

FIRST REGULAR SESSION

SENATE BILL NO. 774

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR MOON.

1060S.01I

KRISTINA MARTIN, Secretary

AN ACT

To repeal sections 142.815, 142.822, and 142.824, RSMo, and to enact in lieu thereof three new sections relating to exemptions from motor fuel tax.

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

Section A. Sections 142.815, 142.822, and 142.824, RSMo,
2 are repealed and three new sections enacted in lieu thereof, to
3 be known as sections 142.815, 142.822, and 142.824, to read as
4 follows:

142.815. 1. Motor fuel used for the following
2 nonhighway purposes is exempt from the fuel tax imposed by
3 this chapter, and a refund may be claimed by the consumer,
4 except as provided for in subdivision (1) of this
5 subsection, if the tax has been paid and no refund has been
6 previously issued:

7 (1) Motor fuel used for nonhighway purposes including
8 fuel for farm tractors or stationary engines owned or leased
9 and operated by any person and used exclusively for
10 agricultural purposes and including, beginning January 1,
11 2006, bulk sales of one hundred gallons or more of gasoline
12 made to farmers and delivered by the ultimate vender to a
13 farm location for agricultural purposes only. As used in
14 this section, the term "farmer" shall mean any person
15 engaged in farming in an authorized farm corporation, family
16 farm, or family farm corporation as defined in section
17 350.010. At the discretion of the ultimate vender, the

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

18 refund may be claimed by the ultimate vender on behalf of
19 the consumer for sales made to farmers and to persons
20 engaged in construction for agricultural purposes as defined
21 in section 142.800. After December 31, 2000, the refund may
22 be claimed only by the consumer and may not be claimed by
23 the ultimate vender unless bulk sales of gasoline are made
24 to a farmer after January 1, 2006, as provided in this
25 subdivision and the farmer provides an exemption certificate
26 to the ultimate vender, in which case the ultimate vender
27 may make a claim for refund under section 142.824 but shall
28 be liable for any erroneous refund;

29 (2) Kerosene sold for use as fuel to generate power in
30 aircraft engines, whether in aircraft or for training,
31 testing or research purposes of aircraft engines;

32 (3) Diesel fuel used as heating oil, or in railroad
33 locomotives or any other motorized flanged-wheel rail
34 equipment, or used for other nonhighway purposes other than
35 as expressly exempted pursuant to another provision.

36 2. Subject to the procedural requirements and
37 conditions set out in this chapter, the following uses are
38 exempt from the tax imposed by section 142.803 on motor
39 fuel, and a deduction or a refund may be claimed:

40 (1) **(a)** Motor fuel for which proof of export is
41 available in the form of a terminal-issued destination state
42 shipping paper and which is either:

43 **[(a)] a.** Exported by a supplier who is licensed in the
44 destination state or through the bulk transfer system;

45 **[(b)] b.** Removed by a licensed distributor for
46 immediate export to a state for which all the applicable
47 taxes and fees (however nominated in that state) of the
48 destination state have been paid to the supplier, as a
49 trustee, who is licensed to remit tax to the destination

50 state; or which is destined for use within the destination
51 state by the federal government for which an exemption has
52 been made available by the destination state subject to
53 procedural rules and regulations promulgated by the
54 director; or

55 **[(c)] c.** Acquired by a licensed distributor and which
56 the tax imposed by this chapter has previously been paid or
57 accrued either as a result of being stored outside of the
58 bulk transfer system immediately prior to loading or as a
59 diversion across state boundaries properly reported in
60 conformity with this chapter and was subsequently exported
61 from this state on behalf of the distributor[;].

62 **(b)** The exemption pursuant to **subparagraph a. of**
63 paragraph (a) of this subdivision shall be claimed by a
64 deduction on the report of the supplier which is otherwise
65 responsible for remitting the tax upon removal of the
66 product from a terminal or refinery in this state.

67 **(c)** The **[exemption]** **exemptions** pursuant to **[paragraphs**
68 **(b) and (c)] subparagraphs b. and c. of paragraph (a) of**
69 this subdivision shall be claimed by the distributor, upon a
70 refund application made to the director within three years.

