

HB 534 -- DISTRIBUTION OF ST. LOUIS COUNTY SALES TAX

SPONSOR: Leara

COMMITTEE ACTION: Voted "do pass" by the Committee on Local Government by a vote of 10 to 6.

Currently, cities in St. Louis County are divided into two groups, Group A and Group B, for the purpose of distributing the county sales tax. Once a Group A city chooses to become part of Group B, it cannot revert back to Group A. A Group B city cannot choose to become a Group A city.

Beginning January 1, 2012, this bill changes the distribution of revenue from the St. Louis County sales tax to the municipalities and the county back to the way it was distributed prior to January 1, 1994; authorizes a Group B city to adopt an ordinance to become a Group A city; and authorizes a Group A or Group B city that has changed groups to transfer back to its original group.

FISCAL NOTE: No impact on state funds in FY 2012, FY 2013, and FY 2014.

PROPOSERS: Supporters of the bill say that these provisions were meant to have communities in good financial status help those that are not, but the smaller communities are now often financing the larger ones. The bill will correct a flawed tax system that acts as a disincentive for a community to develop economically on its own. It is an issue of fairness, and some cities simply want to keep the revenues that they produce.

Testifying for the bill were Representative Leara; Dennis Hancock, City of Fenton; and Randy Logan and Rob Heggie, City of Chesterfield.

OPPOSERS: Those who oppose the bill say that without the pooled revenues, the smaller cities will not be able to meet their financial obligations or provide basic services. If one smaller city fails, it will create a domino effect. This is an area where all of the municipalities are interrelated and need to share.

Testifying against the bill were St. Louis County Executive Charlie A. Dooley; Matt Conley, City of St. Ann; and James McGee, City of Vinita Park.