

HCS SS SB 799 -- BUSINESS FEES

SPONSOR: Kraus

COMMITTEE ACTION: Voted "Do Pass with Amendments" by the Standing Committee on Ways and Means by a vote of 6 to 3. Voted "Do Pass with HCS" by the Select Committee on Financial Institutions and Taxation by a vote of 6 to 1.

CLASS ACTIONS (Section 136.005, RSMo)

Beginning January 1, 2016, the bill prohibits a political subdivision from initiating or participating in any legal action against a taxpayer in Missouri state court as a representative or member of a class to enforce or collect any business license tax that may be owed without first giving notice of such tax to the taxpayer and allowing the taxpayer an opportunity within 90 days of such notice to pay or dispute the tax.

SALES TAX BONDING REQUIREMENTS (Section 144.087)

This bill changes the amount of bonding required for a retail sales tax license with the Department of Revenue from three times to two times the license' average monthly tax liability, and changes the bond term from two years to one year.

This provision of the bill is the same as HB 2631 (2016).

BUSINESS FEES (Sections 347.015, 347.179, 351.015, 351.065, 354.010, 354.150, 355.021, 355.066, 357.060, 358.020, 358.440, 359.011, 359.651, 394.020, 394.250, and 417.220)

This bill waives specified business fees when a specified organizer, majority shareholder, officer, director, or partner of a company, corporation, health services corporation, nonprofit corporation, cooperative company, or partnership is either a military spouse or a veteran who resides in Missouri and provides proof of marriage, if applicable, and military service to the Secretary of State.

PROPONENTS: Supporters say that this bill exempts Secretary of State fees for veterans, active-duty military personnel, and spouses. This is in recognition of their service and to reduce the cost for them to go into business.

Supporters of the class action language in the bill say it makes sure the first notice of tax due is from the city or county and not from a lawsuit. This will encourage greater tax compliance and less confusion. This is not retroactive and allows political

subdivisions to continue to have the power to tax, the power to bring suit, and the power to combine class action.

Testifying for the bill were Senator Kraus; the Missouri Secretary of State's Office; and Daryl Duwe.

OPPONENTS: Those who oppose the class action language in the bill say that the cities and counties need to get the company that owes the tax to pay. The company this bill is about will not provide the information needed for the cities to properly assess and collect the tax. This language could stop class actions making it difficult for cities to collect the tax owed.

Testifying against the bill was the Missouri Municipal League.