71 **(d)** A refund claim may be made monthly or whenever the
72 claim exceeds one thousand dollars;

73 (2) Undyed K-1 kerosene sold at retail through
74 dispensers which have been designed and constructed to
75 prevent delivery directly from the dispenser into a vehicle
76 fuel supply tank, and undyed K-1 kerosene sold at retail
77 through nonbarricaded dispensers in quantities of not more
78 than twenty-one gallons for use other than for highway
79 purposes. Exempt use of undyed kerosene shall be governed
80 by rules and regulations of the director. If no rules or
81 regulations are promulgated by the director, then the exempt

82 use of undyed kerosene shall be governed by rules and
83 regulations of the Internal Revenue Service. A distributor
84 or supplier delivering to a retail facility shall obtain an
85 exemption certificate from the owner or operator of such
86 facility stating that its sales conform to the dispenser
87 requirements of this subdivision. A licensed distributor,
88 having obtained such certificate, may provide a copy to his
89 or her supplier and obtain undyed kerosene without the tax
90 levied by section 142.803. Having obtained such certificate
91 in good faith, such supplier shall be relieved of any
92 responsibility if the fuel is later used in a taxable
93 manner. An ultimate vendor who obtained undyed kerosene
94 upon which the tax levied by section 142.803 had been paid
95 and makes sales qualifying pursuant to this subsection may
96 apply for a refund of the tax pursuant to application, as
97 provided in section 142.818, to the director provided the
98 ultimate vendor did not charge such tax to the consumer;

99 (3) Motor fuel sold to the United States or any agency
100 or instrumentality thereof. This exemption shall be claimed
101 as provided in section 142.818;

102 (4) Motor fuel used solely and exclusively as fuel to
103 propel motor vehicles on the public roads and highways of
104 this state when leased or owned and when being operated by a
105 federally recognized Indian tribe in the performance of
106 essential governmental functions, such as providing police,
107 fire, health or water services. The exemption for use
108 pursuant to this subdivision shall be made available to the
109 tribal government upon a refund application stating that the
110 motor fuel was purchased for the exclusive use of the tribe
111 in performing named essential governmental services;

112 (5) That portion of motor fuel used to operate
113 equipment attached to a motor vehicle, if the motor fuel was

114 placed into the fuel supply tank of a motor vehicle that has
115 a common fuel reservoir for travel on a highway and for the
116 operation of equipment, or if the motor fuel was placed in a
117 separate fuel tank and used only for the operation of
118 auxiliary equipment. The exemption for use pursuant to this
119 subdivision shall be claimed by a refund claim filed by the
120 consumer who shall provide evidence of an allocation of use
121 satisfactory to the director;

122 (6) Motor fuel acquired by a consumer out-of-state and
123 carried into this state, retained within and consumed from
124 the same vehicle fuel supply tank within which it was
125 imported, except interstate motor fuel users;

126 (7) Motor fuel which was purchased tax-paid and which
127 was lost or destroyed as a direct result of a sudden and
128 unexpected casualty or which had been accidentally
129 contaminated so as to be unsalable as highway fuel as shown
130 by proper documentation as required by the director. The
131 exemption pursuant to this subdivision shall be refunded to
132 the person or entity owning the motor fuel at the time of
133 the contamination or loss. Such person shall notify the
134 director in writing of such event and the amount of motor
135 fuel lost or contaminated within ten days from the date of
136 discovery of such loss or contamination, and within thirty
137 days after such notice, shall file an affidavit sworn to by
138 the person having immediate custody of such motor fuel at
139 the time of the loss or contamination, setting forth in full
140 the circumstances and the amount of the loss or
141 contamination and such other information with respect
142 thereto as the director may require;

143 (8) Dyed diesel fuel or dyed kerosene used for an
144 exempt purpose. This exemption shall be claimed as follows:

145 (a) A supplier or importer shall take a deduction
146 against motor fuel tax owed on their monthly report for
147 those gallons of dyed diesel fuel or dyed kerosene imported
148 or removed from a terminal or refinery destined for delivery
149 to a point in this state as shown on the shipping papers;

