

HCS SB 582 -- TAXATION

SPONSOR: Shoemyer (Sutherland)

COMMITTEE ACTION: Voted "do pass" by the Committee on Ways and Means by a vote of 7 to 0.

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

(1) Allows Jackson County to collect a 3% fee on the face value of delinquent taxes and St. Charles County to increase its population threshold;

(2) Allows first classification counties without a charter form of government and second classification counties to collect property taxes using electronic records and disbursements, requires taxing authorities to request notification of current taxes paid under protest by February 1, and requires the county collector to provide the information by March 1. Delinquent personal property taxes are subject to the same interest and penalties as delinquent real property taxes;

(3) Allows the City of Gladstone to impose a transient guest tax of up to 5% and allows the City of Sullivan and the portion of the Sullivan C-II School District located in Franklin County to levy a 2% to 5% transient guest tax on charges for sleeping rooms paid by guests of hotels, motels, bed and breakfast inns, and campgrounds or docking facilities, upon voter approval;

(4) Allows cities, towns, and villages within the counties of Clay, Franklin, Boone, Jasper, or Jackson; these counties and St. Charles County; and counties, cities, towns, and villages that adopt transect-based zoning to form a theater, cultural arts, and entertainment district. The district must be at least 25 contiguous acres in size and the governing body of the city or county must pass a resolution describing the district when a petition for its creation is filed;

(5) Allows any community development district to fill positions on its board by appointing additional representatives when less than five landowners live within the district and requires that a district's revenues be used to reimburse the costs of new construction in blighted areas only;

(6) Adds county assessors to the list of county officials who must receive certified copies of the ordinances effecting a concurrent detachment and annexation of property between municipalities;

(7) Removes, beginning August 28, 2007, the requirement that both St. Louis City and St. Louis County must approve a transportation sales tax before a transportation sales tax can go into effect in either jurisdiction;

(8) Changes the qualifications and amount of credit allowed under the senior citizen/disabled person property tax credit, commonly known as circuit breaker, and renames the program the Senior Citizens' Homestead Tax Relief Act;

(9) Authorizes a refundable individual income tax credit for tax years beginning on or after January 1, 2008, for the amount of real property taxes paid on a homestead by the surviving spouse of certain public safety officers killed in the line of duty;

(10) Authorizes a nonrefundable income tax credit for volunteer firefighters who complete a firefighter training program approved by the State Fire Marshal;

(11) Changes the laws regarding the Missouri Homestead Preservation Act by specifying the use of the term "base year," extending the deadline to file an application from September 30 to October 15, and requiring the Department of Revenue to determine the apportionment percentage by equally distributing it among all eligible applicants;

(12) Changes the laws regarding the collection of delinquent real estate taxes, foreclosure sales, third offerings of lands and lots, redemptions, purchases by counties or cities, deed, and possession;

(13) Allows the county collector to send an individual a notice of foreclosure on his or her property by regular mail;

(14) Changes the way corporate net operating losses are calculated, removes the restriction for specific depreciation deductions, and removes the requirement that 50% or more of the income of an affiliated group of corporations be derived from sources within this state to file a consolidated Missouri income tax return;

(15) Creates a rebuttable presumption that the raw materials used in the primary manufacture of automobiles contain at least 25% recovered materials;

(16) Removes the "solely in interstate commerce" requirement for the trucking exemption as it relates to the sales tax exemption;

(17) Authorizes a state and local sales and use tax exemption for fencing materials used for agricultural purposes and for

textbooks purchased for use by a person at a Missouri institution of higher education, including Internet classes;

(18) Authorizes an exemption from sales tax on all purchases of tangible personal property, utilities, services, and other transactions made for fulfilling United States government contracts and for all purchases and leases of tangible personal property by any county, city, incorporated town, or village for industrial development;

(19) Specifies that the purchase price for calculating the sales tax of a motor vehicle excludes the cost to modify the vehicle for use by an individual with a disability;

(20) Exempts amounts paid for the temporary use of coin-operated amusement devices from state and local sales tax and removes the exemption for the purchase of the devices and parts, beginning September 1, 2007. Coin-operated amusement devices include video, pinball, table, and redemption games;

(21) Transfers from the Department of Economic Development to the Department of Public Safety the duty of certifying when a dry fire hydrant system meets the requirements to obtain an income tax credit and extends the expiration date of the credit from August 28, 2003, to August 28, 2011; and

(22) Clarifies that the sales tax applies only to the sales price paid by the final purchaser and not to any off-invoice discounts or other pricing discounts.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$193,602 to Unknown in FY 2008, \$8,337,806 to Unknown in FY 2009, and \$12,103,117 to Unknown in FY 2010. Estimated Cost on Other State Funds of Unknown in FY 2008, FY 2009, and FY 2010.

PROPONENTS: Supporters say that the bill has cleanup language to reflect current practices relating to county assessors and foreclosure sales.

Testifying for the bill were Senator Shoemyer; and Missouri Assessor's Association.

OPPONENTS: There was no opposition voiced to the committee.