

SECOND REGULAR SESSION

HOUSE BILL NO. 1895

100TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE FALKNER.

4572H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 32.310, 144.605, and 144.757, RSMo, and to enact in lieu thereof four new sections relating to use taxes.

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

Section A. Sections 32.310, 144.605, and 144.757, RSMo, are repealed and four new sections enacted in lieu thereof, to be known as sections 32.310, 144.605, 144.637, and 144.757, to read as follows:

- 32.310. 1. The department of revenue shall create and maintain a mapping feature on its official public website that displays sales **and use** tax information of political subdivisions of this state that have taxing authority, including the current tax rate for each sales **and use** tax imposed and collected. Such display shall have the option to showcase the borders and jurisdiction of the following political subdivisions on a map of the state to the extent that such political subdivisions collect sales **and use** tax:
- (1) Ambulance districts;
 - (2) Community improvement districts;
 - (3) Fire protection districts;
 - (4) Levee districts;
 - (5) Library districts;
 - (6) Neighborhood improvement districts;
 - (7) Port authority districts;
 - (8) Tax increment financing districts;
 - (9) Transportation development districts;
 - (10) School districts; or

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.

17 (11) Any other political subdivision that imposes a sales **or use** tax within its borders
 18 and jurisdiction.

19 2. The mapping feature shall also have the option to superimpose state house of
 20 representative districts and state senate districts over the political subdivisions.

21 3. A political subdivision collecting sales **or use** tax listed in subsection 1 of this section
 22 shall provide to the department of revenue mapping and geographic data pertaining to the
 23 political subdivision's borders and jurisdictions. The political subdivision shall certify the
 24 accuracy of the data by affidavit and shall provide the data in a format specified by the
 25 department of revenue. Such data shall be sent to the department of revenue by April 1, 2019,
 26 and shall be updated and sent to the department if a change in the political subdivision's borders
 27 or jurisdiction occurs thereafter.

28 4. The department of revenue may contract with another entity to build and maintain the
 29 mapping feature.

30 5. By July 1, 2019, the department shall implement the mapping feature using the data
 31 provided to it under subsection 3 of this section.

144.605. The following words and phrases as used in sections 144.600 to 144.745 mean
 2 and include:

3 (1) "Calendar quarter", the period of three consecutive calendar months ending on March
 4 thirty-first, June thirtieth, September thirtieth, or December thirty-first;

5 (2) "Engages in business activities within this state" includes:

6 (a) Maintaining or having a franchisee or licensee operating under the seller's trade name
 7 in this state if the franchisee or licensee is required to collect sales tax pursuant to sections
 8 144.010 to 144.525;

9 (b) Soliciting sales or taking orders by sales agents or traveling representatives;

10 (c) A vendor is presumed to engage in business activities within this state if any person,
 11 other than a common carrier acting in its capacity as such, that has substantial nexus with this
 12 state:

13 a. Sells a similar line of products as the vendor and does so under the same or a similar
 14 business name;

15 b. Maintains an office, distribution facility, warehouse, or storage place, or similar place
 16 of business in the state to facilitate the delivery of property or services sold by the vendor to the
 17 vendor's customers;

18 c. Delivers, installs, assembles, or performs maintenance services for the vendor's
 19 customers within the state;

20 d. Facilitates the vendor's delivery of property to customers in the state by allowing the
21 vendor's customers to pick up property sold by the vendor at an office, distribution facility,
22 warehouse, storage place, or similar place of business maintained by the person in the state; or

23 e. Conducts any other activities in the state that are significantly associated with the
24 vendor's ability to establish and maintain a market in the state for the sales;

25 (d) The presumption in paragraph (c) **of this subdivision** may be rebutted by
26 demonstrating that the person's activities in the state are not significantly associated with the
27 vendor's ability to establish or maintain a market in this state for the vendor's sales;

28 (e) Notwithstanding paragraph (c) **of this subdivision**, a vendor shall be presumed to
29 engage in business activities within this state if the vendor enters into an agreement with one or
30 more residents of this state under which the resident, for a commission or other consideration,
31 directly or indirectly refers potential customers, whether by a link on an internet website, an
32 in-person oral presentation, telemarketing, or otherwise, to the vendor, if the cumulative gross
33 receipts from sales by the vendor to customers in the state who are referred to the vendor by all
34 residents with this type of an agreement with the vendor is in excess of ten thousand dollars
35 during the preceding twelve months;