150 (b) This exemption shall be claimed by a deduction on
151 the report of the supplier which is otherwise responsible
152 for remitting the tax on removal of the product from a
153 terminal or refinery in this state; **and**

154 (c) This exemption shall be claimed by the
155 distributor, upon a refund application made to the director
156 within three years. A refund claim may be made monthly or
157 whenever the claim exceeds one thousand dollars; **and**

171 3. (1) Beginning on October 1, 2025, an entity exempt
172 from taxation as provided by Section 501(c)(3) of the
173 Internal Revenue Code of 1986 (26 U.S.C. Section 501), as
174 amended, to which an individual, person, or entity that is
175 eligible to claim a refund as provided in this section
176 submits all documentation and information required to make a

177 refund application may make a claim for such individual's,
178 person's, or entity's refund as provided in this section.
179 Upon approval, the refund shall be made to such exempt
180 entity.

181 (2) A taxpayer who is an individual, person, or entity
182 that submits the required information to an exempt entity as
183 described in subdivision (1) of this subsection shall be
184 allowed to subtract from such taxpayer's Missouri adjusted
185 gross income to determine Missouri taxable income an amount
186 equal to the total amount eligible for a refund submitted to
187 an exempt entity under subdivision (1) of this section for
188 the same tax year. Such amount shall be deductible only to
189 the extent that such amount is not deducted on the
190 taxpayer's federal income tax return for that tax year. The
191 department of revenue shall promulgate rules and regulations
192 to administer the provisions of this section.

142.822. 1. (1) As used in this section and section
2 142.824, "nonprofit entity" means any entity that is exempt
3 from taxation as provided in Section 501(c)(3) of the
4 Internal Revenue Code of 1986 (26 U.S.C. Section 501), as
5 amended.

6 (2) Motor fuel used for purposes of propelling motor
7 vehicles on highways shall be exempt from the fuel tax
8 collected under subsection 3 of section 142.803, and an
9 exemption and refund may be claimed by the taxpayer if the
10 tax has been paid and no refund has been previously issued,
11 provided that the taxpayer applies for the exemption and
12 refund as specified in this section. **Beginning on and after**
13 **October 1, 2025, any nonprofit entity to which a taxpayer**
14 **who is eligible to claim a refund as provided in this**
15 **section submits all documentation and information required**
16 **to make a refund application may make a claim for such**

17 ~~taxpayer's refund as provided in this section. Upon~~
18 ~~approval, the refund shall be made to such nonprofit entity.~~

19 2. (1) The exemption and refund shall be issued on a
20 fiscal year basis, ~~based on motor fuel tax paid and~~
21 ~~collected through the end of fiscal year 2025~~, to each
22 person who pays the fuel tax collected under subsection 3 of
23 section 142.803 and who claims an exemption and refund in
24 accordance with this section, and shall apply so that the
25 fuel taxpayer has no liability for the tax collected in that
26 fiscal year under subsection 3 of section 142.803.

27 (2) ~~Beginning in fiscal year 2026, exemptions and~~
28 ~~refunds issued under this section shall be based on the tax~~
29 ~~year. Any fuel taxes collected under subsection 3 of~~
30 ~~section 142.803 from July 1, 2025, to December 31, 2025,~~
31 ~~shall be reported under the provisions of subsection 4 of~~
32 ~~this section. Any fuel taxes collected under subsection 3~~
33 ~~of section 142.803 from January 1, 2026, to December 31,~~
34 ~~2026, and each tax year thereafter, shall be reported under~~
35 ~~the provisions of subsection 4 of this section. Exemptions~~
36 ~~and refunds shall be issued to persons who pay the fuel tax~~
37 ~~collected under subsection 3 of section 142.803 and who~~
38 ~~claim an exemption and refund in accordance with this~~
39 ~~section and shall apply so that the fuel taxpayer has no~~
40 ~~liability for the tax collected in the corresponding tax~~
41 ~~year under subsection 3 of section 142.803.~~

42 [2.] 3. To claim an exemption and refund in accordance
43 with ~~subdivision (1) of subsection 2 of~~ this section, a
44 person shall present to the director a statement containing
45 a written verification that the claim is made under penalty
46 of perjury and that states the total fuel tax paid in the
47 applicable fiscal year for each vehicle for which the
48 exemption and refund is claimed. The claim shall [not be

