

HCS SCS SB 991 & 645 -- GOVERNMENTAL EXPENDITURES

SPONSOR: Scott (Hobbs)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on Government Accountability and Ethics Reform by a vote of 10 to 0.

This substitute changes the laws regarding state boards, commissions, committees and councils; local taxes; tax credits; business entities; and the Office of Public Counsel and establishes the Missouri Appraisal Management Company Registration and Regulation Act and the Manufacturing Jobs Act.

STATE BOARDS, COMMISSIONS, COMMITTEES, AND COUNCILS

The substitute eliminates, combines, and revises certain state boards, commissions, committees, and councils. The substitute:

(1) Eliminates the following boards, commissions, committees, and councils:

- (a) The Workers Memorial Committee (Section 8.900, RSMo);
- (b) The Joint Committee on Wetlands (Section 21.475);
- (c) A joint legislative committee to review county salaries (Section 21.780);
- (d) The Multistate Tax Compact Advisory Committee (Sections 32.250 and 32.260);
- (e) The Joint Committee on Urban Voluntary School Transfer Programs (Section 162.1060);
- (f) The advisory committee on the Video Instructional Development and Educational Opportunity Program (Section 170.250);
- (g) The Missouri State Advisory Council on Pain and Symptom Management (Sections 192.350 - 192.355);
- (h) An advisory committee in the Division of Family Services within the Department of Social Services to provide professional and technical consultation regarding medical care aspects for public assistance recipients (Section 208.195);
- (i) The Commission on the Special Health, Psychological and Social Needs of Minority Older Individuals (Sections 208.530 - 208.535);

(j) The State Commission on Regulatory Barriers to Affordable Housing (Sections 215.261 - 215.263);

(k) The Thomas Hart Benton Homestead Memorial Commission (Section 253.375);

(l) The Joint Committee to Study Restructuring the Fees Paid by Hazardous Waste Generators and Hazardous Waste Facilities (Section 260.370);

(m) The Motorcycle Safety Program Advisory Committee (Section 302.136);

(n) Missouri Fire Education Trust Fund Board (Section 320.094);

(o) The Transportation Development Commission (Sections 622.055 - 622.057);

(p) The Suicide Prevention Advisory Committee (Sections 630.910 and 630.915); and

(q) The Advisory Committee on Lead Poisoning (Section 701.302);

(2) Transfers the Governor's Council on Disability from the Department of Labor and Industrial Relations to the Office of Administration (Sections 37.735 - 37.745 and 286.200 - 286.210);

(3) Renames the Missouri Head Injury Advisory Council to the Missouri Brain Injury Advisory Council, reduces the council membership from 25 to 15, and eliminates the legislative members from its membership. The Department of Health and Senior Services is authorized additional rule-making authority to establish policies and standards which will be applied to all programs and services funded by the department. The Missouri Head Injury Fund is renamed the Missouri Brain Injury Fund (Sections 162.1000, 192.735 - 192.745, 199.001 - 199.051, and 304.028);

(4) Reduces, from 10 to eight, the number of members of the board of directors of the Missouri Access to Higher Education Trust by eliminating the appointment of legislative members (Section 166.203);

(5) Eliminates the Missouri Rx Plan Advisory Commission; authorizes the Drug Utilization Review Board to provide advice on guidelines, policies, and procedures of the Missouri Rx Plan; and transfers the Drug Utilization Review Board from the Division of Medical Services to the MO HealthNet Division within the Department of Social Services (Sections 208.175 and 208.792);

(6) Eliminates the appointment of legislative members to the Coordinating Council on Special Transportation (Section 208.275);

(7) Eliminates the subcommittee on the development of a comprehensive entry point system for long-term care within the MO HealthNet Oversight Committee and its requirement to submit an annual report through 2012 to the Governor, Lieutenant Governor, and the General Assembly on the progress of implementing the comprehensive entry point system; requires two physicians on the MO HealthNet Oversight Committee to be familiar with the medical needs of low-income population groups and with the resources available and required for their care; eliminates the Medical Advisory Committee appointed by the Director of the Division of Family Services within the Department of Social Services; and requires the MO HealthNet Oversight Committee to serve as the medical care advisory committee under the federal Social Security Act to advise the Medicaid agency director about health and medical care services (Section 208.955);

(8) Changes the membership on the Missouri Children's Services Commission (Section 210.101);

(9) Eliminates the Low-level Radioactive Waste Compact Advisory Committee and authorizes the Hazardous Waste Management Commission within the Department of Natural Resources to assume the duties of the committee (Sections 260.372, 260.705, 260.720, 260.725, and 260.735);

(10) Requires two members of the State Fair Commission to be current members or past presidents of county or regional fair boards or individuals who are active in the tourism industry (Section 262.217);

