



February 1, 2012

2012 Session Picks Up The Pace, Economic Challenges Still On The Horizon

The Second Regular Session of the 96th Missouri General Assembly convened on Jan. 4 in Jefferson City. To date, approximately 900 bills and joint resolutions have been filed by the House and Senate. MAC is monitoring approximately one-third of the bills and joint resolutions filed thus far due to their potential impact on county government. The topics in this bulletin are those that we are following more closely at the present time. Please contact the MAC office if you have questions regarding any pending legislation. MAC's website – 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 18.

Streamlined Sales And Use Tax Agreement – **HB 1101 (Brattin)** authorizes Missouri to enter into the multi-state Streamlined Sales and Use Tax Agreement, eliminates all state tax credits, phases in a flat income tax rate, and increases the state sales and use tax by 1/4 percent. **HB 1197 (Kelly)**, **HB 1215 (Ellinger)**, **HB 1314 (Still)**, and **HB 1356 (Funderburk)** requires the director of the Dept. of Revenue to enter into the multi-state Streamlined Sales and Use Tax Agreement and the department to implement the compliance provisions.

Appropriations – Gov. Jay Nixon's proposed FY 2013 state budget included the following items of particular interest to county officials. Under his proposed budget, assessment maintenance funding will remain at \$3.41 per parcel, and prisoner per diem will remain at \$19.58. Reimbursements to single-county circuits for juvenile court employees' salaries also stay at the same level as the previous year, and the per diem reimbursement rate for juvenile facilities stays the same at \$14 a day. This is welcome news considering that, again, the state anticipates a \$500 million shortfall this upcoming fiscal year, but this is only the beginning of the process. Legislatively, two joint resolutions have been filed (**SJR 46 (Lager)** and **HJR 43 (Burlison)**) that propose constitutional amendments prohibiting state appropriations any fiscal year from exceeding certain limits.

Working Group On Sentencing & Corrections -- **SB 699 (Goodman)** and **HB 1525 (Fuhr)** modify provisions relating to probation and parole. Specifically, the bills create earned compliance credits for nonviolent offenders who are placed on probation, parole, or conditional release for a class C or D felony or a violation of a drug crime in Chapter 195, *RSMo*. Earned compliance credits must reduce the term of probation, parole, or conditional release by 30 days for each full calendar month of compliance with all terms of supervision, but may be suspended or rescinded if the offender violates the conditions of supervision. Further, the bills allow, in lieu of the revocation proceeding, a probation or parole officer to place an offender in the county jail for a short period of time (at a \$30 per diem rate) when the officer believes the offender has violated a condition of probation or parole, unless the court has otherwise required detention to be a condition of probation. If a continuation, modification, enlargement, or extension of the probation period is not appropriate, the court must order certain offenders to be placed in one of the department's 120-day programs when the offender violates a condition of probation. The bills establish a 13-member Sentencing and Corrections Oversight Commission (with one member representing MAC) to monitor and assist in the implementation of these provisions and to determine ways to reinvest any cost savings into research, reducing recidivism, and examining restitution for crime victims.

Judiciary, Corrections and Law Enforcement – **SB 445 (Goodman)** establishes the "Joint Committee on the Missouri Criminal Code." **SB 446 (Goodman)** specifies that drug courts may be funded by the county law enforcement restitution fund. **SB 628 (Schaefer)** changes the "Inmate Security Fund" to the "Inmate Prisoner Detainee Security Fund" and allows the use of funds to include the purchase of information sharing equipment to allow inmates, detainees or prisoners in a shorter term detention facility to be identified upon booking and tracking within certain law enforcement or criminal justice systems. **SB 680 (Nieves)** removes the authority of political subdivisions to enact ordinances regulating the open carrying of firearms and requires that local ordinances regulating the discharge of firearms incorporate justification defenses provided by statute, which include self defense, defense of others, and defense of property. **HB 1171 (Franz)** changes the age when the juvenile court will have jurisdiction over a child involving a state or local traffic violation from a child up to 15.5 years of age to a child up to 15 years of age. **HB 1202 (Franz)** removes the limitation on juvenile court employees' salaries by allowing them to receive funding from the county in addition to their state salaries. **HB 1203 (Franz)** allows money from the county law enforcement restitution fund to be used for county inmate work and service programs and limits the amount a county can assess an individual for certain offenses to \$10. **HB 1319 (Riddle)** lowers the

age at which a person can obtain a concealed carry endorsement from 21 to 18 years of age. **HB 1382 (Cox)** requires restitution to be paid through the office of the prosecuting or circuit attorney and authorizes certain administrative costs to be assessed and restitution to be taken from an inmate's account.

