

February 19, 2018

In order to be responsive to the latest legislative developments, MOCPA continually monitors proposed legislation. The society utilizes both professional and grassroots lobbyists to ensure the CPA profession has a voice in Jefferson City. By keeping members informed, MOCPA is empowering you to contribute to the legislative process.

Update provided by Chuck Pierce, CPA, MOCPA government relations consultant

Session Update

Last week, the Senate unveiled its tax plan. Both chambers dealt with the effects of legislators changing their minds after votes were taken. Several bills of interest to Missouri CPAs advanced.

The big news for Missouri CPAs was the Senate Ways and Means Committee voted out its much-anticipated tax reform bill. The committee combined SBs 611, 617 and 667. The new bill, [SCS/SB 617](#), contains parts of all bills as well as some components of the governor's plan.

In summary **SCS/SBs 617, 611 and 667**:

- Reduces the top rate of individual income tax to 5.25 percent;
- Allows for four additional annual reductions of 0.1 percent in subsequent years if certain revenue triggers are met;
- Reduces the top rate of individual income tax by 0.3 percent if the Supreme Court or Congress overturns Quill;
- Modifies the deduction for federal income taxes paid by indexing the amount that may be deducted to the taxpayers adjusted gross income;
- Eliminates the timely filing allowance for payroll withholding;
- Establishes a non-refundable state earned income tax credit that is tied to the federal credit;
- Reduces the corporate tax rate to 4.25 percent;
- Eliminates the corporate deduction for federal taxes;
- Eliminates the optional three factor apportionment method for multi-state tax allocation;
- Requires the use of a single factor allocation and apportionment method that is changed from the current one;
- Adopts the Streamlined Sales Tax Agreement;
- Caps the Low Income Housing Tax Credit at \$135 million; and
- Implements the Capitol Complex Tax Credit Act that creates new credits for donations for renovating the capitol and places caps on other Historic Tax Credits.

A few words of caution on reviewing the bill. It is more than 200 pages. Much of that is the definitional language for Streamlined Sales tax. The other significantly complicated section is on the multi-state allocation apportionment language. It makes some significant changes to the existing single factor method. If you have an interest in either of these areas, it may be worthwhile to review them closely.

It is also very likely the bill may change several times before passing. The bill still must be debated on the Senate floor where it can be amended. Even if it passes unchanged by the Senate (unlikely), it is subject to be changed in the House in either the committee or on the floor—or both. MOCPA will be tracking this bill closely and will report on it at each stage. If you have any thoughts or input on the bill that you'd like MOCPA to be aware of and share with appropriate parties, please send to dhull@mocpa.org.

Legislation requires two votes to pass either chamber. The first vote is called a perfection vote. It can be either a voice or roll call vote. After a bill is perfected, it is considered just that and cannot be amended. It still must have another vote, which cannot be on the same day, for what is called third reading. The third reading vote is always a roll call vote. It is generally considered a formality as things don't change between the two votes. It was an unusual week as both the House and the Senate experienced a change of heart on a bill in each chamber.

Previously, we reported on a long filibuster of a utility bill in the Senate. That bill was set to have a third read vote on Thursday. On Wednesday, several of the Senators who originally objected to the legislation and led the filibuster, showed signs of buyer's remorse over having agreed to compromise. They took control of the floor and engaged in stalling action to tie up the Senate. This tension carried over to the floor on Thursday morning. By Thursday afternoon, a new twist to the compromise had been reached, and the objecting Senators allowed the bill to come to a vote. It passed 25 to 6. It now goes to the House. The House is very likely to make further changes to the bill. If it does, the debate will return to the Senate later in the session when floor time becomes precious.

The House also had a case of change of hearts. A bill to increase the penalties for injuring a police dog was perfected 101 to 44. Going into the vote, the bill was considered to be generally popular and had been heavily supported by Governor Greitens. During perfection debate, there was a lot of discussion on whether this legislation was racially insensitive, and whether police dogs are always used judiciously during demonstrations. Concerns were expressed that there were much more pressing issues regarding police use of force issues that the Legislature had not tackled, and that perhaps this issue should not be the first one addressed. The opponents to the bill presented convincing arguments, and in a rare move, the bill was defeated on third read.

This shows why in the world of government advocacy, you must always remember it's not over until the final vote.

Legislation of Interest

To view the complete list of high-priority bills MOCPA is currently tracking, along with their most recent activity and current status, [click here](#). The following bills had significant activity this week:

[HB 1409](#), modifying both the duration of unemployment compensation and the method to pay federal advances, and raising the fund trigger causing contribution rate reductions, passed the House 96 to 53.

[HB 1460](#), authorizing a tax deduction for any prize or award won by an Olympic medalist, passed the House 109 to 39.

[HB 1879](#), changing the laws regarding financial transactions by public entities, passed the House 144 to 2.

[SB 549](#), reauthorizing the Missouri Works Training Program and Missouri Works programs, passed the Senate 29 to 2.

[SB 569](#), providing a trustee immunity from liability for the loss of trust property due to the investment decisions of another person or investment committee, passed the Senate 31 to 0.

[SB 573](#), allowing an income tax deduction for certain military personnel, passed the Senate 32 to 0.

[SB 581](#), repealing provisions requiring a landlord to keep security deposits in a trust, passed the Senate 24 to 7.

[SB 593](#), enacting provisions relating to financial solvency of insurance companies, passed the Senate 32 to 0.

[SB 629](#), modifying provisions relating to tax increment financing, passed the Senate 28 to 3.

[SB 807](#), modifying provisions relating to degree offerings at public institutions of higher education, passed the Senate 29 to 2.

For Additional Information

This *Government Advocacy Update* will continue weekly through the legislative session. If you have any questions on MOCPA's government advocacy efforts, please visit the [Web page](#), or contact [Dena Hull](#) at (800) 264-7966, ext. 105.

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