



The First Regular Session of the 101st Missouri General Assembly adjourned on Friday, May 14 at 6:00 p.m. Public policy priorities this year included initiative petition and education reform, the Second Amendment Preservation Act, infrastructure funding, Covid-19 liability, gaming and sports betting and funding Medicaid expansion. Both the House and Senate worked to navigate the pandemic the first 8 weeks of sessions. Hearing attendance was limited and many legislators were only holding meetings by appointment only. Mass vaccinations changed that and by March the legislative session almost looked completely normal.

When the legislature adjourned this year, a total of 2264 bills had been filed - 70 of those bills were Truly Agreed and Finally Passed (TAFP). Of the 70 bills, 18 were budget bills, 5 were concurrent and joint resolutions and 47 were bills that made statutory changes.

The Governor has until July 14, 2021 to either sign or veto bills passed during the legislative session. All legislation passed by the General Assembly, if signed into law by the Governor, will become effective on August 28, 2021 unless the legislation provided for a specific effective date or contained an emergency clause. If the Governor takes no action, the bill becomes law.

Below is a recap of bills we were tracking for your TAFP and highlight's from this year's legislative session. We will be in touch in the coming weeks about veto and bill signings, budget updates and special sessions.

Please don't hesitate to reach out with questions and ideas for next year. It's a pleasure to work on your behalf in Jefferson City and across the state. Talk to you soon!

### **Upcoming Dates of Interest**

Listed below are several key dates which may be of interest

July 1: First Day of the State's new fiscal year (FY 2022)

July 14: Last day for Governor to sign or veto legislation

August 28: Legislation enacted during the legislative session becomes effective unless the legislation carried a specific date or emergency clause

September 15: Annual Veto Session in Jefferson City

September 18: Inaugural Ball / Bicentennial Celebration

December 1: First day to pre-file legislation for the 2022 legislative session

January 5, 2022: First day of the 2022 legislative session

Bills Truly Agreed to and Finally Passed In an effort to provide you with direct access to the summary of all bills passed this legislative session, the link below will provide you with summaries and full text copies of every bill that was Truly Agreed to and Finally Passed during the 2021 Missouri legislative session including any House or Senate bill you see referenced in this report: TAFP 2021

Bill summaries are attached.

### **Major Topics that Passed**

- Tort Reform (HB 345) – Modifies provisions relating to the enforcement of arbitration awards and intervention in court proceedings for insurance companies with their customers.
- COVID Liability (SB 51) – Establishes provisions relating to civil actions arising from the COVID-19 pandemic.
- Gas Tax (SB 262) – Adds an additional tax on motor fuel, beginning with 2.5 cents in October 2021, and increasing by 2.5 cents in each fiscal year until reaching an additional 12.5 cents per gallon in 2025.
- SAPA (HB 85) – Establishes the "Second Amendment Preservation Act," which creates additional protections to the right to bear arms including civil penalties for police agencies which enforce federal law.
- PDMP (SB 63) – Creates a statewide "prescription drug monitoring program."
- Wayfair (SB 153) – Establishes the mechanism for Missouri to collect tax on internet sales, the legislation also creates a potential income tax cut, and it phases out the elimination of the cable franchise fee paid to municipalities.
- Education Vouchers (HB 349) - Establishes the "Missouri Empowerment Scholarship Accounts Program," which is a tax credit that can be utilized by a student's family to attend a private or homeschool of their choice.
- College Athletes (HB 297) – Allows college athletes to financially benefit from the use of their names, image, and likeness.
- Law Enforcement Bill of Rights (SB 26) – Establishes due process rights for police officers
- Utility Securitization (HB 738) - Creates provisions allowing electrical corporations to issue bonds to finance energy transition costs.
- Restrictions on Local Health Orders (HB 271) - A political subdivision shall not issue a public health order closing an entity for longer than 30 days without approval of a majority of its governing body. \_

### **Major Topics that Failed to Pass**

- FRA - Extends the sunset on the Federal Reimbursement Allowance Tax on Hospitals, Nursing Homes and Pharmacy's.
- Medicaid Expansion Funding – Missouri's 10% share to draw down the Federal Government's 90% share to cover constitutionally required Missourians under the Medicaid Program. \_
- Initiative Petition Reform - Modifies provisions for initiative petitions, making it more difficult to be placed on the ballot and increases the voter threshold required for approval in order to change the Missouri Constitution.

- Election Reform – requires photo identification to vote and establishes no excuse absentee voting.
- Charter School Expansion and Funding - would expand locations where Charter schools in Missouri can be located and increase local tax dollars that go to Charter schools.
- VLTs/Sports Book Gaming – Establishes the Missouri Video Lottery Control Act allowing for video lottery terminals and legalizes sports wagering in Missouri.
- Biodiesel Fuel Mandate – Makes it illegal to sell diesel fuel in Missouri that doesn't contain at least 10% biodiesel.
- Grain Belt Express – creates eminent domain restrictions to protect property owners from a potential transmission line running across rural Missouri.
- Unemployment Compensation – would force the state to provide overpayment forgiveness on unemployment compensation it unknowingly sent out to recipients.

