

FIRST REGULAR SESSION
[TRULY AGREED TO AND FINALLY PASSED]
HOUSE COMMITTEE SUBSTITUTE FOR

HOUSE BILL NO. 128

97TH GENERAL ASSEMBLY

0638L.02T

2013

AN ACT

To repeal sections 52.230, 52.240, 99.845, and 143.451, RSMo, and to enact in lieu thereof four new sections relating to taxation.

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

Section A. Sections 52.230, 52.240, 99.845, and 143.451, RSMo, are repealed and four
2 new sections enacted in lieu thereof, to be known as sections 52.230, 52.240, 99.845, and
3 143.451, to read as follows:

52.230. **1.** Each year the collectors of revenue in all counties of the first class not having
2 a charter form of government, and in all second, third and fourth class counties of the state, not
3 under township organization, shall mail to all resident taxpayers, at least thirty days prior to
4 delinquent date, a statement of all real and tangible personal property taxes due and assessed on
5 the current tax books in the name of the taxpayers. Such statement shall also include the amount
6 of real and tangible personal property taxes delinquent at the time of the mailing of the statement,
7 including any interest and penalties associated with the delinquent taxes. Such statement shall
8 declare upon its face, or by an attachment thereto, that they are delinquent at the time such
9 statement is mailed for an amount of real or tangible personal property taxes, or both. A
10 collector of revenue or other collection authority charged with the duty of tax or license
11 collection may refuse to accept payment not accompanied by such statement. Refusal by the
12 collector of revenue to accept payment not accompanied by such statement shall not relieve or
13 delay the levy of interest and penalty on any overdue unpaid tax or license. Collectors shall also
14 mail tax receipts for all the taxes received by mail.

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 **2. The collectors of revenue may electronically transmit the statement required**
16 **under subsection 1 of this section to the electronic address provided and authorized by the**
17 **taxpayer to the collector of revenue. Any electronic address provided by a taxpayer to the**
18 **collector of revenue for purposes of this subsection shall be a closed record under chapter**
19 **610.**

 52.240. 1. The statement and receipt required by section 52.230 shall be mailed to the
2 address of the taxpayer as shown by the county assessor on the current tax books, and postage
3 for the mailing of the statements and receipts shall be furnished by the county commission **or the**
4 **statement and receipt may be electronically transmitted to the electronic address provided**
5 **and authorized by the taxpayer to the collector of revenue.** The failure of the taxpayer to
6 receive the notice provided for in section 52.230 in no case relieves the taxpayer of any tax
7 liability imposed by law.

8 **2. No penalty or interest imposed under any law shall be charged on any real or**
9 **personal property tax when the county collector certifies due to system failures or other**
10 **reason that the statement required by section 52.230 was mailed less than thirty days prior**
11 **to the delinquent date and the taxpayer paid taxes owed by fifteen days after the**
12 **delinquent date or fifteen days after the certified date of mailing, whichever is later.**

13 **3.** No penalty or interest imposed under any law shall be charged on any real or personal
14 property tax when there is clear and convincing evidence that the county made an error or
15 omission in determining taxes owed by a taxpayer.

16 [2.] **4.** Any taxpayer claiming that the county made an error or omission in determining
17 taxes owed may submit a written request for a refund of penalties, interest, or taxes to the county
18 commission or governing body of the county. If the county commission or governing body of
19 the county approves the refund, then such penalties, interest, or taxes shall be refunded as
20 provided in [subsection 6 of] section 139.031. The county commission shall approve or
21 disapprove the taxpayer's written request within thirty days of receiving said request. The county
22 collector shall refund penalties, interest, and taxes if the county made an error or omission in
23 determining taxes owed by the taxpayer.

24 [3.] **5.** Nothing in this section shall relieve a taxpayer from paying taxes owed by
25 December thirty-first and paying penalties and interest owed for failing to pay all taxes by
26 December thirty-first, **except as provided with regard to penalties and interest by subsection**
27 **2 of this section.**

 99.845. 1. A municipality, either at the time a redevelopment project is approved or, in
2 the event a municipality has undertaken acts establishing a redevelopment plan and
3 redevelopment project and has designated a redevelopment area after the passage and approval

4 of sections 99.800 to 99.865 but prior to August 13, 1982, which acts are in conformance with
5 the procedures of sections 99.800 to 99.865, may adopt tax increment allocation financing by
6 passing an ordinance providing that after the total equalized assessed valuation of the taxable real
7 property in a redevelopment project exceeds the certified total initial equalized assessed
8 valuation of the taxable real property in the redevelopment project, the ad valorem taxes, and
9 payments in lieu of taxes, if any, arising from the levies upon taxable real property in such
10 redevelopment project by taxing districts and tax rates determined in the manner provided in
11 subsection 2 of section 99.855 each year after the effective date of the ordinance until
12 redevelopment costs have been paid shall be divided as follows:

