

SECOND REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 1765
91ST GENERAL ASSEMBLY

Reported from the Committee on Ways and Means, February 19, 2002, with recommendation that the House Committee Substitute for House Bill No. 1765 Do Pass.

TED WEDEL, Chief Clerk

4457L.03C

AN ACT

To amend chapter 144, RSMo, by adding thereto five new sections relating to simplified sales and use tax administration, with an emergency clause.

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

Section A. Chapter 144, RSMo, is amended by adding thereto five new sections, to be
2 known as sections 144.1000, 144.1003, 144.1006, 144.1009, and 144.1012, to read as follows:

2 **144.1000. Sections 144.1000 to 144.1012 shall be known as and referred to as the**
2 **"Simplified Sales and Use Tax Administration Act".**

2 **144.1003. As used in sections 144.1000 to 144.1012, the following terms shall mean:**

2 **(1) "Agreement", the streamlined sales and use tax agreement;**

3 **(2) "Certified automated system", software certified jointly by the states that are**
4 **signatories to the agreement to calculate the tax imposed by each jurisdiction on a**
5 **transaction, determine the amount of tax to remit to the appropriate state, and maintain**
6 **a record of the transaction;**

7 **(3) "Certified service provider", an agent certified jointly by the states that are**
8 **signatories to the agreement to perform all of the seller's sales tax functions;**

9 **(4) "Person", an individual, trust, estate, fiduciary, partnership, limited liability**
10 **company, limited liability partnership, corporation, or any other legal entity;**

11 **(5) "Sales tax", any sales tax levied pursuant to this chapter, section 32.085, RSMo,**
12 **or any other sales tax authorized by statute and levied by this state or its political**
13 **subdivisions;**

14 **(6) "Seller", any person making sales, leases, or rentals of personal property or**
15 **services;**

16 **(7) "State", any state of the United States, and the District of Columbia;**

17 (8) "Use tax", the use tax levied pursuant to this chapter.

 144.1006. For the purposes of reviewing and if necessary amending the agreement
2 embodying the simplification requirements as contained in section 144.1012, the state shall
3 enter into multistate discussions. There is hereby established the "Streamlined Sales Tax
4 Oversight Committee" for participation in such discussions. The committee may represent
5 this state in all meetings that are limited to only those states that are also authorized by
6 statute to enter into a streamlined sales and use tax agreement. The committee shall vote
7 on behalf of this state and represents the position of this state in all matters relating to the
8 adoption of the agreement or amendment of the agreement. The committee shall be
9 composed of the director of revenue or other member who shall be appointed by the
10 governor, one member of the majority party in the house of representatives appointed by
11 the speaker of the house of representatives, one member of the minority party in the house
12 of representatives appointed by the minority leader of the house of representatives, one
13 member of the majority party in the senate appointed by the president pro tempore of the
14 senate and one member of the minority party in the senate appointed by the minority
15 leader of the senate. A sixth member of the committee shall be appointed by the remainder
16 of the committee by a majority of votes cast by the committee. The sixth member shall be
17 an individual who is not a government employee nor an elected official and shall be
18 responsible for representing the views of the business community of this state on the
19 committee. The committee shall recommend to the committees responsible for reviewing
20 tax issues in the senate and the house of representatives each year what state statutes are
21 required to be amended to be substantially in compliance with the agreement. The
22 committee shall make a written report by the fifteenth day of January each year regarding
23 the status of multistate discussions and upon final adoption of the terms of the sales and
24 use tax agreement by the multistate body. The final report shall be delivered to the
25 governor, the president pro tempore of the senate, the speaker of the house of
26 representatives, and the chairs of the committees responsible for reviewing tax issues in the
27 senate and the house of representatives and shall be made available for public review and
28 shall detail the impact that any action proposed by the multistate group would have on the
29 taxpayers of Missouri if enacted by the general assembly, with specific attention to
30 proposals that would require legislation to:

