

HCS HB 999 -- STATE TAX COMMISSION

SPONSOR: Fowler

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Special Committee on Tax Reform by a vote of 10 to 0. Voted "Do Pass" by the Standing Committee on Rules-Legislative by a vote of 10 to 0.

The following is a summary of the House Committee Substitute for HB 999.

Currently, the State Tax Commission (STC) has the power to issue orders to county assessors and Boards of Equalization. This bill provides that the STC must ensure that the overall median ratio of assessments within each class and subclass of property in a county is between 80% and 100% of current market value.

This bill provides that when an order is issued by the STC that requires a county to comply with state law by modifying or equalizing assessed valuations, and those modifications result in a reduction of the assessed valuations, the county is allowed 60 days to come into compliance. The order must state the deadline for compliance, but the STC may extend the deadline upon the county's request by an additional 30 days, for a total of no more than 90 days to reach compliance.

If the county fails to comply, the STC may direct the Department of Revenue (DOR) to withhold local sales tax moneys that the county would otherwise be entitled to. The withholding will remain in effect until the STC determines that the county has come into compliance with the order.

The amount of local sales tax that may be withheld must equal 100% of the total dollar amount of the improper assessments that were in excess of the statutorily allowed amounts. The sales tax revenue will be deposited into the newly created "County Assessment Noncompliance Trust Fund". The STC must notify the county of the withholding and provide information on how the county may cure the non-compliance in order to release the withheld revenue.

If the noncompliant county comes into compliance, the STC must notify DOR that it may release and remit the previously withheld local sales tax revenue to the county. A county is not entitled to interest on the withheld funds.

A county may seek judicial review of the STC's determination of non-compliance.

If the STC determines that a county is non-compliant, and the determination results in the withholding of sales tax revenue, the county may seek judicial review of that determination within 30 days.

If the court subsequently finds that the STC's determinations were made in error, the court must order that the amount of sales tax revenue withheld be returned to the county, with interest on the amounts wrongfully withheld. The interest will be paid from the State Legal Expense Fund. A county is not entitled to interest if the court upholds the STC's determinations.

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 because certain counties have caused such economic harm to homeowners, there needs to be a strong disincentive for counties to assess overly burdensome tax rates ever again. Supporters further say that if nothing is done, then upwards of 54,000 families are at risk of losing their homes.

Testifying in person for the bill were Representative Fowler; Arnie Dienoff; Robert D. Murphy; and Sean Smith.

**OPPONENTS:** Those who oppose the bill say that this would give the STC unnecessary power over local officials who have acted in accordance with the law. As a result, the new powers given to the STC would punish legally abiding counties because one single county that acted in rogue fashion. Opponents further say that giving such power to the STC is an overreach because the STC deals with property tax, not sales tax.

Testifying in person against the bill was Missouri State Assessors Association.

**OTHERS:** Others testifying on the bill say that the STC would be required to perform duties that likely fall outside of the Commission's purview.

Testifying in person on the bill was Dan Hutton, State Tax Commission.

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