

CCS HCS SB 23 -- POLITICAL SUBDIVISIONS

This bill changes the laws regarding political subdivisions.

SALES TAX ON MOTOR VEHICLES (Sections 32.087, 144.020, 144.021, 144.069 - 144.525, 144.610 - 144.615, RSMo, and Section 1);

The bill prohibits state and local use taxes on the sale of motor vehicles, trailers, boats, or outboard motors. State and local sales taxes must be imposed on the sale of these items at the time of titling in Missouri, regardless of whether the item was purchased in this state. The residence of the purchaser will be used for determining the local tax rate that should apply. The rate of tax for motor vehicles, trailers, boats, or outboard motors sold at retail must be the sum of the state sales tax and the local sales tax.

All local taxing jurisdictions that have not previously approved a local use tax must put to a vote of the people whether to discontinue collecting sales tax on the sale of motor vehicles, trailers, boats, or outboard motors purchased out-of-state when titling in Missouri. If a taxing jurisdiction does not hold the vote before November 2016, the taxing jurisdiction must cease collecting the sales tax. A taxing jurisdiction may, at any time, hold a vote to repeal the tax. Language repealing the tax must also be put to a vote of the people any time 15% of the registered voters in a taxing jurisdiction sign a petition requesting it.

These provisions are nonseverable and if any provision is for any reason held to be invalid, the decision must invalidate all of the remaining provisions.

REBUILD DAMAGED INFRASTRUCTURE PROGRAM (Sections 33.080, 33.295, 360.045, and 374.150)

The bill establishes the Rebuild Damaged Infrastructure Program to provide funding for the reconstruction, replacement, or renovation of or repair to any infrastructure damaged by a presidentially declared natural disaster including, but not limited to, the physical components of interrelated systems providing essential commodities and services to the public including transportation, communication, sewage, water, and electric systems as well as public elementary and secondary school buildings. On July 1, 2013, \$10 million from the Insurance Dedicated Fund and \$4 million from the Health and Educational Facilities Authority must be transferred into the newly created Rebuild Damaged Infrastructure Fund to be used solely for the purposes of the program. Any moneys in excess of \$15 million in the Rebuild Damaged Infrastructure Fund must be transferred into the General Revenue Fund. On July 1, beginning

with Fiscal Year 2014, \$500,000 from the Insurance-Dedicated Fund must be transferred into the General Revenue Fund.

Moneys in the Rebuild Damaged Infrastructure Fund cannot be expended for the reconstruction, replacement, or renovation of, or repair to any infrastructure damaged by a disaster when the reconstruction, replacement, renovation, or repair is eligible for funding by the United States Department of Housing and Urban Development through a 2013 supplemental disaster allocation of community development block grant funds.

LIQUEFIED PETROLEUM GAS INSTALLATIONS (Section 64.196)

The bill prohibits a county building ordinance adopted by a first or second classification county commission from conflicting with liquefied petroleum gas installations governed by Section 323.020.

PETTIS COUNTY TRANSIENT GUEST TAX (Section 67.1010)

Pettis County is authorized to use revenue from its transient guest tax to pay salaries. Currently, this use is prohibited.

TRANSIENT GUEST TAX EXEMPTION FOR ENTITIES PROVIDING DISASTER RELIEF (Sections 67.1020 and 144.030)

A nongovernmental agency congressionally mandated to provide disaster relief services must be exempt from paying a transient guest tax. A transient guest tax cannot be imposed on any person providing disaster relief services if the payment is made by one of these agencies.

TRANSIENT GUEST TAXES (Sections 67.1368 and 94.1060)

The bill authorizes the governing bodies of Montgomery and Douglas counties and the cities of New Florence and Jonesburg to impose, upon voter approval, a transient guest tax of not more than 5% per occupied room per night to be used for the promotion of tourism, growth of the region, and economic development.

CITIES OF FARMINGTON AND PERRYVILLE NUISANCE ABATEMENT (Section 71.285)

The cities of Farmington and Perryville are allowed to remove weeds or trash without a hearing or notice from a property that has more than one ordinance violation within a growing season for overgrown weeds or within a calendar year for trash. The cities may recoup the cost of the removal from the property owner by issuing a special tax bill to be collected with other taxes assessed against the property. If the bill is not paid when due, the cities may

charge 8% interest on the amount owed. The provisions of the bill do not apply to lands owned by a public utility and any lands, rights-of-way, and easements controlled by a railroad.

CITY OF FARMINGTON ORDINANCES (Section 77.675)

The city council of the City of Farmington is authorized, in addition to the regular ordinance adoption and repeal process, to adopt or repeal any ordinance by submitting the proposed ordinance to the registered voters of the city at the next municipal election.