County Budget Law – SB 692 (Stouffer), HB 1307 (Wells) and HB 1373 (Asbury) authorize 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. Of these bills, SB 692 and HB 1373 specify that counties can decrease their annual budgets no more than twice each fiscal year when faced with unanticipated funding of two percent or greater. Further, they state that the budget reduction may not affect any one independently affected officeholder unless all officeholders who receive funds from the same budget category have negotiated ways to cover the shortfall and the reductions may not impact any dedicated fund created by law.

Fair Tax Proposals -- SJR 34 (Purgason) is a proposed constitutional amendment that repeals the corporate income tax, corporate franchise tax, and bank franchise tax, effective Jan. 1, 2013, and repeals the state sales and use taxes effective June 30, 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 and fees paid on insurance products, 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 must provide a method to calculate and provide sales tax rebates or prebates to exempt a portion of taxable purchases made by Missouri residents.

SJR 35 (Ridgeway) and HJR 69 (Funderburk) propose a constitutional amendment, upon the approval of the voters, that eventually repeals the individual income tax and certain state and local sales and use taxes and authorizes the imposition of different sales and use taxes that are capped at certain tax rates. This amendment caps the individual income tax rate at three percent for each tax year between Jan. 1, 2014, and Jan. 1, 2016. After Jan. 1, 2016, the individual income tax is repealed. Currently, senior citizens and the disabled receive an income tax credit that provides relief from property taxes. Because the income tax will no longer exist after Jan. 1, 2016, the General Assembly is required to pass a law that provides senior citizens and the disabled with a continuation of relief from property taxes. The General Assembly is prohibited from authorizing any political subdivision to tax individual earnings, except for a city that has a tax on individual earnings before Jan. 1, 2013. Effective Jan. 1, 2014, state sales and use tax laws and exemptions are repealed, except for taxes on alcohol, aviation fuel, insurance products, tobacco, the conservation sales tax, the soil and parks sales tax, and the motor vehicle fuel tax. Between Jan. 1, 2014, and Jan. 1, 2016, a new state tax on sales and services will be imposed at a rate not to exceed five percent, except the rate of tax on food is prohibited from exceeding four percent. Beginning Jan. 1, 2016, the tax rate on sales and services combined with the conservation sales tax rate, and the soil and parks sales tax rate cannot exceed seven percent and the tax rate on the sale of food combined with the conservation sales tax rate and the soil and parks sales tax rate cannot exceed 5 ½ percent. The enactment of any new exemption will require a two-thirds vote by each house of the General Assembly and approval by the governor. The conservation sales tax and the soil and parks sales tax will be recalculated to produce substantially the same amount of revenue for fiscal year 2015 as was received on average annually in fiscal years 2008 to 2012. These rates may be readjusted one time after Jan. 1, 2014, and before Jan. 1, 2016, to produce substantially the same amount of revenue as was received on average annually in fiscal years 2008 to 2012. Effective Jan. 1, 2014, all local sales taxes and exemptions, except those expressly approved by local voters and in effect on Jan. 1, 2013, will be void. The Dept. of Revenue is required to calculate a new rate for the counties and other local taxing jurisdictions to produce substantially the same amount of revenue as was produced on average in the five years before Jan. 1, 2014. Beginning Jan. 1, 2016, all combined state and local sales taxes cannot exceed 10 percent, unless the rate established by the Dept. of Revenue to produce the same amount of revenue to the local taxing jurisdiction results in a rate above 10 percent, or the voters in the taxing district approve a new tax by fourth-sevenths of the voters at certain elections and two-thirds of the voters at all other elections. If a person who owns real estate has an increase in their property tax liability by more than a certain percentage, and the person is 65 or older, with an income of less than \$75,000, and a home that is appraised at \$400,000 or less, the person is entitled to receive a property tax credit. The state is required to reimburse local governments for 75 percent of the amount of this credit.

There are also two Fair Tax initiative petitions that have been approved for circulation.

Taxation and Assessment – There are several bills filed thus far that affect property assessment and taxation. **SB 510 (Cunningham)** requires county assessors to consider market factors in determining value of real property for tax purposes. **SB 591 (Parson), HB 1300 (Franz) and HB 1547 (Marshall)** allow county assessors to use any nationally recognized motor vehicle valuation guide to value motor vehicles for personal property tax purposes. **SB**

