3,000 but not over $4,000</td>
<td>$60 plus 3% of excess over $3,000</td>
</tr>
<tr>
<td>Over $4,000 but not over $5,000</td>
<td>$90 plus 3 1/2% of excess over $4,000</td>
</tr>
<tr>
<td>Over $5,000 but not over $6,000</td>
<td>$125 plus 4% of excess over $5,000</td>
</tr>
<tr>
<td>Over $6,000 but not over $7,000</td>
<td>$165 plus 4 1/2% of excess over $6,000</td>
</tr>
<tr>
<td>Over $7,000 but not over $8,000</td>
<td>$210 plus 5% of excess over $7,000</td>
</tr>
<tr>
<td>Over $8,000 but not over $9,000</td>
<td>$260 plus 5 1/2% of excess over $8,000</td>
</tr>
<tr>
<td>Over $9,000</td>
<td>$315 plus 6% of excess over $9,000</td>
</tr>
</tbody>
</table>

2. (1) Beginning with the 2017 calendar year, the top rate of tax under
subsection 1 of this section may be reduced over a period of years. Each
reduction in the top rate of tax shall be by one-tenth of a percent and no more
than one reduction shall occur in a calendar year. The top rate of tax shall not
be reduced below five and one-half percent. Reductions in the rate of tax shall
take effect on January first of a calendar year and such reduced rates shall
continue in effect until the next reduction occurs.

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

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

(4) The director of the department of revenue shall, by rule, adjust the tax
tables under subsection 1 of this section to effectuate the provisions of this subsection. The bracket for income subject to the top rate of tax shall be eliminated once the top rate of tax has been reduced to five and one-half [of a] percent, and the top remaining rate of tax shall apply to all income in excess of the income in the second highest remaining income bracket.

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

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

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

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

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

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

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

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

3. For all tax years beginning on or after January 1, 2020, a tax is hereby imposed upon the Missouri taxable income of corporations in an amount equal to four percent of Missouri taxable income.

4. The provisions of this section shall not apply to out-of-state businesses
12 operating under sections 190.270 to 190.285.

143.431. 1. The Missouri taxable income of a corporation taxable under
sections 143.011 to 143.996 shall be so much of its federal taxable income for the
taxable year, with the modifications specified in subsections 2 to 4 of this section,
as is derived from sources within Missouri as provided in section 143.451. The
tax of a corporation shall be computed on its Missouri taxable income at the rates
provided in section 143.071.

2. There shall be added to or subtracted from federal taxable income the
modifications to adjusted gross income provided in section 143.121, with the
exception of subdivision (5) of subsection 2 of section 143.121, and the applicable
modifications to itemized deductions provided in section 143.141. There shall be
subtracted the federal income tax deduction provided in section 143.171. There
shall be subtracted, to the extent included in federal taxable income, corporate
dividends from sources within Missouri.

3. (1) If an affiliated group of corporations files a consolidated income tax
return for the taxable year for federal income tax purposes [and fifty percent or
more of its income is derived from sources within this state as determined in
accordance with section 143.451], then it may elect to file a Missouri consolidated
income tax return. The federal consolidated taxable income of the electing
affiliated group for the taxable year shall be its federal taxable income. All
transactions between affiliated members of the affiliated group shall be
eliminated on the Missouri consolidated income tax return.

(2) So long as a federal consolidated income tax return is filed, an election
made by an affiliated group of corporations to file a Missouri consolidated income
tax return may be withdrawn or revoked only upon substantial change in the law
or regulations adversely changing tax liability under this chapter, or with
permission of the director of revenue upon the showing of good cause for such
action. After such a withdrawal or revocation with respect to an affiliated group,
it may not file a Missouri consolidated income tax return for five years thereafter,
except with the approval of the director of revenue, and subject to such terms and
conditions as he may prescribe.

(3) No corporation which is part of an affiliated group of corporations
filing a Missouri consolidated income tax return shall be required to file a
separate Missouri corporate income tax return for the taxable year.

(4) For each taxable year an affiliated group of corporations filing a
federal consolidated income tax return does not file a Missouri consolidated
income tax return, for purposes of computing the Missouri income tax, the federal taxable income of each member of the affiliated group shall be determined as if a separate federal income tax return had been filed by each such member.