13 (1) That portion of taxes, penalties and interest levied upon each taxable lot, block, tract,
14 or parcel of real property which is attributable to the initial equalized assessed value of each such
15 taxable lot, block, tract, or parcel of real property in the area selected for the redevelopment
16 project shall be allocated to and, when collected, shall be paid by the county collector to the
17 respective affected taxing districts in the manner required by law in the absence of the adoption
18 of tax increment allocation financing;

19 (2) (a) Payments in lieu of taxes attributable to the increase in the current equalized
20 assessed valuation of each taxable lot, block, tract, or parcel of real property in the area selected
21 for the redevelopment project and any applicable penalty and interest over and above the initial
22 equalized assessed value of each such unit of property in the area selected for the redevelopment
23 project shall be allocated to and, when collected, shall be paid to the municipal treasurer who
24 shall deposit such payment in lieu of taxes into a special fund called the "Special Allocation
25 Fund" of the municipality for the purpose of paying redevelopment costs and obligations incurred
26 in the payment thereof. Payments in lieu of taxes which are due and owing shall constitute a lien
27 against the real estate of the redevelopment project from which they are derived and shall be
28 collected in the same manner as the real property tax, including the assessment of penalties and
29 interest where applicable. The municipality may, in the ordinance, pledge the funds in the
30 special allocation fund for the payment of such costs and obligations and provide for the
31 collection of payments in lieu of taxes, the lien of which may be foreclosed in the same manner
32 as a special assessment lien as provided in section 88.861. No part of the current equalized
33 assessed valuation of each lot, block, tract, or parcel of property in the area selected for the
34 redevelopment project attributable to any increase above the total initial equalized assessed value
35 of such properties shall be used in calculating the general state school aid formula provided for
36 in section 163.031 until such time as all redevelopment costs have been paid as provided for in
37 this section and section 99.850;

38 (b) Notwithstanding any provisions of this section to the contrary, for purposes of
39 determining the limitation on indebtedness of local government pursuant to article VI, section
40 26(b) of the Missouri Constitution, the current equalized assessed value of the property in an area
41 selected for redevelopment attributable to the increase above the total initial equalized assessed
42 valuation shall be included in the value of taxable tangible property as shown on the last
43 completed assessment for state or county purposes;

44 (c) The county assessor shall include the current assessed value of all property within
45 the taxing district in the aggregate valuation of assessed property entered upon the assessor's
46 book and verified pursuant to section 137.245, and such value shall be utilized for the purpose
47 of the debt limitation on local government pursuant to article VI, section 26(b) of the Missouri
48 Constitution;

49 (3) For purposes of this section, "levies upon taxable real property in such redevelopment
50 project by taxing districts" shall not include the blind pension fund tax levied under the authority
51 of article III, section 38(b) of the Missouri Constitution, or the merchants' and manufacturers'
52 inventory replacement tax levied under the authority of subsection 2 of section 6 of article X of
53 the Missouri Constitution, except in redevelopment project areas in which tax increment
54 financing has been adopted by ordinance pursuant to a plan approved by vote of the governing
55 body of the municipality taken after August 13, 1982, and before January 1, 1998.

56 2. In addition to the payments in lieu of taxes described in subdivision (2) of subsection
57 1 of this section, for redevelopment plans and projects adopted or redevelopment projects
58 approved by ordinance after July 12, 1990, and prior to August 31, 1991, fifty percent of the total
59 additional revenue from taxes, penalties and interest imposed by the municipality, or other taxing
60 districts, which are generated by economic activities within the area of the redevelopment project
61 over the amount of such taxes generated by economic activities within the area of the
62 redevelopment project in the calendar year prior to the adoption of the redevelopment project by
63 ordinance, while tax increment financing remains in effect, but excluding taxes imposed on sales
64 or charges for sleeping rooms paid by transient guests of hotels and motels, taxes levied pursuant
65 to section 70.500, licenses, fees or special assessments other than payments in lieu of taxes and
66 any penalty and interest thereon, or, effective January 1, 1998, taxes levied pursuant to section
67 94.660, for the purpose of public transportation, shall be allocated to, and paid by the local
68 political subdivision collecting officer to the treasurer or other designated financial officer of the
69 municipality, who shall deposit such funds in a separate segregated account within the special
70 allocation fund. Any provision of an agreement, contract or covenant entered into prior to July
71 12, 1990, between a municipality and any other political subdivision which provides for an

72 appropriation of other municipal revenues to the special allocation fund shall be and remain
73 enforceable.