### **Fiscal Year 2022 State Budget**

The \$25 billion Fiscal Year 2022 Missouri State Operating Budget takes effect July 1. Governor Parson has until June 30 to review the budget and determine if he will approve, line-item veto or withhold budget line items.

A major highlight of the state budget is increases for various entities that were cut or withheld last session due to Covid-19 and predicted declines in public revenue. Despite those predictions, the state continues to have strong revenue collections with 16% growth from this time last year. Healthcare providers, higher education institutions, childcare, transportation cost-share projects, public-school transportation and charter schools all saw appropriation increases.

One major hurdle the budget process faced this session was Medicaid expansion funding. Governor Parson included funding for it in his budget recommendations. However, the House and Senate did move \$500 million into a new fund called, Medicaid Stabilization Fund. The funding will come from the enhanced Federal Medical Assistance Percentage (FMAP) that is provided from the Federal Government.

### **American Rescue Plan**

President Biden's American Rescue Plan (ARP) will bring nearly \$2.7 billion of flexible federal aid to the state to help Missourians rebound from the Covid-19 pandemic. Spending guidelines were released on May 10. The ARP funds were not accounted for in the FY22 budget. Some politicians are predicting Governor Parson will call a special session to approve expenditures of the stimulus finding. In addition to the ARP state aid, cities and counties will receive about \$2.5 billion directly. Additionally, the state of Missouri still has CARES Act funds which it has not yet spent. To learn more about the coronavirus state and local fiscal recovery funds you can go to [treasury.gov/SLFRP](https://treasury.gov/SLFRP). States have until the end of 2024 to spend the ARP funds.

### **Gas Tax Passes**

Missourians will see an increase in fuel tax starting in October 2021 with a 2.5 cent increase in the current fuel tax. There will be a 2.5 cent increase each year until it is

reached an additional 12.5 cents per gallon on July 1, 2025. The current fuel tax in the state of Missouri is 17 cents per gallon and has not been increased since 1992. Voters have twice rejected statewide fuel tax referendums. This fuel tax does not require a statewide vote of the people due to the inclusion of a rebate provision for residents who keep their receipts and submit them for rebate to the Department of Revenue.

### **Wayfair**

Senate Bill 153 was the legislation to require all online sellers to collect use tax on all online purchases. Also known as "Wayfair" because of a recent court case, these provisions provide fairness and equity to brick and mortar businesses who are required to collect sales taxes. The passage of this legislation included a compromise to enact a state earned income tax credit for the working poor and an income tax cut to offset the new revenue collected from purchasers.

### **SS#2 SCS SBs 51 & 42 -- CIVIL ACTIONS / Covid Liability**

SPONSOR: Luetkemeyer (Wiemann)

This bill establishes provisions of law relating to liability in COVID-19 related actions. Please see the attachment.

### **CCS SS#2 SCS HCS HB 271 -- LOCAL GOVERNMENT**

COMMITTEE OF ORIGIN: Standing Committee on Emerging Issues

MISSOURI LOCAL GOVERNMENT EXPENDITURE DATABASE (Section 37.1090, 37.1091, 37.1092, 37.1093, 37.1094, 37.1095, 37.1096, 37.1097, 37.1098) This bill establishes the "Missouri Local Government Expenditure Database", to be maintained by the Office of Administration. For each fiscal year beginning after December 31, 2022, the database

must include extensive information about a given municipality's or county's expenditures and the vendors to whom payments were made. The database must be accessible by the public without charge and have multiple ways to search and filter the information. A municipality or county may voluntarily participate in the database, or may be required to participate if a petition process used by its residents is used to require participation as specified in the bill. A link to the database on a municipal or county website is required.

The Office of Administration may stipulate a format for information and will provide a template for municipalities and counties to use in sending information. Other duties and responsibilities of the Office of Administration regarding the database are detailed in the bill. Financial reimbursement to municipalities and counties for costs associated with the database is authorized.

COUNTY COMMISSIONS (Sections 49.266, 49.310, 476.083, and 50.530) Currently, the county commissions in first, second, and fourth class counties are authorized to promulgate regulations concerning the use of county property. This bill authorizes the county commission in all first, second, third, and fourth class counties to promulgate such regulations.

Currently, the county commission in counties of the first, second, or fourth classification may by order or ordinance promulgate reasonable regulations concerning the use of county property, the hours, conditions, methods, and manner of such use and the regulation of pedestrian and vehicular traffic and parking. This bill provides that the county commission in all noncharter counties may promulgate such orders or ordinances. In absence of any local agreement, any courthouse that contains both county offices and court facilities, the presiding judge of the circuit may establish rules and procedures for court facilities and areas necessary for court-related usage. The county commission shall have authority over all other areas of the courthouse. This bill repeals the provision that in Cass County the presiding commissioner shall be the budget officer unless the county commission designates the county clerk as the budget officer.

