

SB 153

Modifies provisions relating to taxation

Sponsor:

Koenig (<https://www.senate.mo.gov/21web/mem15>)

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Committee:

Ways and Means (<https://www.senate.mo.gov/WAME>)

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9

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Current Bill Summary

CCS/HCS/SS/SCS/SBs 153 & 97 - This act modifies several provisions relating to taxation.

USE TAX MAPPING

Current law requires the Department of Revenue to create and maintain a mapping feature on its website that displays various sales tax information. This act requires such mapping feature to include use tax information. Political subdivisions collecting a use tax shall send such data to the Department of Revenue by January 1, 2022, and the Department shall implement the mapping feature using the use tax data by July 1, 2022.

By July 1, 2022, the Department shall update the mapping feature to include the total sales tax rate for combined rates of overlapping sales taxes levied and the total use tax rate for combined rates of overlapping use taxes levied.

If the boundaries of a political subdivision in which a sales or use tax has been imposed shall thereafter be changed or altered, the political subdivision shall forward such changes to the Department, as described in the act. (Section 32.310)

This provision is substantially similar to a provision contained in SB 248 (2021), SB 287 (2021), SCS/HB 554 (2021), HCS/HB 555 (2021), HB 593 (2021), SS#2/SCS/SB 648 (2020), SB 805 (2020), SB 872 (2020), HB 2172 (2020), SCS/HB 1700 (2020), and HB 1895 (2020).

VIDEO SERVICE PROVIDER FEES

This act modifies provisions relating to communications services offered in political subdivisions.

The act modifies the definition of "gross revenues" for provisions of law relating to video service providers.

This act prohibits the state and political subdivisions from imposing a new tax, license, or fee upon the provision of satellite or streaming video services.

Under the act, a franchise entity may collect a video service provider fee equal to not more than 5% of the gross revenues of a video service provider providing service in the geographic area of such franchise entity. The fee shall be phased out as follows:

- Beginning August 28, 2023, 4.5% of gross revenues;
- Beginning August 28, 2024, 4% of gross revenues;
- Beginning August 28, 2025, 3.5% of gross revenues;
- Beginning August 28, 2026, 3% of gross revenues; and
- Beginning August 28, 2027, and continuing thereafter, 2.5% of gross revenues.

Currently, video service providers may identify and collect the amount of the video service provider fee as a separate line item on subscriber bills. Under this act, the fee shall be identified and collected as a separate line item.

The act also creates the Task Force on the Future of Right-of-Way Management and Taxation consisting of 16 members as set forth in the act. The purpose of the Task Force is to study best methods for right-of-way management, taxation of video services, and the future revenue needs of municipalities and political subdivisions as such revenue relates to video services.

The Task Force shall compile a report of its activities for submission to the General Assembly. The report shall be submitted no later than December 31, 2023, and shall include any recommendations which the Task Force may have for legislative action. The Task Force shall expire on December 31, 2023. (Sections 67.2677 to 67.2720)

These provisions are identical to provisions contained in SCS/HB 554 (2021), are substantially similar to SB 163 (2021), HB 386 (2021), and to provisions contained in HCS/HB 555 (2021), and are similar to SCS/SB 526 (2020) and HB 2091 (2020).

COMMUNITY IMPROVEMENT DISTRICTS

Current law requires a petition for the creation of a community improvement district (CID) to include a five year plan describing the improvements to be made in the district. This act requires such plan to include the anticipated sources of funds and the term of such sources used to pay the costs of such improvements. This act also limits the duration of a CID to twenty-seven years for CIDs formed after August 28, 2021.

Upon the creation of a district, this act requires the municipal clerk of the municipality to report in writing to the State Auditor in addition to the Missouri Department of Economic Development. (Section 67.1421)

For CIDs established after August 28, 2021, in which there are no registered voters, this act requires at least one director to be a person who resides within the municipality, is registered to vote, has no financial interest in any real property or business operating within the CID, and to not be a relative within the second degree of consanguinity to an owner of real property or a business operating within the CID. (Section 67.1451)

This act requires all construction contracts entered into after August 28, 2021, and that are in excess of \$5,000 shall be competitively bid and shall be awarded to the lowest and best bidder. (Section 67.1461)

In its annual report filed with the Department of Economic Development, this act requires a CID to include the dates the district adopted its annual budget, submitted its proposed annual budget to the municipality, and submitted its annual report to the municipal clerk. (Section 67.1471)

These provisions are substantially similar to HB 213 (2021) and to provisions contained in HS/HCS/HB 441 (2021).

