CCS SCS SB 612 -- TAXATION

(Vetoed by the Governor)

This bill changes the laws regarding taxation.

NONRESIDENT ENTERTAINER AND PROFESSIONAL ATHLETIC TEAM INCOME TAX (Section 143.183, RSMo)

The bill extends the allocations of state income tax revenues collected from nonresident entertainers and professional athletic team members to the Missouri Arts Council Trust Fund, Missouri Humanities Council Trust Fund, Missouri State Library Networking Fund, Missouri Public Television Broadcasting Corporation Special Fund, and Missouri Historic Preservation Revolving Fund from December 31, 2015, to December 31, 2020, subject to appropriations.

ALLOCATION OF INTERSTATE INCOME FOR CORPORATE TAX PURPOSES (Section 143.451)

Currently, in determining what portion of a corporation's income is taxable in Missouri, the business may use a method whereby the ratio of instate sales to total sales is multiplied by the net income. A method for determining whether sales of tangible property are to be considered instate is already established in current law. The bill specifies a process for all other sales.

For sales of real property or rentals of tangible personal property, the portion of the property sold or rented that is located in this state must be considered an instate sale. For sales of service, the portion of the benefits delivered to purchasers in this state must be considered an instate sale.

For rentals or licenses of intangible property, the portion used in this state by the rentee or licensee must be considered an instate sale. Intangible property used for marketing must be considered used in this state if the good or service being marketed is purchased by a consumer in this state. Franchise fees or royalties for intangible property must be considered used in this state if the franchise is located in this state.

For sales of intangible property, the portion of the sale used in this state must be considered an instate sale. If the sale is for the right to conduct business activity in a certain geographic area, the sale must be considered instate if the geographic area is in this state. If receipts for sales of intangible property are dependent on use or productivity, the sale must be considered a lease or rental of intangible property. All sales of intangible property other than the right to conduct business in a specific area or sales with receipts contingent on productivity or use must be excluded from the sales factor when determining corporate income tax.

If it cannot be determined or reasonably approximated that a sale occurs in this state, the sale must be excluded from the sales factor for corporate income taxation.

NOTICE OF SALES TAX LAW CHANGES (Section 144.021)

The Department of Revenue must notify all affected sellers if the amount of taxes due is modified by a decision of the department director, the Administrative Hearing Commission, or a court that changes which items of tangible personal property or services are taxable before the modification can take effect. If the department fails to notify a seller of the change, the seller cannot be liable for the additional taxes to be collected until the seller is notified. The waiver of liability must not apply to any seller that had prior notice or that has previously remitted tax on the property or service which is subject to the decision.

SALES TAX EXEMPTION FOR COMMERCIAL LAUNDRIES (Section 144.054)

The bill authorizes a sales and use tax exemption for materials, machinery and parts, energy, and other ingredients used by a commercial or industrial laundry to treat, clean, and sanitize textiles. The facility must process at least 500 pounds of textiles per hour and at least 60,000 pounds per week to qualify for the exemption.