

HCS#2 SCS SB 117 -- STATE AND POLITICAL SUBDIVISIONS

SPONSOR: Engler (Flanigan)

COMMITTEE ACTION: Voted "do pass" by the Committee on Local Government by a vote of 16 to 0.

This substitute changes the laws regarding state and political subdivisions.

COLLECTION OF STATE MONEYS (Sections 32.028, 32.087, 32.088, 32.383, 32.385, 32.410, 32.420, 32.430, 32.440, 32.450, 32.460, 105.716, 140.910, 144.083, and 168.071, RSMo)

The Director of the Department of Revenue is authorized to retain 1% of the amount of any local sales or use tax collected for the cost of collection.

Beginning January 1, 2012, a no-tax-due statement from the Department of Revenue stating that an individual does not owe any kind of taxes or fees to the state or an agency of the state is required before the issuance or renewal of a city or county occupation license or a state license to conduct any business. The statement cannot be dated more than 90 days before the date of the application or renewal. Before an individual can receive a monetary judgment or settlement in an amount less than \$10,000 from the State Legal Expense Fund, he or she must also produce a no-tax-due statement.

Beginning January 1, 2012, the Department of Elementary and Secondary Education must provide, at least annually, to the Director of the Department of Revenue the name and Social Security number of each certificate holder or applicant for a certificate of license to teach in Missouri. The Director of the Department of Revenue must at least once a year verify that all income taxes have been paid and state income tax returns have been filed in the past three years and must send a notice to the Department of Elementary and Secondary Education and the certificate holder or applicant if a person has not paid his or her taxes or filed the tax returns. A certificate holder's license must be suspended within 90 days after the notice; and an applicant's license cannot be issued unless the taxes are paid, an arrangement has been made with the Department of Revenue to pay the taxes, the taxes were paid under protest, or the tax liability is found to be reasonably disputed.

An amnesty is authorized from the assessment or payment of all penalties, additions to tax, and interest on delinquencies of unpaid taxes administered by the Department of Revenue which occurred on or prior to December 31, 2010. A taxpayer must apply

for amnesty, file a tax return for each tax period for which amnesty is requested, pay the unpaid taxes in full from August 1, 2011, to October 31, 2011, and agree to comply with state tax laws for eight years from the date of the agreement. All new revenues resulting from the tax amnesty program will be deposited into the General Revenue Fund unless otherwise earmarked by the Missouri Constitution.

The Director of the Department of Revenue and the Commissioner of the Office of Administration are authorized to jointly enter into a reciprocal agreement with the federal government or any other state to offset vendor and contractor payments for any type of debt owed to the state. Currently, the department has a reciprocal agreement with the United States Treasury to offset income tax overpayments.

All agencies of the state are authorized to refer to the Department of Revenue for the collection of any debt owed to them. The department can compromise any referred state debt; use all general creditor or agency- or state-specific remedies afforded by law to collect the debt; employ staff, attorneys, prosecuting attorneys, and private collection agencies to aid in the collection of a debt; and pursue assets of the debtor, including wages, salaries, commissions, bonuses, workers' compensation benefits, disability benefits, and pension or retirement payments and interest through an administrative garnishment order.

PERSONAL INFORMATION ON EMERGENCY REGISTRIES (Section 44.035)

Any personal identifying information that is utilized in a voluntary registry of persons with health-related ailments created by a public governmental body to assist these individuals during a disaster or emergency is not to be considered a public record under the Open Meetings and Records Law, commonly known as the Sunshine Law. However, a governmental body cannot deny a lawful request for the identifying information from any law enforcement agency or public governmental body providing emergency services.

PUBLIC SERVICES STANDARDS FOR DISTRESSED MUNICIPALITIES IN ST. LOUIS COUNTY (Section 66.640)

The substitute requires a distressed municipality in St. Louis County to provide a minimum level of public services including emergency telephone service; police protection 24 hours per day, seven days a week; construction code enforcement review; adequate street maintenance; and weekly waste and recycling collection and requires it to have a balanced annual budget and an annual audit. A distressed municipality is any city, town, or village

designated as Group B under the county sales tax laws in Sections 66.600 - 66.630.

If a distressed municipality fails to provide any of the required services or meet the budget and audit requirements, the governing body of the county can petition an appropriate court to withhold the Group B sales tax revenue until the noncompliant municipality develops and adopts a plan to provide all of the required services or to authorize the county to administer the Group B sales tax revenue on behalf of the municipality to provide the services.

WATER AND SEWER SERVICE FEES (Section 67.319 and Section 2)

Any city, town, village, sewer district, or water supply district is authorized to impose, upon voter approval, a fee of up to \$1 per month or \$12 annually for each line providing water service to residential property having four or fewer dwelling units for the purpose of repair or replacement due to failure of the water lines extending from the water main to the residential dwelling.

The substitute also authorizes any city, town, village, sewer district, or water supply district to impose, upon voter approval, a fee of up to \$4 per month or \$48 annually for each lateral sewer service line providing sewer service to residential property having four or fewer dwelling units for the purpose of repair or replacement due to failure of the lateral sewer service lines extending from the residential dwelling to its connection with the public sewer system. In St. Charles County, the fee that is charged and collected from its customers by any city, town, village, sewer district, or water supply district that does not actually process or treat sewage or wastewater is limited to twice what the city, town, village, sewer district, or water supply district pays to have the sewage and wastewater processed or treated by another entity.