COUNTY OFFICIALS (Section 50.166, 50.327, 59.021, 59.100, 82.390, 84.400, 91.450, 115.127) Under current law, a county clerk may transmit in the form of a warrant the amount due for a grant, salary, pay, and expenses to the county treasurer. This bill provides that, upon request, the county treasurer shall have access to any financially relevant document in the possession of any county official for the purposes of processing a warrant. If the warrant is received in the absence of a check, then the county treasurer shall have access to the information necessary to process the warrant. Additionally, no official of any county shall refuse a request from the county treasurer for access to or a copy of any document in the possession of a county office that is financially relevant to the salaries of county officers and assistants; however, a county official may redact, remove, or delete any personal identifying information before submission to the county treasurer. Finally, no county treasurer shall refuse to release funds for the payment of any properly approved expenditure. Under current law, the compensation for non-charter county coroners is based on salary schedules established by law. Under this bill, upon majority approval of the salary commission, the annual compensation of a county coroner may be increased up to \$14,000 greater than the compensation provided by the salary schedule established by law.

The bill provides that each candidate for county recorder shall provide to the election authority a copy of an affidavit from a surety company authorized to do business in this state that indicates the candidate is able to satisfy the bond requirements of the office. Additionally, under current law, all recorders of deeds elected in first, second, and third classification counties shall enter into bond with the state for an amount set by the county commission of not less than \$1,000, with sufficient sureties. Under this bill, these provisions shall only apply to recorders of deeds elected prior to January 1, 2022. For all recorders of deeds elected after December 31, 2021, in first, second, and third classification, counties shall enter into bond with the state for an amount set by the county commission of not be less than \$5,000, with sufficient sureties.

This bill provides that beginning January 1, 2022, the license collector of St. Louis City shall receive a salary of \$125,000 per year and such salary may be annually increased by an amount equal to the annual salary adjustment for employees of St. Louis City as approved by the board of aldermen. This bill provides that a member of the Kansas City Board of Police Commissioners or any member of such police force may be appointed to serve on any state or federal board, commission, or task force where no compensation for such service is paid, except that such board member may accept a per diem or reimbursement for necessary expenses for attending meetings. This bill allows residents of a county that receive services from a board of public works in certain cities to be appointed to serve on such board.

Under current law, the period for filing a declaration of candidacy in certain political subdivisions and special districts is from 8:00 a.m. on the 16th Tuesday prior to the election until 5:00 p.m. on the 11th Tuesday prior to the election. Additionally, the opening date for filing a declaration of candidacy in Kansas City, and any political subdivision or special district within Kansas City, is 8:00 a.m. on the 15th Tuesday prior to the election until 5:00 p.m. on the 11th Tuesday prior to the election. This bill makes the filing period for declarations of candidacy in all political subdivisions and special districts that have not otherwise required a filing period by law or charter to be 8:00 a.m. on the 17th Tuesday prior to the election until 5:00 p.m. on the 14th Tuesday prior to the election.

COMPETITIVE BID PROCESS (Section 50.660 and 50.783) Currently, all contracts and purchases made by a county shall be given to the lowest and best bidder after opportunity for competition, except that advertising is not required in the case of contracts or purchases involving an expenditure of less than \$6,000. It is not necessary to obtain bids on any purchases in the amount of \$6,000 or less made from any one person or corporation during any period of 90 days. Additionally, the county commission may waive the requirement of competitive bidding, except on any single feasible source purchase where the estimated expenditure is over \$6,000, the commission shall post notice of the proposed purchase and advertise the commission's intent in at least one daily and one weekly newspaper in regular circulation. This bill changes the threshold from \$6,000 to \$12,000 for these expenditures. It shall not be necessary to advertise or obtain bids for expenditures less than \$12,000.

PROPERTY MAINTENANCE (Section 64.207 and 67.398) This bill authorizes Boone County to adopt property maintenance regulations and ordinances as provided in the bill. The unavailability of a utility service due to nonpayment is not a violation of the property maintenance code. This bill adds that Franklin County may enact ordinances to provide for the abatement of a condition of any lot that has the presence of a nuisance or debris of any kind.

Under this bill, the property maintenance code must require the county commission to create a process for selecting a designated officer to respond to written complaints of the condition of a

rented residence that threaten the health or safety of the tenants. When a written complaint is filed, the owner of any rental residence must be served with a notice specifying the condition alleged in the complaint and state a reasonable date by which abatement of the condition must commence. If work to abate the condition does not commence as determined by the designated officer, the complaint shall be given a hearing before the county commission. If the county commission finds that the rented residence has a dangerous condition that is harmful to the health, safety, or welfare of the tenant, the county commission shall issue an order that the condition be abated. If the owner violates an order issued by the county commission the owner may be punished by a penalty, which shall not exceed a Class C misdemeanor.

