

SECOND REGULAR SESSION

HOUSE BILL NO. 2234

94TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES PAGE (Sponsor), TALBOY,
FLOOK AND PORTWOOD (Co-sponsors).

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D. ADAM CRUMBLISS, Chief Clerk

3427L.01I

AN ACT

To repeal section 142.815, RSMo, and to enact in lieu thereof one new section relating to a tax exemption for motor fuel used for school buses.

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

Section A. Section 142.815, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 142.815, to read as follows:

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

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

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

15 not be claimed by the ultimate vender unless bulk sales of gasoline are made to a farmer after
16 January 1, 2006, as provided in this subdivision and the farmer provides an exemption certificate
17 to the ultimate vender, in which case the ultimate vender may make a claim for refund under
18 section 142.824 but shall be liable for any erroneous refund;

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

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

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

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

29 (a) Exported by a supplier who is licensed in the destination state or through the bulk
30 transfer system;

31 (b) Removed by a licensed distributor for immediate export to a state for which all the
32 applicable taxes and fees (however nominated in that state) of the destination state have been
33 paid to the supplier, as a trustee, who is licensed to remit tax to the destination state; or which
34 is destined for use within the destination state by the federal government for which an exemption
35 has been made available by the destination state subject to procedural rules and regulations
36 promulgated by the director; or

37 (c) Acquired by a licensed distributor and which the tax imposed by this chapter has
38 previously been paid or accrued either as a result of being stored outside of the bulk transfer
39 system immediately prior to loading or as a diversion across state boundaries properly reported
40 in conformity with this chapter and was subsequently exported from this state on behalf of the
41 distributor;

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43 The exemption pursuant to paragraph (a) of this subdivision shall be claimed by a deduction on
44 the report of the supplier which is otherwise responsible for remitting the tax upon removal of
45 the product from a terminal or refinery in this state. The exemption pursuant to paragraphs (b)
46 and (c) of this subdivision shall be claimed by the distributor, upon a refund application made
47 to the director within three years. A refund claim may be made monthly or whenever the claim
48 exceeds one thousand dollars;

49 (2) Undyed K-1 kerosene sold at retail through dispensers which have been designed and
50 constructed to prevent delivery directly from the dispenser into a vehicle fuel supply tank, and

51 undyed K-1 kerosene sold at retail through nonbarricaded dispensers in quantities of not more
52 than twenty-one gallons for use other than for highway purposes. Exempt use of undyed
53 kerosene shall be governed by rules and regulations of the director. If no rules or regulations are
54 promulgated by the director, then the exempt use of undyed kerosene shall be governed by rules
55 and regulations of the Internal Revenue Service. A distributor or supplier delivering to a retail
56 facility shall obtain an exemption certificate from the owner or operator of such facility stating
57 that its sales conform to the dispenser requirements of this subdivision. A licensed distributor,
58 having obtained such certificate, may provide a copy to his or her supplier and obtain undyed
59 kerosene without the tax levied by section 142.803. Having obtained such certificate in good
60 faith, such supplier shall be relieved of any responsibility if the fuel is later used in a taxable
61 manner. An ultimate vendor who obtained undyed kerosene upon which the tax levied by
62 section 142.803 had been paid and makes sales qualifying pursuant to this subsection may apply
63 for a refund of the tax pursuant to application, as provided in section 142.818, to the director
64 provided the ultimate vendor did not charge such tax to the consumer;

