



March 18, 2010

## THE GENERAL ASSEMBLY FACES A WORSENING BUDGET SITUATION

The General Assembly adjourned March 4 for its scheduled spring break with a worsening state budget situation looming. Legislators have introduced over 1,800 measures thus far, with literally hundreds of bills pending that would impact county government operations. The bill filing deadline for the Senate has passed, but the House has until April 1 to file bills. The material in this bulletin is a review of specific measures of interest and/or prominent county issues that we expect will be taken up during the second half of the legislative session. It is especially important to continue to keep in close contact with your legislators, many of whom need your input on county issues. Please contact the MAC office if you have questions regarding any pending legislation. MAC's website – [www.mocounties.com](http://www.mocounties.com) -- offers a number of governmental Internet links including Missouri House and Senate home pages. Bills, summaries, hearing schedules, committee rosters, etc, are all available to online users under [Missouri Government](#) and [Bills & Legislative Bulletins](#) in the left-hand menu. The legislative session ends on May 14.

**Appropriations** – The state is facing a \$500 million shortfall for FY 2011. More budget cuts are probable as the House Budget Committee goes over the budget proposals made by the various appropriations committees this week. The House is anticipated to take up the budget next week.

**Appropriations Limit Amendment** -- HCS/HJR 87 (Icet) would, upon voter approval, prohibit appropriations in any fiscal year from exceeding the total state general revenue appropriations from the previous year by more than the appropriations growth limit. The appropriations growth limit would be the percentage that is the greater of zero or the sum of the annual rate of inflation and the annual percentage change in Missouri's population. The House Budget Committee voted the bill "Do Pass" on Feb. 24 and referred it to the House Rules Committee.

**Senate Bill 711** – Under current law, enacted under 2008's SB 711, assessors in charter counties and the City of St. Louis are required to provide taxpayers with a projected tax liability notice which must accompany a notice of increased assessed value. Assessors in all other counties will be subject to the same projected tax liability notice requirements effective Jan. 1, 2011. **SS/SCS/SB 588 (Nodler)** and **HCS/HB 1316 (Deeken)** extend the effective date for the projected tax liability notice requirements for assessors in counties without a charter form of government and Jefferson County to Jan. 1 following the year in which such assessors receive software from the state tax commission which is necessary to provide such notices. For all calendar years prior to Jan. 1 following receipt of such software, all assessors in counties without a charter form of government and Jefferson County will be required to provide property owners with additional information accompanying the notice of increased assessed value. The notice shall include the previous assessed value and any increase, provide a statement indicating that the change in assessed valued may impact the record owner's tax liability, and provide processes and deadlines for appealing determinations of the assessed value. Such notice shall be provided in a way that alerts the record owner of the potential impact on tax liability and the available appellate processes. The bills also state that effective Jan. 1, 2011, the St. Louis County Assessor must provide taxpayers with a notice that information regarding the assessment method and computation of value for such real property is available on the assessor's website and provide the website address whenever the assessor notifies such taxpayers of changes in assessed value. Such notification shall provide the assessor's contract information so taxpayers without internet access can request and received such information. The Senate passed SB 588 on Feb. 18 and sent it to the House. The House Tax Reform Committee voted HB 1316 "Do Pass" on Feb. 17 and referred it to the House Rule Committee. This bill language is included in the local government omnibus bill (SB 580) as well.

**County Budget Law** -- HB 1793 (Molendorp) authorizes a county to amend its budget to reflect any increases or decreases in revenues that could not have been estimated or anticipated when the budget was adopted. The House Local Government Committee heard the bill on Feb. 3.

**Assessment Funding** -- SB 1011 (Griesheimer) allows an additional percentage of property tax collections to be deducted and deposited into the assessment fund for any county if the state appropriation is less than four dollars per parcel in order to bring it up to that amount. The bill provides a formula to ensure that the additional percentage, when coupled with the state appropriation, will equal four dollars per parcel. The bill was referred to the Senate Jobs, Economic Development, and Local Government Committee on Mar. 4.