74 3. In addition to the payments in lieu of taxes described in subdivision (2) of subsection
75 1 of this section, for redevelopment plans and projects adopted or redevelopment projects
76 approved by ordinance after August 31, 1991, fifty percent of the total additional revenue from
77 taxes, penalties and interest which are imposed by the municipality or other taxing districts, and
78 which are generated by economic activities within the area of the redevelopment project over the
79 amount of such taxes generated by economic activities within the area of the redevelopment
80 project in the calendar year prior to the adoption of the redevelopment project by ordinance,
81 while tax increment financing remains in effect, but excluding personal property taxes, taxes
82 imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels,
83 taxes levied pursuant to section 70.500, taxes levied for the purpose of public transportation
84 pursuant to section 94.660, **taxes imposed on sales pursuant to subsection 2 of section**
85 **67.1712 for the purpose of operating and maintaining a metropolitan park and recreation**
86 **district**, licenses, fees or special assessments other than payments in lieu of taxes and penalties
87 and interest thereon, [or] any sales tax imposed by a county with a charter form of government
88 and with more than six hundred thousand but fewer than seven hundred thousand inhabitants,
89 for the purpose of sports stadium improvement or levied by such county under section 238.410
90 for the purpose of the county transit authority operating transportation facilities, **or for**
91 **redevelopment plans and projects adopted or redevelopment projects approved by**
92 **ordinance after August 28, 2013, taxes imposed on sales pursuant to section 650.399 for the**
93 **purpose of emergency communication systems**, shall be allocated to, and paid by the local
94 political subdivision collecting officer to the treasurer or other designated financial officer of the
95 municipality, who shall deposit such funds in a separate segregated account within the special
96 allocation fund.

97 4. Beginning January 1, 1998, for redevelopment plans and projects adopted or
98 redevelopment projects approved by ordinance and which have complied with subsections 4 to
99 12 of this section, in addition to the payments in lieu of taxes and economic activity taxes
100 described in subsections 1, 2 and 3 of this section, up to fifty percent of the new state revenues,
101 as defined in subsection 8 of this section, estimated for the businesses within the project area and
102 identified by the municipality in the application required by subsection 10 of this section, over
103 and above the amount of such taxes reported by businesses within the project area as identified
104 by the municipality in their application prior to the approval of the redevelopment project by
105 ordinance, while tax increment financing remains in effect, may be available for appropriation
106 by the general assembly as provided in subsection 10 of this section to the department of

107 economic development supplemental tax increment financing fund, from the general revenue
108 fund, for distribution to the treasurer or other designated financial officer of the municipality
109 with approved plans or projects.

110 5. The treasurer or other designated financial officer of the municipality with approved
111 plans or projects shall deposit such funds in a separate segregated account within the special
112 allocation fund established pursuant to section 99.805.

113 6. No transfer from the general revenue fund to the Missouri supplemental tax increment
114 financing fund shall be made unless an appropriation is made from the general revenue fund for
115 that purpose. No municipality shall commit any state revenues prior to an appropriation being
116 made for that project. For all redevelopment plans or projects adopted or approved after
117 December 23, 1997, appropriations from the new state revenues shall not be distributed from the
118 Missouri supplemental tax increment financing fund into the special allocation fund unless the
119 municipality's redevelopment plan ensures that one hundred percent of payments in lieu of taxes
120 and fifty percent of economic activity taxes generated by the project shall be used for eligible
121 redevelopment project costs while tax increment financing remains in effect. This account shall
122 be separate from the account into which payments in lieu of taxes are deposited, and separate
123 from the account into which economic activity taxes are deposited.

124 7. In order for the redevelopment plan or project to be eligible to receive the revenue
125 described in subsection 4 of this section, the municipality shall comply with the requirements of
126 subsection 10 of this section prior to the time the project or plan is adopted or approved by
127 ordinance. The director of the department of economic development and the commissioner of
128 the office of administration may waive the requirement that the municipality's application be
129 submitted prior to the redevelopment plan's or project's adoption or the redevelopment plan's or
130 project's approval by ordinance.

131 8. For purposes of this section, "new state revenues" means:

132 (1) The incremental increase in the general revenue portion of state sales tax revenues
133 received pursuant to section 144.020, excluding sales taxes that are constitutionally dedicated,
134 taxes deposited to the school district trust fund in accordance with section 144.701, sales and use
135 taxes on motor vehicles, trailers, boats and outboard motors and future sales taxes earmarked by
136 law. In no event shall the incremental increase include any amounts attributable to retail sales
137 unless the municipality or authority has proven to the Missouri development finance board and
138 the department of economic development and such entities have made a finding that the sales
139 tax increment attributable to retail sales is from new sources which did not exist in the state
140 during the baseline year. The incremental increase in the general revenue portion of state sales
141 tax revenues for an existing or relocated facility shall be the amount that current state sales tax

142 revenue exceeds the state sales tax revenue in the base year as stated in the redevelopment plan
143 as provided in subsection 10 of this section; or

144 (2) The state income tax withheld on behalf of new employees by the employer pursuant
145 to section 143.221 at the business located within the project as identified by the municipality.
146 The state income tax withholding allowed by this section shall be the municipality's estimate of
147 the amount of state income tax withheld by the employer within the redevelopment area for new
148 employees who fill new jobs directly created by the tax increment financing project.