49 transferred or assigned, and shall] be filed on or after
50 July first, but not later than September thirtieth,
51 following the fiscal year for which the exemption and refund
52 is claimed. The claim statement may be submitted
53 electronically, and shall at a minimum include the following
54 information:

55 (1) [Vehicle identification number of the motor
56 vehicle into which the motor fuel was delivered;
57 (2)] Date of sale;
58 [(3)] (2) Name and address of purchaser;
59 [(4) Name and address of seller;
60 (5)] (3) Number of gallons purchased; [and
61 (6)] (4) Number of gallons purchased and charged
62 Missouri fuel tax, as a separate item; and
63 (5) If the claim is submitted by a nonprofit entity:
64 (a) Documentation of the nonprofit entity's tax-exempt
65 status; and
66 (b) A statement signed by the purchaser indicating
67 that the nonprofit entity is entitled to the purchaser's
68 refund.

69 4. To claim an exemption and refund in accordance with
70 subdivision (2) of subsection 2 of this section, a person
71 may elect to proceed under either subdivision (1) or (2) of
72 this subsection:

73 (1) For a receipt-based exemption and refund under
74 this subdivision, a person shall present to the director a
75 statement containing a written verification that the claim
76 is made under penalty of perjury and that states the total
77 fuel tax paid in the applicable tax year for each vehicle
78 for which the exemption and refund is claimed. The claim
79 shall not be transferred or assigned and shall be filed on
80 or after January fifteenth but not later than April

81 fifteenth after the close of the tax year for which the
82 exemption and refund is claimed. A person claiming a refund
83 under this subdivision shall not be entitled to claim a
84 standard refund under subdivision (2) of this subsection for
85 the same tax year. The claim statement may be submitted
86 electronically and shall at a minimum include the following
87 information:

88 (a) Date of sale;
89 (b) Name and address of purchaser;
90 (c) Number of gallons purchased;
91 (d) Number of gallons purchased and charged Missouri
92 fuel tax, as a separate item; and

93 (e) An affirmation that such person is claiming the
94 itemized refund and shall not claim the standard refund
95 under subdivision (2) of this subsection; or

96 (2) For a standard refund under this subdivision, at
97 the time a person files his or her Missouri income tax
98 return, a person may select to claim the exemption and
99 refund as a standard refund applied as an immediate refund
100 or applied as a credit against the person's Missouri income
101 tax liability under chapter 143. A person claiming a
102 standard refund under this subdivision shall not be entitled
103 to claim a receipt-based refund under subdivision (1) of
104 this subsection for the same tax year. For the purposes of
105 this subdivision, the term "standard refund" shall mean the
106 exemption and refund provided under this section, applied
107 for and claimed by a person as a set, flat amount under
108 paragraph (a) of this subdivision, selected to be refunded
109 to such person as either an immediate refund or credit
110 applied against the person's Missouri income tax liability
111 under chapter 143.

112 (a) The standard refund shall be allocated as follows:

113 a. Thirty dollars for the 2025 tax year;
114 b. Forty-five dollars for the 2026 tax year;
115 c. Sixty dollars for the 2027 tax year;
116 d. Seventy-five dollars for all tax years beginning on
117 or after January 1, 2028.

118 (b) A person shall file a form, provided by the
119 department of revenue, with such person's Missouri income
120 tax return, if applicable. The claim shall not be
121 transferred or assigned and the form shall be filed on or
122 after January fifteenth but not later than April fifteenth
123 after the close of the tax year for which the exemption and
124 refund is claimed.

125 (c) Such form may be submitted electronically and at
126 minimum shall include:

127 a. The person's selection of the standard refund taken
128 as a refund or as a credit against chapter 143 income taxes,
129 as provided under this subdivision, that he or she is
130 claiming for the applicable tax year;

131 b. An affirmation that such person is claiming the
132 standard refund and shall not claim the receipt-based refund
133 under subdivision (1) of this subsection;

134 c. The vehicle identification number of the motor
135 vehicle into which the motor fuel was delivered;

136 d. The name and address of the person making the claim;

137 e. Information or identification showing that such
138 person was the owner of a vehicle licensed in Missouri;

139 f. An affirmation that such person made eligible
140 purchases under this section in the tax year for which the
141 exemption and refund is claimed; and

142 g. Any other information that the department may
143 require to fulfill the obligations under this section.

