

FIRST REGULAR SESSION

HOUSE BILL NO. 517

98TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE HIGDON.

1366H.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal section 144.020, RSMo, and to enact in lieu thereof one new section relating to the imposition of sales tax on mandatory gratuities.

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

Section A. Section 144.020, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 144.020, to read as follows:

144.020. 1. A tax is hereby levied and imposed for the privilege of titling new and used motor vehicles, trailers, boats, and outboard motors purchased or acquired for use on the highways or waters of this state which are required to be titled under the laws of the state of Missouri and, except as provided in subdivision (9) of this subsection, upon all sellers for the privilege of engaging in the business of selling tangible personal property or rendering taxable service at retail in this state. The rate of tax shall be as follows:

(1) Upon every retail sale in this state of tangible personal property, excluding motor vehicles, trailers, motorcycles, mopeds, motortricycles, boats and outboard motors required to be titled under the laws of the state of Missouri and subject to tax under subdivision (9) of this subsection, a tax equivalent to four percent of the purchase price paid or charged, or in case such sale involves the exchange of property, a tax equivalent to four percent of the consideration paid or charged, including the fair market value of the property exchanged at the time and place of the exchange, except as otherwise provided in section 144.025;

(2) A tax equivalent to four percent of the amount paid for admission and seating accommodations, or fees paid to, or in any place of amusement, entertainment or recreation, games and athletic events;

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 (3) A tax equivalent to four percent of the basic rate paid or charged on all sales of
18 electricity or electrical current, water and gas, natural or artificial, to domestic, commercial or
19 industrial consumers;

20 (4) A tax equivalent to four percent on the basic rate paid or charged on all sales of local
21 and long distance telecommunications service to telecommunications subscribers and to others
22 through equipment of telecommunications subscribers for the transmission of messages and
23 conversations and upon the sale, rental or leasing of all equipment or services pertaining or
24 incidental thereto; except that, the payment made by telecommunications subscribers or others,
25 pursuant to section 144.060, and any amounts paid for access to the internet or interactive
26 computer services shall not be considered as amounts paid for telecommunications services;

27 (5) A tax equivalent to four percent of the basic rate paid or charged for all sales of
28 services for transmission of messages of telegraph companies;

29 (6) A tax equivalent to four percent on the amount of sales or charges for all rooms,
30 meals and drinks furnished at any hotel, motel, tavern, inn, restaurant, eating house, drugstore,
31 dining car, tourist cabin, tourist camp or other place in which rooms, meals or drinks are
32 regularly served to the public. **The tax imposed under this subdivision shall not apply to**
33 **mandatory gratuities imposed by a restaurant;**

34 (7) A tax equivalent to four percent of the amount paid or charged for intrastate tickets
35 by every person operating a railroad, sleeping car, dining car, express car, boat, airplane and such
36 buses and trucks as are licensed by the division of motor carrier and railroad safety of the
37 department of economic development of Missouri, engaged in the transportation of persons for
38 hire;

39 (8) A tax equivalent to four percent of the amount paid or charged for rental or lease of
40 tangible personal property, provided that if the lessor or renter of any tangible personal property
41 had previously purchased the property under the conditions of "sale at retail" or leased or rented
42 the property and the tax was paid at the time of purchase, lease or rental, the lessor, sublessor,
43 renter or subrenter shall not apply or collect the tax on the subsequent lease, sublease, rental or
44 subrental receipts from that property. The purchase, rental or lease of motor vehicles, trailers,
45 motorcycles, mopeds, motortricycles, boats, and outboard motors shall be taxed and the tax paid
46 as provided in this section and section 144.070. In no event shall the rental or lease of boats and
47 outboard motors be considered a sale, charge, or fee to, for or in places of amusement,
48 entertainment or recreation nor shall any such rental or lease be subject to any tax imposed to,
49 for, or in such places of amusement, entertainment or recreation. Rental and leased boats or
50 outboard motors shall be taxed under the provisions of the sales tax laws as provided under such
51 laws for motor vehicles and trailers. Tangible personal property which is exempt from the sales

52 or use tax under section 144.030 upon a sale thereof is likewise exempt from the sales or use tax
53 upon the lease or rental thereof;

54 (9) A tax equivalent to four percent of the purchase price, as defined in section 144.070,
55 of new and used motor vehicles, trailers, boats, and outboard motors purchased or acquired for
56 use on the highways or waters of this state which are required to be registered under the laws of
57 the state of Missouri. This tax is imposed on the person titling such property, and shall be paid
58 according to the procedures in section 144.440.

59 2. All tickets sold which are sold under the provisions of sections 144.010 to 144.525
60 which are subject to the sales tax shall have printed, stamped or otherwise endorsed thereon, the
61 words "This ticket is subject to a sales tax."

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