REDEVELOPMENT DISTRICTS

This act modifies the definition of "blighted area" for the purposes of several redevelopment districts, including Community Improvement Districts, the Housing Authorities Law, Land Clearance for Redevelopment, Downtown and Rural Economic Stimulus Act, the Downtown Revitalization Preservation Program, the Planned Industrial Expansion Law, Enhanced Enterprise Zones, Urban Agriculture Zones, and the Urban Redevelopment Corporations Law. (Sections 67.1401 to 99.320, 99.918 to 135.950, 262.900 to 353.020)

These provisions are substantially similar to provisions contained in HCS/HB 555 (2021).

TAX INCREMENT FINANCING

This act modifies the definitions of "blighted area" and "conservation area", and creates new definitions for "port infrastructure projects", "retail area", and "retail infrastructure projects". (Section 99.805)

This act modifies local tax increment financing projects by providing that a study shall be conducted by a land use planner, urban planner, licensed architect, licensed commercial real estate appraiser, or licensed attorney, which details how the area meets the definition of an area eligible to receive tax increment financing.

This act also provides that retail areas, as defined in the act, shall not receive tax increment financing unless such financing is exclusively utilized to fund retail infrastructure projects, as defined in the act, or unless such area is a blighted or conservation area. (Section 99.810)

Current law requires cities, towns, and villages located in St. Louis County, St. Charles County, or Jefferson County to establish a twelve member commission that shall include six members appointed by the county executive or presiding commissioner prior to the adoption of any resolution or ordinance approving tax increment financing projects. This act adds Cass County to such list of counties. (Section 99.820)

For tax increment financing projects approved or amended after December 31, 2021, the City of St. Louis may provide for the deposit of up to 10% of the tax increment financing revenues generated by the project into a Strategic Infrastructure for Economic Growth Fund to be established by the city. Moneys deposited in such fund may be expended by the city for the purpose of funding capital investments in public infrastructure that is located in a census tract that is defined as a low-income community or is eligible to be designated as a Qualified Opportunity Zone under federal law. (Section 99.821)

This act prohibits new projects from being authorized in any Greenfield area. (Section 99.843)

Beginning January 1, 2022, this act also prohibits new projects from being authorized in an area designated as a flood plain by the Federal Emergency Management Agency unless such projects are located in 1) Jackson, Platte, Clay, or Cole counties; 2) the cities of Springfield, St. Joseph, Hannibal, or Jefferson City, 3) in a port district, provided such financing is utilized for port infrastructure projects; or 4) in a levee or drainage district created prior to August 28, 2021. Projects in flood plains shall not be authorized in St. Charles County unless the redevelopment area actually abuts a river or major waterway, as described in the act. (Section 99.847)

Current law allows districts and counties imposing a property tax for the purposes of providing emergency services to be entitled to reimbursement from the special allocation fund of a portion of the district's or county's tax increment. For projects approved after August 28, 2021, this act modifies such provision to allow reimbursement to ambulance districts, fire protection districts, and governing bodies operating a 911 center providing dispatch services and which impose economic activity taxes for such purposes. (Section 99.848)

These provisions are identical to provisions contained in CCS/SS/SB 22 (2021), are substantially similar to HB 1612 (2020), HCS/SS/SCS/SB 108 (2019), and HB 698 (2019), and to provisions contained in HCS/SS/SCS/SB 570 (2020), HCS/SCS/SB 616 (2020), and HCS/SS#2/SB 704 (2020), and are similar to SB 871 (2020), SB 311 (2019), HB 32 (2019), and SS/SCS/SB 859 (2018).