(11) Increases, from six to eight, the number of members of the Missouri Fire Safety Advisory Board to include a firefighter serving in a volunteer fire protection association and a chief of a volunteer fire protection association. The programs and activities currently funded by the Fire Education Fund must be approved by the board instead of by the Missouri Fire Education Commission which is eliminated (Sections 320.094 and 320.205);

(12) Reduces, from five to three, the number of members of the Interior Design Council (Section 324.406);

(13) Renames the Missouri Acupuncture Advisory Committee to the Missouri Acupuncture Licensing Committee and reduces, from five to three, the number of its members. The Acupuncturist Fund, the Chiropractic Board Fund, and the State Board of Chiropractic Examiners Fund are renamed to the State Board of Chiropractic Examiners and Acupuncturists' Fund (Sections 324.475, 324.478,

324.481, 331.030, and 331.070);

(14) Authorizes the Governor with the advice and consent of the Senate, instead of the Director of the Department of Health and Senior Services, to appoint the members of the Missouri Board of Nursing Home Administrators (Section 344.060);

(15) Combines the State Banking Board and the State Savings and Loan Board into the State Banking and Savings and Loan Board and eliminates the State Savings and Loan Commission (Sections 361.070, 361.092 - 361.105, 369.304, 369.309, and 369.319);

(16) Transfers the Missouri Community Service Commission from the Office of the Governor to the Department of Economic Development and changes the number of voting members to 15 (Sections 26.600 - 26.614 and 620.580 - 620.592); and

(17) Eliminates the Missouri Seed Capital Investment Board and transfers its duties to the Missouri Technology Corporation (Sections 620.638 and 620.641).

#### AUTHORIZATION AND ASSESSMENT OF LOCAL TAXES

The substitute:

(1) Increases the assessed valuation thresholds for a county to move into a higher classification. The minimum assessed valuation threshold for counties of the first classification is increased from \$600 million to \$900 million and from \$450 million to \$600 million for counties of the second classification. All counties with an assessed valuation of less than \$600 million will be third classification counties. The required assessed valuation thresholds for changes in county classification will be increased each year by an amount equal to the percentage change in the annual average of the federal Consumer Price Index or zero, whichever is greater. The State Tax Commission must calculate and publish the amount so that it is available to all the counties (Section 48.020);

(2) Authorizes the City of Jefferson City to impose, upon voter approval, a transient guest tax of up to 7% per occupied room per night for promoting the city as a convention, visitor, and tourist center. Currently, the city is allowed to impose a tax of up to 5% per occupied room per night (Section 67.1000);

(3) Authorizes the cities of Ashland and Sugar Creek and Montgomery County to impose, upon voter approval, a transient guest tax between 2% and 5% per occupied room per night for the promotion of tourism (Sections 67.1360);

(4) Authorizes real property owners in the Cameron School District located in the counties of Caldwell, Clinton, Daviess, and DeKalb, upon voter approval, to establish an exhibition center and recreational facility district and to impose a one-quarter of 1% sales tax for a period of up to 25 years to fund the district (Section 67.2000);

(5) Authorizes the governing body of any county, city, incorporated town, or village to engage in projects involving a technology business facility used for data processing, hosting, and related services or Internet publishing and broadcasting and web search portals (Section 67.2050);

(6) Authorizes the City of Grandview to impose, upon voter approval, a transient guest tax of up to 5% per occupied room per night for the promotion of tourism (Section 94.271);

(7) Authorizes the City of North Kansas City to impose, upon voter approval, a transient guest tax of up to 5% per occupied room per night for funding tourism and infrastructure improvements (Section 94.832);

(8) Specifies that, in Boone County, tools, telecommunications equipment, power production and transmission machinery and equipment, data processing machinery and equipment, and other machinery and equipment that can be used by any company which is located within certain enhanced enterprise zones will be assessed and valued for purposes of taxation at one-half of 1%. The substitute also exempts these tools, equipment, machinery, and commercial vehicles from all state and local sales and use taxes (Sections 137.115 and 144.054);

(9) Clarifies that certain purchases made for resale are not to be considered as retail for sales and use tax purposes when the subsequent sale is taxed in the state or another state, is for resale, is excluded from tax, is subject to tax but is exempt, or is exempt in another state where the subsequent sale occurs; clarifies that operators of amusement parks and places of entertainment or recreation, including games or athletic events, must charge sales taxes on the amount of gross receipts charged for admission, but any subsequent sale of the admissions or seating accommodations will not be subject to the taxes if it was an arms length transaction for fair market value with an unaffiliated entity; and clarifies that operators of hotels, motels, taverns, restaurants, drugstores, dining cars, tourist camps, or similar businesses must charge sales taxes on the amount of gross receipts charged for all rooms, meals, and drinks furnished at the establishment, but any subsequent sale of those same rooms, meals, and drinks is exempt from sales and use taxes if it was an arms length transaction for fair market value with

an unaffiliated entity (Section 144.019);