659 (Dempsey), **HB 1398 (Gatschenberger)** and **HB 1521 (Sommer)** require collectors in all counties, except for counties under township organization, to mail property tax bills 30 days before the taxes are delinquent and allows for a waiver of penalties and interest when bills are mailed late. **SB 668 (Lembke)** requires the collector in St. Louis County to mail resident taxpayers a statement of the property taxes the taxpayer owes by Oct. 20. **SB 675 (Crowell)** repeals the Missouri Property Tax Credit, commonly referred to as the Circuit Breaker Tax Credit, which allowed certain renters and property owners to receive a tax credit for property taxes paid or rent constituting taxes paid. **HB 1038 (Leara)** phases out the current distribution method of the St. Louis County sales tax over 10 years until all the tax revenue is distributed based upon the location in which the sales were deemed consummated. **HB 1092 (White)** changes the laws regarding the assessment of commercial real property destroyed by a natural disaster. **HB 1239 (Nance)** exempts the residential property of individuals 70 years of age or older from increases in assessed valuation that are not from new construction or improvements and from rate increases. **HB 1335 (Leara)** and **HB 1463 (Montecillo)** change the distribution of sales taxes in St. Louis County. **HB 1336 (Cierpiot)** allows cities and counties to adopt tax and fee amnesty provisions. **HB 1351 (Schupp)** allows an individual who is 62 years of age or older to defer paying property taxes on his or her residence under certain conditions by filing a claim with the county assessor. **HB 1378 (Denison)** requires owners of manufactured homes to provide proof of personal property tax payment or payments prior to transporting the home. **HB 1489 (McCaherty)** exempts residential property owned by certain taxpayers 67 years of age or older from increases in assessed valuation and limits increases in their homestead property tax. **HB 1504 (Richardson)** authorizes any public library in Pemiscot County to impose a sales tax upon voter approval. **HB 1536 (Burlison)** allows, upon voter approval, a political subdivision to replace any personal property taxes levied for funding the political subdivision with a revenue-neutral increase in local sales or real property taxes. **HB 1544 (Kirkton)** requires a certificate of value to be filed with the assessor before the recorder of deeds can accept the filing of any document by which any interest in certain real property is conveyed. **HJR 67 (Denison)** proposes a constitutional amendment which freezes the level of tax liability on residential property owned by a person who is 65 years of age or older.

Elections – **SB 442 (Stouffer)** and **HB 1104 (Schoeller)** would establish photo identification requirements for voting. **SB 603 (Green)** and **HB 1438 (Newman)** create an advance voting system for elections. **SB 569 (Kraus)** removes the first Tuesday after the first Monday in February and June as dates available for public elections. **HB 1059 (Dugger)** changes the required percentage necessary to initiate a recount of the votes cast in an election. **HB 1060 (Dugger)** changes the laws regarding elections. Among its many provisions it establishes requirements for county collectors and collector-treasurers; establishes December dates for candidates' filing; repeals the requirement that a political party's emblem be printed on ballots; and modifies provisions relating to absentee ballots, recounts, candidate filing requirements and election offenses. **HB 1415 (Colona)** allows an individual at a general election to vote a straight party line ticket by voting for all candidates of the same political party with a single punch or mark. **HB 1442 (Smith)** fills a vacancy in the office of United States senator, lieutenant governor, attorney general, secretary of state, state auditor, or state treasurer by appointment by the General Assembly or special election. **HB 1485 (Parkinson)** requires election authorities to inquire whether any person filing a declaration of candidacy is in violation of any court order to pay a monetary judgment before such person qualifies as a candidate. **HJR 40 (Schoeller)** proposes a constitutional amendment authorizing the establishment of a Fair Ballot Commission.

Initiative Petitions -- **HJR 39 (Schoeller)** proposes a constitutional amendment prohibiting any change by the General Assembly to a statute as approved by voters through the initiative petition process. **HJR 47 (Dugger)** proposes a constitutional amendment changing the number of voter signatures that are required to place an initiative petition or a referendum on a ballot.

Labor, Wages & Workers' Comp – **SB 439 (Mayer)** suspends the prevailing wage laws in areas declared by the governor to be natural disasters for five years following such a declaration. **SB 572 (Dempsey)** and **HB 1403 (Dempsey)** modify the law relating to workers' compensation. Among the provisions, they establish that employers be released from liability for all workplace injuries and death beyond those covered under the system, suspends benefits to incarcerated individuals and those not entitled to legally work in the United States, and modifies provisions regarding the Second Injury Fund. **SB 596 (Brown)** modifies various provisions relating to prevailing wage and project labor agreements. It also suspends the prevailing wage laws in counties receiving federal disaster assistance for projects undertaken as a result of a disaster. **SB 698 (Richard)** establishes requirements that political subdivisions must follow when advertising, soliciting, and rejecting bids for construction contracts that require an expenditure of \$25,000 or more. It also establishes minimum standards that political subdivisions must include in their local procurement policies. **HB 1053 (Lant)** and **HB 1176 (Schoeller)** establish the Disaster Area Construction Act which exempts certain construction work done for a school district or a county, city, town, or village from the prevailing wage if it is in a disaster area. **HB 1089 (White)** repeals the provisions regarding the prevailing hourly wage requirements and specifies that no person will be paid a prevailing wage with specified exceptions. **HB 1177 (Phillips)** requires compensation paid by a municipality for certain services performed by a county officer to be paid directly to the county as provided in the contract. **HB 1198 (Fisher)** changes the laws regarding prevailing wages by revising the definition of "construction," revising the definition of "maintenance work," further defining "major alterations" to structures, and abrogating the ruling in *Utility Service Co. Inc. v. the Dept. of Labor and Industrial Relations* and the Labor and Industrial Relations Commission of Missouri. **HB 1493 (Fraker)** modifies prevailing wage provisions by requiring a governing body of a county to submit one hourly wage rate for each occupational title. **HB 1540 (Jones)** modifies workers' compensation law relating to injury or death caused to a co-employee due to an accident or occupational disease arising out of and in the course of the employees' employment.