TAXATION OF AIRCRAFT

Current law requires aircraft which are at least twenty-five years, used solely for noncommercial purposes, and operated less than fifty hours per year to be assessed at five percent of true value. This act changes the operating hours requirement to two hundred hours. (Section 137.115)

This provision is identical to a provision contained in CCS/HCS/SB 226 (2021), CCS/SS/HCS/HB 66 (2021), HCS/HB 555 (2021), HCS/SB 686 (2020), HCS/SB 782 (2020), HCS/SCS/SB 867 (2020), and HCS/HB 1333 (2020), and is substantially similar to HB 1284 (2020) and HB 1205 (2019).

INDIVIDUAL INCOME TAX

Current law provides for a reduction in the top rate of income tax of 0.5% phased-in over a period of years in 0.1% increments, with each cut becoming effective if net general revenue collections meet a certain trigger. This act adds two additional 0.1% reductions to such provision. Additionally, beginning with the 2024 calendar year, the top rate of tax shall be reduced by 0.1%. (Section 143.011)

Current law allows a taxpayer to deduct from his or her Missouri adjusted gross income a portion of his or her federal income taxes paid, exempting federal income tax credits received for the 2020 tax year under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act when determining the amount of federal income tax liability allowable as a deduction. This act also exempts federal income tax credits received for the 2020 tax year under the supplemental CARES Act, as well as any other federal COVID-19-related income tax credits. (Section 143.171)

Current law also requires taxpayers who itemize deductions to include any federal income tax refund amounts in his or her Missouri adjusted gross income if such taxpayer previously claimed a deduction for federal income tax liability on his or her Missouri income tax return. This act provides that any amount of any federal income tax refund attributable to COVID-19-related tax credits in the supplemental CARES ACT, as well as any other federal COVID-19-related income tax credits, shall not be included in the taxpayer's Missouri adjusted gross income. (Section 143.121)

This provision contains an emergency clause.

This provision is identical to HB 991 (2021) and to a provision contained in CCS/HCS/SB 365 (2021) and HCS/HB 555 (2021), is substantially similar to SCS/SBs 405, 522, & 428 (2021) and HB 1039 (2021), and is similar to a provision contained in HB 913 (2021).

This act also establishes the Missouri Working Family Tax Credit Act. Beginning with the 2023 calendar year, this act creates a tax credit to be applied to a taxpayer's Missouri income tax liability after all reductions for other credits for which the taxpayer is eligible have been applied. The tax credit shall not exceed the amount of the taxpayer's tax liability, and shall not be refundable. The amount of such tax credit

shall be a percentage of the amount of a taxpayer's federal earned income tax credit as such credit existed as of January 1, 2021. The initial percentage shall be 10% and may be increased to 20% of the amount of a taxpayer's federal earned income tax credit. The initial percentage claimed and any increase in the percentage claimed shall only occur if the amount of net general revenue collected in the previous fiscal year exceeds the highest amount of net general revenue collected in any of the three fiscal years prior to such fiscal year by at least \$150 million.

The Department of Revenue shall determine whether a taxpayer who did not apply for the tax credit established by this act is eligible and shall notify such taxpayer of his or her potential eligibility.

The Department shall prepare an annual report regarding the tax credit established by this act containing certain information as described in the act. (Section 143.177)

This provision is substantially similar to SB 248 (2021), SB 183 (2019), HB 291 (2019), HB 1194 (2019), SB 615 (2018), SB 197 (2017), SB 342 (2017), HCS/HB 109 (2017), and to a provision contained in HB 642 (2021), SB 248 (2021), SCS/SB 52 (2019), HB 846 (2019), SS#2/SCS/SBs 617, 611, & 667 (2018) and HCS/HB 1605 (2016), and is similar to HB 2154 (2016), SB 1018 (2016), SB 40 (2015), SB 687 (2014), HB 1120 (2014), HB 895 (2013), HB 1606 (2012), HB 581 (2011), and HB 1915 (2010).