144 5. The exemption and refund as reimbursed under the
145 provisions of this section shall be paid out of the proceeds
146 of the additional tax under subsection 3 of section
147 142.803. Refunds shall not exceed the tax collected under
148 subsection 3 of section 142.803. If amount of refunds
149 claimed under this section in a tax year exceeds the tax
150 collected for the tax year, refunds shall be allowed based
151 on the order in which they are claimed. The qualifications
152 provided under subsections 4 and 5 of this section shall be
153 subject to audit by the department.

154 [3.] 6. Every person shall maintain and keep records
155 supporting the claim statement filed with the department of
156 revenue for a period of three years to substantiate all
157 claims for exemption and refund of the motor fuel tax,
158 together with invoices, original sales receipts marked paid
159 by the seller, bills of lading, and other pertinent records
160 and paper as may be required by the director for reasonable
161 administration of this chapter. **The requirement to maintain
162 records shall be the responsibility of any nonprofit entity
163 to which a purchaser submits claim records required by this
164 section.**

165 [4.] 7. The director may make any investigation
166 necessary before issuing an exemption and refund under this
167 section, and may investigate an exemption and refund under
168 this section after it has been issued and within the time
169 frame for making adjustments to the tax pursuant to this
170 chapter.

171 [5.] 8. If an exemption and refund is not issued
172 within forty-five days of an accurate and complete filing,
173 as required by this chapter, the director shall pay interest
174 at the rate provided in section 32.065 accruing after the

175 expiration of the forty-five-day period until the date the
176 exemption and refund is issued.

177 [6.] 9. (1) Except as provided in subdivision (2) of
178 this subsection, the exemption and refund specified in this
179 section shall be available only with regard to motor fuel
180 delivered into a motor vehicle with a gross weight, as
181 defined in section 301.010, of twenty-six thousand pounds or
182 less.

183 (2) The exemption and refund specified in this
184 subsection shall be available with regard to motor fuel
185 delivered into a motor vehicle with a gross weight that
186 exceeds twenty-six thousand pounds when the motor vehicle is
187 owned by a corporation licensed in Missouri with its primary
188 headquarters in Missouri, or owned by a sole proprietor
189 whose home office is located in Missouri, provided that the
190 corporation or sole proprietor submits documentation to the
191 director that any exemption and refund claimed is based
192 solely on fuel delivered into a motor vehicle while it was
193 operating in the state of Missouri. If the motor vehicle
194 was operated in multiple states, the applicant shall submit
195 documentation that separates the fuel delivered to the
196 vehicle while operating in other states from the fuel
197 delivered to the vehicle while operating in the state of
198 Missouri.

199 10. The department of revenue shall develop a mobile
200 application that allows claims to be submitted on a person's
201 phone at the time of motor fuel purchase in lieu of the
202 procedures set out under subsection 2 of this section. The
203 application shall be designed so that the person submitting
204 the claim is required to demonstrate that he or she is at
205 the motor fuel pump. The development and maintenance of the

206 application shall be paid with funds that come from the fuel
207 tax road fund.

208 [7.] 11. The director shall promulgate rules as
209 necessary to implement the provisions of this section. Any
210 rule or portion of a rule, as that term is defined in
211 section 536.010, that is created under the authority
212 delegated in this section shall become effective only if it
213 complies with and is subject to all of the provisions of
214 chapter 536 and, if applicable, section 536.028. This
215 section and chapter 536 are nonseverable and if any of the
216 powers vested with the general assembly pursuant to chapter
217 536 to review, to delay the effective date, or to disapprove
218 and annul a rule are subsequently held unconstitutional,
219 then the grant of rulemaking authority and any rule proposed
220 or adopted after August 28, 2021, shall be invalid and void.