# NEWS

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**HB 1507 (Sutherland)** requires the total sum of state reimbursements and collections deposited into a county assessment fund to equal \$7 per parcel or an additional percentage of all property tax collections will be deducted to ensure that the \$7 per parcel is achieved. The House Ways and Means Committee heard the bill on Feb. 4

**Local Government Omnibus Bill** -- **SS/SCS/SB 580 (Griesheimer)** is this year's local government omnibus bill. A summary of the provisions included in SB 580 is located on our website, [www.mocounties.com](http://www.mocounties.com), under the "Bills & Legislative Bulletins" page located in the left-hand menu (this summary is the same as the one printed in our February bulletin). The Senate passed the bill on Feb. 18 with an emergency clause and sent it to the House.

**Fair Tax Amendment** -- **SS/SCS/SJR 29 (Purgason)** proposes a constitutional amendment replacing the corporate income, corporate franchise, and bank franchise, and state sales and use taxes effective Jan. 1, 2013. For each tax year beginning Jan. 1, 2013, the tax rates for the state individual income tax will be reduced by 20 percent from the previous year's rate until all such rates are zero. Effective Jan. 1, 2018, state taxes upon income will be prohibited. Beginning July 1, 2013, a new state tax on taxable purchases and services will be imposed at a rate not to exceed seven percent. The General Assembly must provide for annual rate adjustments to ensure revenue neutrality during the phase out of the individual income tax. Component parts or ingredients of a new tangible personal property to be sold at retail, intangible property, previously taxed property, motor fuel, insurance premiums, donations to and purchases by charitable organizations, federal government purchases, tuition paid for educational services, and business-to-business transactions including agriculture will be exempt from the new tax while all other exemptions and tax credits will be eliminated. The enactment of any new exemptions will require a two-thirds affirmative vote by the General Assembly and approval by the governor. The conservation sales tax, the soil and parks sales tax, and local sales taxes will be recalculated to produce substantially the same amount of revenue. The General Assembly is authorized to provide by law a method to provide sales tax rebate or prebates to exempt a portion of taxable purchases made by Missouri residents. SJR 29 was briefly debated by the Senate on March 4 and is currently awaiting further debate.

Similar to the Senate resolution, **HJR 56 (Emery)** replaces the state individual and corporate income tax and state sales and use tax with a fair sales tax of 5.11 percent on retail sales of new tangible personal property and taxable services beginning Jan. 1, 2012. The General Assembly, with or without a recommendation from the Tax Adjustment Commission which is established in the amendment, can make one rate adjustment to be effective no later than July 1, 2012, to adjust the amount of revenue received to make the tax revenue-neutral and to provide continued funding for programs. The House Ways and Means Committee heard HJR 56 on March 18.

**Sunshine Law** – **HB 1445 (Jones, Timothy)** changes the Sunshine Law to (1) require information to be made available in an electronic format if a public body keeps records in an electronic format; (2) increase the maximum penalty for a purposeful violation of Secs. 610.010-610.026, *RSMo*, from up to \$5,000 to up to \$8,000 and the penalty for a knowingly violation from "up to" \$1,000 to \$1,000; (3) require the governing body of any city, county, town, village or any entity created by these political subdivisions to hold a public meeting and to allow public comment five business days prior to voting on an issue involving fee or tax increases, eminent domain, zoning, transportation development districts, capital improvement districts, commercial improvement districts, or tax increment financing (4) specify that in any legal proceeding, there will be a presumption that a meeting, record, or vote is open to the public -- the burden to prove that it should be closed is on the public governmental body; and (5) require any elected or appointed official, or their designated public information coordinator, who is a member of a public governmental body subject to the Sunshine Law to complete a training course offered by the Office of the Attorney General (at no cost) regarding the responsibilities of the body and its members on the Sunshine Law. The House Special Committee on General Laws heard the bill on Feb. 23.

**Elections** – There are numerous bills in again this year that would amend current election law. **HB 1403 (Cox)** establishes the Andrew Jackson Vote Restoration Act which requires certain elections to be held even if the number of candidates filing for a position is equal to the number of positions available. The House Elections Committee heard the bill on Feb. 2.

**Photo ID** -- **HJR 64 (Cox)** proposes a constitutional amendment authorizing the General Assembly to require a person to provide a photo identification in order to vote in elections. The House Elections Committee heard the resolution on Feb. 9

**Elections Consolidation** -- **HB 2153 (Deeken)** changes the laws regarding elections and establishes the Election Consolidation Act of 2010. Among its provisions, it modifies election dates for general elections, establishes new terms of office for public officials elected at the general municipal election held in April 2011, requires election costs be paid by the political subdivision incurring the cost when no other entity has an issue on the ballot, and requires entities to share election costs proportionally using the State Election Subsidy Fund in elections where more than one entity has an issue on the ballot. The House Elections Committee heard the bill on March 16.

