

FIRST REGULAR SESSION

[PERFECTED]

SENATE SUBSTITUTE FOR

SENATE BILL NO. 23

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR HOUGH.

1015S.02P

KRISTINA MARTIN, Secretary

AN ACT

To repeal sections 144.020 and 144.070, RSMo, and to enact in lieu thereof two new sections relating to the processing of motor vehicle sales tax by licensed motor vehicle dealers.

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

Section A. Sections 144.020 and 144.070, RSMo, are
2 repealed and two new sections enacted in lieu thereof, to be
3 known as sections 144.020 and 144.070, to read as follows:

144.020. 1. A tax is hereby levied and imposed for
2 the privilege of titling new and used motor vehicles,
3 trailers, boats, and outboard motors purchased or acquired
4 for use on the highways or waters of this state which are
5 required to be titled under the laws of the state of
6 Missouri and, except as provided in subdivision (9) of this
7 subsection, upon all sellers for the privilege of engaging
8 in the business of selling tangible personal property or
9 rendering taxable service at retail in this state. The rate
10 of tax shall be as follows:

11 (1) Upon every retail sale in this state of tangible
12 personal property, excluding motor vehicles, trailers,
13 motorcycles, mopeds, motortricycles, boats and outboard
14 motors required to be titled under the laws of the state of
15 Missouri and subject to tax under subdivision (9) of this

subsection, a tax equivalent to four percent of the purchase price paid or charged, or in case such sale involves the exchange of property, a tax equivalent to four percent of the consideration paid or charged, including the fair market value of the property exchanged at the time and place of the exchange, except as otherwise provided in section 144.025;

(2) A tax equivalent to four percent of the amount paid for admission and seating accommodations, or fees paid to, or in any place of amusement, entertainment or recreation, games and athletic events, except amounts paid for any instructional class;

(3) A tax equivalent to four percent of the basic rate paid or charged on all sales of electricity or electrical current, water and gas, natural or artificial, to domestic, commercial or industrial consumers;

(4) (a) A tax equivalent to four percent on the basic rate paid or charged on all sales of local and long distance telecommunications service to telecommunications subscribers and to others through equipment of telecommunications subscribers for the transmission of messages and conversations and upon the sale, rental or leasing of all equipment or services pertaining or incidental thereto; except that, the payment made by telecommunications subscribers or others, pursuant to section 144.060, and any amounts paid for access to the internet or interactive computer services shall not be considered as amounts paid for telecommunications services;

(b) If local and long distance telecommunications services subject to tax under this subdivision are aggregated with and not separately stated from charges for telecommunications service or other services not subject to tax under this subdivision, including, but not limited to,

interstate or international telecommunications services, then the charges for nontaxable services may be subject to taxation unless the telecommunications provider can identify by reasonable and verifiable standards such portion of the charges not subject to such tax from its books and records that are kept in the regular course of business, including, but not limited to, financial statement, general ledgers, invoice and billing systems and reports, and reports for regulatory tariffs and other regulatory matters;

(c) A telecommunications provider shall notify the director of revenue of its intention to utilize the standards described in paragraph (b) of this subdivision to determine the charges that are subject to sales tax under this subdivision. Such notification shall be in writing and shall meet standardized criteria established by the department regarding the form and format of such notice;

(d) The director of revenue may promulgate and enforce reasonable rules and regulations for the administration and enforcement of the provisions of this subdivision. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under the authority delegated in this section shall become effective only if it complies with and is subject to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter 536 are nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after August 28, 2019, shall be invalid and void;

78 (5) A tax equivalent to four percent of the basic rate
79 paid or charged for all sales of services for transmission
80 of messages of telegraph companies;

81 (6) A tax equivalent to four percent on the amount of
82 sales or charges for all rooms, meals and drinks furnished
83 at any hotel, motel, tavern, inn, restaurant, eating house,
84 drugstore, dining car, tourist cabin, tourist camp or other
85 place in which rooms, meals or drinks are regularly served
86 to the public. The tax imposed under this subdivision shall
87 not apply to any automatic mandatory gratuity for a large
88 group imposed by a restaurant when such gratuity is reported
89 as employee tip income and the restaurant withholds income
90 tax under section 143.191 on such gratuity;

91 (7) A tax equivalent to four percent of the amount
92 paid or charged for intrastate tickets by every person
93 operating a railroad, sleeping car, dining car, express car,
94 boat, airplane and such buses and trucks as are licensed by
95 the division of motor carrier and railroad safety of the
96 department of economic development of Missouri, engaged in
97 the transportation of persons for hire;

98 (8) A tax equivalent to four percent of the amount
99 paid or charged for rental or lease of tangible personal
100 property, provided that if the lessor or renter of any
101 tangible personal property had previously purchased the
102 property under the conditions of sale at retail or leased or
103 rented the property and the tax was paid at the time of
104 purchase, lease or rental, the lessor, sublessor, renter or
105 subrenter shall not apply or collect the tax on the
106 subsequent lease, sublease, rental or subrental receipts
107 from that property. The purchase, rental or lease of motor
108 vehicles, trailers, motorcycles, mopeds, motortricycles,
109 boats, and outboard motors shall be taxed and the tax paid

110 as provided in this section and section 144.070. In no
111 event shall the rental or lease of boats and outboard motors
112 be considered a sale, charge, or fee to, for or in places of
113 amusement, entertainment or recreation nor shall any such
114 rental or lease be subject to any tax imposed to, for, or in
115 such places of amusement, entertainment or recreation.