149 9. Subsection 4 of this section shall apply only to blighted areas located in enterprise
150 zones, pursuant to sections 135.200 to 135.256, blighted areas located in federal empowerment
151 zones, or to blighted areas located in central business districts or urban core areas of cities which
152 districts or urban core areas at the time of approval of the project by ordinance, provided that the
153 enterprise zones, federal empowerment zones or blighted areas contained one or more buildings
154 at least fifty years old; and

155 (1) Suffered from generally declining population or property taxes over the twenty-year
156 period immediately preceding the area's designation as a project area by ordinance; or

157 (2) Was a historic hotel located in a county of the first classification without a charter
158 form of government with a population according to the most recent federal decennial census in
159 excess of one hundred fifty thousand and containing a portion of a city with a population
160 according to the most recent federal decennial census in excess of three hundred fifty thousand.

161 10. The initial appropriation of up to fifty percent of the new state revenues authorized
162 pursuant to subsections 4 and 5 of this section shall not be made to or distributed by the
163 department of economic development to a municipality until all of the following conditions have
164 been satisfied:

165 (1) The director of the department of economic development or his or her designee and
166 the commissioner of the office of administration or his or her designee have approved a tax
167 increment financing application made by the municipality for the appropriation of the new state
168 revenues. The municipality shall include in the application the following items in addition to the
169 items in section 99.810:

170 (a) The tax increment financing district or redevelopment area, including the businesses
171 identified within the redevelopment area;

172 (b) The base year of state sales tax revenues or the base year of state income tax withheld
173 on behalf of existing employees, reported by existing businesses within the project area prior to
174 approval of the redevelopment project;

- 175 (c) The estimate of the incremental increase in the general revenue portion of state sales
176 tax revenue or the estimate for the state income tax withheld by the employer on behalf of new
177 employees expected to fill new jobs created within the redevelopment area after redevelopment;
- 178 (d) The official statement of any bond issue pursuant to this subsection after December
179 23, 1997;
- 180 (e) An affidavit that is signed by the developer or developers attesting that the provisions
181 of subdivision (1) of subsection 1 of section 99.810 have been met and specifying that the
182 redevelopment area would not be reasonably anticipated to be developed without the
183 appropriation of the new state revenues;
- 184 (f) The cost-benefit analysis required by section 99.810 includes a study of the fiscal
185 impact on the state of Missouri; and
- 186 (g) The statement of election between the use of the incremental increase of the general
187 revenue portion of the state sales tax revenues or the state income tax withheld by employers on
188 behalf of new employees who fill new jobs created in the redevelopment area;
- 189 (h) The name, street and mailing address, and phone number of the mayor or chief
190 executive officer of the municipality;
- 191 (i) The street address of the development site;
- 192 (j) The three-digit North American Industry Classification System number or numbers
193 characterizing the development project;
- 194 (k) The estimated development project costs;
- 195 (l) The anticipated sources of funds to pay such development project costs;
- 196 (m) Evidence of the commitments to finance such development project costs;
- 197 (n) The anticipated type and term of the sources of funds to pay such development
198 project costs;
- 199 (o) The anticipated type and terms of the obligations to be issued;
- 200 (p) The most recent equalized assessed valuation of the property within the development
201 project area;
- 202 (q) An estimate as to the equalized assessed valuation after the development project area
203 is developed in accordance with a development plan;
- 204 (r) The general land uses to apply in the development area;
- 205 (s) The total number of individuals employed in the development area, broken down by
206 full-time, part-time, and temporary positions;
- 207 (t) The total number of full-time equivalent positions in the development area;
- 208 (u) The current gross wages, state income tax withholdings, and federal income tax
209 withholdings for individuals employed in the development area;

