

FIRST REGULAR SESSION

# SENATE BILL NO. 774

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR MOON.

1060S.011

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2 are repealed and three new sections enacted in lieu thereof, to  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.**

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

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

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

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

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

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

[(b)] b. Removed by a licensed distributor for immediate export to a state for which all the applicable taxes and fees (however nominated in that state) of the destination state have been paid to the supplier, as a 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

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

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

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

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

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

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

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

(9) Motor fuel delivered to any marina within this state that sells such fuel solely for use in any watercraft, as such term is defined in section 306.010, and not accessible to other motor vehicles, is exempt from the fuel tax imposed by this chapter. Any motor fuel distributor that delivers motor fuel to any marina in this state for use solely in any watercraft, as such term is defined in section 306.010, may claim the exemption provided in this subsection. Any motor fuel customer who purchases motor fuel for use in any watercraft, as such term is defined in section 306.010, at a location other than a marina within this state may claim the exemption provided in this subsection by filing a claim for refund of the fuel tax.

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

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

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

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

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



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

(1) [Vehicle identification number of the motor vehicle into which the motor fuel was delivered;

(2)] Date of sale;

[(3)] (2) Name and address of purchaser;

[(4)] Name and address of seller;

(5)] (3) Number of gallons purchased; [and

(6)] (4) Number of gallons purchased and charged

Missouri fuel tax, as a separate item; and

(5) If the claim is submitted by a nonprofit entity:

(a) Documentation of the nonprofit entity's tax-exempt status; and

(b) A statement signed by the purchaser indicating that the nonprofit entity is entitled to the purchaser's refund.

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

(1) For a receipt-based exemption and refund under this subdivision, a person shall present to the director a statement containing a written verification that the claim is made under penalty of perjury and that states the total fuel tax paid in the applicable tax year for each vehicle for which the exemption and refund is claimed. The claim shall not be transferred or assigned and shall be filed on 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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