36 (f) The presumption in paragraph (e) **of this subdivision** may be rebutted by submitting
37 proof that the residents with whom the vendor has an agreement did not engage in any activity
38 within the state that was significantly associated with the vendor's ability to establish or maintain
39 the vendor's market in the state during the preceding twelve months. Such proof may consist of
40 sworn written statements from all of the residents with whom the vendor has an agreement
41 stating that they did not engage in any solicitation in the state on behalf of the vendor during the
42 preceding year provided that such statements were provided and obtained in good faith;

43 **(g) a. Beginning October 1, 2020, a vendor engages in business activities within this**
44 **state if:**

45 **(i) The cumulative gross receipts from the vendor's sales of tangible personal**
46 **property to purchasers for the purpose of storage, use, or consumption in this state are one**
47 **hundred thousand dollars or more during any twelve-month period, as determined under**
48 **subparagraph b. of this paragraph; or**

49 **(ii) The vendor enters into two hundred or more separate transactions for the sale**
50 **of tangible personal property to purchasers for the purpose of storage, use, or consumption**
51 **in this state during any twelve-month period, as determined under subparagraph b. of this**
52 **paragraph;**

53 **b. Following the close of each calendar quarter, a vendor shall determine whether**
54 **the vendor met either of the requirements provided under subparagraph a. of this**
55 **paragraph during the twelve-month period ending on the last day of the preceding**

56 **calendar quarter. If the vendor met either of such requirements for any such twelve-**
57 **month period, such vendor shall collect and remit the tax as provided under section**
58 **144.635 for a period of no less than twelve months, beginning no more than three months**
59 **following the close of the preceding calendar quarter, and shall continue to collect and**
60 **remit the tax for as long as the vendor is engaged in business activities in this state, as**
61 **provided under this paragraph, or otherwise maintains a substantial nexus with this state;**

62 (3) "Maintains a place of business in this state" includes maintaining, occupying, or
63 using, permanently or temporarily, directly or indirectly, by whatever name called, an office,
64 place of distribution, sales or sample room or place, warehouse or storage place, or other place
65 of business in this state, whether owned or operated by the vendor or by any other person other
66 than a common carrier acting in its capacity as such;

67 (4) "Person", any individual, firm, copartnership, joint venture, association, corporation,
68 municipal or private, and whether organized for profit or not, state, county, political subdivision,
69 state department, commission, board, bureau or agency, except the state transportation
70 department, estate, trust, business trust, receiver or trustee appointed by the state or federal court,
71 syndicate, or any other group or combination acting as a unit, and the plural as well as the
72 singular number;

73 (5) "Purchase", the acquisition of the ownership of, or title to, tangible personal property,
74 through a sale, as defined herein, for the purpose of storage, use or consumption in this state;

75 (6) "Purchaser", any person who is the recipient for a valuable consideration of any sale
76 of tangible personal property acquired for use, storage, or consumption in this state;

77 (7) "Sale", any transfer, barter, or exchange of the title or ownership of tangible personal
78 property, or the right to use, store, or consume the same, for a consideration paid or to be paid,
79 and any transaction whether called leases, rentals, bailments, loans, conditional sales, or
80 otherwise, and notwithstanding that the title or possession of the property or both is retained for
81 security. For the purpose of this law the place of delivery of the property to the purchaser, user,
82 storer, or consumer is deemed to be the place of sale, whether the delivery be by the vendor or
83 by common carriers, private contractors, mails, express, agents, salesmen, solicitors, hawkers,
84 representatives, consignors, peddlers, canvassers, or otherwise;

85 (8) "Sales price", the consideration including the charges for services, except charges
86 incident to the extension of credit, paid or given, or contracted to be paid or given, by the
87 purchaser to the vendor for the tangible personal property, including any services that are a part
88 of the sale, valued in money, whether paid in money or otherwise, and any amount for which
89 credit is given to the purchaser by the vendor, without any deduction therefrom on account of the
90 cost of the property sold, the cost of materials used, labor or service cost, losses or any other
91 expenses whatsoever, except that cash discounts allowed and taken on sales shall not be included

92 and "sales price" shall not include the amount charged for property returned by customers upon
93 rescission of the contract of sales when the entire amount charged therefor is refunded either in
94 cash or credit or the amount charged for labor or services rendered in installing or applying the
95 property sold, the use, storage, or consumption of which is taxable pursuant to sections 144.600
96 to 144.745. The sales price shall not include usual and customary delivery charges that are
97 separately stated. In determining the amount of tax due pursuant to sections 144.600 to 144.745,
98 any charge incident to the extension of credit shall be specifically exempted;