SALES TAXES (Sections 67.1303, 144.032, and 205.205)

The construction and operation of job training and educational facilities are added to the list of allowed projects that can be funded with the revenue generated by a retail sales tax for economic development purposes under Section 67.1303.

The substitute authorizes the governing body of any hospital district in Iron County to impose, upon voter approval, a local sales tax of up to 1% in lieu of a property tax to fund the hospital district. The Department of Revenue will deposit the sales tax into the newly created Hospital District Sales Tax Fund less 1% of the amount collected which is to be deposited into the General Revenue Fund for the cost of collecting the sales tax.

MISSOURI LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM (Sections 70.710, 70.720, and 70.730)

The substitute creates a funding mechanism for survivor benefits when a member of the Missouri Local Government Employees' Retirement System dies as the result of a duty-related injury or disease.

ASSESSMENT OF CERTAIN NEWLY CONSTRUCTED HOMES (Section 137.082)

The substitute increases the number of years before a newly constructed residential property which has never been occupied is assessed for property taxation from the second year following the year the construction on the home was completed to the fourth year. This provision will apply in those counties, including St. Louis City, in which the governing body has previously adopted or hereafter adopts this provision.

SALES TAX REFUNDS (Section 144.190)

The Director of the Department of Revenue must hold a state tax refund claim unprocessed, upon the written request to do so by the taxpayer making the application, pending the outcome of a legal proceeding on the same or similar grounds or transactions. Interest cannot accrue on the refund during the time period for which the claim is held at the request of the taxpayer.

A purchaser who paid sales or use taxes to a vendor or seller is authorized to submit a refund claim directly to the department director if the claim is accompanied by a notarized assignment of rights statement to claim the refund from the vendor or seller to the purchaser or a notarized statement from the purchaser stating that the vendor or seller has failed or refuses to provide an assignment, the vendor or seller cannot be located, or the vendor or seller is no longer in business.

DATA STORAGE CENTERS AND SERVER FARM FACILITIES (Section 144.810)

Beginning August 28, 2011, the substitute authorizes a state and local sales and use tax exemption on items related to new or expanding data storage centers and server farm facilities. For new centers and facilities, the exemption includes all electrical energy, gas, water, and other utilities including telecommunications and Internet services; all machinery, equipment, and computers; and all retail sales of tangible personal property and materials for the purposes of constructing, repairing, or remodeling a new data storage center and server farm facility. For expanding centers and facilities, the exemption includes all electrical energy, gas, water, and other

utilities including telecommunications and Internet services which, on an annual basis, exceed the amount used in the existing or the replaced facility prior to the expansion; all machinery, equipment, and computers if the cost, on an annual basis, exceeds the average of the previous three years' expenditures used in the existing or the replaced facility prior to the expansion; and all retail sales of tangible personal property and materials for the purposes of constructing, repairing, or remodeling an expanding data storage center and server farm facility. The Department of Economic Development and the Department of Revenue must cooperate in conducting random audits to make certain that the intent of these provisions are followed.

TERMINATION OF WATER OR SEWERAGE SERVICES (Section 250.140)

A water provider or a property owner who terminates water or sewerage services to a premises due to the delinquency of the payment for the services by a customer or tenant will not be liable for any civil or criminal damages for the termination, and the termination cannot be deemed a constructive eviction. Currently, only a water provider is not liable for civil or criminal damages for the termination.

REAL ESTATE APPRAISER LICENSE REQUIREMENTS (Section 339.501)

The substitute adds any person employed by or on behalf of a property owner to represent the property owner in a proceeding appealing the assessment of the owner's property to the list of individuals who are exempt from obtaining a real estate appraiser license or certificate.

REMEDIATION TAX CREDITS (Section 447.708)

The costs of environmental insurance premiums and the backfill of areas where contaminated soil excavation occurs are added to the list of expenses that qualify for a remediation tax credit.

PUBLIC BODY ASSET MANAGEMENT CONTRACTS (Section 1)

The substitute specifies that any public body entering into or maintaining a written asset management contract approved by its governing body which applies to an existing potable water storage tank or related facility and covers ongoing maintenance of the tank or facility that does not change its size or capacity will not be required to pay prevailing wages for work performed pursuant to the asset management contract.

The substitute contains an emergency clause for the provisions regarding the tax amnesty and the hospital district sales tax authorization in Iron County.

FISCAL NOTE: Estimated Net Effect on General Revenue Fund of an income of Unknown greater than \$9,437,827 to a cost of Unknown greater than \$369,387 in FY 2012, an income of Unknown greater than \$7,536,124 to a cost Unknown greater than \$267,684 in FY 2013, and an income of Unknown greater than \$5,737,808 to a cost of Unknown greater than \$368,768 in FY 2014. Estimated Net Effect on Other State Funds of an income of Unknown to a cost of Unknown in FY 2012, an income of Unknown to a cost of Unknown in FY 2013, and an income of Unknown to a cost of More than \$300,000 in FY 2014.

PROPOSERS: Supporters say that a sales tax will allow the hospital district in Iron County to raise more revenue than the current property tax assessment. The additional revenue is necessary for the hospital to provide adequate patient care.

Testifying for the bill was Senator Engler.

OPPOSERS: There was no opposition voiced to the committee.