

HB600 - MISSOURI STATE INCOME TAX COMPLIANCE CHALLENGES

Missouri Leadership Academy, Class 17



TEAM MEMBER INTRODUCTIONS



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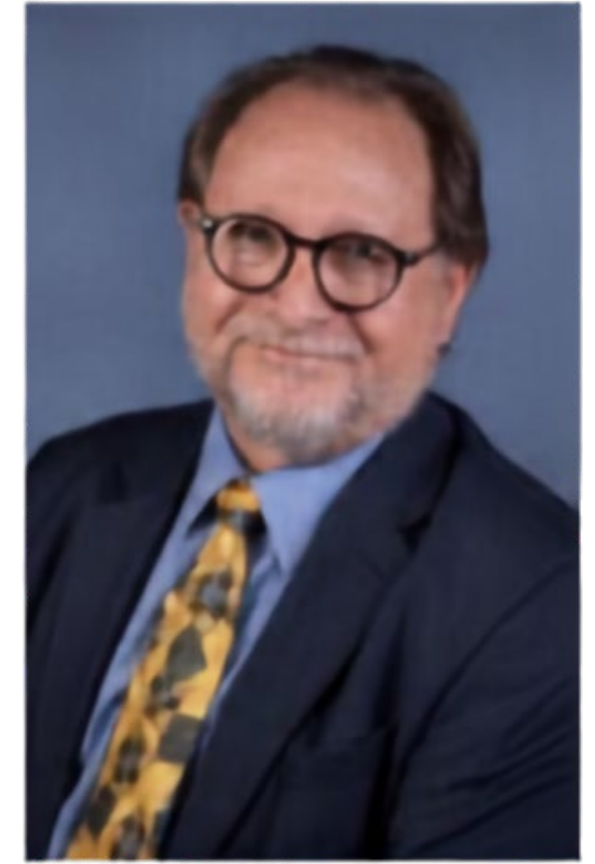
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PROBLEM STATEMENT



Missouri state agencies are experiencing challenges in hiring and retaining qualified employees and are encountering substantial administrative burden due to the tax compliance requirements established under House Bill (HB) 600.

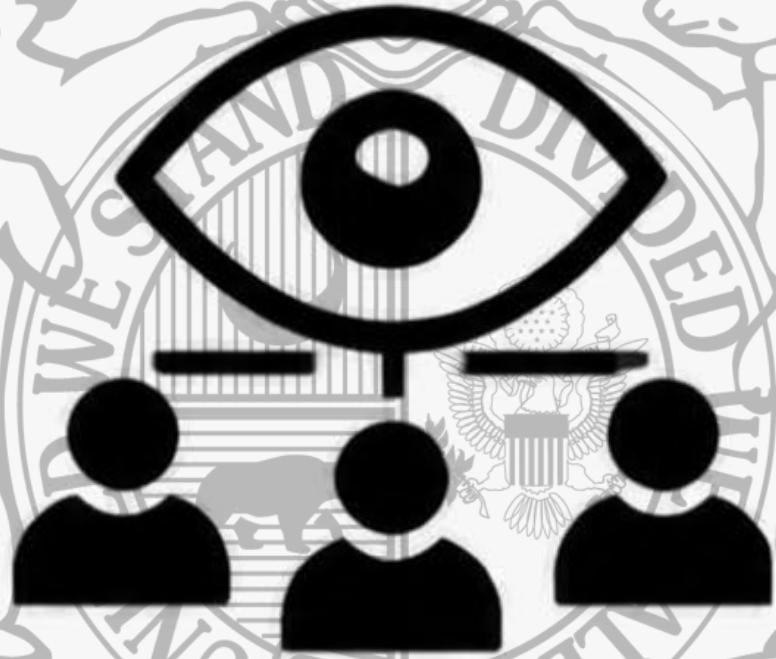
CONTEXT & STATISTICS

- Out of 52,665 Missouri employees, 8% have been flagged by the Department of Revenue for HB600 non compliance and risked termination within the past three fiscal years. -
- 238 executive - agency employees were terminated over the last three fiscal years; with an average turnover cost of \$18,630 per employee, the estimated cost exceeded \$4.4 million.
- Estimated costs do not include the time dedicated by HR teams in getting their team members compliant.

INCONSISTENCIES AMONG EXECUTIVE AGENCIES



Handling of reports



Hands-on oversight



Hiring practices

RECOMMENDATIONS

Standardize education and policy:

- Provide proactive HB600 guidance during hiring and employment, with expectations clearly outlined during employee orientation, and develop a statewide policy referencing the associated statute.

Continued employee education :

- Offer ongoing reminders about compliance time lines and requirements that strategically align with tax season.

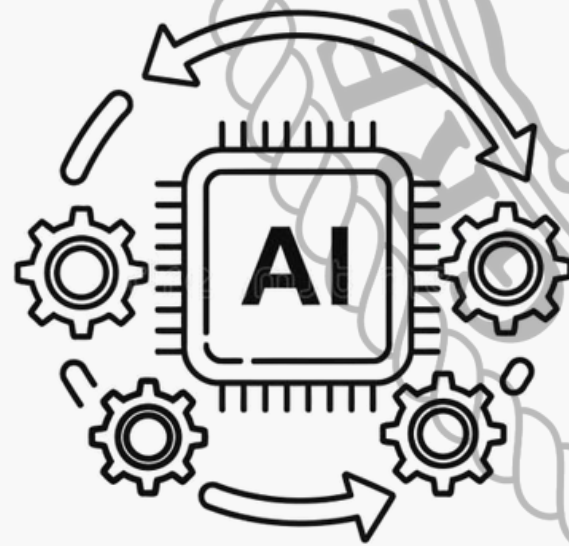
Amend the statute in two areas :

- Allow applicants with tax issues to be hired with compliance as a condition of continued employment (some agencies are doing this; some interpret as cannot hire).
- Replace automatic dismissal with a mandatory payroll deduction plan of at least \$50 per month for up to 36 months when no voluntary plan is established within 45 days.

FUTURE CONSIDERATION: AUTOMATED NOTICES

- Using modern technology, identify an enterprise solution that automates the initial notification process through AI, supporting EO 26
- Transition ownership of the initial automated notification process to DOR, then looping in the HR directors

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DOR generated compliance notices with
AI automation

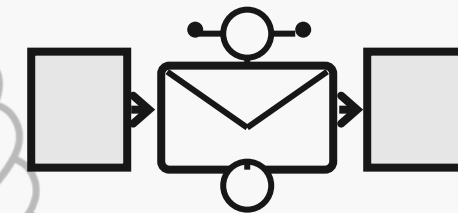
SUMMARY



Increased education



Automatic payroll deduction after 45 days of formal notice



DOR generated compliance notices with AI automation

THE GOAL IS TO COLLECT DELINQUENT NOT TO TERMINATE GOOD EMPLOYEE