(5) The director of revenue may prescribe such regulations not inconsistent with the provisions of this chapter as he may deem necessary in order that the tax liability of any affiliated group of corporations making a Missouri consolidated income tax return, and of each corporation in the group, before, during, and after the period of affiliation, may be returned, determined, computed, assessed, collected, and adjusted, in such manner as clearly to reflect the Missouri taxable income derived from sources within this state and in order to prevent avoidance of such tax liability.

4. If a net operating loss deduction is allowed for the taxable year, there shall be added to federal taxable income the amount of the net operating loss modification for each loss year as to which a portion of the net operating loss deduction is attributable. As used in this subsection, the following terms mean:

(1) "Loss year", the taxable year in which there occurs a federal net operating loss that is carried back or carried forward in whole or in part to another taxable year;

(2) "Net addition modification", for any taxable year, the amount by which the sum of all required additions to federal taxable income provided in this chapter, except for the net operating loss modification, exceeds the combined sum of the amount of all required subtractions from federal taxable income provided in this chapter;

(3) "Net operating loss deduction", a net operating loss deduction allowed for federal income tax purposes under Section 172 of the Internal Revenue Code of 1986, as amended, or a net operating loss deduction allowed for Missouri income tax purposes under paragraph (d) of subsection 2 of section 143.121, but not including any net operating loss deduction that is allowed for federal income tax purposes but disallowed for Missouri income tax purposes under paragraph (d) of subsection 2 of section 143.121;

(4) "Net operating loss modification", an amount equal to the lesser of the amount of the net operating loss deduction attributable to that loss year or the amount by which the total net operating loss in the loss year is less than the sum of:

(a) The net addition modification for that loss year; and

(b) The cumulative net operating loss deductions attributable to that loss
year allowed for the taxable year and all prior taxable years.

5. For all tax years ending on or after July 1, 2002, federal taxable income may be a positive or negative amount. Subsection 4 of this section shall be effective for all tax years with a net operating loss deduction attributable to a loss year ending on or after July 1, 2002, and the net operating loss modification shall only apply to loss years ending on or after July 1, 2002.

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

2. For all tax years ending on or before December 31, 2019, a corporation described in subdivision (1) of subsection 1 of section 143.441 shall include in its Missouri taxable income all income from sources within this state, including that from the transaction of business in this state and that from the transaction of business partly done in this state and partly done in another state or states. However:

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

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

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

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

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

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

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

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

(d) For purposes of this subdivision:

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

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

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

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

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

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

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

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

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

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

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

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

c. In the case of sale of a service, if and to the extent the ultimate
beneficiary of the service is located in this state and shall not be in this state if
the ultimate beneficiary of the service rendered by the taxpayer or the taxpayer's
designee is located outside this state; and

d. In the case of intangible property:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(h) "Residence", presumptively the fund shareholder's mailing address on the records of the investment company. If, however, the investment company or the investment funds service corporation has actual knowledge that the fund shareholder's primary residence or principal place of business is different than the fund shareholder's mailing address such presumption shall not control. To the extent an investment funds service corporation does not have access to the records of the investment company, the investment funds service corporation may employ reasonable methods to determine the investment company fund shareholder's residence.

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

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

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

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

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

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

(1) The income from all sources shall be determined as provided;
(2) The amount of investment of such corporation on December thirty-first
of each year in this state in fixed transportation facilities, real estate and
improvements, plus the value on December thirty-first of each year of any fixed
transportation facilities, real estate and improvements in this state leased from
any other railroad shall be divided by the sum of the total amount of investment
of such corporation on December thirty-first of each year in fixed transportation
facilities, real estate and improvements, plus the value on December thirty-first
of each year, of any fixed transportation facilities, real estate and improvements
leased from any other railroad. Where any fixed transportation facilities, real
estate or improvements are leased by more than one railroad, such portion of the
value shall be used by each railroad as the rental paid by each shall bear to the
rental paid by all lessees. The income shall be multiplied by the fraction thus
obtained to determine the proportion to be used to arrive at the amount of
Missouri taxable income.

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

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

(1) The income from all sources shall be determined as provided;
(2) The amount of investment of such corporation on December thirty-first 
of each year in this state in telephonic or telegraphic facilities, real estate and 
improvements thereon, shall be divided by the amount of the total investment of 
such corporation on December thirty-first of each year in telephonic or telegraphic 
facilities, real estate and improvements. The income of the taxpayer shall be 
multiplied by fraction thus obtained to determine the proportion to be used to 
arrive at the amount of Missouri taxable income.

