

HCS SB 816 -- TAXATION

SPONSOR: Lembke (Smith, 150)

COMMITTEE ACTION: Voted "do pass" by the Committee on Tax Reform by a vote of 11 to 0.

This substitute changes the time period before interest is paid on an overpayment of individual income tax from four months to 90 days after the last date to file a return, including an extension, or the date the return was filed, whichever is later.

Currently, under the general city sales tax law, cities may impose a sales tax, upon voter approval, at a rate of one-half of 1%, seven-eighths of 1%, or 1%; and the City of St. Louis may impose the tax at a rate not to exceed one and three-eighths percent, for the benefit of the city. The substitute specifies that the combined rate of sales taxes adopted under the city sales tax law cannot exceed 2%. This change is not to be construed as a new tax or an increase in the current levy of an existing tax for the purpose of Article X, Section 22, of the Missouri Constitution, commonly known as the Hancock Amendment, which requires voter approval. Cities that have already imposed and collected taxes under the city sales tax law can continue to do so without voter approval as a continuation of a tax previously approved by the voters of the city.

Currently, under the capital improvements city sales tax law, cities not in St. Louis County may impose a sales tax, upon voter approval, at a rate of one-eighth, one-fourth, three-eighths, or one-half of 1% for the purpose of funding, operating, and maintaining capital improvements. Municipalities in charter counties are authorized to impose a capital improvements tax under Section 94.890, RSMo. The substitute specifies that the combined rate of sales taxes adopted under the capital improvement city sales tax law cannot exceed 1%. This change is not to be construed as a new tax or an increase in the current levy of an existing tax for the purpose of the Hancock Amendment which requires voter approval. Cities that have already imposed and collected taxes under the city sales tax law can continue to do so without voter approval as a continuation of a tax previously approved by the voters of the city.

The substitute contains an emergency clause for the provisions regarding interest on overpayments of taxes.

FISCAL NOTE: Estimated Cost on General Revenue Fund of More than \$100,000 in FY 2011, FY 2012, and FY 2013. No impact on Other State Funds in FY 2011, FY 2012, and FY 2013.

PROPONENTS: Supporters say that the bill requires the Department of Revenue to refund tax overpayments within 90 days or to pay interest on the refund. Currently, Missouri has four months to mail refunds before interest is paid.

Testifying for the bill was Senator Lembke.

OPPONENTS: There was no opposition voiced to the committee.