

HCS SS SCS SB 115 -- TAXATION

SPONSOR: Kraus (Miller)

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Ways and Means by a vote of 12 to 0. Voted "Do Pass" by the Select Committee on Financial Institutions and Taxation by a vote of 10 to 0.

This bill changes the laws regarding taxation.

LAW ENFORCEMENT SALES TAX IN ST. LOUIS COUNTY (Section 94.860, RSMo)

The bill allows St. Louis County, upon voter approval, to impose a sales tax of up to .5% on all retail sales in unincorporated areas of the county for the purpose of providing law enforcement services to the county.

PUBLIC SAFETY SALES TAX IN LIBERTY (Section 94.902)

The bill authorizes the City of Liberty to impose, upon voter approval, a sales tax of up to .5% for the purpose of improving the public safety of the city, including expenditures on equipment, salaries and benefits, and facilities for police, fire, and emergency medical providers.

TAX INCREMENT FINANCING (Section 99.845)

The bill adds a tax levied by Jackson County for the purpose of an anti-drug tax to the list of other taxes included in the state supplemental tax increment financing.

REAL PROPERTY VALUATION (Section 137.076)

The bill requires a county assessor when establishing the value of real property to consider existing use of the property, restrictions, limitations, existing covenants or restrictions in the deed, and operational requirements or restrictions imposed on the property to be eligible for state and federal credits and subsidies as residential rental property.

WITHHOLDING TAX FILING REQUIREMENTS (Section 143.221)

Currently, an employer is allowed to file an annual withholding tax return instead of four quarterly returns when the aggregate amount withheld is less than \$20 in each of the four preceding quarters. The bill changes the amount to less than \$100 in each of the four preceding quarters if the employer is not otherwise required to

file a withholding return on a quarterly or monthly basis.

#### LIMITATION ON REFUNDS (Section 143.801)

This bill allows a taxpayer to claim a credit or refund of an income tax overpayment when the Director of the Department of Revenue examines the taxpayer's return after the period of limitations expires and the examination reveals that the taxpayer would have been eligible for a credit or refund if the examination had been timely. The director must notify the taxpayer of any overpayment discovered, and the taxpayer must file a claim for the credit or refund within one year of the director's notice.

#### SALES TAX HOLIDAY (Section 144.049)

The bill adds a graphing calculator with a taxable value of \$150 or less to the list of items that are exempt from sales tax during the annual sales tax holiday for school supplies and lowers the amount allowed for personal computers or computer peripheral devices from \$3,500 to \$1,500.

#### BARTON COUNTY HOSPITAL DISTRICT SALES TAX (Section 205.205)

The bill authorizes Barton County, upon voter approval, to impose a local sales tax up to 1% for funding the district hospital.

**PROPONENTS:** Supporters say that the bill is about fairness. During or after a federal audit, the Department of Revenue (DOR) can audit after the period of limitations is over and charge taxes but can't give refunds. The bill allows the refunds so taxpayers can receive back any overpaid tax. Right now refunds are being delayed and denied by DOR. The tax code should be fair to the taxpayer. The same statute of limitations that applies to a balance due should apply to a refund.

Testifying for the bill were Senator Kraus; Associated Industries of Missouri; Taxpayers Research Institute of Missouri; Missouri Budget Project; Missouri Society of CPAs; Missouri Retailers Association; and Missouri Grocers Association.

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