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# MML 2015 LEGISLATIVE UPDATE

by Richard Sheets



## BILLS OF INTEREST TO MUNICIPAL OFFICIALS THAT PASSED

(Bills without a specified effective date or emergency clause go into effect on Aug. 28, 2015.)

**T**urmoil reigned during the final week of the first session of the 98th General Assembly. In the Senate the controversial passage of right-to-work legislation brought that body to a standstill. A somber mood hung over the House as revelations of misconduct by Speaker of the House John Diehl emerged, forcing him to resign from the Missouri House of Representatives on the last day of the session.

It has become a common practice during the final days and hours of the legislative session to load bills with amendments. These amendments are typically measures that were not properly scrutinized during the session or could not pass on their own merit. The unprecedented end to the legislative session resulted in the failure of these last-minute harmful amendments without the normal “mad dash” to get them removed.

Our successes this session could not have occurred without the active participation by municipal officials. Responses to action alerts turned the tide on a number of bills. The testimony before standing committees by municipal officials not only affected the outcome of legislation; it demonstrated to legislators the high degree of professionalism and knowledge possessed by municipal officials.

There is a saying in Jefferson City, “If you are dying, you want to die in the House or Senate because nothing is really dead in the Missouri General Assembly.” We expect that many of the bills the League opposed during the 2015 legislative session will return next year. During the next few months leading up to the second session of the 98th General Assembly, well-funded special-interest lobbyists will be meeting with legislators to garner support for legislation that will harm municipalities. It is very important that municipal officials also meet with legislators prior to next session to counter special interests’ call for detrimental legislation.

Issues that we believe will return next year include:

- Shifting right-of-way relocation costs to municipalities
- Local sales tax exemptions for entertainment venues
- Elimination of landlord/tenant joint liability for water and sewer bills
- Elimination of municipal taxes on prepaid phone cards
- Prohibiting municipalities from providing certain services
- Pre-emption of municipal taxicab regulations
- State-mandated police officer termination procedures

There will certainly be other issues, both positive and negative, that will be introduced next legislative session. □

### “Mack’s Creek” Bill

CCS/HCS/SS/SCS/SB 5 was Truly Agreed To and Finally Passed and is now on Gov. Nixon’s desk. The Governor will likely sign the bill into law. This bill further limits municipal revenue from traffic fines, mandates new municipal court procedures and strict financial reporting requirements. Municipalities are prohibited from receiving more than 20 percent of their general operating funds from minor traffic violations. For municipalities in St. Louis County, the threshold is 12.5 percent of their general revenue. “Excess” revenue must be sent to the Missouri Department of Revenue. Municipalities in St. Louis County are subject to a state-mandated disincorporation referendum if they do not meet 12 operating standards within three years.

A lot of misinformation, distorted facts, and derogatory comments about municipalities were expressed publicly by those in support of this legislation. This was a case of municipal bashing at its worst. The rhetoric from bill supporters will harm the reputation of all hard-working Missouri officials for years to come. It was disheartening to hear.

## Urban Agricultural Zones (UAZ)

HCS/SS/SCS/SB 12 adds a definition for “mobile unit” and modifies the definition of “processing urban agricultural zone (UAZ)” to include produce. Under this act, any local sales tax revenue received from the sale of agricultural products sold by a mobile unit associated with a vending UAZ shall be deposited into the urban agricultural zone fund. Fund moneys shall be split evenly between school districts providing certain curriculum and municipalities for UAZ improvements. Municipalities’ allocation of fund moneys shall be based upon the municipality’s percentage of local sales tax revenues deposited into the fund. (Section 262.900 RSMo)

## Sales Tax Exemptions For Data Storage Centers

SB 149 provides state and local sales and use tax exemptions for all machinery, equipment, computers, electrical energy, gas, water and other utilities, including telecommunication and Internet services used in new data storage center facilities. The act also provides a state and local sales and use tax exemption for purchases of tangible personal property for the construction of a new data storage center facility. In order to receive the sales tax exemption provided for new data storage center facilities, an application must be made to the Department of Economic Development for certification. Such application must show that the project will result in at least \$25 million of new facility investment and create at least 10 new jobs with wages of at least 150 percent of the county average wage over a three-year period.

## Solid Waste Management Districts

SB 445 establishes:

- conflict of interest criteria for solid waste management district board members;
- allocated district moneys remaining at the fiscal year due to inadequate grant applications shall be reallocated for grant applications in subsequent years and projects other than district operations;
- that district moneys remaining after five years shall be returned to the solid waste management fund;
- an extension of the moratorium on increasing the sanitary landfill tipping fee, the demolition landfill tipping fee, and the transfer station tipping fee set to expire in 2017; and
- changes to the composition of the solid waste advisory board.

