

HCS SB 21 -- TAXATION

SPONSOR: Libla (Rone)

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on General Laws by a vote of 8 to 3. Voted "Do Pass" by the Standing Committee on Rules- Legislative Oversight by a vote of 6 to 3.

This bill changes the law regarding taxation. In its main provisions, the bill:

- (1) Authorizes a public safety sales tax for the cities of Portageville, Riverside, or Fayette and specifies how the tax is implemented;
- (2) Modifies how actions against another property owner whose property is a nuisance are brought in certain cities and counties. Specifically this bill modifies how notice of a nuisance is given to the property owner or tenant of the property. Also, this bill modifies how proceedings seeking an injunctive relief against the property owner are conducted. Property owners and neighborhood organizations seeking injunctive relief will no longer have to show they are suffering actual damages as a result of the nuisance in order to bring such an action. Additionally, this bill permits attorney's fees being awarded in certain circumstances to the party who brought the action. Property owners who are acting in good faith to comply with all orders are granted a defense as specified in the bill;
- (3) Moves the Missouri Capitol Police from the Department of Public Safety to the Missouri State Capitol Commission and gives the Capitol Commission the authority to employ staff and contract services to fulfill the responsibilities given;
- (4) Creates the "Kansas City Regional Law Enforcement Memorial Foundation Fund" to allow a taxpayer to donate a portion of his or her tax refund to the fund. The Director of the Department of Revenue will distribute money deposited into the fund to the Kansas City Regional Law Enforcement Memorial Foundation. By December 31, 2024, the director must make a final determination of the money collected in the fund, must distribute any remaining money in the fund to the foundation, and must close the fund. The fund is operative for tax years beginning on or after January 1, 2019, and ending before January 1, 2024;
- (5) Authorizes any city of the fourth classification with more than 13,500 but fewer than 1600 inhabitants and located in any county of the first classification with more than 70,000 but fewer

than 83,000 inhabitants to levy a sales tax dedicated to public safety upon voter approval. Currently, this only applies to Hallsville;

(6) Adds certain villages to the list of cities and villages authorized to impose, upon voter approval, a sales tax of up to 1% for public safety purposes, including expenditures on equipment, city employee salaries and benefits, and facilities for police, fire, and emergency medical providers. Currently, this only applies to the village of Claycomo;

(7) Allows the county commission of a county of the first classification with more than 70,000 but fewer than 83,000 inhabitants and with a city of the fourth classification with more than 13,500 but fewer than 16,000 inhabitants as the county seat to impose a county sales tax for the purpose of central dispatching of emergency services. The county commission may elect to appoint members of the board to administer the funds and oversee the provision of central dispatching for emergency services. The board shall act in an advisory capacity to the commission.

The sales tax cannot be more than 1% of each taxable sale or service. The sales tax cannot be collected more than 36 months before the operation of the central dispatching of emergency services. Any sales tax issued for emergency telephone service will terminate at the end of the tax year in which the tax imposed under this bill is certified by the board to be fully operational. At least once each calendar year, the emergency telephone service 911 board of the county must establish a tax rate that, together with any surplus revenues carried forward, will fund expenditures. Currently, this only applies to Cape Girardeau County;

(8) Changes the period for which a taxpayer may apply for a credit or refund of overpayment of sales taxes remitted to the state from up to three years after the date of overpayment to 10 years;

(9) Specifies that if local and long distance telecommunications services subject to sales tax are aggregated with and not separately from charges for telecommunications service or other services not subject to the tax, then charges for nontaxable services may be subject to taxation unless the telecommunications provider can identify by reasonable and verifiable standards the portion of the charges not subject to the tax;

(10) Requires the costs of any litigation arising under Article XIV Medical Cannabis of the Constitution of Missouri to be paid out from the Department of Health and Senior Services' portion of the Missouri Veterans' Health and Care Fund;

(11) Increases specified motor vehicle and trailer registration fees under Section 136.055, RSMo. The fees are increased as follows:

(a) Licenses increase from \$3.50 to \$6.00 for annual and from \$7 to \$12 for biennial;

(b) Transfer of title increases from \$2.50 to \$6;

(c) Instruction permits, nondriver, chauffeur's, operator's, and driver's licenses increase from \$2.50 to \$6, and

(d) Notice of lien processing increases from \$2.50 to \$6.

The bill also regulates fee office contracts by requiring Missouri residency and granting additional points in the bidding process based on distance to the fee office from the owner's place of residency. Ownership is limited to three fee offices per individual and those contracting with the state for fee office ownership must assume personal responsibility for the contract requirements. It requires notice to taxpayers of a delinquency in paying titling fees and allows the Missouri Department of Revenue to withhold tax refunds if such fees are not paid. It also requires those buying motor vehicles or trailers to sign a waiver acknowledging the need for state sales tax payments and insurance purchases and mentioning fines and offenses that may be charged for violating such requirements;

(12) Clarifies that a municipality, county, or local taxing entity collecting transient guest taxes on any amount received by a broker, travel agent, or other intermediary working on behalf of an operator of a hotel, motel, tavern, inn, tourist cabin or camp, or other place in which rooms are furnished to the public, shall only collect tax due on the actual amount received by the operator under Section 67.662. However, it also specifies that an entity collecting tourism taxes shall be allowed to collect tax on the amount paid by the final purchaser of an admission ticket to any tourist attraction. This shall apply to all Missouri sellers and out-of-state operators whose gross revenue from Missouri tourism exceeds \$100,000 in the previous or current calendar year;

(13) Provides that, for all tax years beginning on or after January 1, 2018, interest expenses paid or accrued in a previous taxable year, but allowed as a deduction in the current taxable year for federal tax purposes by reason of the carry forward of disallowed business interest provisions of federal law, shall be added to a taxpayer's federal adjusted gross income for the purposes of the calculation of Missouri adjusted gross income. This bill also provides that, for all tax years beginning on or after January 1,

2018, interest expenses paid or accrued in the current taxable year, but not allowed as a deduction for federal tax purposes, shall be subtracted from a taxpayer's federal adjusted gross income for the purposes of the calculation of Missouri adjusted gross income. A taxpayer may submit an amended return to adjust the taxpayer's federal adjusted gross income under the provisions of the bill;

(14) And lastly, requires sales receipts to show the tax imposed on the purchase in the form of a total tax rate that includes all state and local sales tax.

PROPOSERS: Supporters say that the bill will allow cities to propose a sales tax for general purposes not to exceed 1%. Currently, sales taxes are required to be set at specified rates which often forces a vote on sales taxes that are excessive to the goal of the sales tax. It is good public policy to institute only a tax for the amount necessary to perform the function of the tax. There was no opposition.

Testifying for the bill was Senator Libla.

OPPOSERS: There was no opposition voiced to the committee.

This bill is similar to SB 21 (2019).