**PUBLIC HEALTH ORDERS (Section 67.265 and 192.300)** A political subdivision shall not issue a public health order, defined in the bill as an order, ordinance, rule, or regulation issued in response to an actual or perceived threat to public health for the purpose of preventing the spread of a contagious disease, during a state of emergency declared by the governor that directly or indirectly closes, partially closes, or places restrictions on the opening of or access to any one or more businesses, churches, schools, or other places of gathering or assembly for a period of time longer than 30 calendar days in a 180-day period. Such orders may be extended more than once upon a simple majority vote of the political subdivision's governing body. A political subdivision shall not issue a public health order of general applicability during a time other than a state of emergency that directly or indirectly closes an entire classification of businesses, churches, schools, or other places of gathering or assembly for a period of time longer than 21 days in a 180-day period. Such orders may be extended more than once upon a two-thirds vote of the political subdivision's governing body. The governing bodies of the political subdivisions issuing orders under this bill shall at all times have the authority to terminate an order issued or extended under this section upon a simple majority vote of the body. No rule promulgated by the Department of Health and Senior Services shall authorize a local public health official to create or enforce any public health orders inconsistent with this bill. Finally, this bill modifies provisions that a county health board shall not impose standards or requirements on an agricultural operation that are inconsistent with, in addition to, different from, or more stringent than any other law or regulation concerning such agricultural operations. These provisions contain an emergency clause.

**SENIOR CITIZENS' SERVICES FUND (67.990, 67.993)** Currently, counties and the City of St. Louis may collect a tax for a Senior Citizens' Services Fund. This bill provides that deposits in such a fund shall be expended only upon approval of the board of directors and, if in a county, only in accordance with the fund budget approved by the county. Additionally, this bill provides that the board of directors of the City of St. Louis may solicit, accept, and expend grants from private or public entities and enter into agreements to effectuate such grants so long as the transaction is in the best interest of the programs provided by the board and the proceeds are used exclusively to fund such programs.

COUNTY CONVENTION AND SPORTS FACILITIES AUTHORITY (Section 67.1153 and 67.1158) This bill provides that the commissioners of a county convention and sports facilities authority shall be appointed by the county executive of the county in which the authority is created with the advice and consent of the county legislative body. If there is no county executive, then the commissioners shall be appointed by the governing body of the county. Additionally, currently, counties that have established a county convention and sports facilities authority may impose a transient guest tax. This bill provides that after the effective date of such tax, the county may enter into an agreement with the authority for the authority to collect the tax. Finally, any tax collected by the authority shall be due on the first day of the next calendar quarter. If any taxes are not paid within 30 days after the due date, the authority may collect 1% interest per month on the unpaid taxes and a penalty of 2% per month on the unpaid tax. Any suits to enforce the collection of the tax shall be filed and prosecuted only by the authority. The authority shall be entitled to recover costs and attorney's fees incurred in collecting the tax.

TELECOMMUNICATIONS (Section 67.1847, 67.2680, and 71.100) This bill provides that a political subdivision, including a grand-fathered political subdivision, shall not charge a linear foot fee for the use of its right-of-way to a telecommunications company or other public utility. However, a political subdivision that was charging linear foot fees as of May 1, 2021, may collect a fee of no more than 5% of gross telecommunications service revenue in lieu of linear foot fees in addition to any permit fees imposed to recover actual rights of way management costs. Under this bill, the state or any other political subdivision shall not impose any new tax, license, or fee in addition to any tax, license, or fee already authorized on or before August 28, 2021, on satellite or streaming video services. This bill allows two or more municipalities to form a broadband infrastructure improvement district for the delivery of broadband internet service to the residents of such municipalities. A district created under the bill shall have to power partner with a telecommunications company or broadband service provider in order to construct or improve telecommunications facilities as specified in the bill. A district may finance the provision or expansion of broadband internet service through grants, loans, bonds, user fees, or a sales tax, not to exceed 1%. The bill also sets forth the composition and operation of the district governing board.

UTILITIES (91.025, 386.800, 393.106, 394.020, 394.315, 204.569) This bill provides that in the event that a retail electric supplier is providing service to a structure located within a municipality that has ceased to be a rural area, and such structure is demolished and replaced by a new structure, such retail electric service supplier may provide permanent service to the new structure upon the request of the owner of the new structure. Additionally, in the absence of an approved territorial agreement, the municipally owned utility shall apply to the Public Service Commission for an order assigning nonexclusive service territories and concurrently shall provide written notice of the application to other electric service suppliers with electric facilities located within



one mile outside of the boundaries of the proposed expanded service territory. In granting the applicant's request, the Commission shall give due regard to territories previously served by the other electric service suppliers and the wasteful duplication of electric service facilities. Any municipally owned electric utility may extend its electric service territory to include areas where another electric supplier currently is not providing permanent service to a structure. If a rural electric cooperative has existing electric service facilities in the area proposed to be annexed, the majority of the existing developers, landowners, or prospective electric customers may submit a written request to the governing body of the annexing municipality to invoke mandatory good faith negotiations as provided in the bill. These provisions shall also apply in the event an electrical corporation rather than a municipally owned electric utility is providing electric service in the municipality.

