

SS#2 SCS HCS HB 1854 -- POLITICAL SUBDIVISIONS
(Vetoed by Governor)

AUDITS OF COUNTY OFFICES (Section 29.230, RSMo)

Currently, the State Auditor is permitted to conduct performance audits when performing an audit of a county office. This bill prohibits the State Auditor from conducting a performance audit when conducting an audit in a third class county not initiated pursuant to a petition if:

- (1) The county commission has adopted a resolution electing not to be subject to such an audit; and
- (2) The county has undergone an audit by a certified public accountant within the preceding two years.

The county commission is required to send the resolution and audit report to the State Auditor.

POLITICAL RESTRICTIONS FOR CERTAIN STATE EMPLOYEES (Section 36.155)

Currently, any individual holding a position of state employment that is subject to the State Personnel Law is also subject to various restrictions on participating in political activities, including running for partisan political office. This bill provides that any state employee that is not subject to the Merit System (Section 36.030) or the Uniform Classification and Pay System (Section 36.031) may run for the nomination, or as a candidate for election, to a partisan political office.

MISSOURI LOCAL GOVERNMENT EXPENDITURE DATABASE (Sections 37.1090 - 37.1098)

This bill establishes the "Missouri Local Government Expenditure Database". The database shall be available free of charge on the Office of Administration's Missouri Accountability Portal website and shall include information about expenditures made during each fiscal year that begins after December 31, 2022.

The database shall include the following information: the amount of the expenditure; the date the expenditure was paid; the vendor to whom the expenditure was paid, unless such information is confidential; the purpose of the expenditure; and the municipality or county that made or requested the expenditure.

A municipality or county may choose to voluntarily participate in the database. Each municipality or county participating in the database shall provide electronically-transmitted information to

the Office of Administration biannually as provided in the bill.

Additionally, if 5% of the registered voters in a municipality or county request it to participate, the municipality or county shall participate in the database. Residents may request participation by submitting a written letter by certified mail to the governing body of the municipality or county and the Office of Administration. After receiving the requisite number of requests, a municipality or county shall begin participating in the database, but is not required to report expenditures incurred before one complete six month reporting period.

The Office of Administration shall provide financial reimbursement to any participating municipality or county for actual expenditures incurred from participation in the database.

COUNTY REGULATION OF COUNTY PROPERTY (Section 49.266)

Currently, the county commissions in all non-charter counties are authorized to promulgate regulations concerning the use of county property. This act authorizes the county commission in all first, second, third, and fourth classification counties to promulgate such regulations.

Additionally, please note that Section 49.266 appears twice in this act because it is doubly-enacted due to the Cole County Circuit Court decision in *Calzone v. Koster, et al.* (2016). This act repeals the version enacted by SB 672 (2014) and amends the version in effect prior to SB 672 (2014).

WARRANTS FILED BY COUNTY CLERKS (Section 50.166)

This bill provides that, upon request, the county treasurer shall have access to any financially relevant document in the possession of any county official for the purposes of processing a warrant. If the warrant is received in the absence of a check, then the county treasurer shall have access to the information necessary to process the warrant.

Additionally, no official of any county shall refuse a request from the county treasurer for access to or a copy of any document in the possession of a county office that is financially relevant to the salaries of county officers and assistants. No county treasurer shall refuse to release funds for the payment of any properly approved expenditure.

SECOND CLASS COUNTY CORONER SALARIES (Section 50.327)

Currently, the compensation for non-charter county coroners is

based on salary schedules established by law.

This bill provides that, upon majority approval of the salary commission, the annual compensation of a county coroner of any county of the second classification may be increased up to \$14,000 greater than the compensation provided by the salary schedule established by law.

COUNTY REVENUE VIOLATIONS (Section 54.140)

Currently, any county treasurer or other county officer who fails or refuses to perform duties required of him or her under the law is guilty of a misdemeanor, shall be punished by a fine and, in addition to such punishment, his or her office shall become vacant. This bill repeals the provision that a county treasurer's or other county officer's office shall become vacant upon violation .

CANDIDATES FOR COUNTY RECORDER (Sections 59.021 and 59.100)

This bill provides that each candidate for county recorder shall provide an affidavit to the election authority that indicates the candidate is able to satisfy the bond requirements under the law.

A recorder elected before January 1, 2021, shall have a bond of no less than \$1,000. A recorder elected on or after January 1, 2021, shall have a bond of no less than \$5,000.

COUNTY PROPERTY MAINTENANCE AND NUISANCE CODES (Section 64.207)

This bill authorizes certain counties to adopt property maintenance regulations and ordinances as provided in the bill. The unavailability of a utility service due to nonpayment is not a violation of the property maintenance code.