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

8. If a corporation derives only part of its income from sources within 
Missouri, its Missouri taxable income shall only reflect the effect of the following 
listed deductions to the extent applicable to Missouri. The deductions are: (a) 
its deduction for federal income taxes pursuant to section 143.171, and (b) the 
effect on Missouri taxable income of the deduction for net operating loss allowed 
by Section 172 of the Internal Revenue Code. The extent applicable to Missouri 
shall be determined by multiplying the amount that would otherwise affect 
Missouri taxable income by the ratio for the year of the Missouri taxable income 
of the corporation for the year divided by the Missouri taxable income for the year 
as though the corporation had derived all of its income from sources within 
Missouri. For the purpose of the preceding sentence, Missouri taxable income 
shall not reflect the listed deductions.

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

10. The provisions of this section do not impact any other apportionment 
election available to a taxpayer under Missouri statutes.

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

2. For all tax years beginning on or after January 1, 2020, a
corporation described in subdivision (1) of subsection 1 of section
143.441 shall determine its income derived from sources within this
state by allocating and apportioning its net income as provided in this
section.

3. As used in this section, unless the context otherwise requires,
the following terms mean:

   (1) "Apportionable income":
(a) All income that is apportionable under the Constitution of the
United States and is not allocated under the laws of this state,
including:
   a. Income arising from transactions and activity in the regular
course of the corporation's trade or business; and
   b. Income arising from tangible and intangible property if the
acquisition, management, employment, development, or disposition of
the property is or was related to the operation of the corporation's
trade or business; and
(b) Any income that would be allocable to this state under the
Constitution of the United States, but that is apportioned rather than
allocated pursuant to the laws of this state;
   (2) "Commercial domicile", the principal place from which the
trade or business of the corporation is directed or managed;
   (3) "Financial organization", any bank, trust company, savings
bank, industrial bank, land bank, safe deposit company, private banker,
savings and loan association, credit union, cooperative bank, small loan
company, sales finance company, investment company, or any type of
insurance company;
   (4) "Non-apportionable income", all income other than
apportionable income;
   (5) "Public utility", any business entity:
(a) Which owns or operates any plant, equipment, property,
franchise, or license for the transmission of communications,
transmission of goods or persons, except by pipeline, or the
production, transmission, sale, delivery, or furnishing of electricity,
water or steam; and
(b) Whose rates of charges for goods or services have been
established or approved by a federal, state, or local government or
governmental agency;

(6) "Receipts", all gross receipts of the corporation that are not
allocated under the provisions of this section, and that are received
from transactions and activity in the regular course of the
corporation's trade or business; except that receipts of a corporation
from hedging transactions and from the maturity, redemption, sale,
exchange, loan or other disposition of cash or securities, shall be
excluded.

4. For purposes of allocation and apportionment of income under
this section, a corporation is taxable in another state if:

(1) In that state it is subject to a net income tax, a franchise tax
measured by net income, a franchise tax for the privilege of doing
business, or a corporate stock tax; or

(2) That state has jurisdiction to subject the corporation to a net
income tax regardless of whether, in fact, the state does or does not do
so.

5. Rents and royalties from real or tangible personal property,
capital gains, interest, dividends or patent or copyright royalties, to the
extent that they constitute nonapportionable income, shall be allocated
as provided in subsections 6 to 9 of this section.

6. (1) Net rents and royalties from real property located in this
state are allocable to this state.

(2) Net rents and royalties from tangible personal property are
allocable to this state:

(a) If and to the extent the property is utilized in this state; or

(b) In their entirety if the corporation's commercial domicile is
in this state and the corporation is not organized under the laws of or
taxable in the state in which the property is utilized.

(3) The extent of utilization of tangible personal property in a
state is determined by multiplying the rents and royalties by a fraction,
the numerator of which is the number of days of physical location of
the property in the state during the rental or royalty period in the
taxable year and the denominator of which is the number of days of
physical location of the property everywhere during all rental or
royalty periods in the taxable year. If the physical location of the
property during the rental or royalty period is unknown or
unascertainable by the corporation, tangible personal property is
utilized in the state in which the property was located at the time the
rental or royalty payer obtained possession.

7. (1) Capital gains and losses from sales of real property located
in this state are allocable to this state.

(2) Capital gains and losses from sales of tangible personal
property are allocable to this state if:

(a) The property had a situs in this state at the time of the sale;
or

(b) The corporation's commercial domicile is in this state and the
corporation is not taxable in the state in which the property had a
situs.

