

Study Commission on State Tax Policy

Study Commission Meeting

Wednesday, June 8, 2016

10:00 a.m.

House Hearing Room 3

During the morning meeting the Commission discussed Organizational and Administrative issues.

- The Commission called roll and approved the minutes from the February 25, 2016 meeting.
- The Commission discussed Work Groups.
- The Commission discussed the level of detail required in the report.
 - A narrower report may be more useful.
 - The Commission decided that for the 2016 report it will focus on the current status of the law and the 2017 report will focus on coming up with alternatives.
- It was recommended that the commission provide general concepts or guidelines as opposed to providing proposed language.
- The Commission discussed how to handle other taxes and issues.
 - Some might be rolled into the established Work Groups.
 - For example, tax credits might fall under the income tax group.
 - Special taxing districts were mentioned as something that should probably be covered.
 - It was suggested that the Commission focus on the 3 main categories identified and limit activity with regard to the other areas.
- The Commission discussed resources available for Work Groups.
- The Commission discussed the format of the report.
 - Similar reports from other states are available on the shared drive.
 - Most contained just broad data but some had more detailed recommendations than others.
 - The Commission discussed an electronic report.
 - Including technology would make the report more useful to the public.
 - Including links and infographics would be helpful.
 - The final version of the report should include recommendations for changes and how those changes should be implemented.
- The Commission discussed potential future meeting dates.
 - The Commission is required to conduct 5 meetings throughout the state.
 - The following dates and cities were chosen:
 - Wednesday, August 17 in Springfield
 - Wednesday, October 19 in St. Louis
 - Tuesday, November 15 in Kansas City

In the afternoon the Commission heard public testimony and conducted open discussion.

- Richard Moore testified on behalf of CenturyLink and asked the commission to address state tax law issues for telephone companies. Specifically he discussed:

- Changing the way business property is assessed,
 - Imposing 911 taxes on wireless customers, and
 - Preventing government-owned competitors from receiving tax revenue.
- The Commission discussed recent difficulties with Missouri income tax returns. Two main issues were cited as the root of the problem.
 - First, fraud has increased and the nature of that fraud has changed.
 - Fraud used to primarily take place on the part of the preparer, but now people are using stolen or purchased information to randomly file income tax returns in each state.
 - Recently, the IRS and the Department of Revenue have begun combating this fraud by requiring more information from taxpayers. In certain situations, the Department needs more information from the taxpayer to process a return.
 - Increased information has allowed the Department to combat fraud but it takes a lot of manpower to do so. This sort of work is not something that temporary workers could perform.
 - The employees working on these investigations are also the employees responsible for communicating with taxpayers for necessary information.
 - This increased workload is part of what has led to delays but the Department is working overtime to get returns out to taxpayers.
 - Next year's budget creates several new positions with the Department that should help with this issue next year.
 - Second, the state has cash flow issues around this time of the year.
 - Refunds are being paid out as the funds are available but anticipating the amount necessary for refunds is tricky.
 - Around the middle of the month, many of the state's obligations are due including payments for education and various service care providers.
 - According to Mo. Const. Art. IV, Section 27(a)3 the state cannot make any cash operating transfers out of the Budget Reserve Fund after May 15 until the new fiscal year begins.