Currently, when an unincorporated sewer subdistrict of a common sewer district has been formed, the board of trustees of the common sewer district shall have the power to issue bonds, and the issuance of such bonds shall require the assent of 4/7 of the voters of the subdistrict on the question. This bill states that as an alternative to such vote, if the subdistrict is a part of a common sewer district located in whole or in part in certain counties, bonds may be issued for such subdistrict if the question receives the written assent of 3/4 of the customers, as such terms defined in the bill, of the subdistrict. This bill also changes the term "fair and reasonable compensation" to be 200%, rather than 400%, of gross revenues less gross receipts taxes received by the affected electric service supplier from the 12 month period preceding the approval of the municipality's governing body. Additionally, this bill changes the definition of the population of a "rural area" to be increased by 6% every 10 years after each census beginning in 2030. Nothing in this bill shall be construed as otherwise conferring upon the Public Service Commission jurisdiction over the service, rates, financing, or management of any rural electric cooperative or any municipally owned electric utility. The bill also changes the definition of "rural area" to include any area not included within the boundaries of any city, town, or village having a population in excess of 1,600 inhabitants.

**EXPENDITURE OF PUBLIC FUNDS (Section 115.646)** This bill prohibits the contribution or expenditure of public funds by any school district or by any officer, employee, or agent of any school district:

- (1) To support or oppose the nomination or election of any candidate for public office;
- (2) To support or oppose the passage or defeat of any ballot measure;
- (3) To any committee supporting or opposing candidates or ballot measures; or
- (4) To pay debts or obligations of any candidate or committee previously incurred for the above purposes.

The bill additionally prohibits the contribution or expenditure of public funds by any officer, employee, or agent of any political subdivision to pay debts or obligations of any candidate or committee previously incurred for the purposes described above. Any purposeful violation of this bill is punishable as a class four election offense.

**PROPERTY TAX (Section 137.280, 139.100)** This bill allows a county assessor, upon request of a taxpayer, to send personal property tax lists and notices in electronic form. Current law requires a county collector to assess penalties on property tax payments not made as of the first of January. For all property tax liabilities incurred on or after January 1, 2020, and on or before December 31, 2020, this bill allows the St. Louis County collector to enter into an agreement with any taxpayer for the payment of such taxes, including a waiver or reduction of penalties, provided that any such agreement requires such taxes to be paid not later January 8, 2021. If the penalties are waived or reduced, the portion of the penalties and interest paid may be credited to the taxpayer. The county may then reduce on a pro-rata basis any distributions to taxing jurisdictions by the amount of any penalties waived or reduced. This provision contains an emergency clause.

**REIMBURSEMENTS TO COUNTIES (Section 221.105)** Under current law, the Department of Corrections shall issue a reimbursement to a county for the actual cost of incarceration of a prisoner not to exceed certain amounts as provided in the bill. However, the amount shall not be less than the amount appropriated in the previous fiscal year. This bill repeals the provision that the amount reimbursed to counties shall not be less than the amount appropriated in the previous fiscal year.

**THE SALE OF METALS (Section 407.297, 407.300, and 570.030)** No person shall engage in the business of a copper property peddler, as such term is defined in the bill, in the city of St. Louis without first obtaining a license from the city and complying with the provisions of the bill. The requirements for the application for a license are specified in the bill. No license shall be granted to any person who has been convicted of burglary, robbery, stealing, theft, or possession or receiving stolen goods in the two years prior to the date of application. The city has the power and authority to revoke a copper property peddler's license for any willful violation of the bill. This provision shall only be effective when the city is actively issuing licenses to copper property peddlers. This bill requires records of sales of certain metals to be maintained for three years rather than two years. A transaction that includes a detached catalytic converter shall occur at the fixed place of business of the purchaser. A detached catalytic converter shall be maintained for five business days before it is altered, modified, disassembled, or destroyed. Anyone licensed for selling motor vehicle parts as set forth in statute who knowingly purchases a stolen detached catalytic converter shall be subject to penalties as specified in the bill. Currently, every purchaser or collector of, or dealer in, junk, scrap metal, or any second hand property is required to maintain written or electronic records for each purchase or trade in which certain types of material are obtained for value, with exceptions. This bill repeals the exception to the records requirement for any

transaction for which the total amount paid for all regulated material purchased or sold does not exceed \$50, unless the material is a catalytic converter. The records requirement of the bill does not apply to transactions for which the seller has an existing business relationship with the purchaser and for which the seller is paid by check or by electronic funds transfer, or the seller produces an acceptable identification, which shall be a copy of the driver's license or photo identification issued by the state or by the U.S. government or agency thereof, and a copy is retained by the purchaser. The bill also specifies that transactions for metal that is a minor part of heating and cooling equipment shall not be subject to the records requirement in the bill. The offense of stealing shall be a class E felony if the property is a catalytic converter.

**MARRIAGE LICENSES (Section 451.040)** This bill provides that applicants for a marriage license may present an application for the license to the recorder of deeds in person or electronically through an online process. If a recorder of deeds utilizes an online process to accept applications for a marriage license or to issue a marriage license and the applicants' identity has not been verified in person, the recorder shall have a two-step identity verification process or other process that verifies the identity of the applicants. Finally, the recorder shall not accept applications for or issue marriage licenses through an online process unless both applicants are at least 18 years of age and at least one of the applicants is a resident of the county in which the application was submitted.