99 (9) "Selling agent", every person acting as a representative of a principal, when such
100 principal is not registered with the director of revenue of the state of Missouri for the collection
101 of the taxes imposed pursuant to sections 144.010 to 144.525 or sections 144.600 to 144.745 and
102 who receives compensation by reason of the sale of tangible personal property of the principal,
103 if such property is to be stored, used, or consumed in this state;

104 (10) "Storage", any keeping or retention in this state of tangible personal property
105 purchased from a vendor, except property for sale or property that is temporarily kept or retained
106 in this state for subsequent use outside the state;

107 (11) "Tangible personal property", all items subject to the Missouri sales tax as provided
108 in subdivisions (1) and (3) of **subsection 1** of section 144.020;

109 (12) "Taxpayer", any person remitting the tax or who should remit the tax levied by
110 sections 144.600 to 144.745;

111 (13) "Use", the exercise of any right or power over tangible personal property incident
112 to the ownership or control of that property, except that it does not include the temporary storage
113 of property in this state for subsequent use outside the state, or the sale of the property in the
114 regular course of business;

115 (14) "Vendor", every person engaged in making sales of tangible personal property by
116 mail order, by advertising, by agent or peddling tangible personal property, soliciting or taking
117 orders for sales of tangible personal property, for storage, use, or consumption in this state, all
118 salesmen, solicitors, hawkers, representatives, consignees, peddlers or canvassers, as agents of
119 the dealers, distributors, consignors, supervisors, principals or employers under whom they
120 operate or from whom they obtain the tangible personal property sold by them, and every person
121 who maintains a place of business in this state, maintains a stock of goods in this state, or
122 engages in business activities within this state, and every person who engages in this state in the
123 business of acting as a selling agent for persons not otherwise vendors as defined in this
124 subdivision. Irrespective of whether they are making sales on their own behalf or on behalf of
125 the dealers, distributors, consignors, supervisors, principals or employers, they must be regarded
126 as vendors and the dealers, distributors, consignors, supervisors, principals, or employers must
127 be regarded as vendors for the purposes of sections 144.600 to 144.745.

144.637. 1. The director of revenue shall provide and maintain a database that describes boundary changes for all taxing jurisdictions and the effective dates of such changes for the use of vendors collecting the tax imposed under sections 144.600 to 144.745.

2. For the identification of counties and cities, codes corresponding to the rates shall be provided according to Federal Information Processing Standards (FIPS) as developed by the National Institute of Standards and Technology. For the identification of all other jurisdictions, codes corresponding to the rates shall be in a format determined by the director.

3. The director shall provide and maintain a database that assigns each five- and nine-digit zip code to the proper rates and taxing jurisdictions. The lowest combined tax rate imposed in the zip code area shall apply if the area includes more than one tax rate in any level of taxing jurisdiction. If a nine-digit zip code designation is not available for a street address, or if a vendor is unable to determine the nine-digit zip code designation applicable to a purchase after exercising due diligence to determine the designation, the vendor may apply the rate for the five-digit zip code area. For purposes of this section, there shall be a rebuttable presumption that a vendor has exercised due diligence if the vendor has attempted to determine the nine-digit zip code designation by utilizing software approved by the director that makes this designation from the street address and the five-digit zip code applicable to a purchase.

4. The director may provide address-based boundary database records for assigning taxing jurisdictions and associated rates in addition to the requirements of subsection 3 of this section. The database records shall be in the same approved format as the database records required under subsection 3 of this section and shall meet the requirements developed under the federal Mobile Telecommunications Sourcing Act, 4 U.S.C. Section 119(a). If the director develops address-based assignment database records, vendors shall be required to use such database records. A vendor shall use such database records in place of the five- and nine-digit zip code database records provided for in subsection 3 of this section. If a vendor is unable to determine the applicable rate and jurisdiction using an address-based database record after exercising due diligence, the vendor may apply the nine-digit zip code designation applicable to a purchase. If a nine-digit zip code designation is not available for a street address or if a vendor is unable to determine the nine-digit zip code designation applicable to a purchase after exercising due diligence to determine the designation, the vendor may apply the rate for the five-digit zip code area. For the purposes of this section, there shall be a rebuttable presumption that a vendor has exercised due diligence if the vendor has attempted to determine the tax rate and jurisdiction by utilizing software approved by the director and makes the assignment

