

HCS SB 805 -- TAXATION

SPONSOR: Gross (Sutherland)

COMMITTEE ACTION: Voted "do pass" by the Committee on Ways and Means by a vote of 15 to 1.

This substitute changes the laws regarding taxation. In its main provisions, the substitute:

(1) Changes the provisions regarding the collection of property taxes for first classification counties without a charter form of government and second classification counties to include electronic records and disbursements. Taxing authorities are required to request notification of current taxes paid under protest by February 1, and the county collector is required to provide the information by March 1. Delinquent personal property taxes are subject to the same interest and penalties as delinquent real property taxes (Sections 52.361, 52.370, 55.140, 55.190, 139.031, 139.140, 139.150, 139.210, 139.220, 140.050, 140.070, 140.080, 140.160, 140.730, and 165.071, RSMo);

(2) Removes the language specific to Greene County and allows all local community improvement districts to follow the same rules (Section 67.1451);

(3) Allows a community improvement district, by resolution, to impose a sales tax in increments of one-eighth of 1%, up to a maximum of 1%. Currently, it may impose a sales tax at a rate of 1/8, 1/4, 3/8, or 1/2 of 1% or 1% (Section 67.1545);

(4) Authorizes St. Charles County to establish a theater, cultural arts, and entertainment district (Sections 67.2500 and 67.2510);

(5) Authorizes an individual income tax credit for tax years beginning on or after January 1, 2007, for the amount of real property taxes paid on a homestead by surviving spouses of certain public safety officers. The public safety officer must have been killed in the line of duty and must have been an employee of the State of Missouri or any political subdivision of the state. The provisions of this section will expire six years from the effective date (Section 135.050);

(6) Authorizes a \$180 tax credit for volunteer firefighters who complete at least 12 hours of any firefighter training program approved by the State Fire Marshal. If the firefighter completes at least 30 additional hours of training after the initial 12 hours of training, the firefighter may claim a \$360 credit. The tax credit is not refundable but can be carried over for four

years. The provisions of this section will expire six years from the effective date (Section 135.610);

(7) Permits the acceptance of a purchase bid for less than cost when property is offered for sale for the third time in a tax sale. The costs of performing the title search and mailing required notifications will be reimbursed to the purchaser upon redemption. The State Tax Commission is required to supply a standard format for notices and affidavits required in tax sale situations, and the county collector is required to affix a copy of the newspaper notice to the property prior to the third offering of the sale (Sections 140.230, 140.250, 140.260, 140.290, 140.340, and 140.405);

(8) Exempts fuel used in school buses from the motor fuel tax when the bus is driven to transport students for educational purposes (Section 142.816);

(9) Authorizes a sales tax exemption on the purchase of coffins, caskets, burial vaults, and other funeral merchandise (Section 144.030);

(10) Authorizes an exemption from state and local sales and use tax for the cost of all utilities used in the manufacturing, processing, compounding, mining, or production of a product (Sections 144.030 and 144.054);

(11) Specifies that the purchase price for calculating the sales tax on a motor vehicle excludes the cost to modify the vehicle for use by an individual with disabilities (Sections 144.070 and 144.440); and

(12) Specifies that the sales tax applies to the sale price paid by the final purchaser and not any discounts or other mechanism negotiated between the manufacturer, wholesaler, or retailer (Section 1).

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$276,350 to Unknown in FY 2007, \$297,828 to Unknown in FY 2008, and \$302,446 to Unknown in FY 2009. Total of Unknown is expected to exceed \$6,000,000. Estimated Cost on Other State Funds of \$38,658 to Unknown in FY 2007, \$46,390 to Unknown in FY 2008, and \$46,390 to Unknown in FY 2009. Annual Unknown is expected to be greater than \$100,000.

PROPOSERS: Supporters say that the bill clarifies the bid process that is already being done. Since county collectors don't always collect all the delinquent taxes, the bill will help. Purchasers will be reimbursed the cost of the title work if the property is redeemed. The bill allows a county to sell

the property after a third offering without a redemption period, states that liens take precedence, and requires any surplus from the sale to be held for the owner for three years. If the property is not claimed, it will be given to the local school district.

Testifying for the bill were Senator Gross; and Missouri County Collectors Association.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill provided a basic overview of the tax sale procedures.

Others testifying on the bill was State Tax Commission.

Karla Strobel, Legislative Analyst