HB 1314 -- Streamlined Sales and Use Tax Agreement

Sponsor: Still

This bill requires the Director of the Department of Revenue to enter into the multistate Streamlined Sales and Use Tax Agreement and the department to establish the necessary rules to implement the compliance provisions of the agreement. The bill specifies that:

(1) All moneys collected from the agreement must be deposited into the newly created Streamlined Sales and Use Tax Agreement Fund and used solely, upon appropriation, for funding Missouri public education;

(2) All state sales tax revenue except amounts collected for public school districts must be deposited into the fund beginning January 1 following the effective date of these provisions;

(3) When a political subdivision changes the tax rate or the local sales tax boundary, the change must take effect on the first day of the calendar quarter 120 days after the sellers receive notice of the change;

(4) When a city annexes or detaches property, the city clerk must forward a certified copy of the ordinance to the department director within 10 days. The tax rate in the added or abolished territory must become effective on the first day of the calendar quarter 120 days after the sellers receive notice of the boundary change;

(5) If a political subdivision repeals an existing tax, the repeal must become effective on the first day of the calendar quarter 120 days after the sellers receive notice that the abolishment of the tax was approved;

(6) When an entity remits the tax authorized under Section 67.1959, RSMo, it will no longer receive a reduction in its sales tax liability for transactions with businesses that also collect a local tourism tax; and

(7) When a seller fails to properly collect tax based on certain information provided by the department, the seller will be relieved from the tax liability.

The bill also requires:

(1) The state to be represented as a member of the agreement for amending the agreement by three delegates including a person appointed by the Governor, a member of the General Assembly

appointed by mutual consent of the President Pro Tem of the Senate and the Speaker of the House of Representatives, and the department director or his or her designee. The delegates must make an annual report by January 15 on the status of the agreement;

(2) The department director to perform all functions regarding the administration, collection, enforcement, and operation of all sales taxes;

(3) The department to provide electronic databases for tax jurisdiction boundary changes, tax rates, and a taxability matrix detailing taxable property and services;

(4) All state and local sales taxes to have the same base which means that exemptions at the state and local level must be identical;

(5) A seller to be allowed a deduction from taxable sales for bad debts attributable to taxable sales that are uncollectable;

(6) The definitions for "delivery charges," "food," “bottled water,” “candy,” “ancillary services,” "lease or rental," "purchase price," "sales price," "tangible personal property," and other definitions to be adopted as defined in the streamlined agreement;

(7) The terms “engaging in business activities within the state” and “maintains a place of business in this state” to be defined as they relate to the collection of taxes;

(8) The department to be able to require any seller to electronically file and remit sales and use taxes;

(9) The definition of “tangible personal property” to exclude specified digital products, digital audio-visual works, digital audio works, and digital books;

(10) The on-line registration for out-of-state sellers to be simplified and no bond to be required;

(11) No caps or thresholds to exist on the collection of sales or use taxes;

(12) Out-of-state sellers to be offered uniform, simplified electronic filing;

(13) Uniform sourcing rules to determine what tax rates will apply to certain transactions;

(14) Various rules to determine the taxability of bundled transactions involving both taxable and nontaxable goods or services;

(15) Amnesty to be available to certain out-of-state sellers with uncollected or unpaid sales or use tax if the seller was not registered in Missouri in the prior 12-month period before the effective date of the streamlined agreement; and

(16) A monetary allowance of up to 2% of the amount of remittance to sellers and certified service providers to be allowed for collecting and remitting the state and local sales taxes. However, they cannot simultaneously receive this monetary allowance and the 2% timely filing deduction.

The bill becomes effective January 1, 2014.