

HCS SCS SB 908 -- TAXATION

SPONSOR: Koenig (Baker)

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Special Committee on Government Oversight by a vote of 6 to 3. Voted " Do Pass" by the Standing Committee on Rules- Administrative Oversight by a vote of 6 to 4.

The following is a summary of the House Committee Substitute for SB 908.

NEIGHBORHOOD IMPROVEMENT DISTRICTS (Sections 67.461 and 67.457, RSMo)

Currently, the governing body of a city or county is required to provide notice of a public hearing to consider the plans, specifications, and proposed assessment rolls for a neighborhood improvement district (NID), with such notice to be published in a newspaper of general circulation and mailed to each owner of real property subject to assessment within the boundaries of the NID. This bill requires such notice to also be given to the Department of Revenue, which shall publish such information on its website.

This bill also requires the governing body of a city or county establishing an NID to submit to the State Auditor and the Department of Revenue a description of the boundaries of the district, as well as information on assessments made in the district, as described in the bill. The governing body establishing an NID shall not order any assessments on property within the district until such information is submitted.

PROPERTY TAXES (Sections 67.496, 137.073, and Section 1)

This bill also prohibits a political subdivision or election authority from describing any proposed tax on property in a political subdivision as not increasing taxes, or any language to that effect, unless both:

- (1) Failing to adopt the proposed measure would cause an actual increase in the tax rate; and
- (2) Adopting the measure would cause the tax rate to stay the same or decrease.

This bill requires that if the voters in a political subdivision approve an increase to the tax rate ceiling prior to the expiration of a previously approved temporary levy increase, the new tax rate ceiling shall remain in effect only until such time as the

temporary levy increase expires under the terms originally approved by a vote of the people, at which time the tax rate ceiling shall be decreased by the amount of the temporary levy increase unless voters of the political subdivision are asked to approve an additional permanent increase and such increase is approved.

This bill specifies that, any ballot measure seeking approval to add, change, or modify a tax on real property shall express the effect of the proposed change within the ballot language in terms of the change in real dollars owed per \$100,000 of a property's market valuation.

SALES TAX AUTHORIZATION (Section 67.1305)

Currently, economic development tax boards are required to submit to the Joint Committee on Economic Development a report with information as described in the section regarding each project using the tax authorized in this section. This bill will now require the boards to submit their reports to the Department of Revenue instead of the Joint Committee on Economic Development. This bill also requires the boards to add to the report the name of the entity awarded funds and the entity's address.

COMMUNITY IMPROVEMENT DISTRICTS (Sections 67.1421, 67.1431, and 67.1471)

Currently, the governing body of a municipality is required to provide notice of a public hearing to establish or amend a community improvement district (CID), with such notice to be published in a newspaper of general circulation and mailed to each owner of real property within the boundaries of the CID. This bill requires such notice to also be given to the Department of Revenue, which shall publish such information on its website.

This bill also requires the governing body of a city or county establishing a CID to submit to the State Auditor and the Department of Revenue a description of the boundaries of the district, as well as the rates of property tax and sales tax in the district, as described in the bill. The governing body establishing a CID shall not collect any taxes or assessments until such information is submitted.

Currently, the governing board of a CID is also required to provide a proposed annual budget to the governing body of the city, as well as submit a report including financial and other information to the municipal clerk and the Department of Economic Development. This bill requires such information to also be sent to the Department of Revenue and the State Auditor.

EARNINGS TAX (Sections 92.111 and 92.115)

Currently, the law authorizes the cities of Kansas City and St. Louis to levy an earnings tax, which is imposed in part on salaries, wages, commissions, and other compensation earned by nonresidents of the city for work done or services performed or rendered in the city. For all tax returns filed on or after January 1, 2022, this bill provides that "work done or services performed or rendered in the city" will not include any work or services performed or rendered through telecommuting or otherwise performed or rendered remotely unless the location where such work is performed is located in the city. Any taxpayer denied a refund for taxes paid for such work or services not performed or rendered in the city may bring a cause of action in a court of competent jurisdiction, and such taxpayer shall recover the refund owed with interest and reasonable attorney's fees resulting from such cause of action.

Under the provisions of this bill, if an earnings tax is imposed by St. Louis or Kansas City, then the registered voters that reside in counties that border those cities shall be considered qualified voters and may vote on whether the earnings tax is imposed on St. Louis City or Kansas City. This bill also repeals Section 92.105.