LAND SALES IN CERTAIN CITIES (Section 92.387)

The bill requires any sale of land under Chapter 92 to be subject to valid recorded covenants running with the land and valid easements of record or in use.

SALES TAX ON EMERGENCY COMMUNICATION SYSTEMS (Section 99.845)

The bill includes the taxes imposed on sales pursuant to Section 650.399 for emergency communication systems in St. Louis County for redevelopment plans and projects adopted or redevelopment projects approved by ordinance after August 28, 2013, to those funds that are not required to be deposited in specified segregated accounts within the special allocation fund by municipal financial officers.

ASSESSED VALUATIONS (Sections 137.090 and 137.095)

The bill requires the assessed valuation of any tractor or trailer used in interstate commerce to be apportioned to Missouri based on the ratio of miles traveled in-state to miles traveled in the United States during the preceding tax year or on the basis of the most recent annual mileage figures available for property tax assessed valuation purposes.

PAYMENT OF ASSESSMENT COSTS (Section 137.720)

The bill repeals the expiration date of December 31, 2015, from the provisions requiring certain counties and the City of St. Louis to deduct an additional percentage of all property tax collections to be deposited into the county's assessment fund for payment of assessment costs. The percentage deducted is either .125% or .5% and the income limits are \$125,000 in any year for first classification and charter counties and \$75,000 for second, third, and fourth classification counties. If the commission withholds state assessment reimbursement funds from a county for three consecutive quarters due to noncompliance, the extra .125% or .5% collection revenues in the county assessment fund will be forfeited

and returned by the county to the political subdivisions within the county.

TAX CREDIT FOR FREIGHT LINE COMPANIES (Section 137.1018)

Currently, a freight line company is allowed a tax credit against its property taxes for eligible expenses incurred in this state to manufacture, maintain, or improve its qualified rolling stock. The bill extends the tax credit from August 28, 2014, to August 28, 2020.

BUSINESS ACTIVITIES SUBJECT TO SALES AND USE TAXATION (Sections 144.010, 144.030, and 144.605)

The bill changes the laws regarding the collection of sales and use taxes relating to nexus with Missouri. In its main provisions, the bill:

(1) Specifies that a person is engaging in business in this state as it relates to the collection of sales and use taxes if the person engages in business in this state or maintains a place of business in this state under Section 144.605;

(2) Specifies that a municipality or other political subdivision may enter into a revenue-sharing agreement with a private person, firm, or corporation providing goods or services, including management services, in or for a place of amusement, entertainment or recreation, or a game or athletic event owned or operated by it. Currently, all amounts paid or charged for admission to or participation in these places or events are exempt from local sales tax. Any amounts retained by any private person, firm, or corporation under the revenue-sharing agreement will not be exempt from tax;

(3) Voids any ruling, agreement, or contract between the executive branch or any other state agency or department and any person that exempts the person from the collection of sales and use tax unless it is approved by the General Assembly;

(4) Revises the definition of "engages in business activities within this state" as it relates to the collection of use taxes to remove the provisions including the use of media to purposefully or systematically exploit Missouri's market or being owned or controlled by the same interests that own or control a seller engaged in the same or similar line of business in this state;

(5) Creates a presumption that a vendor engages in business activities within this state if any person, other than a common carrier acting in its capacity as one, that has a substantial nexus

with Missouri performs specified activities in relation to the vendor within this state. The presumption may be rebutted by showing that the person's activities are not significantly associated with the vendor's ability to establish or maintain a market in Missouri for the vendor's sales;

(6) Creates an additional presumption that a vendor engages in business activities within this state if the vendor enters into an agreement with one or more residents of Missouri to refer potential customers to the vendor and the sales generated by the agreement exceeds \$10,000 in the preceding 12 months. This presumption may be rebutted by showing proof that the Missouri resident did not engage in any activity within Missouri that was significantly associated with the vendor's ability to establish or maintain the vendor's market in Missouri in the preceding 12 months;

(7) Revises the definition of "maintains a place of business in this state" as it applies to the collection of use taxes to exclude a common carrier acting in its capacity as one; and

(8) Repeals the provision that exempts a vendor with less than \$500,000 total gross receipts in Missouri or \$12.5 million nationwide with no selling agents in Missouri and no place of business in this state from the definition of "vendor" as it relates to the collection of use taxes.

