

HB600 - MISSOURI STATE INCOME TAX COMPLIANCE CHALLENGES

Missouri Leadership Academy, Class 17



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.

TEAM MEMBER INTRODUCTIONS



Millie Stanfield
Office of
Administration



Nate Atkins
Department of
Corrections



Bryant Davidson
Department of
Commerce
and Insurance



Justin McGuire
Department of
Conservation



Ryan Barnett
Department of
Transportation



Joe Sanning
Department of
Economic
Development

HB600 STATISTICS

52,665 State of Missouri employees

- Based on Sam II HR as of 7/27/2026 , all three branches

	FY25	FY24	FY26
Balance Due Notices	2,832	2,409	2,858
Non - filer Notices	3,668	4,309	4,805
Total	6,500	6,718	7,663
Individuals Referred to Employer	3,925	4,357	4,128



*Employees that DOR engaged due to non - compliance

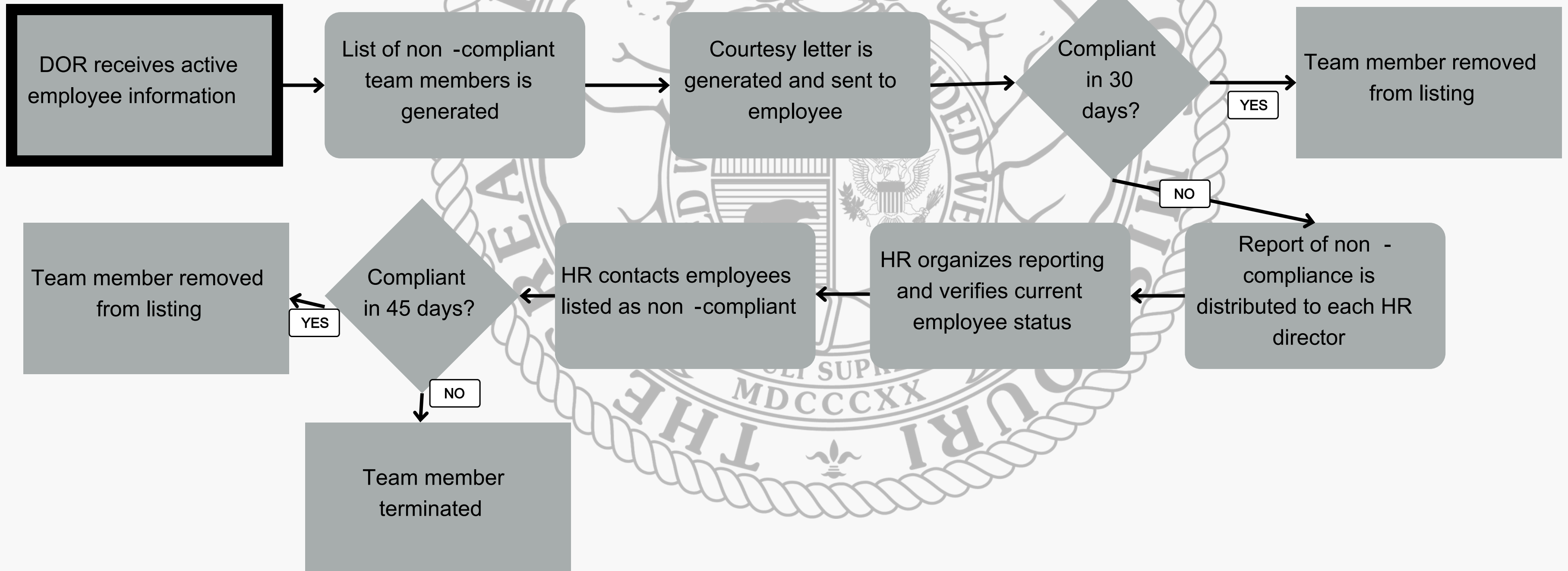
8% of State of Missouri employees faced risk of termination

TEAM MEMBER TERMINATED PREVIOUS YEARS



- Among all Executive agencies – 238 terminations
- Average of 14 terminations per agency
- Average turnover cost \$18,630 *
*According to the Division of Personnel
- Estimated cost to the state over the last 3 FYs: \$4,433,940

