

SECOND REGULAR SESSION

HOUSE BILL NO. 1746

98TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE BRATTIN.

4643H.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 144.030 and 144.064, RSMo, and to enact in lieu thereof two new sections relating to taxation of firearms and ammunition.

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

Section A. Sections 144.030 and 144.064, RSMo, is repealed and two new sections
2 enacted in lieu thereof, to be known as sections 144.030 and 144.064, to read as follows:

144.030. 1. There is hereby specifically exempted from the provisions of sections
2 144.010 to 144.525 and from the computation of the tax levied, assessed or payable pursuant to
3 sections 144.010 to 144.525 such retail sales as may be made in commerce between this state and
4 any other state of the United States, or between this state and any foreign country, and any retail
5 sale which the state of Missouri is prohibited from taxing pursuant to the Constitution or laws
6 of the United States of America, and such retail sales of tangible personal property which the
7 general assembly of the state of Missouri is prohibited from taxing or further taxing by the
8 constitution of this state.

9 2. There are also specifically exempted from the provisions of the local sales tax law as
10 defined in section 32.085, section 238.235, and sections 144.010 to 144.525 and 144.600 to
11 144.761 and from the computation of the tax levied, assessed or payable pursuant to the local
12 sales tax law as defined in section 32.085, section 238.235, and sections 144.010 to 144.525 and
13 144.600 to 144.745:

14 (1) Motor fuel or special fuel subject to an excise tax of this state, unless all or part of
15 such excise tax is refunded pursuant to section 142.824; or upon the sale at retail of fuel to be
16 consumed in manufacturing or creating gas, power, steam, electrical current or in furnishing
17 water to be sold ultimately at retail; or feed for livestock or poultry; or grain to be converted into

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.

18 foodstuffs which are to be sold ultimately in processed form at retail; or seed, limestone or
19 fertilizer which is to be used for seeding, liming or fertilizing crops which when harvested will
20 be sold at retail or will be fed to livestock or poultry to be sold ultimately in processed form at
21 retail; economic poisons registered pursuant to [the provisions of the Missouri pesticide
22 registration law (sections 281.220 to 281.310)] **sections 281.210 to 281.310, the Missouri**
23 **pesticide registration act**, which are to be used in connection with the growth or production of
24 crops, fruit trees or orchards applied before, during, or after planting, the crop of which when
25 harvested will be sold at retail or will be converted into foodstuffs which are to be sold ultimately
26 in processed form at retail;

27 (2) Materials, manufactured goods, machinery and parts which when used in
28 manufacturing, processing, compounding, mining, producing or fabricating become a component
29 part or ingredient of the new personal property resulting from such manufacturing, processing,
30 compounding, mining, producing or fabricating and which new personal property is intended to
31 be sold ultimately for final use or consumption; and materials, including without limitation,
32 gases and manufactured goods, including without limitation slagging materials and firebrick,
33 which are ultimately consumed in the manufacturing process by blending, reacting or interacting
34 with or by becoming, in whole or in part, component parts or ingredients of steel products
35 intended to be sold ultimately for final use or consumption;

36 (3) Materials, replacement parts and equipment purchased for use directly upon, and for
37 the repair and maintenance or manufacture of, motor vehicles, watercraft, railroad rolling stock
38 or aircraft engaged as common carriers of persons or property;

39 (4) Motor vehicles registered in excess of fifty-four thousand pounds, and the trailers
40 pulled by such motor vehicles, that are actually used in the normal course of business to haul
41 property on the public highways of the state, and that are capable of hauling loads commensurate
42 with the motor vehicle's registered weight; and the materials, replacement parts, and equipment
43 purchased for use directly upon, and for the repair and maintenance or manufacture of such
44 vehicles. For purposes of this subdivision, "motor vehicle" and "public highway" shall have the
45 meaning as ascribed in section 390.020;