116 Rental and leased boats or outboard motors shall be taxed
117 under the provisions of the sales tax laws as provided under
118 such laws for motor vehicles and trailers. Tangible
119 personal property which is exempt from the sales or use tax
120 under section 144.030 upon a sale thereof is likewise exempt
121 from the sales or use tax upon the lease or rental thereof;

122 (9) A tax equivalent to four percent of the purchase
123 price, as defined in section 144.070, of new and used motor
124 vehicles, trailers, boats, and outboard motors purchased or
125 acquired for use on the highways or waters of this state
126 which are required to be registered under the laws of the
127 state of Missouri. This tax is imposed on the person
128 titling such property, and shall be paid according to the
129 procedures in section **144.070 or** 144.440.

130 2. All tickets sold which are sold under the
131 provisions of this chapter which are subject to the sales
132 tax shall have printed, stamped or otherwise endorsed
133 thereon, the words "This ticket is subject to a sales tax.".

144.070. 1. At the time the owner of any new or used
2 motor vehicle, trailer, boat, or outboard motor which was
3 acquired in a transaction subject to sales tax under the
4 Missouri sales tax law makes application to the director of
5 revenue for an official certificate of title and the
6 registration of the motor vehicle, trailer, boat, or
7 outboard motor as otherwise provided by law, the owner shall
8 present to the director of revenue evidence satisfactory to

9 the director of revenue showing the purchase price exclusive
10 of any charge incident to the extension of credit paid by or
11 charged to the applicant in the acquisition of the motor
12 vehicle, trailer, boat, or outboard motor, or that no sales
13 tax was incurred in its acquisition, and if sales tax was
14 incurred in its acquisition, the applicant shall pay or
15 cause to be paid to the director of revenue the sales tax
16 provided by the Missouri sales tax law in addition to the
17 registration fees now or hereafter required according to
18 law, and the director of revenue shall not issue a
19 certificate of title for any new or used motor vehicle,
20 trailer, boat, or outboard motor subject to sales tax as
21 provided in the Missouri sales tax law until the tax levied
22 for the sale of the same under sections 144.010 to 144.510
23 has been paid as provided in this section or is registered
24 under the provisions of subsection 5 of this section.

25 2. As used in subsection 1 of this section, the term
26 "purchase price" shall mean the total amount of the contract
27 price agreed upon between the seller and the applicant in
28 the acquisition of the motor vehicle, trailer, boat, or
29 outboard motor, regardless of the medium of payment therefor.

30 3. In the event that the purchase price is unknown or
31 undisclosed, or that the evidence thereof is not
32 satisfactory to the director of revenue, the same shall be
33 fixed by appraisement by the director.

34 4. The director of the department of revenue shall
35 endorse upon the official certificate of title issued by the
36 director upon such application an entry showing that such
37 sales tax has been paid or that the motor vehicle, trailer,
38 boat, or outboard motor represented by such certificate is
39 exempt from sales tax and state the ground for such
40 exemption.

41 5. Any person, company, or corporation engaged in the
42 business of renting or leasing motor vehicles, trailers,
43 boats, or outboard motors, which are to be used exclusively
44 for rental or lease purposes, and not for resale, may apply
45 to the director of revenue for authority to operate as a
46 leasing or rental company and pay an annual fee of two
47 hundred fifty dollars for such authority. Any company
48 approved by the director of revenue may pay the tax due on
49 any motor vehicle, trailer, boat, or outboard motor as
50 required in section 144.020 at the time of registration
51 thereof or in lieu thereof may pay a sales tax as provided
52 in sections 144.010, 144.020, 144.070 and 144.440. A sales
53 tax shall be charged to and paid by a leasing company which
54 does not exercise the option of paying in accordance with
55 section 144.020, on the amount charged for each rental or
56 lease agreement while the motor vehicle, trailer, boat, or
57 outboard motor is domiciled in this state. Any motor
58 vehicle, trailer, boat, or outboard motor which is leased as
59 the result of a contract executed in this state shall be
60 presumed to be domiciled in this state.

61 6. Every applicant to be a registered fleet owner as
62 described in subsections 6 to 10 of section 301.032 shall
63 furnish with the application to operate as a registered
64 fleet owner a corporate surety bond or irrevocable letter of
65 credit, as defined in section 400.5-102, issued by any state
66 or federal financial institution in the penal sum of one
67 hundred thousand dollars, on a form approved by the
68 department. The bond or irrevocable letter of credit shall
69 be conditioned upon the registered fleet owner complying
70 with the provisions of any statutes applicable to registered
71 fleet owners, and the bond shall be an indemnity for any
72 loss sustained by reason of the acts of the person bonded

73 when such acts constitute grounds for the suspension or
74 revocation of the registered fleet owner license. The bond
75 shall be executed in the name of the state of Missouri for
76 the benefit of all aggrieved parties or the irrevocable
77 letter of credit shall name the state of Missouri as the
78 beneficiary; except that, the aggregate liability of the
79 surety or financial institution to the aggrieved parties
80 shall, in no event, exceed the amount of the bond or
81 irrevocable letter of credit. The proceeds of the bond or
82 irrevocable letter of credit shall be paid upon receipt by
83 the department of a final judgment from a Missouri court of
84 competent jurisdiction against the principal and in favor of
85 an aggrieved party.