**COURTS (Section 485.060 and 488.2235)** Beginning January 1, 2022, this bill provides that the annual salary of each court reporter for a circuit judge shall be adjusted by a percentage based on each court reporter's cumulative years of service with the circuit courts. Currently, in addition to all other court costs for municipal ordinance violations, Kansas City may collect additional court costs up to \$5 per case filed before a municipal division judge. This bill extends the sunset provision to August 28, 2026.

**DOCUMENTATION OF VACCINATION (Section 1)** This bill provides that no county, city, town, or village receiving public funds shall require documentation of an individual having received a vaccination against COVID-19 in order for the individual to access transportation system or services or any other public accommodations.

## **SS#2 SCS SB 262 -- TRANSPORTATION**

This bill modifies provisions relating to transportation.

### **TRANSPORTATION FUNDING**

This bill enacts an additional tax on motor fuel, beginning with 2.5 cents in October 2021, and increasing by 2.5 cents in each fiscal year until reaching an additional 12.5 cents per gallon on

July 1, 2025 (Section 142.803.3, RSMo). Motor fuel used for propelling highway vehicles will be exempt from the additional tax, and an exemption and refund may be claimed by the taxpayer if the tax has been paid and no refund has been previously issued, provided that the taxpayer applies for the exemption and refund as provided in the bill (Section 142.822.1). To claim an exemption and refund, a person must present

written verification that the claim is made under penalty of perjury, and stating the amount of fuel tax paid in the applicable fiscal year for each vehicle for which the exemption and refund is claimed.

The claim cannot be transferred or assigned, and must be filed on or after July 1, but not later than September 30, following the fiscal year for which the exemption and refund is claimed. The claim may be filed electronically, and must be supported by certain documentation as provided in the bill (Section 142.822.2). Every person must maintain and keep records for 3 years to substantiate all claims for exemption and refund of the motor fuel tax, as specified in the bill (Section 142.822.3). The Director of the Department of Revenue may investigate exemptions and refunds prior to their issuance, or following issuance but within the time frame for making tax adjustments as provided by law (Section 142.822.4).

The bill provides for payment of interest by the Director for exemptions and refunds not issued within 45 days of an accurate and complete filing (Section 142.822.5). The exemption and refund of additional motor fuel tax will be available only with regard to motor fuel delivered into a motor vehicle with a gross vehicle weight rating of 26,000 pounds or less (Section 142.822.6).

This bill also provides that the existing fuel tax exemption for non-highway use may be filed electronically, that applicants must retain original sales slips rather than submitting them to the

Department, and that refunds must be issued within 45 days, rather than 30 days (Sections 142.824.1, 142.824.5 and 142.824.8). The bill specifies that the fees for alternative fuel decals are increased by 20% per year for a period of 5 years, except that the fee for vehicles in excess of 36,000 pounds is increased by 10% per year for a period of 5 years, and the fee for temporary decals is not modified (Section 142.869.2).

Lastly, the bill establishes within the Department of Revenue the "Electric Vehicle Task Force", with membership as specified in the bill, including two members of the Senate, one appointed by the Speaker Pro Tem and one by the Minority Leader and two members of the House of Representatives with one appointed by the Speaker and one appointed by the Minority Leader. As detailed in the bill, the Task Force must analyze and make recommendations regarding the impact of electric vehicle adoption on transportation funding. The Task Force must deliver a written report to the General Assembly and the Governor no later than December 31, 2022 (Section 142.1000).

#### ODOMETER READINGS

The bill increases, from 10 years to 20 years, the maximum age of a motor vehicle required to have its odometer readings recorded in certain circumstances (Sections 301.192.1(6) and 301.280.1). A corresponding change is made with regard to odometer fraud offenses

(Sections 407.526 and 407.556.2(2)). The bill also specifies that the Department of Revenue may allow electronic signatures on written powers of attorney authorizing mileage disclosures and transfers of ownership (Section 407.536.8).

## COMMERCIAL DRIVING LICENSE BANS FOR HUMAN TRAFFICKING CONVICTIONS

The bill enacts a lifetime ban from driving a commercial motor vehicle for any person convicted of using a commercial motor vehicle in the commission of a felony involving "severe forms of human trafficking in persons", as defined by federal law (Section 302.755.19).

## **CCS HCS SS SCS SBs 153 & 97 -- TAXATION**

This bill modifies several provisions relating to taxation.

**USE TAX MAPPING (Section 32.310, RSMo)** Currently, the Department of Revenue has created and must maintain a mapping feature on its website that displays various sales tax information. This bill requires the mapping feature to include tax information. Political subdivisions collecting a use tax must send such data to the Department of Revenue by January 1, 2022, and the Department will update the mapping feature using the use tax data by July 1, 2022. By July 1, 2022, the Department will 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 are changed or altered, the political subdivision must forward such changes to the Department, as described in the bill.

**COMMUNITY IMPROVEMENT DISTRICTS (Sections 67.1401, 67.1421, 67.1451, 67.1461, 67.1471, 67.1481, and 67.1545)** Currently, a petition is required for the creation of a community improvement district (CID) to include a five year plan describing the improvements to be made in the CID. This bill requires such a plan to include the anticipated sources of funds and the term of such sources used to pay the costs of such improvements. This bill also limits the duration of a CID to 27 years for CIDs formed after August 28, 2021.

