

HB 2571 -- FINANCIAL STATEMENTS OF CERTAIN LOCAL GOVERNMENTS

SPONSOR: McGaugh

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Local Government by a vote of 10 to 0.

Currently, counties of the first classification without a charter form of government are required to prepare and publish in a qualified paper a financial statement for the previous year by the first Monday in March. This bill requires all non-charter counties to prepare and publish in a qualified newspaper a financial statement for the previous year by June 30th. The financial statement also must include the name, office, and current gross annual salary of each elected or appointed county official. The county clerk or other officer responsible for the preparation of the financial statement must preserve the documents relied upon in the making of the financial statements and provide an electronic copy free of charge to any newspaper requesting a copy of the data. The sections previously dealing with county financial statements and their publication for counties of the second, third, and fourth classifications are repealed (Sections 50.800, 50.810, 50.815, and 50.820, RSMo).

The bill also changes the laws regarding the consequences to a political subdivision for failure to file the required annual financial statement with the State Auditor.

Any political subdivision that has gross revenues of less than \$5,000 or that has not levied or collected a tax is not subject to the fine.

If the failure to submit the annual financial statement is a result of fraud or other illegal conduct by any employee, the failure will not result in a fine if the financial statement is filed within 30th days of the discovery of the fraud or illegal conduct.

If a political subdivision has outstanding fines due when filing its first annual financial statement after August 28, 2024, the Director of the Department of Revenue (DOR) will make a one-time downward adjustment of the total amount due by no less than 90%. In addition, the Director of DOR has the authority to make a one-time downward adjustment to any fine he or she deems uncollectible (Section 105.145).

This bill is similar to SB 1362 (2024).

PROPONENTS: Supporters say that the bill will allow small counties to publish notice in the same manner as large counties, using the

condensed format of financial statements, and should result in savings for small counties. The salary of officials is a common question asked by citizens and its publication will increase transparency. Small local governments cannot afford the fines and need help.

Testifying in person for the bill were Representative McGaugh; Missouri Association County Clerks & Election Authorities; Jimmy Laughlin, Missouri Association of County Auditors; Missouri Press Association; Municipal League of Metro STL; Missouri Municipal League; and the Missouri Association of Counties.

OPPONENTS: Those who oppose the bill say that there should be responsibility and transparency.

Testifying in person against the bill was Arnie C. Dienoff.

OTHERS: Others testifying on the bill say they were there to answer any questions.

Testifying in person on the bill was the Missouri State Auditor's Office.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.