USE TAX ECONOMIC NEXUS

This act modifies the definition of "engaging in business activities within this state" to include vendors that had cumulative gross receipts of at least \$100,000 from the sale of tangible personal property for the purpose of storage, use, or consumption in this state in the previous twelve-month period, as described in the act. Vendors meeting such criteria shall be required to collect and remit the use tax as provided under current law. (Section 144.605)

This provision is substantially similar to a provision contained in SB 248 (2021), SB 287 (2021), HB 244 (2021), SCS/HB 554 (2021), HCS/HB 555 (2021), HB 593 (2021), HCS/HB 644 (2021), SS#2/SCS/SB 648 (2020), SCS/SB 529 (2020), SCS/HB 1700 (2020), SB 659 (2020), SB 805 (2020), SB 872 (2020), HCS#2/HB 1957 (2020), HB 1967 (2020), HB 2172 (2020), and HB 2238 (2020).

MARKETPLACE FACILITATORS

Beginning January 1, 2023, marketplace facilitators, as defined in the act, that engage in business activities within the state shall register with the Department to collect and remit use tax on sales delivered into the state through the marketplace facilitator's marketplace by or on behalf of a marketplace seller, as defined in the act. Such retail sales shall include those made directly by the marketplace facilitator as well as those made by marketplace sellers through the marketplace facilitator's marketplace.

Marketplace facilitators shall report and remit use tax collected under this act as determined by the Department. Marketplace facilitators properly collecting and remitting use tax in a timely manner shall be eligible for any discount provided for under current law.

Marketplace facilitators shall provide purchasers with a statement or invoice showing that the use tax was collected and shall be remitted on the purchaser's behalf.

No class action shall be brought against a marketplace facilitator in any court in this state on behalf of purchasers arising from or in any way related to an overpayment of sales or use tax collected on retail sales facilitated by a marketplace facilitator, regardless of whether that claim is characterized as a tax refund claim. (Section 144.752)

This provision is substantially similar to a provision contained in SB 248 (2021), SB 287 (2021), HB 244 (2021), SCS/HB 554 (2021), HCS/HB 555 (2021), HB 593 (2021), HCS/HB 644 (2021), SS#2/SCS/SB 648 (2020), SCS/SB 529 (2020), SCS/HB 1700 (2020), SB 659 (2020), SB 805 (2020), SB 872 (2020), HCS#2/HB 1957 (2020), HB 1967 (2020), HB 2172 (2020), HB 2238 (2020), and SCS/SBs 46 & 50 (2019).

SALES TAX ADMINISTRATION

This act authorizes the Department of Revenue to consult, contract, and work jointly with the Streamlined Sales and Use Tax Agreement's Governing Board to allow sellers to use the Governing Board's certified service providers and central registration system services, or to consult, contract, and work with certified service providers independently. The Department may determine the method and amount of compensation to be provided to certified service providers. The act also authorizes the Department to independently take such actions as may be reasonably necessary to secure the payment of and account for the tax collected and remitted by retailers and vendors under the act.

This provision shall expire on January 1, 2028, unless reauthorized by the General Assembly. (Section 144.608)

This provision is identical to a provision contained in SCS/HB 554 (2021), and is substantially similar to a provision contained in SB 248 (2021), SB 287 (2021), HB 593 (2021), and SCS/HB 1700 (2020).

The school and Show Me Green sales tax holidays are modified by repealing the ability for political subdivisions to opt out of the sales tax holidays, and by defining how the sales tax exemption applies to the purchase or return of certain items. (Sections 144.049 and 144.526)

These provisions are substantially similar to provisions contained in SB 659 (2020), HB 2238 (2020), HB 1967 (2020), and SS/SCS/SBs 46 & 50 (2019).

The Director shall provide and maintain downloadable electronic databases at no cost to the user of the databases for taxing jurisdiction boundary changes, tax rates, and a taxability matrix detailing taxable property and services. Sellers and certified service providers (CSP) will be relieved from liability if they fail to properly collect tax based upon information provided by the Department. Certified service providers, sellers, and marketplace facilitators may utilize proprietary data, provided the Director certifies that such data meets the standards provided for under the act.

This act relieves a purchaser from any penalties for failure to pay the proper amount of sales tax if the error was a result of erroneous information provided by the Director of Revenue. (Sections 144.637 and 144.638)

This provision is substantially similar to a provision contained in SCS/SB 529 (2020), SB 659 (2020), SB 805 (2020), SB 872 (2020), SCS/HB 1700 (2020), HB 1895 (2020), HCS#2/HB 1957 (2020), and HB 2172 (2020).