46 (5) Replacement machinery, equipment, and parts and the materials and supplies solely
47 required for the installation or construction of such replacement machinery, equipment, and
48 parts, used directly in manufacturing, mining, fabricating or producing a product which is
49 intended to be sold ultimately for final use or consumption; and machinery and equipment, and
50 the materials and supplies required solely for the operation, installation or construction of such
51 machinery and equipment, purchased and used to establish new, or to replace or expand existing,
52 material recovery processing plants in this state. For the purposes of this subdivision, a "material
53 recovery processing plant" means a facility that has as its primary purpose the recovery of

54 materials into a usable product or a different form which is used in producing a new product and
55 shall include a facility or equipment which are used exclusively for the collection of recovered
56 materials for delivery to a material recovery processing plant but shall not include motor vehicles
57 used on highways. For purposes of this section, the terms motor vehicle and highway shall have
58 the same meaning pursuant to section 301.010. Material recovery is not the reuse of materials
59 within a manufacturing process or the use of a product previously recovered. The material
60 recovery processing plant shall qualify under the provisions of this section regardless of
61 ownership of the material being recovered;

62 (6) Machinery and equipment, and parts and the materials and supplies solely required
63 for the installation or construction of such machinery and equipment, purchased and used to
64 establish new or to expand existing manufacturing, mining or fabricating plants in the state if
65 such machinery and equipment is used directly in manufacturing, mining or fabricating a product
66 which is intended to be sold ultimately for final use or consumption;

67 (7) Tangible personal property which is used exclusively in the manufacturing,
68 processing, modification or assembling of products sold to the United States government or to
69 any agency of the United States government;

70 (8) Animals or poultry used for breeding or feeding purposes, or captive wildlife;

71 (9) Newsprint, ink, computers, photosensitive paper and film, toner, printing plates and
72 other machinery, equipment, replacement parts and supplies used in producing newspapers
73 published for dissemination of news to the general public;

74 (10) The rentals of films, records or any type of sound or picture transcriptions for public
75 commercial display;

76 (11) Pumping machinery and equipment used to propel products delivered by pipelines
77 engaged as common carriers;

78 (12) Railroad rolling stock for use in transporting persons or property in interstate
79 commerce and motor vehicles licensed for a gross weight of twenty-four thousand pounds or
80 more or trailers used by common carriers, as defined in section 390.020, in the transportation of
81 persons or property;

82 (13) Electrical energy used in the actual primary manufacture, processing, compounding,
83 mining or producing of a product, or electrical energy used in the actual secondary processing
84 or fabricating of the product, or a material recovery processing plant as defined in subdivision
85 (5) of this subsection, in facilities owned or leased by the taxpayer, if the total cost of electrical
86 energy so used exceeds ten percent of the total cost of production, either primary or secondary,
87 exclusive of the cost of electrical energy so used or if the raw materials used in such processing
88 contain at least twenty-five percent recovered materials as defined in section 260.200. There
89 shall be a rebuttable presumption that the raw materials used in the primary manufacture of

90 automobiles contain at least twenty-five percent recovered materials. For purposes of this
91 subdivision, "processing" means any mode of treatment, act or series of acts performed upon
92 materials to transform and reduce them to a different state or thing, including treatment necessary
93 to maintain or preserve such processing by the producer at the production facility;

94 (14) Anodes which are used or consumed in manufacturing, processing, compounding,
95 mining, producing or fabricating and which have a useful life of less than one year;

96 (15) Machinery, equipment, appliances and devices purchased or leased and used solely
97 for the purpose of preventing, abating or monitoring air pollution, and materials and supplies
98 solely required for the installation, construction or reconstruction of such machinery, equipment,
99 appliances and devices;

100 (16) Machinery, equipment, appliances and devices purchased or leased and used solely
101 for the purpose of preventing, abating or monitoring water pollution, and materials and supplies
102 solely required for the installation, construction or reconstruction of such machinery, equipment,
103 appliances and devices;

104 (17) Tangible personal property purchased by a rural water district;