86 7. Any corporation may have one or more of its
87 divisions separately apply to the director of revenue for
88 authorization to operate as a leasing company, provided that
89 the corporation:

90 (1) Has filed a written consent with the director
91 authorizing any of its divisions to apply for such authority;

92 (2) Is authorized to do business in Missouri;

93 (3) Has agreed to treat any sale of a motor vehicle,
94 trailer, boat, or outboard motor from one of its divisions
95 to another of its divisions as a sale at retail;

96 (4) Has registered under the fictitious name
97 provisions of sections 417.200 to 417.230 each of its
98 divisions doing business in Missouri as a leasing company;
99 and

100 (5) Operates each of its divisions on a basis separate
101 from each of its other divisions. However, when the
102 transfer of a motor vehicle, trailer, boat or outboard motor
103 occurs within a corporation which holds a license to operate
104 as a motor vehicle or boat dealer pursuant to sections

105 301.550 to 301.573 the provisions in subdivision (3) of this
106 subsection shall not apply.

107 8. If the owner of any motor vehicle, trailer, boat,
108 or outboard motor desires to charge and collect sales tax as
109 provided in this section, the owner shall make application
110 to the director of revenue for a permit to operate as a
111 motor vehicle, trailer, boat, or outboard motor leasing
112 company. The director of revenue shall promulgate rules and
113 regulations determining the qualifications of such a
114 company, and the method of collection and reporting of sales
115 tax charged and collected. Such regulations shall apply
116 only to owners of motor vehicles, trailers, boats, or
117 outboard motors, electing to qualify as motor vehicle,
118 trailer, boat, or outboard motor leasing companies under the
119 provisions of subsection 5 of this section, and no motor
120 vehicle renting or leasing, trailer renting or leasing, or
121 boat or outboard motor renting or leasing company can come
122 under sections 144.010, 144.020, 144.070 and 144.440 unless
123 all motor vehicles, trailers, boats, and outboard motors
124 held for renting and leasing are included.

125 9. Any person, company, or corporation engaged in the
126 business of renting or leasing three thousand five hundred
127 or more motor vehicles which are to be used exclusively for
128 rental or leasing purposes and not for resale, and that has
129 applied to the director of revenue for authority to operate
130 as a leasing company may also operate as a registered fleet
131 owner as prescribed in section 301.032.

132 10. Beginning July 1, 2010, any motor vehicle dealer
133 licensed under section 301.560 engaged in the business of
134 selling motor vehicles or trailers may apply to the director
135 of revenue for authority to collect and remit the sales tax
136 required under this section on all motor vehicles sold by

the motor vehicle dealer. A motor vehicle dealer receiving authority to collect and remit the tax is subject to all provisions under sections 144.010 to 144.525. Any motor vehicle dealer authorized to collect and remit sales taxes on motor vehicles under this subsection shall be entitled to deduct and retain an amount equal to two percent of the motor vehicle sales tax pursuant to section 144.140. Any amount of the tax collected under this subsection that is retained by a motor vehicle dealer pursuant to section 144.140 shall not constitute state revenue. In no event shall revenues from the general revenue fund or any other state fund be utilized to compensate motor vehicle dealers for their role in collecting and remitting sales taxes on motor vehicles. In the event this subsection or any portion thereof is held to violate Article IV, Section 30(b) of the Missouri Constitution, no motor vehicle dealer shall be authorized to collect and remit sales taxes on motor vehicles under this section. No motor vehicle dealer shall seek compensation from the state of Missouri or its agencies if a court of competent jurisdiction declares that the retention of two percent of the motor vehicle sales tax is unconstitutional and orders the return of such revenues.

11. (1) Beginning January 1, 2024, every motor vehicle dealer licensed under section 301.560 shall collect and remit the sales tax required under this section on all motor vehicles that such dealer sells. In collecting and remitting this sales tax, motor vehicle dealers shall be subject to all applicable provisions under sections 144.010 to 144.527.

(2) The director of revenue shall promulgate all necessary rules and regulations for the administration of this subsection. Any rule or portion of a rule, as that

169 term is defined in section 536.010, that is created under
170 the authority delegated in this subsection shall become
171 effective only if it complies with and is subject to all of
172 the provisions of chapter 536 and, if applicable, section
173 536.028. This subsection and chapter 536 are nonseverable,
174 and if any of the powers vested with the general assembly
175 pursuant to chapter 536 to review, to delay the effective
176 date, or to disapprove and annul a rule are subsequently
177 held unconstitutional, then the grant of rulemaking
178 authority and any rule proposed or adopted after August 28,
179 2023, shall be invalid and void.

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