PUBLIC SCHOOL RETIREMENT SYSTEM OF KANSAS CITY (Sections 169.270 - 169.350)

The bill changes the laws regarding the Public School Retirement System of Kansas City. In its main provisions, the bill:

(1) Specifies that a person will cease to be a member of the retirement system if he or she has a break in service before becoming vested or he or she withdraws his or her accumulated contributions from the system;

(2) Changes the minimum normal retirement age for any person who becomes a member on or after January 1, 2014, including a previous member who ceased to be a member for any reason other than retirement prior to January 1, 2014, to 62 years of age or the date when the member has at least 80 credits (80 and out), whichever is earlier;

(3) Specifies that beginning in calendar year 2013, the system's actuary must calculate the employer's and member's contribution rate for 2014 and each subsequent year based on the system's actuarial valuation as of the first day of the prior calendar year and the rate must be certified by the system's board of trustees at

least six months prior to its effective date. The actuary must use the actuarial cost method and actuarial assumptions adopted by the board of trustees, as specified in the bill, to cover the normal cost and amortization of the unfunded actuarial accrued liability over a period of no more than 30 years from the date of the valuation. The combined contribution rate must be allocated equally between the employer and member with the contribution rate from each being at least 7.5% but no more than 9%. The contribution rate for each cannot increase or decrease more than .5% from one year to the next. Currently, the employer and member contribution rate is set at 7.5%;

(4) Specifies that the multiplier for the benefit calculation of an individual who becomes a member on or after January 1, 2014, including an individual who was a member of the retirement system before January 1, 2014, but ceased to be a member for any reason other than retirement, will be equal to the retirant's number of years of creditable service times 1.75% up to a maximum of 60% of the person's average final compensation; and

(5) Specifies that the board of trustees can only award a cost-of-living-adjustment (COLA) if the actuarially required contribution rate, after adjusting for the effect of the proposed COLA increase, does not exceed the maximum employer and member contribution rate specified in Section 169.350.

MISSOURI MUSEUM AND CULTURAL DISTRICT ACT (Sections 184.800 - 184.865)

The bill changes the name of the Missouri Museum District Act to the Missouri Museum and Cultural District Act and expands the scope of museum districts to include a building or area used for promoting community culture and the arts, recreation, and knowledge including the performing arts, theater, music, entertainment, public places, libraries, and other public assets. Each proposed district may impose, upon voter approval, a sales tax to restore cultural assets within the district. The bill restricts the creation of a museum and cultural district under these provisions to an area where the majority of the property is located within a disaster area. Property owners who own at least two-thirds of the property within the proposed district must file a petition requesting the creation of a district within five years after the Presidential declaration establishing the disaster area. The district can include one or more parcels of property that may or may not be contiguous and may include any portion of one or more municipalities. Any legal voter who lives in the proposed district will not be required to be listed on the petition to create the district, will not be required to be served a copy of the petition creating the district, and will not have statutory authority to sue

to support or oppose the creation of the district. The number of members on the board of directors governing a district is changed from eight to five. All of the members are to be elected at a public meeting, and the Governor's authority to appoint three of the members is repealed. The provision prohibiting the board from hiring an employee who is related to a board member within the fourth degree by blood or marriage is repealed.

The General Assembly is authorized to make appropriations from general revenue to a district created under this act for a period of 20 years after January 1, 2013. In addition to a sales tax, the board is authorized to impose, upon voter approval, an admissions fee of up to \$1 on any person or entity that offers or manages and charges an admission to an event in the district. A limited partnership or a limited liability company is added to the list of entities that may contract to operate and manage any museum or cultural asset in the district.

SENIOR HOUSING IN ANY THIRD OR FOURTH CLASSIFICATION COUNTY
(Section 198.345)

A nursing home district is allowed to establish and maintain senior housing in any third or fourth classification county within its corporate limits. Currently, a district is only allowed to establish and maintain senior housing in Marion and Ralls counties.

The provision requiring an apartment for seniors established by a nursing home district to have an emergency call button is repealed.

DRIVING OFFENSES (Sections 302.060, 302.302 - 302.309, 302.525, 476.385, and 577.041)

The bill:

(1) Requires the court to order the Director of the Department of Revenue to issue a license to a person who is otherwise qualified and has been convicted more than twice of a crime relating to driving while intoxicated if the court finds that the person has not been convicted, pled guilty to, or been found guilty of and has no pending charges for any offense related to alcohol, controlled substances, or drugs; has no other alcohol-related enforcement contacts during the preceding 10 years; and his or her habits and conduct show that he or she no longer poses a threat to the public safety or to a person who is otherwise qualified and has pled guilty to or been convicted of the crime of involuntary manslaughter while operating a motor vehicle in an intoxicated condition or who has been convicted twice within a five-year period of driving while intoxicated or any other intoxication-related traffic offense if the court finds that he or she has not been

convicted, pled guilty to, or been found guilty of and has no charges pending for any offense related to alcohol, controlled substances, or drugs; has no other alcohol-related enforcement contacts during the preceding five years; and his or her habits and conduct show he or she no longer poses a threat to public safety. Currently, the court may order the department director to do this;