105 (18) All amounts paid or charged for admission or participation or other fees paid by or
106 other charges to individuals in or for any place of amusement, entertainment or recreation, games
107 or athletic events, including museums, fairs, zoos and planetariums, owned or operated by a
108 municipality or other political subdivision where all the proceeds derived therefrom benefit the
109 municipality or other political subdivision and do not inure to any private person, firm, or
110 corporation, provided, however, that a municipality or other political subdivision may enter into
111 revenue-sharing agreements with private persons, firms, or corporations providing goods or
112 services, including management services, in or for the place of amusement, entertainment or
113 recreation, games or athletic events, and provided further that nothing in this subdivision shall
114 exempt from tax any amounts retained by any private person, firm, or corporation under such
115 revenue-sharing agreement;

116 (19) All sales of insulin and prosthetic or orthopedic devices as defined on January 1,
117 1980, by the federal Medicare program pursuant to Title XVIII of the Social Security Act of
118 1965, including the items specified in Section 1862(a)(12) of that act (**42 U.S.C. Section 1395y,**
119 **as amended**), and also specifically including hearing aids and hearing aid supplies and all sales
120 of drugs which may be legally dispensed by a licensed pharmacist only upon a lawful
121 prescription of a practitioner licensed to administer those items, including samples and materials
122 used to manufacture samples which may be dispensed by a practitioner authorized to dispense
123 such samples and all sales or rental of medical oxygen, home respiratory equipment and
124 accessories, hospital beds and accessories and ambulatory aids, all sales or rental of manual and
125 powered wheelchairs, stairway lifts, Braille writers, electronic Braille equipment and, if

126 purchased or rented by or on behalf of a person with one or more physical or mental disabilities
127 to enable them to function more independently, all sales or rental of scooters, reading machines,
128 electronic print enlargers and magnifiers, electronic alternative and augmentative communication
129 devices, and items used solely to modify motor vehicles to permit the use of such motor vehicles
130 by individuals with disabilities or sales of over-the-counter or nonprescription drugs to
131 individuals with disabilities, and drugs required by the Food and Drug Administration to meet
132 the over-the-counter drug product labeling requirements in 21 CFR 201.66, or its successor, as
133 prescribed by a health care practitioner licensed to prescribe;

134 (20) All sales made by or to religious and charitable organizations and institutions in
135 their religious, charitable or educational functions and activities and all sales made by or to all
136 elementary and secondary schools operated at public expense in their educational functions and
137 activities;

138 (21) All sales of aircraft to common carriers for storage or for use in interstate commerce
139 and all sales made by or to not-for-profit civic, social, service or fraternal organizations,
140 including fraternal organizations which have been declared tax-exempt organizations pursuant
141 to Section 501(c)(8) or (10) of the 1986 Internal Revenue Code, as amended, in their civic or
142 charitable functions and activities and all sales made to eleemosynary and penal institutions and
143 industries of the state, and all sales made to any private not-for-profit institution of higher
144 education not otherwise excluded pursuant to subdivision (20) of this subsection or any
145 institution of higher education supported by public funds, and all sales made to a state relief
146 agency in the exercise of relief functions and activities;

147 (22) All ticket sales made by benevolent, scientific and educational associations which
148 are formed to foster, encourage, and promote progress and improvement in the science of
149 agriculture and in the raising and breeding of animals, and by nonprofit summer theater
150 organizations if such organizations are exempt from federal tax pursuant to the provisions of the
151 Internal Revenue Code and all admission charges and entry fees to the Missouri state fair or any
152 fair conducted by a county agricultural and mechanical society organized and operated pursuant
153 to sections 262.290 to 262.530;

154 (23) All sales made to any private not-for-profit elementary or secondary school, all sales
155 of feed additives, medications or vaccines administered to livestock or poultry in the production
156 of food or fiber, all sales of pesticides used in the production of crops, livestock or poultry for
157 food or fiber, all sales of bedding used in the production of livestock or poultry for food or fiber,
158 all sales of propane or natural gas, electricity or diesel fuel used exclusively for drying
159 agricultural crops, natural gas used in the primary manufacture or processing of fuel ethanol as
160 defined in section 142.028, natural gas, propane, and electricity used by an eligible new
161 generation cooperative or an eligible new generation processing entity as defined in section

