



May 8, 2020

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

The Legislature spent this week working on the state's budget ahead of today's deadline for completion. The House and Senate had different views on the level of cuts needed. This caused intense negotiations in conference that were not worked out until the last day. The budget picture was made more dismal by the release of the state's revenue numbers for April. In between the work on the budget, both chambers continued to create massive omnibus bills.

The Legislature is required to complete the FY 2021 budget by the end of today. The great uncertainty of the impact the pandemic would have on state revenues has been the focus of tension between the House and Senate versions of the budget. All agree that the extension of the tax filing deadline for 2019 returns and first quarter estimates will have a huge impact on FY 2020 year-end revenues. The disagreement is over whether this is largely a timing difference that will be made up when the returns are filed, or just the tip of an iceberg of significant revenue declines attributable to the economic downturn. The House prepared a budget based on a view that revenues are not likely to rebound until late in the next fiscal year. Senate budget drafters took a more optimistic view. This difference resulted in the Senate initially restoring many of the cuts the House had made. The final resolution won't be known until the budget is finished later today.

The actual amount of revenues will not be known until after the budget is adopted. Revenue collections through the end of April, while down, are not conclusive. Through April, net general revenue decreased by 6.1 percent. Here is the breakdown by type of revenue year to date:

- Individual income tax is down 9.6 percent;
- Sales and use tax is up 2.3 percent;
- Corporate income and franchise is down 11.4 percent; and
- Refunds are down 13.5 percent.

These trends could be attributable to the extension of the filing deadlines or could be indicative of a declining economy. That will not be known for months. The current year's budget assumed revenue growth of approximately 2 percent. Because income tax collections are not due until after the June 30 year-end, it is clear the state will finish with revenues substantially below the amount budgeted.

Much of the work ironing out the differences between the House and Senate budget was done in committee. This left ample floor time for both bodies to continue the practice of heavily amending bills. Bills are being changed in both committee and on the floor by amending other bills onto bills that are further along in the process. This creates a risk of error and makes it very difficult to track. Most of these large bills will likely end up going to conference next week to work out differences between the House and Senate versions. The final outcome for most of this legislation likely won't be known until the last day of session.

Legislation of Interest

At this point in the session, it is very difficult to track legislation because of the amendment process. MOCPA's top priorities of changes to the accountancy law and the partnership audit rules are still alive thanks to the amendment process described above. Here are the key bills at this point:

[**HB 2046**](#) is now an omnibus licensing bill that contains MOCPA's priorities of changes to eligibility to sit for the exam and the peer review administrative process. This bill is going to conference to work out the differences between the House and Senate versions.

[**HB 1854**](#) this is a local government omnibus bill that now includes the partnership audit provisions. This bill is going to conference to work out the differences between the House and Senate versions.

[**SB 704**](#) is the original partnership audit bill that is now an omnibus tax bill containing the peer review language. This bill was amended by a House Committee. It requires a House vote and another Senate vote.

[**SB 676**](#) is another omnibus tax bill that includes the partnership audit provisions. This bill was amended in the House and the changes were approved by the Senate 30 to 0. The bill is finally passed and goes to Governor Parson. In addition to the partnership audit language, the bill has other provisions of importance to Missouri CPAs. It includes a provision to ensure the stimulus payments are not taxable at the state level. It also makes changes to property tax assessment processes to allow taxpayers more opportunities to appeal assessment increases.

At any point, the content of these bills could change. Look for an updated list in the next two updates. A final list of legislation of importance to Missouri CPAs will be posted to MOCPA's website at the end of the session.

For Additional Information

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.