TAX INCREMENT FINANCING DISTRICTS (Sections 99.825, 99.830, and 99.865)

Currently, a tax increment financing (TIF) commission is required to provide notice of a public hearing prior to the adoption of an ordinance proposing a redevelopment plan or project, with such notice to be published in a newspaper of general circulation and mailed to each owner of real property within the boundaries of the TIF district. This bill requires such notice to also be given to the Department of Revenue, which shall publish such information on its website.

This bill also requires the governing body of the municipality establishing a redevelopment area to submit to the State Auditor and the Department of Revenue a description of the boundaries of the redevelopment area, estimated redevelopment project costs, and the date on which the redevelopment area terminates, as described in the bill. The governing body establishing a redevelopment area shall not deposit any payments in lieu of taxes into the special allocation fund until such information is submitted.

Currently, the governing body of a municipality is required to provide notice of a public hearing to be held five years after the establishment of a redevelopment plan, with such notice to be

published in a newspaper of general circulation. This bill requires such notice to also be given to the Department of Revenue, which shall publish such information on its website.

PERSONAL PROPERTY APPRECIATION (Section 137.115)

This bill specifies that as of January 1, 2023, all personal property tax assessed and valued shall not exceed the Consumer Price Index for all Urban Consumers. The bill also specifies that county assessors and the assessor of St. Louis City shall use the trade-in value published in the current or two previous years' October issue of the National Automobile Dealers' Association Official Used Car Guide, or its successor publication, as the recommended guide of information for determining the true value of motor vehicles described in such publication. The assessor may assign any value that he or she deems to be the true value, provided that it is not greater than the current issue of the publication and that the value is not less than the lowest value in the current or two previous years of the publication.

For the purposes of this bill, in the absence of a listing for a particular motor vehicle, recreational vehicle, or agricultural equipment in such publication, excluding tangible personal property as described in certain sections of current law, the assessor may use such information or publications which in the assessor's judgment will fairly estimate the true value in money of the motor vehicle, recreational vehicle, or agricultural equipment in the current year or two previous years. The assessor may assign any value that he or she deems to be the true value, provided that it is not greater than a current publication, if the assessor uses a publication, and that the value is not less than the lowest value in the current or two previous years of the publication.

This section of the bill has an emergency clause.

COMMON SEWER AND PUBLIC WATER SUPPLY DISTRICTS (Sections 204.603 and 204.605)

This bill authorizes and regulates the Common Sewer District's and the Public Water Supply District's ability to create a plan of consolidation. The plan must be created as described under this section. Both governing bodies must order the plan to be implemented before the districts can jointly petition the circuit court with proper jurisdiction to amend the decree of incorporation.

Any such reorganized common sewer district that is authorized to engage in the construction, maintenance, and operation of water supply and distribution facilities is hereby authorized to acquire,

construct, improve or extend, maintain, and operate a combined waterworks and sewerage system.

TRANSPORTATION DEVELOPMENT DISTRICTS (Sections 238.212 and 238.222)

Currently, a circuit clerk is required to provide notice to the public that a petition has been filed for the creation of a Transportation Development District (TDD), with such notice to be published in a newspaper of general circulation. This bill requires such notice to also be given to the Department of Revenue, which shall publish such information on its website.

This bill also requires the governing body of a local transportation authority establishing a district to submit to the State Auditor and the Department of Revenue a description of the boundaries of the district, as well as the rates of property tax and sales tax in the district, as described in the bill. The governing body establishing a TDD shall not collect any taxes until such information is submitted.

TAX CREDITS (Section 2)

This bill authorizes a qualified taxpayer to claim a one time nonrefundable \$500 tax credit for singles and \$1,000 tax credit for married couples to count towards 2021 tax year. The tax credit will not carry forward to any subsequent tax years or be transferable. The Director of the Department of Revenue shall not authorize more than \$1 billion in tax credits under this section.

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

PROPONENTS: Supporters say that this bill is bipartisan and will create better transparency, efficiency, and oversight. This bill will also give more notice on new development projects.

Testifying for the bill were Senator Koenig; Missouri Retailers Association; Arnie Dienoff; David Stokes, Show-Me Institute; American Federation of Teachers - Missouri; and the Missouri Economic Development Financing Association.

OPPONENTS: There was no opposition voiced to the committee.

Written testimony has been submitted for this bill. The full written testimony can be found under Testimony on the bill page on the House website.