142.824. 1. To claim a refund in accordance with
2 section 142.815, a person shall present to the director a
3 statement containing a written verification that the claim
4 is made under penalties of perjury and lists the total
5 amount of motor fuel purchased and used for exempt
6 purposes. **Beginning on October 1, 2025, any nonprofit**
7 **entity to which a person who is eligible to claim a refund**
8 **as provided in this section submits all documentation and**
9 **information required to make a refund application may make a**
10 **claim for such person's refund as provided in this section.**
11 **Upon approval, the refund shall be made to such nonprofit**
12 **entity.** The claim shall [not be transferred or assigned and
13 shall] be filed not more than three years after the date the
14 motor fuel was imported, removed or sold if the claimant is
15 a supplier, importer, exporter or distributor. If the claim
16 is filed by the ultimate consumer, a consumer must file the
17 claim within one year of the date of purchase or April

18 fifteenth following the year of purchase, whichever is
19 later. The claim statement may be submitted electronically,
20 and shall be supported by documentation as approved by the
21 director and shall include the following information:

22 (1) Date of sale;
23 (2) Name and address of purchaser;
24 (3) [Name and address of seller;
25 (4) Number of gallons purchased and base price per
26 gallon;
27 [(5)] (4) Number of gallons purchased and charged
28 Missouri fuel tax, as a separate item; [and
29 (6) (5) Number of gallons purchased and charged sales
30 tax, if applicable, as a separate item; and
31 (6) **If the claim is submitted by a nonprofit entity:**
32 (a) **Documentation of the nonprofit entity's tax-exempt**
33 **status; and**
34 (b) **A statement signed by the purchaser indicating**
35 **that the nonprofit entity is entitled to the purchaser's**
36 **refund.**

37 2. If the original sales slip or invoice is lost or
38 destroyed, a statement to that effect shall accompany the
39 claim for refund, and the claim statement shall also set
40 forth the serial number of the invoice. If the director
41 finds the claim is otherwise regular, the director may allow
42 such claim for refund.

43 3. The director may make any investigation necessary
44 before refunding the motor fuel tax to a person and may
45 investigate a refund after the refund has been issued and
46 within the time frame for making adjustments to the tax
47 pursuant to this chapter.

48 4. In any case where a refund would be payable to a
49 supplier pursuant to this chapter, the supplier may claim a

50 credit in lieu of such refund for a period not to exceed
51 three years.

52 5. Every person shall maintain and keep for a period
53 of three years records to substantiate all claims for refund
54 of the motor fuel tax, together with invoices, original
55 sales slips marked paid by the seller, bills of lading, and
56 other pertinent records and paper as may be required by the
57 director for reasonable administration of this chapter. **The**
58 requirement to maintain records shall be the responsibility
59 of any nonprofit entity to which a purchaser submits claim
60 records required by this section.

61 6. Motor fuel tax that has been paid more than once
62 with respect to the same gallon of motor fuel shall be
63 refunded by the director to the person who last paid the tax
64 after the subsequent taxable event upon submitting proof
65 satisfactory to the director.

66 7. Motor fuel tax that has otherwise been erroneously
67 paid by a person shall be refunded by the director upon
68 proof shown satisfactory to the director.

69 8. If a refund is not issued within forty-five days of
70 an accurate and complete filing, as required by this
71 chapter, the director shall pay interest at the rate
72 provided in section 32.065 accruing after the expiration of
73 the forty-five-day period until the date the refund is
74 issued.

75 9. The director shall promulgate rules as necessary to
76 implement the provisions of this section. Any rule or
77 portion of a rule, as that term is defined in section
78 536.010, that is created under the authority delegated in
79 this section shall become effective only if it complies with
80 and is subject to all of the provisions of chapter 536 and,
81 if applicable, section 536.028. This section and chapter

82 536 are nonseverable and if any of the powers vested with
83 the general assembly pursuant to chapter 536 to review, to
84 delay the effective date, or to disapprove and annul a rule
85 are subsequently held unconstitutional, then the grant of
86 rulemaking authority and any rule proposed or adopted after
87 August 28, 2021, shall be invalid and void.

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