162 348.432, and all sales of farm machinery and equipment, other than airplanes, motor vehicles and
163 trailers, and any freight charges on any exempt item. As used in this subdivision, the term "feed
164 additives" means tangible personal property which, when mixed with feed for livestock or
165 poultry, is to be used in the feeding of livestock or poultry. As used in this subdivision, the term
166 "pesticides" includes adjuvants such as crop oils, surfactants, wetting agents and other assorted
167 pesticide carriers used to improve or enhance the effect of a pesticide and the foam used to mark
168 the application of pesticides and herbicides for the production of crops, livestock or poultry. As
169 used in this subdivision, the term "farm machinery and equipment" means new or used farm
170 tractors and such other new or used farm machinery and equipment and repair or replacement
171 parts thereon and any accessories for and upgrades to such farm machinery and equipment, rotary
172 mowers used exclusively for agricultural purposes, and supplies and lubricants used exclusively,
173 solely, and directly for producing crops, raising and feeding livestock, fish, poultry, pheasants,
174 chukar, quail, or for producing milk for ultimate sale at retail, including field drain tile, and
175 one-half of each purchaser's purchase of diesel fuel therefor which is:

- 176 (a) Used exclusively for agricultural purposes;
177 (b) Used on land owned or leased for the purpose of producing farm products; and
178 (c) Used directly in producing farm products to be sold ultimately in processed form or
179 otherwise at retail or in producing farm products to be fed to livestock or poultry to be sold
180 ultimately in processed form at retail;

181 (24) Except as otherwise provided in section 144.032, all sales of metered water service,
182 electricity, electrical current, natural, artificial or propane gas, wood, coal or home heating oil
183 for domestic use and in any city not within a county, all sales of metered or unmetered water
184 service for domestic use:

185 (a) "Domestic use" means that portion of metered water service, electricity, electrical
186 current, natural, artificial or propane gas, wood, coal or home heating oil, and in any city not
187 within a county, metered or unmetered water service, which an individual occupant of a
188 residential premises uses for nonbusiness, noncommercial or nonindustrial purposes. Utility
189 service through a single or master meter for residential apartments or condominiums, including
190 service for common areas and facilities and vacant units, shall be deemed to be for domestic use.
191 Each seller shall establish and maintain a system whereby individual purchases are determined
192 as exempt or nonexempt;

193 (b) Regulated utility sellers shall determine whether individual purchases are exempt or
194 nonexempt based upon the seller's utility service rate classifications as contained in tariffs on file
195 with and approved by the Missouri public service commission. Sales and purchases made
196 pursuant to the rate classification "residential" and sales to and purchases made by or on behalf
197 of the occupants of residential apartments or condominiums through a single or master meter,

198 including service for common areas and facilities and vacant units, shall be considered as sales
199 made for domestic use and such sales shall be exempt from sales tax. Sellers shall charge sales
200 tax upon the entire amount of purchases classified as nondomestic use. The seller's utility
201 service rate classification and the provision of service thereunder shall be conclusive as to
202 whether or not the utility must charge sales tax;

203 (c) Each person making domestic use purchases of services or property and who uses any
204 portion of the services or property so purchased for a nondomestic use shall, by the fifteenth day
205 of the fourth month following the year of purchase, and without assessment, notice or demand,
206 file a return and pay sales tax on that portion of nondomestic purchases. Each person making
207 nondomestic purchases of services or property and who uses any portion of the services or
208 property so purchased for domestic use, and each person making domestic purchases on behalf
209 of occupants of residential apartments or condominiums through a single or master meter,
210 including service for common areas and facilities and vacant units, under a nonresidential utility
211 service rate classification may, between the first day of the first month and the fifteenth day of
212 the fourth month following the year of purchase, apply for credit or refund to the director of
213 revenue and the director shall give credit or make refund for taxes paid on the domestic use
214 portion of the purchase. The person making such purchases on behalf of occupants of residential
215 apartments or condominiums shall have standing to apply to the director of revenue for such
216 credit or refund;