- 210 (v) The total number of individuals employed in this state by the corporate parent of any
211 business benefitting from public expenditures in the development area, and all subsidiaries
212 thereof, as of December thirty-first of the prior fiscal year, broken down by full-time, part-time,
213 and temporary positions;
- 214 (w) The number of new jobs to be created by any business benefitting from public
215 expenditures in the development area, broken down by full-time, part-time, and temporary
216 positions;
- 217 (x) The average hourly wage to be paid to all current and new employees at the project
218 site, broken down by full-time, part-time, and temporary positions;
- 219 (y) For project sites located in a metropolitan statistical area, as defined by the federal
220 Office of Management and Budget, the average hourly wage paid to nonmanagerial employees
221 in this state for the industries involved at the project, as established by the United States Bureau
222 of Labor Statistics;
- 223 (z) For project sites located outside of metropolitan statistical areas, the average weekly
224 wage paid to nonmanagerial employees in the county for industries involved at the project, as
225 established by the United States Department of Commerce;
- 226 (aa) A list of other community and economic benefits to result from the project;
- 227 (bb) A list of all development subsidies that any business benefitting from public
228 expenditures in the development area has previously received for the project, and the name of
229 any other granting body from which such subsidies are sought;
- 230 (cc) A list of all other public investments made or to be made by this state or units of
231 local government to support infrastructure or other needs generated by the project for which the
232 funding pursuant to this section is being sought;
- 233 (dd) A statement as to whether the development project may reduce employment at any
234 other site, within or without the state, resulting from automation, merger, acquisition, corporate
235 restructuring, relocation, or other business activity;
- 236 (ee) A statement as to whether or not the project involves the relocation of work from
237 another address and if so, the number of jobs to be relocated and the address from which they
238 are to be relocated;
- 239 (ff) A list of competing businesses in the county containing the development area and
240 in each contiguous county;
- 241 (gg) A market study for the development area;
- 242 (hh) A certification by the chief officer of the applicant as to the accuracy of the
243 development plan;

244 (2) The methodologies used in the application for determining the base year and
245 determining the estimate of the incremental increase in the general revenue portion of the state
246 sales tax revenues or the state income tax withheld by employers on behalf of new employees
247 who fill new jobs created in the redevelopment area shall be approved by the director of the
248 department of economic development or his or her designee and the commissioner of the office
249 of administration or his or her designee. Upon approval of the application, the director of the
250 department of economic development or his or her designee and the commissioner of the office
251 of administration or his or her designee shall issue a certificate of approval. The department of
252 economic development may request the appropriation following application approval;

253 (3) The appropriation shall be either a portion of the estimate of the incremental increase
254 in the general revenue portion of state sales tax revenues in the redevelopment area or a portion
255 of the estimate of the state income tax withheld by the employer on behalf of new employees
256 who fill new jobs created in the redevelopment area as indicated in the municipality's application,
257 approved by the director of the department of economic development or his or her designee and
258 the commissioner of the office of administration or his or her designee. At no time shall the
259 annual amount of the new state revenues approved for disbursements from the Missouri
260 supplemental tax increment financing fund exceed thirty-two million dollars;

261 (4) Redevelopment plans and projects receiving new state revenues shall have a duration
262 of up to fifteen years, unless prior approval for a longer term is given by the director of the
263 department of economic development or his or her designee and the commissioner of the office
264 of administration or his or her designee; except that, in no case shall the duration exceed
265 twenty-three years.

266 11. In addition to the areas authorized in subsection 9 of this section, the funding
267 authorized pursuant to subsection 4 of this section shall also be available in a federally approved
268 levee district, where construction of a levee begins after December 23, 1997, and which is
269 contained within a county of the first classification without a charter form of government with
270 a population between fifty thousand and one hundred thousand inhabitants which contains all
271 or part of a city with a population in excess of four hundred thousand or more inhabitants.

272 12. There is hereby established within the state treasury a special fund to be known as
273 the "Missouri Supplemental Tax Increment Financing Fund", to be administered by the
274 department of economic development. The department shall annually distribute from the
275 Missouri supplemental tax increment financing fund the amount of the new state revenues as
276 appropriated as provided in the provisions of subsections 4 and 5 of this section if and only if the
277 conditions of subsection 10 of this section are met. The fund shall also consist of any gifts,
278 contributions, grants or bequests received from federal, private or other sources. Moneys in the

279 Missouri supplemental tax increment financing fund shall be disbursed per project pursuant to
280 state appropriations.

281 13. Redevelopment project costs may include, at the prerogative of the state, the portion
282 of salaries and expenses of the department of economic development and the department of
283 revenue reasonably allocable to each redevelopment project approved for disbursements from
284 the Missouri supplemental tax increment financing fund for the ongoing administrative functions
285 associated with such redevelopment project. Such amounts shall be recovered from new state
286 revenues deposited into the Missouri supplemental tax increment financing fund created under
287 this section.