Upon the creation of a CID, this bill requires the municipal clerk of the municipality to report in writing to the State Auditor in addition to the Missouri Department of Economic Development.

For CIDs established after August 28, 2021, in which there are no registered voters, this bill 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 is not a relative within the second degree of consanguinity to an owner of real property or a business operating within the CID. For CIDs that are political subdivisions and established after August 28, 2021, if the board of the CID is to be elected, the petition will require at least one member of the board to be appointed by the governing body of the municipality as described in the bill.

This bill requires all construction contracts entered into after August 28, 2021 in a district that has adopted a sales tax, and that are in excess of \$5,000 must be competitively bid and will be

awarded to the lowest and best bidder. Currently, CIDs are required, within 120 days after the end of the fiscal year, to submit a report to the municipal clerk and the Department of Economic Development stating the services provided, revenues collected, and expenditures made by the CID during the fiscal year. The bill requires that the report include the dates the CID adopted its annual budget, submitted its proposed annual budget to the municipality, and submitted its annual report to the municipal clerk. Under this bill, for the termination of a CID, each ordinance establishing a CID will set forth the term for the existence of such CID which term may be defined as a minimum, maximum, or definite number of years, but in the case of CIDs established after August 28, 2021, the term will not exceed 27 years except as specified in the bill.

The exception provides that prior to the expiration of the term of a CID, a municipality may adopt an ordinance to extend the term of the existence of a CID after holding a public hearing on the proposed extension. The extended term may be defined as a minimum, maximum, or definite number of years, but the extended term will not exceed 27 years. Notice of the hearing will be given in the same manner as required under current law, except the notice will include the time, date, and place of the public hearing; the name of the CID; a map showing the boundaries of the existing CID; and a statement that all interested persons will be given an opportunity to be heard at the public hearing. In each CID in which a sales tax is imposed, every retailer must prominently display the rate of the sales tax imposed or increased at the cash register area.

**DEFINITION OF "BLIGHTED" AND "BLIGHTED AREA"** (Sections 67.1401, 99.020, 99.320, 99.805, 99.821, 99.918, 99.1082, 100.310, 135.950, 262.900, and 353.020) This bill defines "blighted" and "blighted area" in numerous provisions of law to mean, "an area which, by reason of the predominance of insanitary or unsafe conditions, deterioration of site improvements, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, or welfare in its present condition and use".

**VIDEO SERVICE PROVIDER FEES** (Sections 67.2677, 67.2680, 67.2689, and 67.2720) This bill modifies provisions relating to communications services offered in political subdivisions. The bill modifies the definition of "gross revenues" for provisions of law relating to video service providers. This bill prohibits the state and political subdivisions from imposing a new tax, license, or fee in addition to any tax, license, or fee already authorized on or before August 28, 2021, upon the provision of satellite or streaming video services.

This bill specifies that, 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 will be phased out as follows:

- 1) Beginning August 28, 2023, 4.5% of gross revenues;
- 2) Beginning August 28, 2024, 4% of gross revenues;
- 3) Beginning August 28, 2025, 3.5% of gross revenues;
- 4) Beginning August 28, 2026, 3% of gross revenues; and
- 5) 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 bill, the fee will be identified and collected as a separate line item.

The bill creates the "Task Force on the Future of Right-of-Way Management and Taxation" consisting of 16 members, including two members of the Senate appointed by the President Pro Tem of the Senate and two members of the House of Representatives appointed by the Speaker of the House of Representatives. The remaining members are specified in the bill. 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 will compile a report of its activities for submission to the General Assembly. The report will be submitted no later than December 31, 2023, and will include any recommendations which the Task Force may have for legislative action. The Task Force will expire on December 31, 2023.

**TAX INCREMENT FINANCING** (Sections 99.805, 99.810, 99.820, 99.843, 99.847, and 99.848) Modifies several provisions relating to tax increment financing. This bill modifies the definitions of "blighted area" and "conservation area", and creates new definitions for "port infrastructure projects", "retail area", and "retail infrastructure projects".

This bill modifies local tax increment financing projects by providing that a study will 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 bill also provides that retail areas, as defined in the bill, will not receive tax increment financing unless such financing is exclusively utilized to fund retail infrastructure projects, as defined, or unless such area is a blighted or conservation area. Currently, cities, towns, and villages located in St. Louis County, St. Charles County, or Jefferson County are required to establish a 12 member commission that will 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 bill adds Cass County to such a list of counties. Redevelopment plans approved or amended after December 31, 2021, by a city not within a county may provide for the deposit of up to 10% of the tax increment financing revenues generated pursuant to Section 99.845 into

a strategic infrastructure for economic growth fund established by such city in lieu of deposit into the special allocation fund. Moneys deposited into the strategic infrastructure for economic growth fund pursuant to this section may be expended by the city establishing such fund for the purpose of funding capital investments in public infrastructure that the governing body of such city has determined to be in a census tract that is defined as a low-income community pursuant to 26 U.S.C. Section 45D(e) or is eligible to be designated as a qualified opportunity zone pursuant to 26 U.S.C. Section 1400Z-1. New projects are prohibited from being authorized in any Greenfield area.