## Tax Study Commission

SS HB 384 establishes the study commission on state tax policy. The public hearings will be in different geographic regions of the state. The commission must study the tax structure, identify the strengths and weaknesses, investigate ways to improve the policy, and provide recommendations on the tax policy to the general assembly. Municipalities will have a representative on the commission.

## Election

SS SCS HCS#2 HB 63 re-enacts a statute that was repealed last year exempting municipalities from the requirement to hold primary elections.

## Petition Audits

SB 87 requires persons submitting petitions for an audit of a political subdivision to be a resident or real property owner within the political subdivision and to return the signed petition within one year of requesting the petition from the state auditor. Persons may rescind their signature on such a petition by delivering a sworn statement to that effect to the state auditor within 10 days of the receipt of the signed petition by the state auditor.

## Sales Tax Holiday

SS SCS HCS HBs 517 & 754 adds a graphing calculator with a taxable value of \$150 or less to the list of items that are exempt from sales tax during the annual sales tax holiday for school supplies and lowers the amount allowed for personal computers or computer peripheral devices from \$3,500 to \$1,500.

## Plastic Bags And Minimum Wage (*Vetoed*)

SS#2 HCS HB 722 prohibits banning or placing a fee on the use of plastic bags and prohibits municipalities from establishing a citywide minimum wage that is higher than the state or federal minimum wage. This bill will not pre-empt any municipal minimum wage laws enacted prior to Aug. 28, 2015.

## Sales Tax Exemption For Commercial Laundries

SB 20 creates a state and local sales and use tax exemption for material, machinery, and energy used by commercial laundries in treating or cleaning textiles. The facility must process at least 500 pounds per hour and 60,000 pounds per week to qualify for the exemption.

## BILLS OF INTEREST TO MUNICIPAL OFFICIALS THAT FAILED TO PASS

SB 222 (Sen. Schatz) required municipalities to pay for the cost of moving all telecommunication facilities in the right of way. (Opposed)

SB 266 (Sen. Schaefer) prohibited municipalities from providing services that are being provided by the private sector. (Opposed)

SB 430 (Sen. Curls) provided that when a municipality seeks to annex an area that contains a portion of a state highway, the proposed annexation must include the area that extends one mile directly perpendicular to the outer edge of each of the two outermost lanes on both sides of the highway. (Opposed)

HB 756 (Rep. Hicks) would have allowed the prepaid phone card company Tracfone to evade millions of dollars in local gross receipts taxes. (Opposed)

HB 275 (Rep. Hinson) would have removed the inflationary assessment growth factor that is currently allowed when municipalities calculate their annual property tax rate. (Opposed)

SB 150 (Sen. Parson) exempted motor vehicles older than 10 years from the local and state sales tax. (Opposed)

HB 662 (Rep. Ross) required municipalities to pay for the cost of moving all utilities in the right of way. (Opposed)

HB 641 (Koenig) placed a sunset on local sales taxes. (Opposed)

HB 714 (Rep. Lauer) changed the laws regarding funding for emergency 911 services, administration of 911 funding, and the cooperation and contracting between emergency service providers. (Supported)

SB 323 (Sen. Munzlinger) allowed non-residents to run for city office in third- and fourth-class cities. (Opposed)

SB 223 (Sen. Schatz) eliminated the inflationary growth factor for municipal property tax rates. This bill gives taxpayers standing to sue without first paying taxes under protest and allows for class action lawsuits. (Opposed)

HB 690 (Rep. Korman) required anyone charged with a nonmoving traffic violation, excluding parking tickets, to receive notification, in person, within 24 hours of the violation from a law enforcement officer. (Opposed)

HB 308 (Rep. Gardner) changed from 30 percent to 15 percent the maximum amount of its total annual revenue a city, town, or village may receive from fines and court costs for traffic violations. (Opposed)

HB 332 (Rep. Barnes) changed from 30 percent to 10 percent the maximum amount of its total annual revenue a city, town, or village may receive from fines and court costs for traffic violations. (Opposed)

HB 389 (Rep. Hoskins) required the Missouri Department of Revenue to create a system that allows a business to remit one payment per month to the department for a tax, fee, charge, or assessment if the total amount is more than \$50,000 and is owed to at least 25 governmental entities. (Opposed)

SB 540 (Sen. Libla) would have raised the motor fuel tax by 6 cents per gallon in 2-cent increments beginning this year. The tax would be adjusted annually for inflation beginning three years after enactment. Municipalities would have received an additional \$35,000,000 in gas tax revenue. (Supported)

SB 305 (Sen. Onder) would have allowed telephone companies to elect to have their tangible personal property assessed in accordance with a depreciation schedule. Local government, particularly schools, would lose millions of dollars if SB 305 had been enacted into law. (Opposed)

SB 351, HB 781 and HB 792 pre-empted municipal taxicab regulation by exempting transportation network companies ("TNC") from local licensing and regulations. (Opposed)