Under this bill, the property maintenance code must require the county commission to create a process for selecting a designated officer to respond to written complaints of the condition of a rented residence that threaten the health or safety of the tenants. When a written complaint is filed, the owner of any rental residence must be served with a notice specifying the condition alleged in the complaint and stating a reasonable date by which abatement of the condition must commence. If work to abate the condition does not commence as determined by the designated officer, the complaint shall be given a hearing before the county commission. If the county commission finds that the rented residence has a dangerous condition that is harmful to the health, safety, or welfare of the tenant, the county commission shall issue an order that the condition be abated. If the owner violates an order issued by the county commission, the owner may be punished by

a penalty, which shall not exceed a class C misdemeanor.

Currently, this section only applies to Boone County.

COUNTY PLANNING COMMISSION MEETING EXPENSES (Section 64.805)

Currently, members of the county planning commission may be reimbursed for meeting expenses up to \$25 per meeting. This bill increases the reimbursement amount to \$35.

CAPITAL IMPROVEMENT SALES TAX (Sections 67.730 and 94.838)

This bill adds certain counties of the first classification to a provision of law authorizing other counties to propose a capital improvement sales tax. The newly authorized counties must submit the question of the imposition of the tax to the voters on a general election day not earlier than 2022, and must include information on the county's website on the tax rate and purposes of the tax. Currently, the newly authorized counties include Cass, Clay, and Platte.

Currently, certain fourth class cities and villages are authorized to impose, upon voter approval, a sales tax of up to 2% on retail sales of food at cafes, cafeterias, lunchrooms, or restaurants for the purpose of funding the construction, maintenance, and operation of capital improvements. Currently, this section only applies to Lamar Heights. The bill changes from 2% to 6% the maximum sales tax rate that can be imposed upon retail sales of food in food establishments and changes the purposes for which the revenues can be used from capital improvements to general revenue purposes. The question of the increase in the sales tax rate must be submitted to the voters on a general election day not earlier than 2022, and the city or village must include information on its website on the tax rate and purposes of the tax.

CERTAIN TAXING DISTRICTS (Sections 67.1545, 238.207, 238.235, and 238.237)

Currently, community improvement districts (CIDs) and transportation development districts (TDDs) are authorized to impose a sales tax on purchases made within such districts if approved by a majority of voters living within the district. This bill requires such sales taxes to be approved by a majority of the voters of the municipality in which the district is located, rather than just the district. Additionally, current law authorizes TDDs to charge and collect tolls or fees for the use of a project if approved by a majority of voters within the district. This bill requires such tolls or fees to be approved by a majority of voters within the municipality in which the TDD is located.

EARLY CHILDHOOD SALES TAX (Section 67.1790)

This bill allows certain counties and any cities within the counties to impose a sales tax, upon approval of a majority of the voters, not to exceed .25%, for the purpose of funding early childhood education in the county or city. The vote shall occur on a general election day not earlier than the 2022 general election. Currently, this section only applies to Greene County.

APPOINTMENT OF MEMBERS OF BOARDS AND COMMISSIONS IN FOURTH CLASS CITIES (Section 79.235)

If a statute or ordinance authorizes the mayor of a city of the fourth classification with no more than 2,000 inhabitants to appoint a member of a board or commission, any requirement that the appointed person be a resident of the city shall be deemed satisfied if the person owns real property or a business in the city.

If the board to which a person is appointed is for the purpose of managing a city's municipal utilities, then any requirement that the appointed person be a resident of the city shall be satisfied if the following conditions are met:

- (1) The board has no authority to set utility rates or to issue bonds;
- (2) The person resides within a 5-mile radius of the city limits;
- (3) The person owns real property or a business in the city;
- (4) The person or the person's business is a customer of the public utility that is owned and operated by the city; and
- (5) The person has no pecuniary interest in, or is not a member of, any other utility of the type managed by the board.

TRANSIENT GUEST TAXES (Sections 67.1011, 67.1360, 94.842, and 94.1014)

This bill authorizes certain cities to submit to the voters a transient guest tax not to exceed 6% of the charges per occupied room per night. The vote must be on a general election day not earlier than 2022, and the city must include information on its website on the tax rate and purposes of the tax. Currently, the additional cities only applies to the City of Butler.

This bill adds certain cities to the list of cities authorized to

impose, upon voter approval, a transient guest tax for the promotion of tourism. In the additional cities, the vote must be on a general election day not earlier than 2022, and the city must include information on its website on the tax rate and purposes of the tax. Currently, the additional cities only applies to the City of Cameron.