37 from the address and zip code information applicable to the purchase. If the director has
38 met the requirements of subsection 3 of this section, the director may also elect to certify
39 address-based databases provided by third parties for assigning tax rates and jurisdictions.
40 The databases shall be in the same approved format as the database records under this
41 section and shall meet the requirements developed under the federal Mobile
42 Telecommunications Sourcing Act, 4 U.S.C. Section 119(a). If the director certifies an
43 address-based database provided by a third party, a vendor may use such database in
44 place of the database provided for in this subsection.

45 5. The electronic databases provided for in subsections 1 to 4 of this section shall
46 be in downloadable format as determined by the director. The databases may be directly
47 provided by the director or provided by a third party as designated by the director. The
48 databases shall be provided at no cost to the user of the database. The provisions of
49 subsections 3 and 4 of this section shall not apply if the purchased product is received by
50 the purchaser at the business location of the vendor.

51 6. No vendor shall be liable for reliance upon erroneous data provided by the
52 director on tax rates, boundaries, or taxing jurisdiction assignments.

144.757. 1. Any county or municipality, except municipalities within a county having
2 a charter form of government with a population in excess of nine hundred thousand, may, by a
3 majority vote of its governing body, impose a local use tax if a local sales tax is imposed as
4 defined in section 32.085 at a rate equal to the rate of the local sales tax in effect in such county
5 or municipality; provided, however, that no ordinance or order enacted pursuant to sections
6 144.757 to 144.761 shall be effective unless the governing body of the county or municipality
7 submits to the voters thereof at a municipal, county or state general, primary or special election
8 a proposal to authorize the governing body of the county or municipality to impose a local use
9 tax pursuant to sections 144.757 to 144.761. Municipalities within a county having a charter
10 form of government with a population in excess of nine hundred thousand may, upon voter
11 approval received pursuant to paragraph (b) of subdivision (2) of subsection 2 of this section,
12 impose a local use tax at the same rate as the local municipal sales tax with the revenues from
13 all such municipal use taxes to be distributed pursuant to subsection 4 of section 94.890. The
14 municipality shall within thirty days of the approval of the use tax imposed pursuant to paragraph
15 (b) of subdivision (2) of subsection 2 of this section select one of the distribution options
16 permitted in subsection 4 of section 94.890 for distribution of all municipal use taxes.

17 2. (1) The ballot of submission, except for counties and municipalities described in
18 subdivisions (2) and (3) of this subsection, shall contain substantially the following language:

19 Shall the _____ (county or municipality's name) impose a local use tax at the
20 same rate as the total local sales tax rate, [currently _____ (insert percent),]

21 provided that if the local sales tax rate is reduced or raised by voter approval, the
 22 local use tax rate shall also be reduced or raised by the same action? [~~A use tax~~
 23 ~~return shall not be required to be filed by persons whose purchases from~~
 24 ~~out-of-state vendors do not in total exceed two thousand dollars in any calendar~~
 25 ~~year.] **Approval of this question will eliminate the disparity in tax rates**
 26 **collected by local and out-of-state sellers by imposing the same rate on all**
 27 **sellers.**~~

28 YES NO

29
 30 If you are in favor of the question, place an "X" in the box opposite "YES". If
 31 you are opposed to the question, place an "X" in the box opposite "NO".
 32

33 (2) (a) The ballot of submission in a county having a charter form of government with
 34 a population in excess of nine hundred thousand shall contain substantially the following
 35 language:

36 For the purposes of enhancing county and municipal public safety, parks, and job
 37 creation and enhancing local government services, shall the county be authorized
 38 to collect a local use tax equal to the total of the existing county sales tax rate [~~of~~
 39 ~~(insert tax rate)], provided that if the county sales tax is repealed, reduced or~~
 40 ~~raised by voter approval, the local use tax rate shall also be repealed, reduced or~~
 41 ~~raised by the same voter action? Fifty percent of the revenue shall be used by the~~
 42 ~~county throughout the county for improving and enhancing public safety, park~~
 43 ~~improvements, and job creation, and fifty percent shall be used for enhancing~~
 44 ~~local government services. The county shall be required to make available to the~~
 45 ~~public an audited comprehensive financial report detailing the management and~~
 46 ~~use of the countywide portion of the funds each year.~~

