

Title 12 – DEPARTMENT OF REVENUE
DIVISION 10 – Director of Revenue
Chapter 111 - Sales/Use Tax–Machinery and Equipment Exemptions

12 CSR 10-111.021 Water Pollution Control Exemption

PURPOSE: Section 144.030.2(15), RSMo, exempts machinery, equipment, appliances and devices purchased or leased and used solely for preventing, abating or monitoring water pollution, and materials and supplies solely required for installation, construction or reconstruction of such machinery, equipment appliances and devices. This rule explains what elements must be met in order to qualify for the exemption.

(1) In general, machinery, equipment, appliances and devices purchased or leased and used solely for preventing, abating or monitoring water pollution, and materials and supplies solely required for installation, construction or reconstruction of such machinery, equipment appliances and devices are exempt from tax.

(2) Definitions.

(A) Water pollution - contamination of water resources by harmful wastes.

(3) Basic Application

(A) Eligible Applicants. Individuals, contractors, corporations, industries, or public entities constructing or purchasing equipment for treatment of wastewater in Missouri can qualify for the exemption.

(B) The machinery, equipment, appliances and devices purchased or leased, which must be used solely for the purpose of preventing, abating or monitoring water pollution. If the equipment, appliances or devices are also used for any other use, they do not qualify for the exemption. Materials and supplies that qualify for the exemption must also be required solely for the installation, construction or reconstruction of such machinery, equipment, appliances and devices.

(C) Machinery, equipment, appliances and devices purchased or leased and used solely for the purpose of preventing, abating or monitoring water pollution, and materials or supplies solely required for the installation or reconstruction of such shall be eligible for sales tax exemption if they also meet one (1) of the following criteria:

(1) The machinery, equipment, appliances or device is a portion or all of a water pollution control facility required or authorized by a permit, letter of authorization, enforceable agreement with the owner, or court order under authority of Chapters 640 and 644, RSMo and the implementing regulations;

(2) The machinery, equipment, appliances or device is a portion or all of a facility pretreating wastewater prior to its discharge into central sewers; or

(3) Individual home wastewater treatment systems and components thereof.

(D) With the exception of those activities specified in (C) above, the machinery, equipment, appliances or devices listed below are not eligible for water pollution control sales tax exemptions.

(1) Landfill liners, caps, leachate collection and treatment systems, and closure costs.

(2) Leak detection and containment devices and site remediation for underground storage tanks and aboveground storage tanks.

(3) Machinery, equipment, appliances or devices which conserve soil, protect soil from contamination, or which prevent migration of contaminated soils or soil contaminants.

(4) Storm sewers.

(5) Potable water systems or components thereof with the exception of sludge treatment facilities.

(E) Prior to August 28, 2008, a person purchasing water pollution control equipment pursuant to section 144.030.2(15), must obtain certification from the Department of Natural Resources in order to purchase the equipment exempt from tax. On or after August 28, 2008, certification is no longer required to qualify for the exemption.

(3) Examples

(A) A manufacturer discharges water into a local waterway from its manufacturing plant. Prior to discharge, the water runs through a pipeline that includes a series of filters removing pollutants and tanks in which water treatment chemicals treat the water. The pipeline, filters and tanks qualify for the exemption. Any piping that is used to carry the water after it has been treated does not qualify for the exemption.

(B) A developer is building a new subdivision where access to a municipal sewer system is not available. In order to treat the sewer generated by each home, the developer installs septic tank systems. The septic tank system would qualify for the exemption.

AUTHORITY: sections 144.030 and 644.026, RSMo Supp. 1997 and 144.062, RSMo 1994. Original rule filed Nov. 3, 1997, effective July 30, 1998.*

PUBLIC COST: This proposed amendment will not cost state agencies or political subdivisions more than five hundred dollars (\$500) in the aggregate.

PRIVATE COST: This proposed amendment will not cost private entities more than five hundred dollars (\$500) in the aggregate.

NOTICE TO SUBMIT COMMENTS: Anyone may file a statement in support of or in opposition to the proposed amendment with the Missouri Department of Revenue, Legal Services Division, Governmental Affairs Bureau, PO Box 475, Jefferson City, MO 65105-0475. To be considered, comments must be received within thirty (30) days after publication of this notice in the Missouri Register. No public hearing scheduled.