

## HCS SB 2 -- FINANCIAL STATEMENTS OF CERTAIN LOCAL GOVERNMENTS

SPONSOR: Crawford

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Special Committee on Intergovernmental Affairs by a vote of 12 to 0. Voted "Do Pass" by the Standing Committee on Rules-Legislative by a vote of 7 to 0.

The following is a summary of the House Committee Substitute for SB 2.

### PUBLISHING OF COUNTY FINANCIAL STATEMENTS (Sections 50.815, 50.820, 50.800, 50.810)

This bill changes the date counties must prepare and publish their financial statements from the first Monday in March, to June 30th of each year. Additionally, the county treasurer must not pay the county commission until notice is received from the State Auditor that the county's financial statement has been published in a newspaper after the first day of July.

The bill also requires second, third, and fourth class counties to prepare and publish a county annual financial statement in the same manner as counties of the first classification. The financial statement must include the name, office, and current gross annual salary of each elected or appointed county official.

The county clerk or other county officer preparing the financial statement will provide an electronic copy of the data used to create the financial statement without charge to the newspaper requesting the data.

Finally, the newspaper publishing the financial statement must charge and receive no more than its regular local classified advertising rate as published, 30 days before the publication of the financial statement.

These provisions are the same as provisions in SB 1362 (2024), HB 2571 (2024), and HS HCS SB 1363 (2024).

### ANNUAL BUDGETS OF POLITICAL SUBDIVISIONS(Sections 67.010, 67.020)

This bill requires certain materials related to proposed budgets of political subdivisions to be submitted to each member of the governing body of the political subdivision no later than seven days in advance of any vote on the budget.

### COUNTY SALES TAXES FOR PARK PURPOSES (Sections 67.1754)

This bill allows sales taxes collected by a county for the purpose of funding a metropolitan park or recreation district to be used by the county for storm water management projects that are confined to

the deployment and augmentation of natural infrastructure or features that would otherwise add to the benefits of the park to the community.

#### PHYSICAL COPIES OF MUNICIPAL CODES (Section 71.948)

Currently, municipal clerks are required to keep at least three copies of the published book of the general ordinances of the municipality on file in the office of the clerk and available for inspection by the public.

This bill allows municipal clerks to keep only one copy of the published book of the general ordinances on file if the ordinances are also available online for inspection without cost by the public.

#### COUNTY FINANCIAL STATEMENT PENALTIES FOR FAILURE TO FILE (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 provides that 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 will 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 political subdivision must 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 for fines or penalties at the time it files its first annual financial statement after August 28, 2025, the Director of Revenue will make a one-time downward adjustment to such outstanding balance in an amount that reduces the outstanding balance by no less than 90%. If the Director of Revenue determines a fine is not able to be collected, the Director will have the authority to make a one-time downward adjustment to any outstanding penalty.

These provisions are the same as provisions in SB 1362 (2024), HB 2571 (2024), and HS HCS SB 1363 (2024).

## CLASSIFICATIONS OF CERTAIN RESIDENTIAL REAL PROPERTY (Section 137.016)

Currently, real property is divided into three separate classifications based on the use or purpose of the property. Each of the subclassifications of property are assessed at different rates. When real property is used for different purposes resulting in different classifications, the county assessor must allocate to each classification the percentage of the true value in money of the property devoted to each use.

This bill requires that when a single family home is leased, in whole or in part, for 30 consecutive days or less, such a home will not be considered "transient housing" and will be classified only as residential property.

## MOTOR VEHICLE ASSESSMENTS (Section 137.115)

Currently, the assessor of each county uses the trade-in value published in the October issue of the National Automobile Dealers' Association Official Used Car Guide (NADA) for determining the true value in money of motor vehicles.

Beginning January 1, 2026, this bill allows assessors to use a nationally recognized automotive trade publication such as the NADA, Kelley Blue Book, Edmunds, or other similar publication. The State Tax Commission (STC) will select, secure, and make available the publication to be used, and the assessors will use the trade-in value published in the current October issue of the selected publication. The assessor can not assess a motor vehicle for an amount greater than the motor vehicle was assessed the previous year.