(3) Capital gains and losses from sales of intangible personal
property are allocable to this state if the corporation's commercial
domicile is in this state.

8. Interest and dividends are allocable to this state if the
corporation's commercial domicile is in this state.

9. (1) Patent and copyright royalties are allocable to this state:

(a) If and to the extent that the patent or copyright is utilized by
the payer in this state; or

(b) If and to the extent that the patent or copyright is utilized by
the payer in a state in which the corporation is not taxable and the
corporation's commercial domicile is in this state.

(2) A patent is utilized in a state to the extent that it is employed
in production, fabrication, manufacturing, or other processing in the
state or to the extent that a patented product is produced in the state.

If the basis of receipts from patent royalties does not permit allocation
to states or if the accounting procedures do not reflect states of
utilization, the patent is utilized in the state in which the corporation's
commercial domicile is located.

(3) A copyright is utilized in a state to the extent that printing
or other publication originates in the state. If the basis of receipts
from copyright royalties does not permit allocation to states or if the
accounting procedures do not reflect states of utilization, the copyright
is utilized in the state in which the corporation's commercial domicile
is located.

10. All apportionable income shall be apportioned to this state
by multiplying the net income by a fraction, the numerator of which is
the total receipts of the corporation in this state during the tax period
and the denominator of which is the total receipts of the corporation
everywhere during the tax period.

11. Receipts from the sale of tangible personal property are in
this state if the property is received in this state by the purchaser. In
the case of the delivery of goods by common carrier or by other means
of transportation, including transportation by the purchaser, the place
at which the goods are ultimately received after all transportation has
been completed shall be considered as the place at which the goods are
received by the purchaser. Direct delivery into this state by the
taxpayer to a person or firm designated by a purchaser from within or
without the state shall constitute delivery to the purchaser in this
state.

12. (1) Receipts, other than receipts described in subsection 11
of this section, are in this state if the corporation's market for the sales
is in this state. The corporation's market for sales is in this state:
(a) In the case of sale, rental, lease, or license of real property,
if and to the extent the property is located in this state;
(b) In the case of rental, lease, or license of tangible personal
property, if and to the extent the property is located in this state;
(c) In the case of sale of a service, if and to the extent the
ultimate beneficiary of the service is located in this state and shall not
be in this state if the ultimate beneficiary of the service rendered by
the corporation or the corporation's designee is located outside this
state; and
(d) In the case of intangible property:
   a. That is rented, leased, or licensed, if and to the extent the
property is used in this state, provided that intangible property utilized
in marketing a good or service to a consumer is "used in this state" if
that good or service is purchased by a consumer who is in this
state. Franchise fees or royalties received for the rent, lease, license,
or use of a trade name, trademark, service mark, or franchise system
or provides a right to conduct business activity in a specific geographic
area "are used in this state" to the extent the franchise is located in this
state; and
   b. That is sold, if and to the extent the property is used in this
state, provided that:

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

(ii) Receipts from intangible property sales that are contingent on the productivity, use, or disposition of the intangible property shall be treated as receipts from the rental, lease, or licensing of such intangible property under subparagraph a. of this paragraph; and

(iii) All other receipts from a sale of intangible property shall be excluded from the numerator and denominator of the receipts factor.

(2) If the state or states of assignment under subdivision (1) of this subsection cannot be determined, the state or states of assignment shall be reasonably approximated.

(3) The director may prescribe regulations as necessary or appropriate to carry out the purposes of this section.

13. (1) In the case of certain industries where unusual factual situations produce inequitable results under the apportionment and allocation provisions of this section, the director shall promulgate rules for determining the apportionment and allocation factors for each such industry, but such rules shall be applied uniformly.

(2) If the allocation and apportionment provisions of this section do not fairly represent the extent of the corporation's income applicable to this state, the corporation may petition for or the director may require:

(a) Separate accounting;

(b) The inclusion of one or more additional factors which will fairly represent the corporation's income applicable to this state; or

(c) The employment of any other method to effectuate an equitable allocation and apportionment of the corporation's income.

(3) The party petitioning for, or the director requiring, the use of any method to effectuate an equitable allocation and apportionment of the corporation's income pursuant to subdivision (2) of this subsection shall prove by a preponderance of evidence:

(a) That the allocation and apportionment provisions of this section do not fairly represent the extent of the corporation's income applicable to this state; and
(b) That the alternative to such provisions is reasonable.