31 (1) Adopt a definition of any term that would cause any item or transaction that is
32 now excluded or exempted from sales or use tax to become subject to sales or use tax;

33 (2) Fully exempt or fully apply sales taxes to the sales of food or any other item;

34 (3) Restrict the ability of local governments from maintaining one or more local
35 taxes on one or more item without the application of the tax to all sales within the taxing

36 jurisdiction;

37 (4) Adopt any rate structure that would result in a tax increase for any Missouri
38 taxpayer;

39 (5) Change the sourcing of sales tax transactions; or

40 (6) Abolish limitations or thresholds on the application of sales and use tax rates
41 or abolish any current sales or use tax exemption in the state of Missouri, including
42 exemptions that are based on the value of the transaction or item.

144.1009. No provision of the agreement authorized by sections 144.1000 to
2 144.1012 in whole or in part shall invalidate or amend any provision of the law of this state.
3 Adoption of the agreement by this state shall not amend or modify any law of this state.

144.1012. 1. The state of Missouri shall not enter into the streamlined sales and use
2 tax agreement until the general assembly, through concurrent resolution, expresses support
3 and approval for the agreement reached by the multistate body and until legislation
4 substantially complying with the requirements of the agreement is enacted into law in this
5 state.

6 2. The state of Missouri shall not enter into the streamlined sales and use tax
7 agreement unless the agreement requires each state to abide by the following requirements:

8 (1) The agreement must set restrictions to limit over time the number of state rates;

9 (2) The agreement must establish uniform standards for the following:

10 (a) The sourcing of transactions to taxing jurisdictions;

11 (b) The administration of exempt sales; and

12 (c) Sales and use tax returns and remittances;

13 (3) The agreement must provide a central, electronic registration system that allows
14 a seller to register to collect and remit sales and use taxes for all signatory states;

15 (4) The agreement must provide that registration with the central registration
16 system and the collection of sales and use taxes in the signatory states will not be used as
17 a factor in determining whether the seller has nexus with a state for any tax;

18 (5) The agreement must provide for reduction of the burdens of complying with
19 local sales and use taxes through the following:

20 (a) Restricting variances between the state and local tax bases;

21 (b) Requiring states to administer any sales and use taxes levied by local
22 jurisdictions within the state so that sellers collecting and remitting these taxes will not
23 have to register or file returns with, remit funds to, or be subject to independent audits
24 from local taxing jurisdictions;

25 (c) Restricting the frequency of changes in the local sales and use tax rates and
26 setting effective dates for the application of local jurisdictional boundary changes to local

27 sales and use taxes; and

28 (d) Providing notice of change in local sales and use tax rates and of changes in the
29 boundaries of local taxing jurisdictions;

30 (6) The agreement must outline any monetary allowances that are to be provided
31 by the states to sellers or certified service providers. The agreement must allow for a joint
32 public and private sector study of the compliance cost on sellers and certified service
33 providers to collect sales and use taxes for state and local governments under various levels
34 of complexity, to be completed by July 1, 2003;

35 (7) The agreement must require each state to certify compliance with the terms of
36 the agreement prior to joining and to maintain compliance, under the laws of the member
37 state, with all provisions of the agreement while a member;

38 (8) The agreement must require each state to adopt a uniform policy for certified
39 service providers that protects the privacy of consumers and maintains the confidentiality
40 of tax information; and

41 (9) The agreement must provide for the appointment of an advisory council of
42 private sector representatives and an advisory council of nonmember state representatives
43 to consult with in the administration of the agreement.

Section B. Because immediate action is necessary to review and amend the streamlined
2 sales and use tax agreement, section A of this act is deemed necessary for the immediate
3 preservation of the public health, welfare, peace, and safety, and is hereby declared to be an
4 emergency act within the meaning of the constitution, and section A of this act shall be in full
5 force and effect upon its passage and approval.