This bill authorizes certain cities to submit to the voters a transient guest tax not to exceed 7.5% of the charges per occupied room per night. Such tax shall be used solely for capital investments that can be demonstrated to increase the number of overnight visitors. The vote must be on a general election day not earlier than 2022, and the city must include information on its website on the tax rate and purposes of the tax. The city may adopt rules and regulations for the internal collection of the tax, or may enter into an agreement with the Department of Revenue for the collection of the tax. Currently, this section only applies to the City of Springfield.

This bill authorizes certain cities to submit to the voters a transient guest tax not to exceed 5% of the charges per occupied room per night. Such tax shall be used for the promotion of tourism, growth of the region, economic development, and public safety, as described in the bill. The city must include information on its website on the tax rate and purposes of the tax. The vote shall occur on a general election day not earlier than the 2022 general election. Currently, this section only applies to the City of Ashland.

PUBLIC SAFETY SALES TAXES (Sections 94.900 and 94.902)

This bill adds certain cities and villages to the list of cities and villages authorized to levy a sales tax upon voter approval for the purposes of improving public safety. In the additional cities and villages, the vote must be on a general election day not earlier than 2022, and the city or village must include information on its website on the tax rate and purposes of the tax.

Currently, the additional cities and villages only include the cities of Clinton, Lincoln, Branson West, Cole Camp, Hallsville, Kearney, Smithville, and Claycomo.

FINANCIAL REPORTS OF POLITICAL SUBDIVISIONS (Section 105.145)

Currently, any transportation development district having gross revenues of less than \$5,000 in a fiscal year for which an annual financial statement was not timely filed to the State Auditor is not subject to a fine.

This bill expands that exemption to any political subdivision that has gross revenues of less than \$5,000 or that has not levied or collected sales or use taxes in the fiscal year for which the annual financial statement was not timely filed shall not be subject to a fine.

Additionally, if failure to timely submit the annual financial statement is the result of fraud or other illegal conduct by an employee or officer of the political subdivision, the failure shall not be subject to a fine if the statement is filed within 30 days of discovery of the fraud or illegal conduct.

If the political subdivision has an outstanding balance or fines at the time it files its first annual financial statement after January 1, 2021, the Director of Revenue shall make a one-time downward adjustment to such outstanding balance in an amount that reduces the outstanding balance by 90%. If the Director of the Department of Revenue determines a fine is uncollectible, the director shall have the authority to make a one-time downward adjustment to any outstanding penalty.

The Director of the Department of Revenue shall initiate the process to disincorporate a political subdivision if such political subdivision has an outstanding balance for fines or penalties and fails to file an annual financial statement as provided in the bill. A resident of a political subdivision may file an affidavit with the Director of the Department of Revenue with information regarding the political subdivision's failure to report.

The question of whether a political subdivision may be subject to disincorporation shall be submitted to the voters of the political subdivision as provided in the bill. Upon the affirmative vote of a majority of voters in the political subdivision, the Director of the Department of Revenue shall file an action to disincorporate the political subdivision in the circuit court with jurisdiction over the political subdivision. The circuit court shall enforce such orders and carry out remedies as provided in the bill. Additionally, the Attorney General shall have the authority to file an action in a court of competent jurisdiction against any political subdivision that fails to comply with this bill.

FILING PERIOD FOR CANDIDATES IN POLITICAL SUBDIVISIONS (Section 115.127)

Currently, the period for filing a declaration of candidacy in certain political subdivisions and special districts is from 8:00 a.m. on the 16th Tuesday prior to the election until 5:00 p.m. on the 11th Tuesday prior to the election. This bill changes that period to 8:00 a.m. on the 17th Tuesday prior to the election until

5:00 p.m. on the 14th Tuesday prior to the election.

The date required notices to the public must be made regarding such opening and closing filing dates, the offices to be filled, and the place of filing is changed from the 16th to the 17th Tuesday prior to the election.

SENATORIAL DISTRICT POLITICAL PARTY COMMITTEES (Section 115.621)

Currently, the members of each Senatorial district political party committee are required to meet on the Saturday after each general election for the purpose of electing members to the state political party committee. In lieu of that requirement, this bill permits the chair of the Congressional district committee where the Senatorial district is principally located to call for a meeting to be held concurrently with the election of Senatorial officers.

USE OF PUBLIC FUNDS IN ELECTIONS (Section 115.646)

This bill prohibits the contribution or expenditure of public funds by any school district or charter school or by any officer, employee, or agent of any school district or charter school:

- (1) To support or oppose the nomination or election of any candidate for public office;
- (2) To support or oppose the passage or defeat of any ballot measure; or
- (3) To any committee supporting or opposing candidates or ballot measures. Directly contributing public funds to or paying debts or obligations of any such committee is also prohibited.