288 14. For redevelopment plans or projects approved by ordinance that result in net new
289 jobs from the relocation of a national headquarters from another state to the area of the
290 redevelopment project, the economic activity taxes and new state tax revenues shall not be based
291 on a calculation of the incremental increase in taxes as compared to the base year or prior
292 calendar year for such redevelopment project, rather the incremental increase shall be the amount
293 of total taxes generated from the net new jobs brought in by the national headquarters from
294 another state. In no event shall this subsection be construed to allow a redevelopment project
295 to receive an appropriation in excess of up to fifty percent of the new state revenues.

 143.451. 1. Missouri taxable income of a corporation shall include all income derived
2 from sources within this state.

3 2. A corporation described in subdivision (1) of subsection 1 of section 143.441 shall
4 include in its Missouri taxable income all income from sources within this state, including that
5 from the transaction of business in this state and that from the transaction of business partly done
6 in this state and partly done in another state or states. However:

7 (1) Where income results from a transaction partially in this state and partially in another
8 state or states, and income and deductions of the portion in the state cannot be segregated, then
9 such portions of income and deductions shall be allocated in this state and the other state or
10 states as will distribute to this state a portion based upon the portion of the transaction in this
11 state and the portion in such other state or states.

12 (2) The taxpayer may elect to compute the portion of income from all sources in this
13 state in the following manner, **or the manner set forth in subdivision (3) of this subsection:**

14 (a) The income from all sources shall be determined as provided, excluding therefrom
15 the figures for the operation of any bridge connecting this state with another state.

16 (b) The amount of sales which are transactions wholly in this state shall be added to
17 one-half of the amount of sales which are transactions partly within this state and partly without
18 this state, and the amount thus obtained shall be divided by the total sales or in cases where sales

19 do not express the volume of business, the amount of business transacted wholly in this state
20 shall be added to one-half of the amount of business transacted partly in this state and partly
21 outside this state and the amount thus obtained shall be divided by the total amount of business
22 transacted, and the net income shall be multiplied by the fraction thus obtained, to determine the
23 proportion of income to be used to arrive at the amount of Missouri taxable income. The
24 investment or reinvestment of its own funds, or sale of any such investment or reinvestment,
25 shall not be considered as sales or other business transacted for the determination of said
26 fraction.

27 [(3)] (c) For the purposes of this [section] **subdivision**, a transaction involving the sale
28 of tangible property is:

29 [(a)] **a.** "Wholly in this state" if both the seller's shipping point and the purchaser's
30 destination point are in this state;

31 [(b)] **b.** "Partly within this state and partly without this state" if the seller's shipping point
32 is in this state and the purchaser's destination point is outside this state, or the seller's shipping
33 point is outside this state and the purchaser's destination point is in this state;

34 [(c)] **c.** Not "wholly in this state" or not "partly within this state and partly without this
35 state" only if both the seller's shipping point and the purchaser's destination point are outside this
36 state[;] .

37 (d) For purposes of this subdivision:

38 **a.** The purchaser's destination point shall be determined without regard to the FOB point
39 or other conditions of the sale[,] ; and

40 **b.** The seller's shipping point is determined without regard to the location of the seller's
41 principle office or place of business.

42 **(3) The taxpayer may elect to compute the portion of income from all sources in this**
43 **state in the following manner:**

44 **(a) The income from all sources shall be determined as provided, excluding**
45 **therefrom the figures for the operation of any bridge connecting this state with another**
46 **state;**

47 **(b) The amount of sales which are transactions in this state shall be divided by the**
48 **total sales, and the net income shall be multiplied by the fraction thus obtained, to**
49 **determine the proportion of income to be used to arrive at the amount of Missouri taxable**
50 **income. The investment or reinvestment of its own funds, or sale of any such investment**
51 **or reinvestment, shall not be considered as sales or other business transacted for the**
52 **determination of said fraction;**

53 **(c) For the purposes of this subdivision, a transaction involving the sale of tangible**
54 **property is:**

55 **a. "In this state" if the purchaser's destination point is in this state;**

56 **b. Not "in this state" if the purchaser's destination point is outside this state;**

57 **(d) For purposes of this subdivision, the purchaser's destination point shall be**
58 **determined without regard to the FOB point or other conditions of the sale and shall not**
59 **be in this state if the purchaser received the tangible personal property from the seller in**
60 **this state for delivery to the purchaser's location outside this state.**

61 (4) For purposes of this subsection, the following words shall, unless the context
62 otherwise requires, have the following meaning:

63 (a) "Administration services" include, but are not limited to, clerical, fund or shareholder
64 accounting, participant record keeping, transfer agency, bookkeeping, data processing, custodial,
65 internal auditing, legal and tax services performed for an investment company;

66 (b) "Affiliate", the meaning as set forth in 15 U.S.C. Section 80a-2(a)(3)(C), as may be
67 amended from time to time;

