

2019-2946 - Legislative Forecast 2020

Sales taxes:

The 2018 Supreme Court decision in *Wayfair* has given the States a green light to collect sales taxes on Internet transactions. However, the 2019 session of the Missouri General Assembly failed to produce such a law despite over a dozen different bills being introduced. At least half of those bills did not include a provision for local taxes and some of those which did also required a roll-back of the tax rate. Two of the moving bills that did include local sales taxes were amended to provide for collection of only the State and any local use tax on tangible personal property.

We believe that the 2020 session will see these same types of bills, but we believe that the use tax version has the most promise, in part because there are some 2,200 different local and special tax rates throughout Missouri; a bill imposing those taxes on Internet merchants may not survive the requirement in *Wayfair* that the collection of the tax not be unduly burdensome.

Franchise fees:

Last session, Senator Emery introduced SB 273 which would have lowered the cable franchise fee to no more than 3% and would have imposed some sort of tax, fee, or surcharge on “video service providers” to equalize the lost current revenue from the franchise fee. That bill met with substantial opposition leading Sen. Emery to schedule meetings of “stakeholders” both near the end of session and during the summer. However, MML was specifically disinvited to the summer meeting (although several lobbyists at that summer meeting also represent cities).

The summer meeting came no closer to resolving the issue, but the current suggested approach seems to be that Sen. Emery will introduce a bill simply reducing the cable franchise fee to a maximum of 3% with the expectation that a *Wayfair* tax bill will adequately make up for lost revenue. It’s uncertain whether his bill will actually propose such a tax or, perhaps, be conditioned on passage of such a tax.

We did alert MML to the discussions in the summer meeting and suggested that they reach out to the cities within Sen. Emery’s and Sen. Wallingford’s (the co-sponsor of SB 273) districts to dissuade both Senators from pursuing this approach. We do not know if MML used our advice, but we do know they will certainly oppose any bill of this nature.

Other municipal revenues:

The House created an interim committee, the Special Interim Committee on Oversight of Local Taxation which holds its first meeting on August 12, in Kansas City. That meeting is focused primarily on property taxes.

The interim committee is composed of 9 Republicans and 3 Democrats; fortunately, three of the members have served on city councils and one was a county Collector. We have no idea at this time what bills the committee may generate.

Municipal Courts:

This past session stripped municipal courts of much of their ability to enforce payment of court fines or even to require an offender to appear in court. We don't know of any bills yet, but we expect—and hope—that there will be some efforts to restore the ability of municipal courts to enforce local ordinances.

Police Services:

While the issue was fairly quiet this past session, recent news coverage and comments from the Attorney General indicate that there will be a renewed effort to impose additional record keeping and reporting of the racial and ethnic characteristics of traffic stops and, potentially other police interaction with the public. We also can anticipate bills requiring additional and more frequent training of police officers. Every year there have been bills requiring more documentation of consent searches of people and vehicles, but this issue may also have more traction this next session.

Economic Development:

The Senate has formed the Senate Interim Committee on Tax Credit Efficiency and Reform which held its first meeting on July 30. Unfortunately, the membership of the committee is weighted toward those who have shown prior opposition to tax credits and various economic development programs. Worse yet, for several years the Senate has demonstrated growing antipathy toward locally directed economic development programs such as TIF, TDDs and similar local authority. While this attitude is not as prevalent in the House, we expect more efforts to restrict or effectively eliminate municipal control over these programs.

Zoning and Regulatory Activities:

Frankly, we have a fairly negative perception the General Assembly's willingness to allow local regulation of many other local activities. They have previously denied your ability to regulate businesses like Uber and Lyft and have repeatedly attempted to prevent the City's regulation of Airbnb-type activities, with some bills even prohibiting the City from collecting taxes on hotel/motel activities. This past session, there was even a nearly successful effort to prohibit the City from adopting any new occupational licensing requirement and the legislature successfully allowed residential builders to use their own engineers to conduct inspections of critical structural elements of the houses designed by the engineers. We see nothing limiting the General Assembly from continuing to propose more restriction or elimination of local regulation.