Any purposeful violation of this section is punishable as a class four election offense.

PROPERTY TAX ASSESSMENT NOTIFICATIONS

For property tax assessments, current law provides that assessors shall notify property owners of an increase in the property owner's assessed valuation by June 15. Beginning January 1, 2021, this bill requires such notifications in St. Louis County to include information regarding the assessment method and computation of value for such property and, for properties valued using sales of comparable properties, a list of such comparable properties and the address or location and purchase prices from sales thereof that the assessor used in determining the assessed valuation of the owner's property. "Comparable" is defined in the bill.

PROPERTY TAX APPEALS ATTORNEY FEES (Section 138.434)

Currently, charter counties and St. Louis City are allowed to reimburse taxpayers who successfully appeal a property tax assessment to the State Tax Commission for appraisal costs, attorney fees, and court costs, with such reimbursements limited to \$1,000 for residential appeals and the lesser of \$4,000 or 25% of the tax savings resulting from the appeal for other non-residential appeals. Beginning January 1, 2021, this bill increases such limits for certain charter counties to \$6,000 for residential appeals and the lesser of \$10,000 or 25% of the tax savings resulting from the appeal for other non-residential appeals. Currently, the increased limits only apply to St. Louis County .

TAXATION OF PARTNERSHIPS (Section 143.425)

This bill requires taxpayers in a partnership to report and pay any tax due as a result of federal adjustments from an audit or other action taken by the Internal Revenue Service (IRS) or reported by the taxpayer on an amended federal income tax return. Such report shall be made to the Department of Revenue on forms prescribed by the department, and payments of additional tax due shall be made no later than 180 days after the final determination date of the IRS action, as defined in the bill.

Partners and partnerships shall also report final federal adjustments as a result of partnership level audits or administrative adjustment requests, as defined in the bill. Such payments shall be calculated and made as described in the bill. Partnerships shall be represented in such actions by the partnership's state partnership representative, which shall be the partnership's federal partnership representative unless otherwise designated in writing.

Partners shall be prohibited from applying any deduction or credit on any amount determined to be owed under this bill.

The department shall assess additional tax, interest, and penalties due as a result of federal adjustments under this bill no later than three years after the return was filed, as provided in current law, or one year following the filing of the federal adjustments report under this bill. For taxpayers who fail to timely file the federal adjustments report as provided under this bill, the department shall assess additional tax, interest, and penalties either by three years after the return was filed, one year following the filing of the federal adjustments report, or six years after the final determination date, whichever is later.

Taxpayers may make estimated payments of the tax expected to result

from a pending IRS audit. Such payments shall be credited against any tax liability ultimately found to be due. If the estimated payments made exceed the final tax liability, the taxpayer shall be entitled to a refund or credit for the excess amount, as described in the bill.

The provisions of this bill shall apply to any adjustments to a taxpayer's federal taxable income or federal adjusted gross income with a final determination date occurring on or after January 1, 2021.

BALLOT LANGUAGE RELATING TO LOCAL USE TAX (Section 144.757)

This bill modifies ballot language required for the submission of a local use tax to voters by including language stating that the approval of the local use tax will eliminate the disparity in tax rates collected by local and out-of-state sellers by imposing the same rate on all sellers.

DISSOLUTION OF CERTAIN COUNTY HOSPITAL DISTRICTS (Section 205.202)

This bill provides that, upon the dissolution of a county hospital district levying a sales tax for the purpose of funding the district, the sales tax shall be automatically repealed and 25% of the funds remaining in the Special Trust Fund shall be distributed to the county public health center and 75% shall be distributed to a federally qualified health center located in the county. Currently, this section only applies to Ripley County.

FIRE PROTECTION DISTRICT DIRECTOR (Section 321.015)

This bill adds employees of law enforcement agencies to the list of exceptions to the statutory prohibition against a person holding any lucrative office or employment under this state or a political subdivision and holding the office of fire protection district director.

ATTENDANCE FEES FOR BOARD MEMBERS (Sections 321.190 and 321.603)

This bill further increases the attendance fee for a fire protection district board member attending a board meeting from \$100 to \$150 for board members of districts in both non-charter and charter counties.

This bill also repeals provisions that prohibit a board member from being paid more than one attendance fee if such member attended multiple meetings in certain time periods and, in its place, authorizes board members to be paid for attending not more than one meeting per calendar week.