Monetary allowances from taxes collected shall be provided to certain sellers and certified service providers for collecting and remitting state and local taxes, as described in the act. (Section 144.140)

Current law provides statutory sales tax collection thresholds to determine the frequency at which sellers shall file and remit sales taxes collected, with such periods being quarter-monthly, monthly, quarterly, and annually. Current law also allows the Department of Revenue to increase, but not decrease, such thresholds through rule. This act modifies the statutory thresholds for the monthly, quarterly, and annual filing periods.

For monthly filing, the threshold is changed from at least \$250 in the first or second month of a calendar quarter to at least \$500 per calendar month for the prior year.

For quarterly filing, the threshold is changed from at least \$45 in a calendar quarter, but not subject to monthly filing to less than \$500 per calendar month, but at least \$200 in a calendar quarter.

For annual filing, the threshold is changed from less than \$45 per calendar quarter to less than \$200 per calendar quarter. (Section 144.080)

This provision is identical to SB 741 (2020) and SB 141 (2019), and to a provision contained in CCS/HCS/SB 226 (2021).

LOCAL USE TAXES

This act modifies ballot language required for the submission of a local use tax to voters by repealing ballot language specific to St. Louis County and its municipalities and the City of St. Louis, and making requiring the ballot language in all municipalities identical.

This act prohibits a local use tax from being described as a new tax, described as not being a new tax, and being advertised or promoted in a manner in violation of current law. (Section 144.757)

This provision is substantially similar to HB 1584 (2020) and to a provision contained in SS#2/SCS/SB 648 (2020), SB 659 (2020), HCS/SS#2/SB 704 (2020), SCS/SB 770 (2020), SB 805 (2020), SB 872 (2020), SCS/HB 1700 (2020), SS#2/SCS/HCS/HB 1854 (2020), HB 1895 (2020), HB 2172 (2020), HB 2238 (2020), SCS/SB 189 (2019), SS/SCS/SBs 46 & 50 (2019), SS/HCS/HB 255 (2019), SCS/HCS/HB 674 (2019), and HB 701 (2019), and is similar to a provision contained in HCS#2/HB 1957 (2020).

This act provides that the portion of the local use tax imposed by St. Louis County shall be distributed to the cities, towns, villages, and unincorporated areas of the county on the ratio of the population that each such city, town, village, and unincorporated area bears to the total population of the county. (Section 144.759)

This provision is identical to a provision contained in SCS/HB 1700 (2020).

No later than the first week of November 2021, any county or municipality that has enacted a local use tax shall provide notice in a newspaper or on the county's or municipality's website that certain purchases from out-of-state vendors will become subject to the provisions of the act, as described in the act. (Section 1)

MISSOURI WORKS

Current law excludes store front consumer-based retail trade establishments from the definition of "qualified company" for the purposes of receiving benefits under the Missouri Works program. This act allows such establishments located in a third or fourth class county to be included in such definition. (Section 620.2005)

This provision is identical to HB 1061 (2021) and to a provision contained in HCS/HB 555 (2021) and HCS/HB 1202 (2021).

EFFECTIVE DATE

The provisions of this act relating to sales tax administration, use taxes, and income taxes shall become effective January 1, 2023. (Section B)

Provisions of the act relating to the deduction of federal income taxes paid contain an emergency clause. (Section C)

Provisions of the act modifying definitions relating to video service provider fees shall become effective August 28, 2023. (Section D)

The remaining provisions shall become effective August 28, 2021.

JOSH NORBERG

Amendments

0752S.07F - SS SCS Adopted, as amended ([ShowAmendment.aspx?Id=3387](#))

0752S07.02S - SA1 SS SCS Adopted ([ShowAmendment.aspx?Id=3389](#))

0752S07.01F - SA 2 SS SCS Adopted ([ShowAmendment.aspx?Id=3390](#))

0752S13.1SR - CCR HCS SS SCS SB Adopted ([ShowAmendment.aspx?Id=4281](#))

0752S.13S - CCS HCS SS SCS SB Passed ([ShowAmendment.aspx?Id=4282](#))