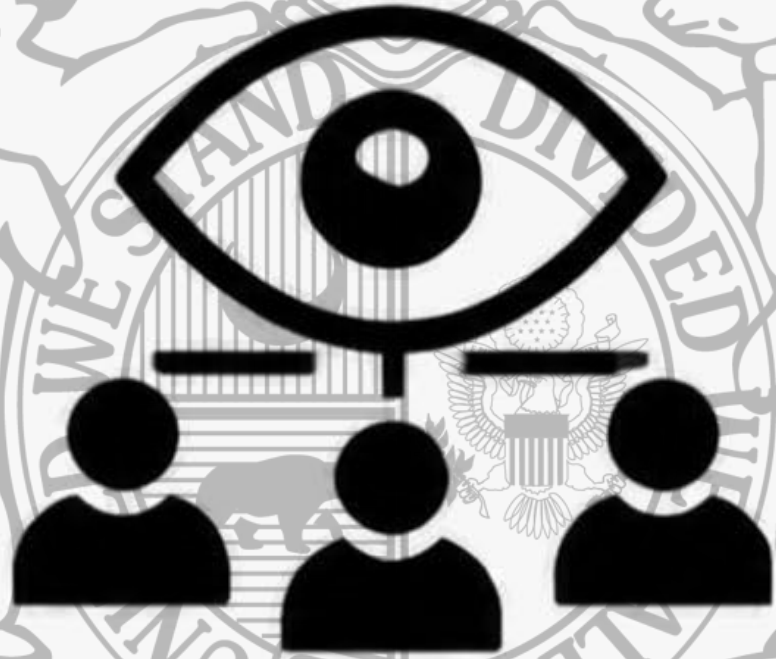
CURRENT AB600 PROCESS



INCONSISTENCIES AMONG EXECUTIVE AGENCIES



Handling of reports



Hands-on oversight



Hiring practices

WHY THIS MATTERS

Missouri is working hard to hire and retain a strong workforce.



HB600 compliance challenges can deter applicants, interrupt onboarding, and force terminations of otherwise good employees who don't understand the process.

**THE GOAL IS TO COLLECT DELINQUENT TAXES
TO TERMINATE GOOD EMPLOYEES**

RECOMMENDATION 1: EARLY EDUCATIONAL COMPONENTS



- Compliance education early and often



- Codify a standardized education strategy in statewide policy

RECOMMENDATION 2: CONTINUED EDUCATION



State of Missouri

EMPLOYEE TAX COMPLIANCE

YOUR ROLE.
Stay informed. Stay compliant.
Protect your career.



YOUR RESPONSIBILITY. OUR MISSION.

Missouri law requires all state employees to file required Missouri income tax returns and pay any balance due. Failure to do so may result in enforcement action under HB 600.

AS A STATE EMPLOYEE, YOU MUST:

- ✓ File all required Missouri income tax returns.
- ✓ Pay any tax, interest, and penalties due.
- ✓ Keep your contact information current with the Department of Revenue.
- ✓ Respond promptly to notices from the Department of Revenue.



**EARLY ACTION.
NO SURPRISES.**
Taking care of your tax responsibilities helps you avoid enforcement actions and protects your employment.

RESOURCES & HELP

The Department of Revenue is here to help.



DOR Online Services
File returns, make payments, and manage your account.
dor.mo.gov



Payment Plans
Set up an approved payment plan if you cannot pay in full.



Forms & Publications
Access forms, guides, and helpful information.
dor.mo.gov/forms



Contact DOR
(573) 751-9268
taxpayer.services@dor.mo.gov
Monday – Friday
8:00 a.m. to 5:00 p.m. (CT)



Need More Help?
Ask our Tax Assistants – get answers to common tax questions 24/7.
dor.mo.gov/tax-assistant



IMPORTANT REMINDER
Later in the year, you are expected to complete your Annual Tax Compliance Certification through the State of Missouri Portal.



Your compliance protects your career and supports Missouri.



MISSOURI DEPARTMENT OF REVENUE
515 E. High Street
Jefferson City, MO 65101
dor.mo.gov

RECOMMENDATION: STATUTE CHANGE

§ 105.262.1, RSMo

- From : “ 1. As a condition of continued employment with the state of Missouri ...”
- To: “ 1. A person that has not filed all tax returns or paid all state income taxes may be hired by the State of Missouri, however, as a condition of continued employment ...”

RECOMMENDATION 3B: STATUTE CHANGE B

§ 105.262.2, RSMo

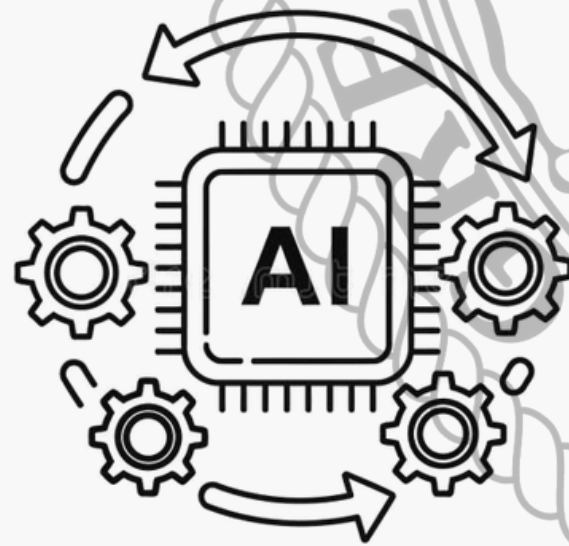
- From: "... within the forty - five days will result in immediate dismissal of the employee from employment by the state."
- To: "...If a voluntary payment plan is not implemented within the forty - five days, it will result in the immediate enrollment in a payroll deduction plan at a minimum of \$50 per month for up to 36 months to pay the outstanding tax liability."

THE GOAL IS TO COLLECT DELINQUENT TAXES
TO TERMINATE GOOD EMPLOYEES

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

- 02



DOR generated compliance notices with
AI automation

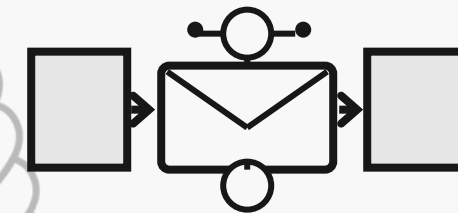
SUMMARY



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