**Initiative Petitions** -- **SCS/SB 818 (Lembke)** modifies current statutes regarding initiative petitions. Among other provisions, SB 818 creates a 30-day window to validate signatures collected after the final day for filing, it changes procedures for modifying ballot title language, it reduces the timeline for approval or rejection notifications of petitions submitted to the Secretary of State from 30 days to 15 days, and it makes it a misdemeanor to knowingly and

fraudulently gather signatures. The Senate Financial and Governmental Organizations and Elections Committee voted the bill "Do Pass" on Feb. 22. It has been placed on the informal calendar for perfection.

**County Classification Changes** -- **SS/SCS/SB 605 (Mayer)** and **HCS/HB 1806 (Franz)** increase the assessed valuation a county must maintain in order to move into a higher classification. The bills increase the minimum assessed valuation threshold from \$600 million to \$900 million for first class counties and from \$450 million to \$600 million for second class counties. All counties with an assessed valuation of less than \$600 million will be third class counties. Also, the bills state that the required assessed valuation for each classification shall be increased annually by an amount equal to the percentage change in the annual average of the Consumer Price Index for all urban consumers (CPI-U) or zero, whichever is greater. The state tax commission shall calculate and publish this amount so that it is available to all counties. The language in these bills is also included in the local government omnibus bill (SB 580). SB 605 passed the Senate on March 18 and was sent to the House. The House Local Government Committee voted HB 1806 "Do Pass" on March 3 and referred it to the House Rules Committee.

**Cadastral Mapping** -- **SB 621 (Lager)** establishes standards and provisions for digital cadastral mapping. The Office of the State Land Surveyor established within the department of natural resources shall promulgate rules and regulations establishing minimum standards for digital cadastral parcel mapping. SB 621 passed the Senate on Feb. 25 and was sent to the House.

**Plumbing Codes** -- **SB 1006 (Schaefer)** modifies provisions relating to water quality. Specifically concerning counties, it states that any county that contains any portion of a water body that runs through or borders a state park or national park must adopt a plumbing code. The code must be at least as stringent as a nationally recognized plumbing code. Agricultural buildings are exempt from having to comply with such a code. The Senate Commerce, Consumer Protection, Energy and the Environment Committee is scheduled to hear the bill on March 22.

**Sales Tax On Ticket Sales** -- **SB 928 (Lager)**, **HB 2040 (Munzlinger)** and **HCS/HB 2048 (Sutherland)** provides that sales taxes on purchases of tickets for entertainment venues are paid at the time of the original transaction and not at subsequent sales. The Senate Ways and Means Committee voted SB 928 "Do Pass" on March 3. HB 2040 was referred to the House Ways and Means Committee on Feb. 17. The House Ways and Means Committee voted HB 2048 "Do Pass" and referred it to the House Rules Committee.

**Streamlined Sales Tax** -- **SCS/SB 905 (Bray)** and **HB 2302 (Sutherland)** bring Missouri sales and use tax laws into compliance with the streamlined sales and use tax agreement. This modifies provisions in current tax law to do the following: (1) When a political subdivision changes the rate of tax such change must take effect on the first day of the second calendar quarter after the Director of Revenue receives notice of such change; (2) If a political subdivision repeals an existing tax, such repeal will become effective on the last day of the last calendar year quarter; (3) all sales taxes must be administered at the state level if they are not already; (4) all state and local sales taxes must have the same base. This means that exemptions at the state and local level must be identical; (5) certain definitions, including a definitions for "delivery charges", "food" "lease or rental", "purchase price", "sales price", "tangible personal property" and other modified definitions, must be adopted from the streamlined sales and use tax agreement; (6) the Department of Revenue can require electronic filing and payment of the sales and use tax; (7) registration for out of state sellers is simplified and no bond is required; (8) no caps or thresholds may exist on the collection of sales or use taxes; and (9) out of state sellers must be offered uniform, simplified, electronic filing. The Senate Ways and Means Committee voted the bill "Do Pass" on March 3 and it was debated by the Senate on March 15; further debate is expected.