The same burden of proof shall apply whether the corporation is petitioning for, or the director is requiring, the use of any reasonable method to effectuate an equitable allocation and apportionment of the corporation's income. Notwithstanding the previous sentence, if the director can show that in any two of the prior five tax years, the corporation had used an allocation or apportionment method at variance with its allocation or apportionment method or methods used for such other tax years, then the director shall not bear the burden of proof in imposing a different method pursuant to subdivision (2) of this subsection.

(4) If the director requires any method to effectuate an equitable allocation and apportionment of the corporation's income, the director cannot impose any civil or criminal penalty with reference to the tax due that is attributable to the corporation's reasonable reliance solely on the allocation and apportionment provisions of this section.

(5) A corporation that has received written permission from the director to use a reasonable method to effectuate an equitable allocation and apportionment of the corporation's income shall not have that permission revoked with respect to transactions and activities that have already occurred unless there has been a material change in, or a material misrepresentation of, the facts provided by the corporation upon which the director reasonably relied.

14. Any corporation described in subdivision (1) of subsection 1 of section 143.441 organized in this state or granted a permit to operate in this state for the transportation or care of passengers shall report its gross earnings within the state on intrastate business and shall also report its gross earnings on all interstate business done in this state. Such report shall be subject to inquiry for the purpose of determining the amount of income to be included in Missouri taxable income. This subsection shall not apply to a railroad.

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

1. The income from all sources shall be determined as provided;
2. The amount of investment of such corporation on December thirty-first of each year in fixed transportation facilities, real estate and improvements, plus the value on December thirty-first of each year of any fixed transportation facilities, real estate and improvements in this state leased from any other railroad shall be divided by the sum of the total amount of investment of such corporation on December thirty-first of each year in fixed transportation facilities, real estate and improvements, plus the value on December thirty-first of each year, of any fixed transportation facilities, real estate and improvements leased from any other railroad. Where any fixed transportation facilities, real estate or improvements are leased by more than one railroad, such portion of the value shall be used by each railroad as the rental paid by each shall bear to the rental paid by all lessees. The income shall be multiplied by the fraction thus obtained to determine the proportion to be used to arrive at the amount of Missouri taxable income.

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

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

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

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

18. From the income determined in this section to be from all sources within this state shall be deducted such of the deductions for expenses in determining Missouri taxable income as were incurred in this state to produce such income and all losses actually sustained in this state in the business of the corporation.

19. If a corporation derives only part of its income from sources within Missouri, its Missouri taxable income shall only reflect the effect on Missouri taxable income of the deduction for net operating loss allowed by Section 172 of the Internal Revenue Code. The extent applicable to Missouri shall be determined by multiplying the amount that would otherwise affect Missouri taxable income by the ratio for the year of the Missouri taxable income of the corporation for the year divided by the Missouri taxable income for the year as though the corporation had derived all of its income from sources within Missouri. For the purpose of the preceding sentence, Missouri taxable income shall not reflect the deduction.

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

143.461. 1. A corporation shall elect to determine income applicable to this state by multiplying the total income from all sources by the fraction determined in the manner in section 143.451 for all tax years ending on or before December 31, 2019, and for all tax years beginning on or before January 1, 2020, in the manner set forth in section 143.455; first, by filing written notice with the director of revenue on or before the due date of the return (including extensions of time) of the taxpayer's election, or, second, by failing to keep its books and records in such manner as to show the income applicable to this state, including gross income and deductions applicable thereto.

2. If the corporation shall keep its books and records so as to show the income applicable to this state by any other method of allocation between this state and other states [involved of income from transactions partially within and partially without this state], including gross income and deductions applicable thereto, and such method shows the income applicable to this state, including gross income and deductions applicable thereto, then it may, on or before sixty days before the end of any taxable year, petition the director of revenue, in writing, to be permitted in its return required to be filed to apportion to this state according to the method shown by such books or records. If the director of revenue finds that such method does show the income applicable to this state, including gross income and the deductions applicable thereto, he or she shall notify the corporation, at least thirty days prior to the last day on which such corporation's return for that taxable year is to be filed, that it may use that method for the shorter of five years or as long as such method shows the income applicable to this state, including gross income and deductions applicable thereto.

3. The corporation shall cease using such method after the shorter of five years or whenever the director of revenue finds and notifies such corporation on or before ninety days before the end of the taxable year, that such method does not so show. Upon and after such expiration or revocation the corporation shall be permitted to petition to use the same or another method of allocation that will show such income including gross income and deductions applicable thereto as though no petition had ever been filed.

