HB 2 -- COLLECTION OF STATE MONEYS (Flanigan)

COMMITTEE OF ORIGIN: Committee on Ways and Means

This bill changes the laws regarding the collection of moneys owed to the state. In its main provisions, the bill:

(1) Allows the Director of the Department of Revenue to mail any document by first class mail after January 1, 2012, with the exception of certain specified chapters of law which require documents to be sent by certified mail;

(2) Requires the department director to retain 1% of the amount of any local sales or use taxes collected by the department for the cost of collection;

(3) Requires an individual, beginning January 1, 2012, to possess a no-tax due statement from the department dated within 90 days of a person's licensure application before any city or county occupation license or any state business license can be issued or renewed. The department director may enter into an agreement with any state agency responsible for issuing any state license requiring the agency to provide the department with the name and tax identification number of each applicant for licensure within one month of the date the application is filed or at least one month prior to the anticipated license renewal. If an applicant is delinquent on any taxes, the department director must send a notice to the licensing agency and the applicant. An applicant's license must be suspended within 90 days after the notice unless the taxes are paid, an arrangement has been made with the department to pay the taxes, the taxes were paid under protest, or the tax liability is found to be reasonably disputed;

(4) Authorizes an amnesty from the assessment or payment of all penalties, additions to tax, and interest on delinquencies of unpaid taxes administered by the department which occurred on or prior to December 31, 2010. A taxpayer must apply for amnesty, file a tax return for each tax period for which amnesty is requested, pay the unpaid taxes in full from January 1, 2012, to February 29, 2012, and agree to comply with state tax laws for the next eight years from the date of the agreement. All tax payments received as a result of the tax amnesty program must be deposited into the General Revenue Fund unless otherwise earmarked by state law;

(5) Allows the Director of the Department of Revenue and the Commissioner of the Office of Administration to jointly enter into a reciprocal agreement with the federal government or any other state to offset vendor and contractor payments for any type

of debt owed to the state. Currently, the department has a reciprocal agreement with the United States Treasury to offset income tax overpayments;

(6) Allows a state agency to refer any debt owed to it to the department for collection. The department and state agencies, including the judiciary, may exchange any necessary information; and the referring state agency must follow all federal and state laws regarding the confidentiality of information and records regarding the debtor. The department may compromise any referred state debt and is authorized to use all general remedies afforded creditors of Missouri, remedies specific to the referring state agency, and remedies afforded the state in general. The department can employ staff, attorneys, prosecuting attorneys, and private collection agencies to aid in the collection of debt. The department must add 10% to the amount of debt to be collected for the cost of collection which can be waived under specified conditions;

(7) Requires anyone making a claim or having a judgment under the provisions of the State Legal Expense Fund to have a no-tax due statement from the department before any moneys can be expended from the fund for the settlement of any liability claim and allows an offset from the fund to satisfy any delinquent tax debt owed before payment is made to the person. Payments of less than $10,000 for property damage claims are not required to have a no-tax due statement;

(8) Allows the department director to issue an administrative garnishment if he or she has filed a certificate of lien in the circuit court for delinquent income or sales or use taxes. Anyone receiving a garnishment order must turn over any of the taxpayer’s assets in his or her possession and any assets that are to become due the taxpayer including wages, salaries, commissions, bonuses, workers’ compensation benefits, disability benefits, pension or retirement payments, and interest less a reimbursement of no more than $6 per month to cover costs. The taxpayer may obtain relief from the garnishment by paying the total amount owed;

(9) Authorizes tax increment financing in any blighted area that has sustained severe damage as the result of a natural disaster. The area must be within a municipality for which public and individual assistance has been requested by the Governor under Section 401 of the federal Robert T. Stafford Disaster Relief and Emergency Assistance Act and must have sustained major damage as determined by the State Emergency Management Agency. The municipality must adopt an ordinance approving the redevelopment project within one year of the natural disaster; and

(10) Specifies that, beginning January 1, 2012, in addition to the payments in lieu of taxes and economic activity taxes resulting from a municipality authorizing tax increment financing, up to 50% of the incremental increase in the general revenue portion of the state sales tax revenues collected and the state income taxes withheld on behalf of employees at businesses located within the project area can be made available for appropriation by the General Assembly to areas with a redevelopment project approved by the Department of Economic Development. All designated state moneys collected from the approved redevelopment area will be deposited into the newly created Missouri Supplemental Disaster Recovery Fund. A separate subaccount will be established within the fund for each approved redevelopment project.

FISCAL NOTE: Estimated Net Effect on General Revenue Fund of an Income of Unknown to a Cost of Unknown in FY 2012, FY 2013, and FY 2014. Estimated Net Income on Other State Funds of Unknown in FY 2012, FY 2013, and FY 2014.