217 (25) All sales of handicraft items made by the seller or the seller's spouse if the seller or
218 the seller's spouse is at least sixty-five years of age, and if the total gross proceeds from such
219 sales do not constitute a majority of the annual gross income of the seller;

220 (26) Excise taxes, collected on sales at retail, imposed by Sections 4041, [4061,] 4071,
221 4081, [4091,] 4161, 4181, 4251, 4261 and 4271 of Title 26, United States Code. The director
222 of revenue shall promulgate rules pursuant to chapter 536 to eliminate all state and local sales
223 taxes on such excise taxes;

224 (27) Sales of fuel consumed or used in the operation of ships, barges, or waterborne
225 vessels which are used primarily in or for the transportation of property or cargo, or the
226 conveyance of persons for hire, on navigable rivers bordering on or located in part in this state,
227 if such fuel is delivered by the seller to the purchaser's barge, ship, or waterborne vessel while
228 it is afloat upon such river;

229 (28) All sales made to an interstate compact agency created pursuant to sections 70.370
230 to 70.441 or sections 238.010 to 238.100 in the exercise of the functions and activities of such
231 agency as provided pursuant to the compact;

232 (29) Computers, computer software and computer security systems purchased for use
233 by architectural or engineering firms headquartered in this state. For the purposes of this

234 subdivision, "headquartered in this state" means the office for the administrative management
235 of at least four integrated facilities operated by the taxpayer is located in the state of Missouri;

236 (30) All livestock sales when either the seller is engaged in the growing, producing or
237 feeding of such livestock, or the seller is engaged in the business of buying and selling, bartering
238 or leasing of such livestock;

239 (31) All sales of barges which are to be used primarily in the transportation of property
240 or cargo on interstate waterways;

241 (32) Electrical energy or gas, whether natural, artificial or propane, water, or other
242 utilities which are ultimately consumed in connection with the manufacturing of cellular glass
243 products or in any material recovery processing plant as defined in subdivision (5) of this
244 subsection;

245 (33) Notwithstanding other provisions of law to the contrary, all sales of pesticides or
246 herbicides used in the production of crops, aquaculture, livestock or poultry;

247 (34) Tangible personal property and utilities purchased for use or consumption directly
248 or exclusively in the research and development of agricultural/biotechnology and plant genomics
249 products and prescription pharmaceuticals consumed by humans or animals;

250 (35) All sales of grain bins for storage of grain for resale;

251 (36) All sales of feed which are developed for and used in the feeding of pets owned by
252 a commercial breeder when such sales are made to a commercial breeder, as defined in section
253 273.325, and licensed pursuant to sections 273.325 to 273.357;

254 (37) All purchases by a contractor on behalf of an entity located in another state,
255 provided that the entity is authorized to issue a certificate of exemption for purchases to a
256 contractor under the provisions of that state's laws. For purposes of this subdivision, the term
257 "certificate of exemption" shall mean any document evidencing that the entity is exempt from
258 sales and use taxes on purchases pursuant to the laws of the state in which the entity is located.
259 Any contractor making purchases on behalf of such entity shall maintain a copy of the entity's
260 exemption certificate as evidence of the exemption. If the exemption certificate issued by the
261 exempt entity to the contractor is later determined by the director of revenue to be invalid for any
262 reason and the contractor has accepted the certificate in good faith, neither the contractor or the
263 exempt entity shall be liable for the payment of any taxes, interest and penalty due as the result
264 of use of the invalid exemption certificate. Materials shall be exempt from all state and local
265 sales and use taxes when purchased by a contractor for the purpose of fabricating tangible
266 personal property which is used in fulfilling a contract for the purpose of constructing, repairing
267 or remodeling facilities for the following:

268 (a) An exempt entity located in this state, if the entity is one of those entities able to issue
269 project exemption certificates in accordance with the provisions of section 144.062; or

270 (b) An exempt entity located outside the state if the exempt entity is authorized to issue
271 an exemption certificate to contractors in accordance with the provisions of that state's law and
272 the applicable provisions of this section;

273 (38) All sales or other transfers of tangible personal property to a lessor who leases the
274 property under a lease of one year or longer executed or in effect at the time of the sale or other
275 transfer to an interstate compact agency created pursuant to sections 70.370 to 70.441 or sections
276 238.010 to 238.100;

277 (39) Sales of tickets to any collegiate athletic championship event that is held in a facility
278 owned or operated by a governmental authority or commission, a quasi-governmental agency,
279 a state university or college or by the state or any political subdivision thereof, including a
280 municipality, and that is played on a neutral site and may reasonably be played at a site located
281 outside the state of Missouri. For purposes of this subdivision, "neutral site" means any site that
282 is not located on the campus of a conference member institution participating in the event;

283 (40) All purchases by a sports complex authority created under section 64.920, and all
284 sales of utilities by such authority at the authority's cost that are consumed in connection with
285 the operation of a sports complex leased to a professional sports team;

286 (41) All materials, replacement parts, and equipment purchased for use directly upon,
287 and for the modification, replacement, repair, and maintenance of aircraft, aircraft power plants,
288 and aircraft accessories;

289 (42) Sales of sporting clays, wobble, skeet, and trap targets to any shooting range or
290 similar places of business for use in the normal course of business and money received by a
291 shooting range or similar places of business from patrons and held by a shooting range or similar
292 place of business for redistribution to patrons at the conclusion of a shooting event;

293 (43) All sales of motor fuel, as defined in section 142.800, used in any watercraft, as
294 defined in section 306.010;

295 (44) Any new or used aircraft sold or delivered in this state to a person who is not a
296 resident of this state or a corporation that is not incorporated in this state, and such aircraft is not
297 to be based in this state and shall not remain in this state more than ten business days subsequent
298 to the last to occur of:

299 (a) The transfer of title to the aircraft to a person who is not a resident of this state or a
300 corporation that is not incorporated in this state; or

301 (b) The date of the return to service of the aircraft in accordance with 14 CFR 91.407 for
302 any maintenance, preventive maintenance, rebuilding, alterations, repairs, or installations that
303 are completed contemporaneously with the transfer of title to the aircraft to a person who is not
304 a resident of this state or a corporation that is not incorporated in this state;

305 **(45) All sales of firearms and ammunition. For purposes of this section, the term**
306 **firearm shall have the same meaning as under section 571.010.**

307 3. Any ruling, agreement, or contract, whether written or oral, express or implied,
308 between a person and this state's executive branch, or any other state agency or department,
309 stating, agreeing, or ruling that such person is not required to collect sales and use tax in this
310 state despite the presence of a warehouse, distribution center, or fulfillment center in this state
311 that is owned or operated by the person or an affiliated person shall be null and void unless it is
312 specifically approved by a majority vote of each of the houses of the general assembly. For
313 purposes of this subsection, an "affiliated person" means any person that is a member of the same
314 controlled group of corporations as defined in Section 1563(a) of the Internal Revenue Code of
315 1986, as amended, as the vendor or any other entity that, notwithstanding its form of
316 organization, bears the same ownership relationship to the vendor as a corporation that is a
317 member of the same controlled group of corporations as defined in Section 1563(a) of the
318 Internal Revenue Code, as amended.

 144.064. No sales tax **shall be** levied under this chapter on any firearms or ammunition
2 [shall be levied at a rate that is higher than the sales tax levied under this chapter or any other
3 excise tax levied on any sporting goods or equipment or any hunting equipment].

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