4. Failure, after a method has expired or been revoked by the director of revenue, to submit a method which the director of revenue finds will show such
income applicable to this state including gross income and deductions applicable thereto, on or before sixty days before the end of any taxable year, or failure to make a return on the basis, which has been approved by the director of revenue on petition of the corporation and which stands unrevoked or unexpired, shall constitute an election to accept the determination of income applicable to this state by multiplying the total income from all sources by the fraction determined in the manner set forth in section 143.451 for all tax years ending on or before December 31, 2019, and for all tax years beginning on or before January 1, 2020, in the manner set forth in section 143.455.

143.471. 1. An S corporation, as defined by Section 1361 (a)(1) of the Internal Revenue Code, shall not be subject to the taxes imposed by section 143.007, or other sections imposing income tax on corporations.

2. A shareholder of an S corporation shall determine such shareholder's S corporation modification and pro rata share, including its character, by applying the following:

(1) Any modification described in sections 143.121 and 143.141 which relates to an item of S corporation income, gain, loss, or deduction shall be made in accordance with the shareholder's pro rata share, for federal income tax purposes, of the item to which the modification relates. Where a shareholder's pro rata share of any such item is not required to be taken into account separately for federal income tax purposes, the shareholder's pro rata share of such item shall be determined in accordance with his pro rata share, for federal income tax purposes, of S corporation taxable income or loss generally;

(2) Each item of S corporation income, gain, loss, or deduction shall have the same character for a shareholder pursuant to sections 143.005 to 143.998 as it has for federal income tax purposes. Where an item is not characterized for federal income tax purposes, it shall have the same character for a shareholder as if realized directly from the source from which realized by the S corporation or incurred in the same manner as incurred by the S corporation.

3. A nonresident shareholder of an S corporation shall determine such shareholder's Missouri nonresident adjusted gross income and his or her nonresident shareholder modification by applying the provisions of this subsection. Items shall be determined to be from sources within this state pursuant to regulations of the director of revenue in a manner consistent with the division of income provisions of section 143.451, section 143.461, or section 32.200 (Multistate Tax Compact). In determining the adjusted gross income of a
A nonresident shareholder of any S corporation, there shall be included only that part derived from or connected with sources in this state of the shareholder's pro rata share of items of S corporation income, gain, loss or deduction entering into shareholder's federal adjusted gross income, as such part is determined pursuant to regulations prescribed by the director of revenue in accordance with the general rules in section 143.181. Any modification described in subsections 2 and 3 of section 143.121 and in section 143.141, which relates to an item of S corporation income, gain, loss, or deduction shall be made in accordance with the shareholder's pro rata share, for federal income tax purposes, of the item to which the modification relates, but limited to the portion of such item derived from or connected with sources in this state.

4. Notwithstanding subsection 3 of this section to the contrary, for all tax years beginning on or after January 1, 2020, the items referred to in that subsection shall be determined to be from sources within this state pursuant to regulations of the director of revenue in a manner consistent with the division of income provisions of section 143.455 and section 143.461.

5. The director of revenue shall permit S corporations to file composite returns and to make composite payments of tax on behalf of its nonresident shareholders not otherwise required to file a return. If the nonresident shareholder's filing requirements result solely from one or more interests in any other partnerships or subchapter S corporations, that nonresident shareholder may be included in the composite return.

[5.] 6. If an S corporation pays or credits amounts to any of its nonresident individual shareholders as dividends or as their share of the S corporation's undistributed taxable income for the taxable year, the S corporation shall either timely file with the department of revenue an agreement as provided in subsection [6] 7 of this section or withhold Missouri income tax as provided in subsection [7] 8 of this section. An S corporation that timely files an agreement as provided in subsection [6] 7 of this section with respect to a nonresident shareholder for a taxable year shall be considered to have timely filed such an agreement for each subsequent taxable year. An S corporation that does not timely file such an agreement for a taxable year shall not be precluded from timely filing such an agreement for subsequent taxable years. An S corporation is not required to deduct and withhold Missouri income tax for a nonresident shareholder if:
(1) The nonresident shareholder not otherwise required to file a return agrees to have the Missouri income tax due paid as part of the S corporation's composite return;

(2) The nonresident shareholder not otherwise required to file a return had Missouri assignable federal adjusted gross income from the S corporation of less than twelve hundred dollars;

(3) The S corporation is liquidated or terminated;

(4) Income was generated by a transaction related to termination or liquidation; or

(5) No cash or other property was distributed in the current and prior taxable year.