68 (c) "Distribution services" include, but are not limited to, the services of advertising,
69 servicing, marketing, underwriting or selling shares of an investment company, but, in the case
70 of advertising, servicing or marketing shares, only where such service is performed by a person
71 who is, or in the case of a closed end company, was, either engaged in the services of
72 underwriting or selling investment company shares or affiliated with a person that is engaged in
73 the service of underwriting or selling investment company shares. In the case of an open end
74 company, such service of underwriting or selling shares must be performed pursuant to a contract
75 entered into pursuant to 15 U.S.C. Section 80a-15(b), as from time to time amended;

76 (d) "Investment company", any person registered under the federal Investment Company
77 Act of 1940, as amended from time to time, (the act) or a company which would be required to
78 register as an investment company under the act except that such person is exempt to such
79 registration pursuant to Section 80a-3(c)(1) of the act;

80 (e) "Investment funds service corporation" includes any corporation or S corporation
81 doing business in the state which derives more than fifty percent of its gross income in the
82 ordinary course of business from the provision directly or indirectly of management, distribution
83 or administration services to or on behalf of an investment company or from trustees, sponsors
84 and participants of employee benefit plans which have accounts in an investment company. An
85 investment funds service corporation shall include any corporation or S corporation providing
86 management services as an investment advisory firm registered under Section 203 of the
87 Investment Advisors Act of 1940, as amended from time to time, regardless of the percentage

88 of gross revenues consisting of fees from management services provided to or on behalf of an
89 investment company;

90 (f) "Management services" include but are not limited to, the rendering of investment
91 advice directly or indirectly to an investment company making determinations as to when sales
92 and purchases of securities are to be made on behalf of the investment company, or the selling
93 or purchasing of securities constituting assets of an investment company, and related activities,
94 but only where such activity or activities are performed:

95 a. Pursuant to a contract with the investment company entered into pursuant to 15 U.S.C.
96 Section 80a-15(a), as from time to time amended;

97 b. For a person that has entered into such contract with the investment company; or

98 c. For a person that is affiliated with a person that has entered into such contract with an
99 investment company;

100 (g) "Qualifying sales", gross income derived from the provision directly or indirectly of
101 management, distribution or administration services to or on behalf of an investment company
102 or from trustees, sponsors and participants of employee benefit plans which have accounts in an
103 investment company. For purposes of this section, gross income is defined as that amount of
104 income earned from qualifying sources without deduction of expenses related to the generation
105 of such income;

106 (h) "Residence", presumptively the fund shareholder's mailing address on the records of
107 the investment company. If, however, the investment company or the investment funds service
108 corporation has actual knowledge that the fund shareholder's primary residence or principal place
109 of business is different than the fund shareholder's mailing address such presumption shall not
110 control. To the extent an investment funds service corporation does not have access to the
111 records of the investment company, the investment funds service corporation may employ
112 reasonable methods to determine the investment company fund shareholder's residence.

113 (5) Notwithstanding other provisions of law to the contrary, qualifying sales of an
114 investment funds service corporation, or S corporation, shall be considered wholly in this state
115 only to the extent that the fund shareholders of the investment companies, to which the
116 investment funds service corporation, or S corporation, provide services, are resided in this
117 state. Wholly in this state qualifying sales of an investment funds service corporation, or S
118 corporation, shall be determined as follows:

119 (a) By multiplying the investment funds service corporation's total dollar amount of
120 qualifying sales from services provided to each investment company by a fraction, the numerator
121 of which shall be the average of the number of shares owned by the investment company's fund
122 shareholders resided in this state at the beginning of and at the end of the investment

123 company's taxable year that ends with or within the investment funds service corporation's
124 taxable year, and the denominator of which shall be the average of the number of shares owned
125 by the investment company's fund shareholders everywhere at the beginning of and at the end
126 of the investment company's taxable year that ends with or within the investment funds service
127 corporation's taxable year;

128 (b) A separate computation shall be made to determine the wholly in this state qualifying
129 sales from each investment company. The qualifying sales for each investment company shall
130 be multiplied by the respective percentage of each fund, as calculated pursuant to paragraph (a)
131 of this subdivision. The product of this equation shall result in the wholly in this state qualifying
132 sales. The qualifying sales for each investment company which are not wholly in this state will
133 be considered wholly without this state;

134 (c) To the extent an investment funds service corporation has sales which are not
135 qualifying sales, those nonqualified sales shall be apportioned to this state based on the
136 methodology utilized by the investment funds service corporation without regard to this
137 subdivision.

