SENATE SUBSTITUTE

FOR

SENATE COMMITTEE SUBSTITUTE

FOR

SENATE BILL NO. 724

AN ACT

To repeal section 105.145, RSMo, and to enact in lieu thereof one new section relating to financial statements of political subdivisions, with penalty provisions.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Section 105.145, RSMo, is repealed and one new

- 2 section enacted in lieu thereof, to be known as section 105.145,
- 3 to read as follows:
 - 105.145. 1. The following definitions shall be
- 2 applied to the terms used in this section:
- 3 (1) "Governing body", the board, body, or persons in
- 4 which the powers of a political subdivision as a body
- 5 corporate, or otherwise, are vested;
- 6 (2) "Political subdivision", any agency or unit of
- 7 this state, except counties and school districts, which now
- 8 is, or hereafter shall be, authorized to levy taxes or
- 9 empowered to cause taxes to be levied.
- 10 2. The governing body of each political subdivision in
- 11 the state shall cause to be prepared an annual report of the
- 12 financial transactions of the political subdivision in such
- 13 summary form as the state auditor shall prescribe by rule,
- 14 except that the annual report of political subdivisions
- 15 whose cash receipts for the reporting period are ten
- 16 thousand dollars or less shall only be required to contain
- 17 the cash balance at the beginning of the reporting period, a

- summary of cash receipts, a summary of cash disbursements and the cash balance at the end of the reporting period.
- 20 3. Within such time following the end of the fiscal year as the state auditor shall prescribe by rule, the governing body of each political subdivision shall cause a copy of the annual financial report to be remitted to the state auditor.
- 25 4. The state auditor shall immediately on receipt of 26 each financial report acknowledge the receipt of the report.
- 27 In any fiscal year no member of the governing body of any political subdivision of the state shall receive any 28 compensation or payment of expenses after the end of the 29 time within which the financial statement of the political 30 subdivision is required to be filed with the state auditor 31 and until such time as the notice from the state auditor of 32 the filing of the annual financial report for the fiscal 33 year has been received. 34
- 35 6. The state auditor shall prepare sample forms for 36 financial reports and shall mail the same to the political 37 subdivisions of the state. Failure of the auditor to supply 38 such forms shall not in any way excuse any person from the 39 performance of any duty imposed by this section.
 - 7. All reports or financial statements hereinabove mentioned shall be considered to be public records.

40

41

- 42 8. The provisions of this section apply to the board 43 of directors of every transportation development district 44 organized under sections 238.200 to 238.275.
- 9. Any political subdivision that fails to timely
 submit a copy of the annual financial statement to the state
 auditor shall be subject to a fine of five hundred dollars
 per day.
- 49 10. The state auditor shall report any violation of 50 subsection 9 of this section to the department of revenue.

- 51 Upon notification from the state auditor's office that a
 52 political subdivision failed to timely submit a copy of the
 53 annual financial statement, the department of revenue shall
 54 notify such political subdivision by certified mail that the
 55 statement has not been received. Such notice shall clearly
 56 set forth the following:
 - (1) The name of the political subdivision;

57

64

65

78

79

80

81

82

83

- 58 (2) That the political subdivision shall be subject to
 59 a fine of five hundred dollars per day if the political
 60 subdivision does not submit a copy of the annual financial
 61 statement to the state auditor's office within thirty days
 62 from the postmarked date stamped on the certified mail
 63 envelope;
 - (3) That the fine will be enforced and collected as provided under subsection 11 of this section; and
- 66 (4) That the fine will begin accruing on the thirty67 first day from the postmarked date stamped on the certified
 68 mail envelope and will continue to accrue until the state
 69 auditor's office receives a copy of the financial statement.
- 70 In the event a copy of the annual financial statement is 71 received within such thirty-day period, no fine shall accrue The state auditor shall report receipt of 72 or be imposed. the financial statement to the department of revenue within 73 74 ten business days. Failure of the political subdivision to 75 submit the required annual financial statement within such 76 thirty-day period shall cause the fine to be collected as provided under subsection 11 of this section. 77
 - 11. The department of revenue may collect the fine authorized under the provisions of subsection 9 of this section by offsetting any sales or use tax distributions due to the political subdivision. The director of revenue shall retain two percent for the cost of such collection. The remaining revenues collected from such violations shall be

- 84 distributed annually to the schools of the county in the
- 85 same manner that proceeds for all penalties, forfeitures,
- 86 and fines collected for any breach of the penal laws of the
- 87 state are distributed.
- 88 12. Any [transportation development district organized
- under sections 238.200 to 238.275 having] political
- 90 subdivision that has gross revenues of less than five
- 91 thousand dollars or that has not levied or collected sales
- 92 or use taxes in the fiscal year for which the annual
- 93 financial statement was not timely filed shall not be
- 94 subject to the fine authorized in this section.
- 95 13. If a failure to timely submit the annual financial
- 96 statement is the result of fraud or other illegal conduct by
- 97 an employee or officer of the political subdivision, the
- 98 political subdivision shall not be subject to a fine
- 99 authorized under this section if the statement is filed
- 100 within thirty days of the discovery of the fraud or illegal
- 101 conduct. If a fine is assessed and paid prior to the filing
- of the statement, the department of revenue shall refund the
- 103 fine upon notification from the political subdivision.
- 14. If a political subdivision has an outstanding
- 105 balance for fines or penalties at the time it files its
- 106 first annual financial statement after January 1, 2022, the
- 107 director of revenue shall make a one-time downward
- 108 adjustment to such outstanding balance in an amount that
- 109 reduces the outstanding balance by no less than ninety
- percent.
- 111 15. The director of revenue shall have the authority
- to make a one-time downward adjustment to any outstanding
- 113 penalty imposed under this section on a political
- 114 subdivision if the director determines the fine is
- uncollectable. The director of revenue may prescribe rules
- and regulations necessary to carry out the provisions of

- 117 this subsection. Any rule or portion of a rule, as that
- term is defined in section 536.010, that is created under
- 119 the authority delegated in this section shall become
- 120 effective only if it complies with and is subject to all of
- the provisions of chapter 536 and, if applicable, section
- 122 536.028. This section and chapter 536 are nonseverable, and
- if any of the powers vested with the general assembly
- 124 pursuant to chapter 536 to review, to delay the effective
- date, or to disapprove and annul a rule are subsequently
- 126 held unconstitutional, then the grant of rulemaking
- authority and any rule proposed or adopted after August 28,
- 128 2021, shall be invalid and void.