[6.] 7. The agreement referred to in subdivision (1) of subsection [5] 6 of this section is an agreement of a nonresident shareholder of the S corporation to:

(1) File a return in accordance with the provisions of section 143.481 and to make timely payment of all taxes imposed on the shareholder by this state with respect to income of the S corporation; and

(2) Be subject to personal jurisdiction in this state for purposes of the collection of income taxes, together with related interest and penalties, imposed on the shareholder by this state with respect to the income of the S corporation. The agreement will be considered timely filed for a taxable year, and for all subsequent taxable years, if it is filed at or before the time the annual return for such taxable year is required to be filed pursuant to section 143.511.

[7.] 8. The amount of Missouri income tax to be withheld is determined by multiplying the amount of dividends or undistributed income allocable to Missouri that is paid or credited to a nonresident shareholder during the taxable year by the highest rate used to determine a Missouri income tax liability for an individual, except that the amount of the tax withheld may be determined based on withholding tables provided by the director of revenue if the shareholder submits a Missouri withholding allowance certificate.

[8.] 9. An S corporation shall be entitled to recover for a shareholder on whose behalf a tax payment was made pursuant to this section, if such shareholder has no tax liability.

[9.] 10. With respect to S corporations that are banks or bank holding companies, a pro rata share of the tax credit for the tax payable pursuant to chapter 148 shall be allowed against each S corporation shareholders' state income tax as follows, provided the bank otherwise complies with section 148.112:
The credit allowed by this subsection shall be equal to the bank tax calculated pursuant to chapter 148 based on bank income in 1999 and after, on a bank that makes an election pursuant to 26 U.S.C. Section 1362, and such credit shall be allocated to the qualifying shareholder according to stock ownership, determined by multiplying a fraction, where the numerator is the shareholder's stock, and the denominator is the total stock issued by such bank or bank holding company;

The tax credit authorized in this subsection shall be permitted only to the shareholders that qualify as S corporation shareholders, provided the stock at all times during the taxable period qualifies as S corporation stock as defined in 26 U.S.C. Section 1361, and such stock is held by the shareholder during the taxable period. The credit created by this section on a yearly basis is available to each qualifying shareholder, including shareholders filing joint returns. A bank holding company is not allowed this credit, except that, such credit shall flow through to such bank holding company's qualified shareholders, and be allocated to such shareholders under the same conditions; and

In the event such shareholder cannot use all or part of the tax credit in the taxable period of receipt, such shareholder may carry forward such tax credit for a period of the lesser of five years or until used, provided such credits are used as soon as the taxpayer has Missouri taxable income.

With respect to S corporations that are associations, a pro rata share of the tax credit for the tax payable under chapter 148 shall be allowed against each S corporation shareholders' state income tax as follows, provided the association otherwise complies with section 148.655:

The credit allowed by this subsection shall be equal to the savings and loan association tax calculated under chapter 148 based on the computations provided in section 148.630 on an association that makes an election under 26 U.S.C. Section 1362, and such credit shall be allocated to the qualifying shareholder according to stock ownership, determined by multiplying a fraction, where the numerator is the shareholder's stock, and the denominator is the total stock issued by the association;

The tax credit authorized in this subsection shall be permitted only to the shareholders that qualify as S corporation shareholders, provided the stock at all times during the taxable period qualifies as S corporation stock as defined in 26 U.S.C. Section 1361, and such stock is held by the shareholder during the taxable period. The credit created by this section on a yearly basis is available
to each qualifying shareholder, including shareholders filing joint returns. A savings and loan association holding company is not allowed this credit, except that, such credit shall flow through to such savings and loan association holding company's qualified shareholders, and be allocated to such shareholders under the same conditions; and

(3) In the event such shareholder cannot use all or part of the tax credit in the taxable period of receipt, such shareholder may carry forward such tax credit for a period of the lesser of five years or until used, provided such credits are used as soon as the taxpayer has Missouri taxable income.