## STATE TAX COMMISSION (Section 138.425)

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 can 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 can 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 can be withheld up to 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 can cure the noncompliance in order to release the withheld revenue.

If the noncompliant county comes into compliance, the STC must notify DOR that it can 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 can seek judicial review of the STC's determination of noncompliance.

If the STC determines that a county is noncompliant, and the determination results in the withholding of sales tax revenue, the county can 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.

#### TOTALED MOTOR VEHICLE PERSONAL PROPERTY TAX PRORATION (Section 139.035)

This bill allows a taxing authority to establish a proration program for payments of personal property on totaled motor vehicles. The taxing authority can award a prorated property tax credit during the tax year to reduce the total personal property tax owed on a totaled motor vehicle and claimed against the amount of personal property tax due at the end of the same tax year.

The prorated property tax credit must be prorated on a monthly basis. The amount of the credit is determined by a ratio, where the numerator must be the number of full months from the date of disposition of the totaled motor vehicle continuing through the close of the tax year, and the denominator is 12. The prorated property tax credit is nonrefundable but can reduce the tax liability to zero.

A taxpayer can apply for this program if:

(1) The totaled vehicle was owned, registered, and titled under the taxpayer's name as of January 1 of the tax year in which the vehicle was totaled; or if owned by a business, the name of the business or authorized agent;

(2) The totaled vehicle was included on the local taxing entity's tax roll, and the taxpayer was liable for personal property taxes on the totaled vehicle;

(3) The taxpayer was up to date on all state and local taxes and fees owed on the totaled vehicle; and

(4) The title on the totaled vehicle has been transferred to the insurance company and is no longer titled or registered to the taxpayer nor in the taxpayer's possession;

If a taxpayer who participates in this program purchases a replacement vehicle during the same tax year that the taxpayer's vehicle was totaled and he or she received a prorated property tax credit, the replacement vehicle will not be included in the tax rolls for that tax year to offset the property tax liability.

Taxation of the replacement vehicle must follow the normal assessment procedures.

If a tax payer repurchases a totaled vehicle through a salvage certificate of title and operates or maintains the salvaged motor vehicle, it will be taxed in accordance with the statutory assessment standards provided by general law and will not qualify for the prorated property tax credit.

A taxing entity must adopt a personal property tax proration program by way of an ordinance. The ordinance must include the following:

(1) Procedures and deadlines for application and participation in the program, as well as required documentation, as specified in the bill;

(2) Procedures for verification and record keeping of the prorated property tax credit amount, as well as the amount of personal property tax to be modified;

(3) Creation of a form for use by taxpayers;

(4) Procedures for the crediting of the amount of the prorated property tax credit toward the taxpayer's personal property taxes; and

(5) Any other provision the taxing entity deems reasonable and necessary to implement and carry out the program.

The taxing entity can, by ordinance, establish rules and procedures for the program, and must make the information regarding the program available to the taxpayers.

A taxpayer who participates in the program will not have his or her right to protest the amount of the tax payments affected.

#### PAYMENTS OF PROPERTY TAXES (Section 139.053)

Currently, a township county can not allow taxpayers the option to pay any part of their real and personal property taxes on an annual, semiannual, or quarterly basis.

This bill allows township counties the option to pass such an order or ordinance.

(Sections B & C)

This bill contains a delayed effective date for Section 137.115, RSMo, and a severability clause.

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 it is difficult for counties to get all the information they need by the current filing deadline. This change helps particularly small municipalities and ensures more accurate and specific information in the reports. The bill also reduces high newspaper fees to prevent situations where a newspaper can charge the city any rate they want because the municipality is required by law to take out space in the paper.

Testifying in person for the bill were Senator Crawford; Missouri Association of County Auditors; Missouri Association of County Clerks and Election Authorities; Missouri Press Association; and Missouri Municipal League.

**OPPONENTS:** There was no opposition voiced to the committee.

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.