138 3. Any corporation described in subdivision (1) of subsection 1 of section 143.441
139 organized in this state or granted a permit to operate in this state for the transportation or care
140 of passengers shall report its gross earnings within the state on intrastate business and shall also
141 report its gross earnings on all interstate business done in this state which report shall be subject
142 to inquiry for the purpose of determining the amount of income to be included in Missouri
143 taxable income. The previous sentence shall not apply to a railroad.

144 4. A corporation described in subdivision (2) of subsection 1 of section 143.441 shall
145 include in its Missouri taxable income all income arising from all sources in this state and all
146 income from each transportation service wholly within this state, from each service where the
147 only lines of such corporation used are those in this state, and such proportion of revenue from
148 each service where the facilities of such corporation in this state and in another state or states are
149 used, as the mileage used over the lines of such corporation in the state shall bear to the total
150 mileage used over the lines of such corporation. The taxpayer may elect to compute the portion
151 of income from all sources within this state in the following manner:

152 (1) The income from all sources shall be determined as provided;

153 (2) The amount of investment of such corporation on December thirty-first of each year
154 in this state in fixed transportation facilities, real estate and improvements, plus the value on
155 December thirty-first of each year of any fixed transportation facilities, real estate and
156 improvements in this state leased from any other railroad shall be divided by the sum of the total
157 amount of investment of such corporation on December thirty-first of each year in fixed

158 transportation facilities, real estate and improvements, plus the value on December thirty-first
159 of each year, of any fixed transportation facilities, real estate and improvements leased from any
160 other railroad. Where any fixed transportation facilities, real estate or improvements are leased
161 by more than one railroad, such portion of the value shall be used by each railroad as the rental
162 paid by each shall bear to the rental paid by all lessees. The income shall be multiplied by the
163 fraction thus obtained to determine the proportion to be used to arrive at the amount of Missouri
164 taxable income.

165 5. A corporation described in subdivision (3) of subsection 1 of section 143.441 shall
166 include in its Missouri taxable income one-half of the net income from the operation of a bridge
167 between this and another state. If any such bridge is owned or operated by a railroad corporation
168 or corporations, or by a corporation owning a railroad corporation using such bridge, then the
169 figures for operation of such bridge may be included in the return of such railroad or railroads;
170 or if such bridge is owned or operated by any other corporation which may now or hereafter be
171 required to file an income tax return, one-half of the income or loss to such corporation from
172 such bridge may be included in such return by adding or subtracting same to or from another net
173 income or loss shown by the return.

174 6. A corporation described in subdivision (4) of subsection 1 of section 143.441 shall
175 include in its Missouri taxable income all income arising from all sources within this state.
176 Income shall include revenue from each telephonic or telegraphic service rendered wholly within
177 this state; from each service rendered for which the only facilities of such corporation used are
178 those in this state; and from each service rendered over the facilities of such corporation in this
179 state and in other state or states, such proportion of such revenue as the mileage involved in this
180 state shall bear to the total mileage involved over the lines of said company in all states. The
181 taxpayer may elect to compute the portion of income from all sources within this state in the
182 following manner:

183 (1) The income from all sources shall be determined as provided;

184 (2) The amount of investment of such corporation on December thirty-first of each year
185 in this state in telephonic or telegraphic facilities, real estate and improvements thereon, shall be
186 divided by the amount of the total investment of such corporation on December thirty-first of
187 each year in telephonic or telegraphic facilities, real estate and improvements. The income of
188 the taxpayer shall be multiplied by fraction thus obtained to determine the proportion to be used
189 to arrive at the amount of Missouri taxable income.

190 7. From the income determined in subsections 2, 3, 4, 5 and 6 of this section to be from
191 all sources within this state shall be deducted such of the deductions for expenses in determining

192 Missouri taxable income as were incurred in this state to produce such income and all losses
193 actually sustained in this state in the business of the corporation.

194 8. If a corporation derives only part of its income from sources within Missouri, its
195 Missouri taxable income shall only reflect the effect of the following listed deductions to the
196 extent applicable to Missouri. The deductions are: (a) its deduction for federal income taxes
197 pursuant to section 143.171, and (b) the effect on Missouri taxable income of the deduction for
198 net operating loss allowed by Section 172 of the Internal Revenue Code. The extent applicable
199 to Missouri shall be determined by multiplying the amount that would otherwise affect Missouri
200 taxable income by the ratio for the year of the Missouri taxable income of the corporation for the
201 year divided by the Missouri taxable income for the year as though the corporation had derived
202 all of its income from sources within Missouri. For the purpose of the preceding sentence,
203 Missouri taxable income shall not reflect the listed deductions.

204 9. Any investment funds service corporation organized as a corporation or S corporation
205 which has any shareholders resided in this state shall be subject to Missouri income tax as
206 provided in this chapter.

✓