Beginning January 1, 2022, this 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, Jefferson City, or Hannibal,
- (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 will not be authorized in St. Charles County unless the redevelopment area actually abuts a river or major waterway, as described in the bill. Currently the 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 bill modifies the 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.

**TAXATION OF AIRCRAFT (Section 137.115)** This bill increases the number of hours of operation per year a noncommercial aircraft at least 25 years old can fly from less than 50 hours to less than 200 hours in order to be assessed and valued at 5% of the aircraft's true value for property tax purposes.

**INDIVIDUAL INCOME TAX (Sections 143.011, 143.121, 143.171 and 143.177)** 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 bill adds two additional 0.1% reductions. Additionally, beginning with the 2024 calendar year, the top rate of tax will be reduced by 0.1%. Currently, a taxpayer is allowed to deduct from his or her Missouri adjusted gross income a portion of his or her federal income taxes paid.

This bill provides that federal income tax credits received under Public Law 116-260 or any amount of federal income tax refund attributable to a tax credit reducing a



taxpayer's federal tax liability under any other federal law that provides direct economic impact payments to taxpayers to mitigate financial challenges related to the COVID-19 pandemic will not be considered when determining the amount of federal income tax liability allowable as a deduction. This provision contains an emergency clause.

Currently, taxpayers who itemize deductions are required 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 bill provides that any amount of a federal income tax refund attributable to a tax credit received under Public Law 116-260 or any amount of federal income tax refund attributable to a tax credit reducing a taxpayer's federal tax liability under any other federal law that provides direct economic impact payments to taxpayers to mitigate financial challenges related to the COVID-19 pandemic will not be included in the taxpayer's Missouri adjusted gross income. This provision contains an emergency clause.

This bill also establishes the "Missouri Working Family Tax Credit Act". Beginning with the 2023 calendar year, this bill 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 will not exceed the amount of the taxpayer's tax liability, and will not be refundable. The amount of such tax credit will 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 will 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 will 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 will determine whether a taxpayer who did not apply for the tax credit established by this bill is eligible and will notify such taxpayer of his or her potential eligibility. The Department will prepare an annual report regarding the tax credit established by this bill containing certain information as described in the bill.

SALES TAX ADMINISTRATION (Section 144.049, 144.080, 144.140, 144.526, 144.608, 144.637, and 144.638) This bill 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 bill 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 bill.

This provision will expire on January 1, 2028, unless reauthorized by the General Assembly. 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. The Director will 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 bill.

This bill 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.

Monetary allowances from taxes collected will be provided to certain sellers and certified service providers for collecting and remitting state and local taxes, as described in the bill. Currently, the law provides statutory sales tax collection thresholds to determine the frequency at which sellers must file and remit sales taxes collected, with such periods being quarter-monthly, monthly, quarterly, and annually. Currently, the law also allows the Department of Revenue to increase, but not decrease, such thresholds through rule. This bill 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.

**USE TAX ECONOMIC NEXUS (Section 144.605)** This bill modifies the definition of "engaging in business activities within this state" to include vendors that had cumulative gross receipts from taxable sales 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 12 month period, as described in the bill. Vendors meeting such criteria will be required to collect and remit the use tax as provided under current law.

**MARKETPLACE FACILITATORS (Section 144.752)** Beginning January 1, 2023, marketplace facilitators, as defined in the bill, that engages in business activities within the state must 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 bill. Such retail sales will include those made directly by the marketplace facilitator as well as those made by marketplace sellers through the marketplace facilitator's marketplace. Marketplace facilitators will report and remit use tax collected under these provisions as determined by the Department.

Marketplace facilitators properly collecting and remitting use tax in a timely manner will be eligible for any discount provided for under current law.

Marketplace facilitators must provide purchasers with an invoice showing that the use tax was collected and will be remitted on the marketplace seller's behalf. No class action will 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.

**LOCAL USE TAXES (Section 144.757, 144.759, and Section 1)** This bill 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 bill 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. This bill provides that the portion of the local use tax imposed by St. Louis County will be distributed to the cities, towns, villages, and unincorporated areas of the county based on the ratio of the population that each such city, town, village, and unincorporated area bears to the total population of the county. No later than the first week of November 2021, any county or municipality that has enacted a local use tax must provide notice, as described in the bill, in a newspaper and on the county's or municipality's website that certain purchases from out-of-state vendors will become subject to the provisions of the bill.

**SIMPLIFIED SALES AND USE TAX ADMINISTRATION ACT (Sections 144.1000-144.1015)** This bill repeals the Simplified Sales and Use Tax Administration Act.

#### **EFFECTIVE DATES**

Provisions of the bill relating to the deduction of federal income taxes paid contain an emergency clause. The provisions of this bill relating to sales tax administration, use taxes, and income taxes will become effective January 1, 2023. Provisions of the bill modifying definitions relating to video service provider fees will become effective August 28, 2023. The remaining provisions will become effective August 28, 2021