Local Ordinances & Authority -- SB 607 (Stouffer) establishes procedure for resetting billboards during periods of highway construction. SJR 31 (Chappelle-Nadal) makes St. Louis City a part of St. Louis County. SB 575 (Dixon) and HB 1453 (Denison) allow Greene County to enact nuisance abatement ordinances. SB 671 (Parson) and HB 1106 (Dugger) changes the laws regarding county collectors and collector-treasurers and offices that have statutory bonding requirements. HB 1277 (Long) allows the Highways and Transportation commission to enter into infrastructure improvement agreements. HB 1304 (Kelly) requires all bond issuances by political subdivisions to be approved by voters and not dependent upon appropriations for repayment unless approved by the voters. HJR 61 (Loehner) and HB 1324 (Loehner) amend the constitution and affirm the right of Missouri citizens to raise livestock in a humane manner without the state imposing an undue burden on their owners. HB 1457 (Crawford) requires a candidate for county treasurer to file a signed affidavit stating that the candidate meets the minimum bond requirements for the office of county treasurer. HB 1492 (Molendorp) authorizes Cass County to establish a county municipal court.

County Office Vacancy -- HB 1340 (Dugger) provides for the appointment of certain interim county officials by the county commission when there is a vacancy in office.

Government Accountability Portal -- HB 1140 (Smith) requires the Office of Administration to maintain public school, county, and municipal government accountability information on the Missouri Accountability Portal. Each county governmental entity must collect and annually transmit to the Office of Administration for inclusion on the portal detailed compensation information for all elected county officials, a copy of the detailed financial statement required under Sec. 50.800, *RSMo*, and any cash reserves. They also must disclose any expenditures made pursuant to a lease and specify the nature and duration of the lease. SB 467 (Munzlinger) requires state departments and divisions that accept federal grants of over \$1 million to post information relating to the grant on the Missouri Accountability Portal, including the amount, origin, and purpose of the grant; any amount being transferred to another department or division; the purpose for such transfer; and how the secondary recipient used the funds and the impact of that use. Bonds issued by public institutions of higher education and political subdivisions, obligations issued under a tax increment financing agreement, and the revenue stream pledged to repay such bond or obligation shall also be included on the portal.

Public Entity Lobbying – HB 1494 (Schoeller) requires any entity receiving state funds to publish the name and compensation of each lobbyist employed by the entity and the name and membership dues paid to any other entity.

Statewide 911 Funding – The Missouri House Interim Committee on 911 Access, created by House Speaker Steven Tilley and chaired by Rep. Chuck Gatschenberger, concluded its series of hearings in November regarding the state's 911 system and its dire need for a statewide funding mechanism. Currently, Missouri is the only state in the nation without a statewide mechanism, leaving its emergency services fragmented, deficient and even absent in many counties. Many still lack Enhanced 911 (E911) services, which would allow them to track wireless devices that dial 911, and 16 counties have no 911 system whatsoever. To date, no bills have been filed to address the issue, even though there was widespread committee support following the hearings.

Grant Writing Workshop -- St. Louis County & Municipal Police Academy and Grant Writing USA will present a two-day grants workshop in Wellston / St. Louis, February 27-28, 2012. This training is for grant seekers across all disciplines. Attend this class and you'll learn how to find grants and write winning grant proposals. For complete details, please visit Grant Writing USA online at www.grantwritingusa.com/events.

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Mark your calendars for the upcoming dates!

NACo Legislative Conference
March 3-7
Washington Hilton
Washington, DC

MAC Legislative Conference
April 16
Capitol Plaza Hotel
Jefferson City, MO

NACo Annual Conference
July 13-17
Allegheny County, PA