BOUNDARIES OF FIRE PROTECTION DISTRICTS (Section 321.300)

Under this bill, if one or more fire protection districts serve any portion of a city with a charter form of government located in a county with a charter form of government with a population of 900,000 or more inhabitants which has a municipal fire department, the boundaries of such districts may be expanded so as to include areas within the city, but shall not expand beyond the city limits of such city as it existed on July 1, 2020.

Such a change in the district boundaries shall be accomplished if the governing body of the city files with the board of any such fire protection district a written consent for the board to seek approval of the circuit court to submit the question of the extension of the district's boundaries to the registered voters of the area.

If a majority of the voters voting on the proposition vote in favor of the extension of the boundaries of the district, then the court shall enter an order declaring the extension of the boundaries of the fire district to be final and conclusive.

Currently, the only cities to which this may apply include Berkeley, Clayton, Crestwood, Ferguson, Hazelwood, Kirkwood, Maplewood, Olivette, Richmond Heights, University City, and Webster Groves, all within St. Louis County.

FIRE PROTECTION SALES TAXES (Section 321.552)

Currently, ambulance and fire protection districts in certain counties are authorized to propose, upon voter approval, a sales tax at a rate of up to 0.5%. This bill allows such districts to propose, upon voter approval, a sales tax of up to 1.0%. The vote shall occur on a general election day not earlier than the 2022 General Election, and the district must include information on its website on the tax rate and purposes of the tax.

CIVIL ACTIONS BROUGHT BY INMATES IN COUNTY JAILS (Section 506.384)

Currently, offenders under supervision or in the custody of the Department of Corrections may not bring a civil action against the department unless all administrative remedies are exhausted. This bill also prevents inmates or detainees in county jails from bringing a civil action until all administrative remedies are exhausted.

RECORDS OF MUNICIPALLY OWNED UTILITIES (Section 610.021)

This bill adds individually identifiable customer usage and billing records for customers of a municipally owned utility, unless the records are requested by the customer or authorized for release by the customer, to the list of records that may be closed under the Sunshine Law. A municipally owned utility shall make available to the public the customer's name, billing address, location of service, and dates of service provided for any commercial service account.

MISSOURI WORKS PROGRAM (Section 620.2005 and 620.2010)

This bill modifies the Missouri Works program to provide that, for qualified military projects, the benefit shall be based on part-time and full-time civilian and military new jobs created by the project.

TARGETED INDUSTRIAL MANUFACTURING ENHANCEMENT ZONES ACT (Section 620.2250)

This bill allows any two or more contiguous or overlapping political subdivisions, as defined in the bill, to create one or more "Targeted Industrial Manufacturing Enhancement (TIME) Zones", which will be political subdivisions of the state, for the purpose of completing infrastructure projects to promote economic development. Prior to the creation of a TIME zone, each political subdivision must propose an ordinance or resolution that sets forth the names of the political subdivisions which will form the zone, the general nature of the proposed improvements, the estimated cost of such improvements, the boundaries of the proposed TIME zone, and the estimated number of new jobs to be created in the TIME zone. The political subdivisions must hear and pass upon all objections to the TIME zone and the proposed improvements, if any, and may amend the proposed improvements and the plans and specifications.

This bill allows the zone board governing the TIME zone to retain 25% of withholding taxes on new jobs created within the TIME zone to fund improvements made in the TIME zone. These moneys shall be deposited into the newly created "TIME Zone Fund", as specified in the bill. Prior to retaining such withholding taxes, the zone board will enter into an agreement with the Department of Economic Development. Such agreement will specify the estimated number of new jobs to be created, the estimated average wage of new jobs to be created, the estimated net fiscal impact of the new jobs, the estimated costs of improvements, and the estimated amount of withholding tax to be retained over the period of the agreement. The department will not approve an agreement unless the zone board commits to the creation of a certain number of new jobs, as described in the bill.

The term of such agreement will not exceed 10 years. A zone board may apply to the Department of Economic Development for approval to renew any agreement. In determining whether to approve the renewal of an agreement, the department will consider the number of new jobs created and the average wage and net fiscal impact of such new jobs, and the outstanding improvements to be made within the TIME zone, the funding necessary to complete such improvements, and any other factor the department requires. The department may approve the renewal of an agreement for a period not to exceed 10 years. If a zone board has not met the new job creation requirements by the end of the agreement, the department will recapture the withholding taxes retained by the zone board.

The zone board must submit an annual report to the Department of Economic Development and to the General Assembly by December 31st of each year. The content of the report is specified the bill.

No political subdivision will establish a TIME zone with boundaries that overlap the boundaries of an advanced industrial manufacturing (AIM) zone.

This provision sunsets six years after the effective date.