**Property Tax Collection** -- **HB 1424 (Franz)** changes several provisions regarding property tax collection. Among these changes, the bill (1) specifies that in counties adopting a charter form of government after Jan. 1, 2008, is the county collector will receive a 7 percent fee for the collection of delinquent and back taxes rather than the 2 percent or 3 percent fee that all other charter county collectors receive (currently, this only applies to Jefferson County); (2) allows certain first and second classification counties to collect property taxes using electronic records and disbursements; (3) specifies that a county adopting a charter form of government after Jan. 1, 2008, is required to have a tax maintenance fund (currently, this only applies to Jefferson County); (4) specifies that the county collector-treasurer will assume all duties, compensation, fee schedules, and requirements of the collector-treasurer if a third or fourth class county abolishes its township form of government or a county collector becomes a collector-treasurer; (5) requires county auditors in first and second class counties to have access to all records for county-issued licenses and to receive a monthly listing of the licenses issued with the specified related information from each county office issuing the licenses (currently, these county auditors are required to countersign all county-issued licenses and keep a record of them); (6) and requires county collectors in first and second class counties to file with the county clerk and auditor by the fifteenth day of each month a detailed statement of all taxes and license fees collected during the preceding month and to disburse those funds, less commissions, to the appropriate taxing entities and the Dept. of Revenue. Taxing authorities are required to request notification of current taxes paid under protest by Feb. 1, and county collectors must provide information by March 1. The House Ways and Means Committee voted HB 1424 "Do Pass by Consent" on March 4 and it was referred to the House Rules Committee.

**Enhanced 9-1-1 -- SB 966 (Barnitz)** modifies provisions pertaining to enhanced 9-1-1 services. Among these modifications, it (1) restructures the Wireless Service Provider Enhanced 9-1-1 Advisory Board; (2) adds duties such as 9-1-1 training enforcement to the board's responsibilities; (3) creates the Telecommunicator Standards and Training Fund, which takes 10 percent of the funds deposited into the existing Enhanced 9-1-1 Service Fund and puts it towards enhanced 9-1-1 training; (4) states that Public Safety Answering Points (PSAPs) must submit an annual report to the Universal Service Board regarding employee information, call volume, and certain certifications for medical dispatch agencies; and (5) removes the requirement that the voters must approve the imposition of the fee on wireless service providers.

In addition, under current law, the Office of Administration is authorized to collect a fee per cell phone from wireless service providers. This bill repeals this authority and instead allows the Public Service Commission (PSC) to assess the charge, to be set at not less than 25 cents or more than \$1 per cell phone. Payments by wireless service providers shall be made monthly to the Department of Revenue, which are deposited to the credit of the Enhanced 9-1-1 Fund. The bill transfers the authority to administer the Enhanced 9-1-1 Fund from the Office of Administration to the Universal Service Board, and it modifies the distribution of the funding from the Enhanced 9-1-1 Fund such that: 60 percent of the funds must be distributed to PSAPs based on the number of cell phones in their jurisdiction; 39 percent of the funds are to be used for grants, next generation 9-1-1, and to assist PSAPs with heavy seasonal call volume; and one percent of the funds may be retained by the Universal Service Board for administration. Also under current law, the Office of Administration must review the funding distribution from the Enhanced 9-1-1 Fund and make any necessary adjustments to the fee. This bill changes this authority to the PSC. The House Commerce, Consumer Protection, Energy and the Environment Committee is scheduled to hear the bill on March 22.

**Local Government Week -- SB 1001 (Griesheimer)** requires the governor to annually issue a proclamation setting apart the first week of May as "Local Government Week" in Missouri. The Senate General Laws Committee voted the bill "Do Pass by Consent" on March 2.

**Get Ready For MAC's Legislative Conference April 12 at the Capitol Plaza Hotel**

Come together for Missouri's counties! MAC's 2010 Legislative Conference will cover topics pertinent to counties including the county budget law, notices of projected tax liability, assessment funding, elections, and reports from the Senate and House Local Government Committee chairs.

Registration and lodging information is available on MAC's website, [www.mocounties.com](http://www.mocounties.com), under "MAC Quick Links" on the homepage.

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**Mark your calendars for the upcoming dates!**

**MAC Legislative Conference  
April 12  
Capitol Plaza Hotel  
Jefferson City, MO**

**NACo Annual Conference  
July 16-20  
Washoe County, NV**