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

67 (4) **Motor fuel used solely and exclusively as fuel to propel school buses, as such**
68 **term is defined in section 302.010, RSMo, on the public roads and highways of this state**
69 **when leased or owned and when being operated by a public school district of this state, or**
70 **leased or owned by a person under contract with such district for the provision of bus**
71 **services for educational purposes. The exemption for use under this subdivision shall be**
72 **made available to the school district for whose educational purposes the fuel is consumed,**
73 **whether the fuel was purchased by such school district or by another under a contract to**
74 **provide bus service for such school district, upon a refund application stating that the**
75 **motor fuel was purchased for the exclusive use of the school districts. This exemption shall**
76 **be available only to school districts that enter into an agreement with the department of**
77 **elementary and secondary education stating that, after the effective date of the agreement,**
78 **the school district will only purchase or lease new school buses that are equipped with**
79 **lap-shoulder safety belts on each passenger seat. All revenue collected from the motor fuel**
80 **tax on sales of fuel that are exempt under this subsection shall be deposited in a special**
81 **trust fund, which is hereby created and shall be known as the "School Bus Motor Fuel Tax**
82 **Exemption Fund", and shall be used solely for purchasing or leasing new school buses that**
83 **are equipped with lap-shoulder safety belts on each passenger seat. Moneys in the fund**
84 **shall not be deemed to be state funds, and shall not be commingled with any funds of the**
85 **state. The director may make refunds from the amounts in the trust fund and credited to**
86 **the school district for erroneous payments and overpayments made, and may redeem**

87 **dishonored checks and drafts deposited to the credit of such school district. Any funds in**
88 **the special trust fund which are not needed for current expenditures shall be invested in**
89 **the same manner as other funds are invested. Any interest and moneys earned on such**
90 **investments shall be credited to the fund. Any moneys that are not used after three years**
91 **shall revert to the credit of the motor fuel tax fund;**

92 (5) Motor fuel used solely and exclusively as fuel to propel motor vehicles on the public
93 roads and highways of this state when leased or owned and when being operated by a federally
94 recognized Indian tribe in the performance of essential governmental functions, such as
95 providing police, fire, health or water services. The exemption for use pursuant to this
96 subdivision shall be made available to the tribal government upon a refund application stating
97 that the motor fuel was purchased for the exclusive use of the tribe in performing named
98 essential governmental services;

99 [(5)] (6) Motor fuel sold within an Indian reservation or within Indian country by a
100 federally recognized Indian tribe to a member of that tribe and used in motor vehicles owned by
101 a member of the tribe within Indian country. This exemption does not apply to sales within an
102 Indian reservation or within Indian country by a federally recognized Indian tribe to non-Indian
103 consumers or to Indian consumers who are not members of the tribe selling the motor fuel. This
104 exemption shall be administered as provided in section 142.821;

105 [(6)] (7) That portion of motor fuel used to operate equipment attached to a motor
106 vehicle, if the motor fuel was placed into the fuel supply tank of a motor vehicle that has a
107 common fuel reservoir for travel on a highway and for the operation of equipment, or if the
108 motor fuel was placed in a separate fuel tank and used only for the operation of auxiliary
109 equipment. The exemption for use pursuant to this subdivision shall be claimed by a refund
110 claim filed by the consumer who shall provide evidence of an allocation of use satisfactory to
111 the director;

112 [(7)] (8) Motor fuel acquired by a consumer out-of-state and carried into this state,
113 retained within and consumed from the same vehicle fuel supply tank within which it was
114 imported, except interstate motor fuel users;

115 [(8)] (9) Motor fuel which was purchased tax-paid and which was lost or destroyed as
116 a direct result of a sudden and unexpected casualty or which had been accidentally contaminated
117 so as to be unsalable as highway fuel as shown by proper documentation as required by the
118 director. The exemption pursuant to this subdivision shall be refunded to the person or entity
119 owning the motor fuel at the time of the contamination or loss. Such person shall notify the
120 director in writing of such event and the amount of motor fuel lost or contaminated within ten
121 days from the date of discovery of such loss or contamination, and within thirty days after such
122 notice, shall file an affidavit sworn to by the person having immediate custody of such motor fuel

123 at the time of the loss or contamination, setting forth in full the circumstances and the amount
124 of the loss or contamination and such other information with respect thereto as the director may
125 require;

126 ~~[(9)]~~ **(10)** Dyed diesel fuel or dyed kerosene used for an exempt purpose. This exemption
127 shall be claimed as follows:

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

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

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

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