[11.] 12. With respect to S corporations that are credit institutions, a pro rata share of the tax credit for the tax payable under chapter 148 shall be allowed against each S corporation shareholders' state income tax as follows, provided the credit institution otherwise complies with section 148.657:

(1) The credit allowed by this subsection shall be equal to the credit institution tax calculated under chapter 148 based on the computations provided in section 148.150 on a credit institution that makes an election under 26 U.S.C. Section 1362, and such credit shall be allocated to the qualifying shareholder according to stock ownership, determined by multiplying a fraction, where the numerator is the shareholder's stock, and the denominator is the total stock issued by such credit institution;

(2) The tax credit authorized in this subsection shall be permitted only to the shareholders that qualify as S corporation shareholders, provided the stock at all times during the taxable period qualifies as S corporation stock as defined in 26 U.S.C. Section 1361, and such stock is held by the shareholder during the taxable period. The credit created by this section on a yearly basis is available to each qualifying shareholder, including shareholders filing joint returns. A credit institution holding company is not allowed this credit, except that, such credit shall flow through to such credit institution holding company's qualified shareholders, and be allocated to such shareholders under the same conditions; and

(3) In the event such shareholder cannot use all or part of the tax credit in the taxable period of receipt, such shareholder may carry forward such tax credit for a period of the lesser of five years or until used, provided such credits are used as soon as the taxpayer has Missouri taxable income.

144.087. 1. The director of revenue [shall] may require [all applicants for] retail sales [licenses and all] licensees in default in filing a return and
paying their taxes when due to file a bond in an amount to be determined by the director, which may be a corporate surety bond or a cash bond, but such bond shall not be more than two times the average monthly tax liability of the taxpayer[, estimated in the case of a new applicant, otherwise] based on the previous twelve months' experience. At such time as the director of revenue shall deem the amount of a bond required by this section to be insufficient to cover the average monthly tax liability of a given taxpayer, he or she may require such taxpayer to adjust the amount of the bond to the level satisfactory to the director which will cover the amount of such liability. The director shall, after a reasonable period of satisfactory tax compliance for one year from the initial date of bonding, release such taxpayer from the bonding requirement as set forth in this section. All itinerant or temporary businesses shall be required to procure the license and post the bond required under the provisions of sections 144.083 and 144.087 prior to the selling of goods at retail, and in the event that such business is to be conducted for less than one month, the amount of the bond shall be determined by the director.

2. All cash bonds shall be deposited by the director of revenue into the state general revenue fund, and shall be released to the taxpayer pursuant to subsection 1 of this section from funds appropriated by the general assembly for such purpose. If appropriated funds are available, the commissioner of administration and the state treasurer shall cause such refunds to be paid within thirty days of the receipt of a warrant request for such payment from the director of the department of revenue.

3. [An applicant or] A licensee in default may, in lieu of filing any bond required under this section, provide the director of revenue with an irrevocable letter of credit, as defined in section 400.5-103, issued by any state or federally chartered financial institution, in an amount to be determined by the director or may obtain a certificate of deposit issued by any state or federally chartered financial institution, in an amount to be determined by the director, where such certificate of deposit is pledged to the department of revenue until released by the director in the same manner as bonds are released pursuant to subsection 1 of this section. As used in this subsection, the term "certificate of deposit" means a certificate representing any deposit of funds in a state or federally chartered financial institution for a specified period of time which earns interest at a fixed or variable rate, where such funds cannot be withdrawn prior to a specified time without forfeiture of some or all of the earned interest.
620.1350. 1. The words used in this section and sections 620.1355 and 620.1360 shall, unless the context otherwise requires, have the meaning provided in subdivision (4) of subsection 2 of section 143.451, and in addition, the following words shall have the following meanings:

(1) "Department", the department of economic development;

(2) "Director", the director of the department of economic development.

2. An investment funds service corporation or S corporation, certified pursuant to this section and sections 620.1355 and 620.1360, may make an annual election to compute the portion of income derived from sources within this state either pursuant to section 143.451 or pursuant to section 32.200 relating to the multistate tax compact. The annual election shall be made by the filing of a corporate income tax return reflecting the use of such election and by filing a copy of the certificate issued by the director pursuant to the provisions of this section and sections 620.1355 and 620.1360. The annual election may be made regardless of whether the corporation filed its income tax return on a single entity basis or was included in a consolidated income tax return in any year.

3. Notwithstanding the provisions of subsection 2 of this section to the contrary, for all tax years beginning on or after January 1, 2020, an investment funds service corporation or S corporation, certified pursuant to this section and sections 620.1355 and 620.1360, shall compute the portion of income derived from sources within this state pursuant to section 143.455.