(2) Requires a person to be given the option to complete a driver-improvement program through an online or in-person course to stay the assessment of points against a driver's license for specified violations;

(3) Allows a person whose license is to be suspended for a first offense of driving while intoxicated or driving with excessive blood alcohol content to complete a 90-day period of restricted driving privilege in lieu of the suspension if he or she provides proof to the Department of Revenue that any vehicle operated by the person has a functioning, certified ignition interlock device. If the person fails to maintain proof of the device, the restricted driving privilege will be terminated. Upon completion of the 90-day period of restricted driving privilege, compliance with other requirements of law, and filing proof of financial responsibility with the department, the license must be reinstated. If the monthly monitoring reports during the 90-day period indicate that the ignition interlock device has registered a confirmed blood alcohol concentration level above the alcohol setpoint or the reports indicate the device has been tampered with or circumvented, the license cannot be reinstated until the person completes an additional 30-day period of restricted driving privilege;

(4) Repeals the provision that makes a person ineligible to receive a limited driving privilege if at the time of application he or she has previously been granted the privilege within the immediately preceding five years or his or her license has been suspended or revoked for the first time offense of failure to submit to a chemical test if the person has not completed the first 90 days of the revocation. The bill specifies that a person who has failed to submit to a chemical test is ineligible to receive a limited driving privilege unless the person files proof of installation with the department that any vehicle operated by him or her is equipped with a functioning, certified ignition interlock device if the person is not otherwise ineligible for a limited driving privilege;

(5) Repeals the provisions requiring a person who has been convicted more than twice of driving while intoxicated and has had his or her license revoked for a period of 10 years without the ability to obtain a new license or a person who has been convicted twice for driving while intoxicated and has had his or her license

revoked for a period of five years to apply for a limited driving privilege to serve at least 45 days of the disqualification or revocation before a circuit court or the department director can issue a limited driving privilege and repeals the provision requiring him or her to present evidence that he or she has not been convicted of any offense related to alcohol, controlled substances, or drugs during the preceding 45 days. A circuit court must grant a limited driving privilege to a person who otherwise is eligible, has filed proof of installation of a certified ignition interlock device, and has no alcohol-related enforcement contacts since the contact that resulted in his or her license denial;

(6) Allows a person whose driving record shows no prior alcohol-related enforcement contacts in the immediately preceding five years to complete a 90-day period of restricted driving privilege in lieu of the suspension if he or she provides proof to the department that all vehicles operated by the person have a functioning, certified ignition interlock device. Upon completion of the restricted driving period, compliance with other requirements of law, and filing proof of financial responsibility with the department, the license must be reinstated. If the monthly monitoring reports during the 90-day period indicate that the ignition interlock device has registered a confirmed blood alcohol concentration level above the alcohol setpoint or that the device has been tampered with or circumvented, the license cannot be reinstated until he or she completes an additional 30-day period of restricted driving privilege; and

(7) Requires a person whose license has been revoked for the failure to submit to a chemical test and has a prior alcohol-related enforcement contact to provide proof to the department that any vehicle operated by the person is equipped with a functioning, certified ignition interlock device as a required condition of license reinstatement. The device must be maintained on any motor vehicle operated by the person for a period of at least six months. If the monthly monitoring reports during the six-month period indicate that the device has registered a confirmed blood alcohol concentration level above the alcohol setpoint or indicate that the device has been tampered with or circumvented, the license cannot be reinstated until the person completes an additional six-month period of restricted driving privilege without any violations. Currently, any refusal results in a license revocation.

SUSPENSION OF DRIVING PRIVILEGES (Section 302.341)

Currently, if a person's driving privileges are suspended for failing to dispose of charges related to a moving violation, his or her driving privileges will be suspended until proof of the final

disposition of charges is furnished to the Director of the Department of Revenue. Upon proof of the disposition of charges and payment of any fine and reinstatement fees, the license must be restored and the suspension removed from the person's record if he or she was not operating a commercial motor vehicle or a holder of a commercial driver's license. The bill repeals the provision requiring the director to return the person's license and to remove the suspension from the offender's driving record.

The provisions regarding the Rebuild Damaged Infrastructure Program will expire on June 30, 2014.

The provisions regarding alcohol-related traffic offenses become effective on March 3, 2014, except for Section 302.309, which will become effective July 1, 2013, or upon its passage and approval, whichever occurs later.

The provisions of the bill regarding the sales tax on motor vehicles and the Rebuild Damaged Infrastructure Program contain an emergency clause.