(10) Authorizes a state and local sales and use tax exemption for all machinery, equipment, computers, electrical energy, gas, water, and other utilities including telecommunication services used in new and existing data storage centers and server farm facilities. An exemption is also authorized for the purchase of tangible personal property for the construction, repair, or remodeling of a new data storage center or server farm facility. The departments of Economic Development and Revenue are authorized to conduct random audits to ensure compliance with the requirements for state and local sales and use tax exemptions authorized under the substitute (Section 144.810); and

(11) Specifies that, for the purpose of interpreting all tax measures that are required by law to be enacted by a popular vote, the fractional requirement for passage must be deemed satisfied only if the popular vote percentage is equal to or greater than a four decimal percentage equivalent of the fraction with the last decimal in the ten thousandths position increased by adding one. These provisions must not be construed to permit or require the rounding requirements if they do not appear in the context of tax measures (Section 1).

#### TAX CREDITS (Sections 135.950 - 135.969)

An annual tax credit is authorized for up to five years if approved by the Department of Economic Development to a taxpayer who establishes a new business facility in a certified site zone or dormant manufacturing plant zone approved or designated as an enhanced enterprise zone and meets certain specified investment and employment requirements. A taxpayer who receives this tax credit cannot also receive a tax credit from the new or expanded business facilities, enterprise zones, relocating a business to a distressed community, or Missouri Quality Jobs programs.

#### BUSINESS ENTITIES

The substitute:

(1) Establishes the Missouri Appraisal Management Company Registration and Regulation Act to regulate real estate appraisal management companies (Sections 339.1100 - 339.1240);

(2) Specifies that upon approval of a petition of incorporation for a savings and loan association, the Director of the Division of Finance within the Department of Insurance, Financial Institutions and Professional Registration must certify the approval in writing and deliver one copy of the articles of incorporation to the Secretary of State, along with the

incorporation fee. Currently, two copies are required to be given to the Secretary of State (Section 369.024); and

(3) Establishes the Manufacturing Jobs Act which allows qualified suppliers or manufacturing facilities that create or retain Missouri jobs to retain employee withholding taxes for a period of years. The maximum amount of withholding taxes that may be retained by any one qualified manufacturing company cannot exceed \$10 million per calendar year. The aggregate amount of withholding tax that may be retained by all qualified manufacturing companies cannot exceed \$15 million per calendar year (Section 620.1910).

#### OFFICE OF PUBLIC COUNSEL (Section 386.715)

An assessment-based funding mechanism is created for the Office of the Public Counsel. Prior to the beginning of each fiscal year, the counsel must make available to the Missouri Public Service Commission an estimate of the expenses to be incurred during the year which are reasonably attributable to the regulation of public utilities under Sections 386.700 and 386.710, a separate estimate of expenses directly attributable to the various public utility groups, and the amount of expenses not directly attributable to these groups.

The calculation of the assessments is specified in the substitute with the amount allocated to telephone corporations limited to no more than 10% of the total estimated expenses and the total amount of the counsel's assessment limited at two hundredths of 1% of the total gross intrastate operating revenues of all utilities regulated by the commission. In order for the counsel to make the allocations and assessments, every commission-regulated public utility must file with the commission a statement under oath of its gross intrastate operating revenues on or before March 31 of each year for the preceding calendar year. If a utility fails to timely file a statement, the commission will estimate the revenues.

A statement of the assessments must be rendered by the commission on behalf of the counsel to each public utility on or before July 1 with the amount assessed paid by July 15 or, if the utility elects, in four equal installments throughout the fiscal year. The moneys from the assessments will be deposited into the newly created Public Counsel Fund solely for the payment of expenditures actually incurred by the counsel. Moneys remaining in the fund will not revert to the General Revenue Fund.

The provisions regarding the Manufacturing Jobs Act will expire six years from the effective date, and the provisions regarding the Coordinating Council on Special Transportation will expire

December 31, 2013.

The substitute contains an emergency clause for the provisions regarding assessed valuation thresholds for county classifications and sales taxes charged on certain purchases made for resale.

FISCAL NOTE: Estimated Effect on General Revenue Fund of an income of Unknown less than \$1,126,413 in FY 2011, a cost of Unknown exceeding \$13,955,028 to an income of less than \$1,116,723 in FY 2012, and a cost of Unknown exceeding \$13,886,545 to an income of less than \$1,113,455 in FY 2013. Estimated Cost on Other State Funds of Unknown exceeding \$1,232,380 in FY 2011, Unknown exceeding \$1,222,894 in FY 2012, and Unknown exceeding \$1,222,903 in FY 2013.

PROPOSERS: Supporters say that the bill will eliminate, reduce, and streamline many state boards, councils, committees, and commissions.

Testifying for the bill were Senator Scott; and Division of Professional Registration, Department of Insurance, Financial Institutions and Professional Registration.

OPPOSERS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill say that the number of voting members on the Missouri Community Service Commission needs to be increased from 14 to 15 in order to be in compliance with federal regulations.

Testifying on the bill was Department of Economic Development.