47
 48 A use tax is the equivalent of a sales tax on purchases from out-of-state sellers
 49 by in-state buyers and on certain taxable business transactions. [~~A use tax return~~
 50 ~~shall not be required to be filed by persons whose purchases from out-of-state~~
 51 ~~vendors do not in total exceed two thousand dollars in any calendar year.]
 52 **Approval of this question will eliminate the disparity in tax rates collected**
 53 **by local and out-of-state sellers by imposing the same rate on all sellers.**~~

54 YES NO

55

56 If you are in favor of the question, place an "X" in the box opposite "YES". If you
57 are opposed to the question, place an "X" in the box opposite "NO".

58

59 (b) The ballot of submission in a municipality within a county having a charter form of
60 government with a population in excess of nine hundred thousand shall contain substantially the
61 following language:

62 Shall the municipality be authorized to impose a local use tax at the same rate as
63 the local sales tax by a vote of the governing body, provided that if any local sales
64 tax is repealed, reduced or raised by voter approval, the respective local use tax
65 shall also be repealed, reduced or raised by the same action? [~~A use tax return
66 shall not be required to be filed by persons whose purchases from out-of-state
67 vendors do not in total exceed two thousand dollars in any calendar year.]~~

68 **Approval of this question will eliminate the disparity in tax rates collected
69 by local and out-of-state sellers by imposing the same rate on all sellers.**

70 YES NO

71

72 If you are in favor of the question, place an "X" in the box opposite "YES". If you
73 are opposed to the question, place an "X" in the box opposite "NO".

74

75 (3) The ballot of submission in any city not within a county shall contain substantially
76 the following language:

77 Shall the _____ (city name) impose a local use tax at the same rate as the local
78 sales tax, [~~currently at a rate of _____ (insert percent)]~~ which includes the
79 capital improvements sales tax and the transportation tax, provided that if any
80 local sales tax is repealed, reduced or raised by voter approval, the respective
81 local use tax shall also be repealed, reduced or raised by the same action? [~~A use
82 tax return shall not be required to be filed by persons whose purchases from
83 out-of-state vendors do not in total exceed two thousand dollars in any calendar
84 year.]~~ **Approval of this question will eliminate the disparity in tax rates**

85 **collected by local and out-of-state sellers by imposing the same rate on all
86 sellers.**

87 YES NO

88

89 If you are in favor of the question, place an "X" in the box opposite "YES". If you
90 are opposed to the question, place an "X" in the box opposite "NO".

91

92 (4) If any of such ballots are submitted on August 6, 1996, and if a majority of the votes
93 cast on the proposal by the qualified voters voting thereon are in favor of the proposal, then the
94 ordinance or order and any amendments thereto shall be in effect October 1, 1996, provided the
95 director of revenue receives notice of adoption of the local use tax on or before August 16, 1996.
96 If any of such ballots are submitted after December 31, 1996, and if a majority of the votes cast
97 on the proposal by the qualified voters voting thereon are in favor of the proposal, then the
98 ordinance or order and any amendments thereto shall be in effect on the first day of the calendar
99 quarter which begins at least forty-five days after the director of revenue receives notice of
100 adoption of the local use tax. If a majority of the votes cast by the qualified voters voting are
101 opposed to the proposal, then the governing body of the county or municipality shall have no
102 power to impose the local use tax as herein authorized unless and until the governing body of the
103 county or municipality shall again have submitted another proposal to authorize the governing
104 body of the county or municipality to impose the local use tax and such proposal is approved by
105 a majority of the qualified voters voting thereon.

106 3. The local use tax may be imposed at the same rate as the local sales tax then currently
107 in effect in the county or municipality upon all transactions which are subject to the taxes
108 imposed pursuant to sections 144.600 to 144.745 within the county or municipality adopting
109 such tax; provided, however, that if any local sales tax is repealed or the rate thereof is reduced
110 or raised by voter approval, the local use tax rate shall also be deemed to be repealed, reduced,
111 or raised by the same action repealing, reducing, or raising the local sales tax.

112 4. For purposes of sections 144.757 to 144.761, the use tax may be referred to or
113 described as the equivalent of a sales tax on purchases made from out-of-state sellers by in-state
114 buyers and on certain intrabusiness transactions. Such a description shall not change the
115 classification, form, or subject of the use tax or the manner in which it is collected.

✓