

HCS SB 676 -- TAXATION

SPONSOR: Luetkemeyer

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee of Ways and Means by a vote of 9 to 0. Voted "Do Pass" by the Standing Committee on Rules - Legislative Oversight by a vote of 6 to 2.

The following is a summary of the House Committee Substitute for SB 676.

This bill modifies several provision relating to taxation

CLASSIFICATION OF STATIONARY PROPERTY

Currently, stationary property used for transportation or storage of liquid and gaseous products is defined as real property. This bill redefines these items as tangible personal property and their value subject to a standardized depreciation table, as defined in the bill (Sections 137.010 and 137.122, RSMo).

These provisions are similar to HCS HB 1907 (2020).

PROPERTY TAX ASSESSMENTS

Currently, aircraft which are at least 25 years old, flown for noncommercial purposes, and operated less than 50 hours per year shall be assessed at 5% of true value. This bill increases the operating hours requirement to 200 hours.

Currently, the St. Louis County Assessor is required to conduct a physical inspection of residential real property prior to increasing the assessed valuation of a property by more than 15% since the last assessment, and requires written notification of such inspection. This bill applies such provision to all counties (Section 137.115).

This provision is the same as a provision contained in SS#2 SB 704 (2020).

For property tax assessments and appeals of such assessments, currently, in first class counties, taxpayers shall appeal to the County Board of Equalization by the third Monday in June and the County Board of Equalization shall meet on the first Monday in July. This bill modifies such deadlines to provided that taxpayers shall appeal to the board by the second Monday in July, and the board shall meet on the third Monday in July (Sections 137.385 and 138.090).

This provision is similar to a provision contained in SS#2 SB 704 (2020).

For property assessment appeals to the boards of equalization in the City of St. Louis, St. Charles County, and St. Louis County, currently provides that the assessor shall have the burden to prove that the valuation does not exceed the true market value of the property. Additionally, if a physical inspection of a property is required for assessment, the assessor shall have the burden to prove that such inspection was performed. If the assessor fails to provide sufficient evidence that the inspection was performed, the property owner shall prevail on the appeal as a matter of law.

This bill applies such provisions to appeals in all counties for which the increase in assessed valuation for the subject property exceeds 15% (Section 138.060).

This provision is similar to a provision contained in SS#2 SB 704 (2020).

TAXATION OF PARTNERSHIPS

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 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 (Section 143.425).

This provision is the same as SCS SB 220 (2019), is similar to HB 1734 (2020), HB 477 (2019) and a provision contained in SS#2 SB 704 (2020), and is similar to SB 897 (2018).

TERRORIST ATTACK VICTIMS TAX RELIEF

This bill provides an income tax exemption for victims who die as a result of wounds or injury incurred as a result of the terrorist attacks against the United States on September 11, 2001, or as a result of illness incurred as a result of an attack involving anthrax occurring on or after September 11, 2001, and before January 1, 2002. Such income tax exemption shall apply for the period beginning in the tax year such injuries occurred and ending in the tax year of such victim's death.

The tax exemption provided by this bill shall not apply to the amount of any tax imposed which would be computed by only taking into account the items of income, gain, or other amounts determined to be taxable under federal law, as described in the bill.

This bill shall not apply to any individual as a participant or conspirator in any such attack or a representative of such an individual.

Provisions in current law requiring a claim for refund to be filed within three years from the time the return is filed shall not apply to refunds claimed pursuant to this bill (Section 143.991).

This provision is similar to SB 742 (2020).

AVIATION JET FUEL SALES TAX EXEMPTION

Currently, if a common carrier has first paid applicable sales and use tax to the purchase, storage, or consumption of the fuel in an amount of \$1.5 million in the year, then an exemption is granted on subsequent sales of aviation jet fuel in the given year to common carriers engaged in the interstate air transportation of passengers and cargo. Additionally, all sales and use tax revenues from aviation jet fuel received less the amounts designated under current law, as defined in the bill, will be deposited to the credit of the Aviation Trust Fund provided that the trust fund not exceed \$10 million.

This bill extends, from December 31, 2023, to December 31, 2033, the expiration date of the provisions regarding the exemption and such funding to the Aviation Trust Fund (Section 144.805).

This provision is similar to provisions in HCS HB 2303.

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPONENTS: Supporters say that this bill started in response to current law requiring quick decisions on whether to appeal assessed valuation increases to board of equalizations in first class counties. Additionally, it makes it so all counties have similar deadlines for taxpayers with regards to receiving assessment notices and deadlines in which the taxpayer may appeal to their Board of Equalization.

Testifying for the bill was Senator Luetkemeyer.

OPPONENTS: There was no opposition voiced to the committee.