

SECOND REGULAR SESSION

# HOUSE BILL NO. 2830

98TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE CURTIS.

6854H.011

D. ADAM CRUMBLISS, Chief Clerk

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## AN ACT

To amend chapter 66, RSMo, by adding thereto two new sections relating to earnings taxes.

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

Section A. Chapter 66, RSMo, is amended by adding thereto two new sections, to be  
2 known as sections 66.450 and 66.451, to read as follows:

**66.450. 1. On and after August 28, 2016, any county with a charter form of  
2 government and with more than nine hundred fifty thousand inhabitants is hereby  
3 authorized to levy and collect, by ordinance and for general revenue purposes, an earnings  
4 tax not to exceed one percent per annum on:**

5 **(1) The salaries, wages, commissions, and other compensation earned by its  
6 residents;**

7 **(2) The salaries, wages, commissions, and other compensation earned by  
8 nonresidents of the county for work done or services performed or rendered in the county;**

9 **(3) The net profits of associations, business, or other activities conducted by  
10 residents;**

11 **(4) The net profits of associations, businesses, or other activities conducted in the  
12 county by nonresidents; and**

13 **(5) The net profits earned by all corporations as the result of work done or services  
14 performed or rendered and business or other activities conducted in the county.**

15

16 **As used in this section, the term "salaries, wages, commissions, and other compensation"  
17 shall not include any contributions to any deferred compensation plans including, but not  
18 limited to, salary reduction plans, cafeteria plans, or any other similar plans that defer the**

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

19 receipt of compensation by a resident or nonresident if such contribution is not subject to  
20 Missouri state income tax at the time such contribution is made.

21           **2. No earnings tax authorized under this section shall be imposed or levied unless**  
22 **the voters of such county approve an ordinance imposing and levying such earnings tax at**  
23 **a general election or special election held for that purpose.**

24           **3. The question submitted to the voters shall contain the earnings tax rate imposed**  
25 **and the name of the county submitting the question. The language of such question shall**  
26 **consist of substantially the following language but, under subsection 12 of this section, may**  
27 **also include language submitting approval of a charter amendment authorizing the county**  
28 **to impose and levy an earnings tax:**

29

30 **Shall ..... (insert name of county) impose an earnings tax of .... (insert rate) percent for**  
31 **a period of five years beginning on January first immediately following the date of this**  
32 **election?**

33            **Yes**                            **No**

34

35 **If a majority of voters voting on the question vote in favor of the question, then the county**  
36 **may impose and collect the tax beginning on January first immediately following the**  
37 **election. If a majority of voters voting on the question vote against the question, the county**  
38 **shall not impose an earnings tax under this section unless and until the voters approve an**  
39 **ordinance that authorizes an earnings tax.**

40           **4. An earnings tax authorized under this section shall be resubmitted to the voters**  
41 **of the county every five years for reauthorization.**

42           **5. The question submitted to the voters of whether to reauthorize an earnings tax**  
43 **in the county shall contain the earnings tax percentage imposed, shall contain the name of**  
44 **the county submitting the question, and shall consist of substantially the following**  
45 **language:**

46

47 **Shall ..... (insert name of county) continue to impose an earnings tax of .... (insert rate)**  
48 **percent for another five-year period beginning on January first immediately following the**  
49 **date of this election?**

50            **Yes**                            **No**

51

52 **If a majority of voters voting on the question vote in favor of the question, then the county**  
53 **may continue to impose and collect the earnings tax. If a majority of voters voting on the**  
54 **question vote against the question, the earnings tax shall be phased out under subsection**

55 7 of this section unless and until the voters either reauthorize the ordinance or, if such  
56 ordinance is completely phased out, approve a new ordinance imposing and levying an  
57 earnings tax.

58 6. If the county does not submit a question to reauthorize the earnings tax to voters  
59 as required under subsection 4 of this section or if the voters vote to not reauthorize such  
60 earnings tax, such earnings tax shall be phased out under subsection 7 of this section, and  
61 such county shall not be authorized to impose or levy an earnings tax except to phase out  
62 such earnings tax unless and until the voters either reauthorize the earnings tax or, if such  
63 ordinance is completely phased out, approve a new ordinance imposing and levying an  
64 earnings tax.

65 7. If the earnings tax is to be phased out under subsection 6 of this section, such  
66 earnings tax levied and imposed shall be reduced as follows:

67 (1) Beginning January first of the first calendar year following the calendar year  
68 in which the election under subsection 4 of this section was either held or was required to  
69 be held but was not held, the earnings tax shall not exceed nine-tenths of one percent;

70 (2) Beginning January first of the second calendar year following the calendar year  
71 in which the election under subsection 4 of this section was either held or was required to  
72 be held but was not held, the earnings tax shall not exceed eight-tenths of one percent;

73 (3) Beginning January first of the third calendar year following the calendar year  
74 in which the election under subsection 4 of this section was either held or was required to  
75 be held but was not held, the earnings tax shall not exceed seven-tenths of one percent;

76 (4) Beginning January first of the fourth calendar year following the calendar year  
77 in which the election under subsection 4 of this section was either held or was required to  
78 be held but was not held, the earnings tax shall not exceed six-tenths of one percent;

79 (5) Beginning January first of the fifth calendar year following the calendar year  
80 in which the election under subsection 4 of this section was either held or was required to  
81 be held but was not held, the earnings tax shall not exceed one-half of one percent;

82 (6) Beginning January first of the sixth calendar year following the calendar year  
83 in which the election under subsection 4 of this section was either held or was required to  
84 be held but was not held, the earnings tax shall not exceed four-tenths of one percent;

85 (7) Beginning January first of the seventh calendar year following the calendar  
86 year in which the election under subsection 4 of this section was either held or was  
87 required to be held but was not held, the earnings tax shall not exceed three-tenths of one  
88 percent;

89           **(8) Beginning January first of the eighth calendar year following the calendar year**  
90 **in which the election under subsection 4 of this section was either held or was required to**  
91 **be held but was not held, the earnings tax shall not exceed two-tenths of one percent;**

92           **(9) Beginning January first of the ninth calendar year following the calendar year**  
93 **in which the election under subsection 4 of this section was either held or was required to**  
94 **be held but was not held, the earnings tax shall not exceed one-tenth of one percent; and**

95           **(10) After the ninth calendar year following the calendar year in which the election**  
96 **under subsection 4 of this section was either held or was required to be held but was not**  
97 **held, notwithstanding any provisions of this chapter; chapter 67, 80, or 94; or any charter,**  
98 **no county shall impose or levy, by ordinance or any other means, an earnings tax unless**  
99 **and until voters of such county approve an earnings tax under this section.**

100           **8. The governing body of the county imposing an earnings tax under this section**  
101 **may provide for deductions and exemptions from salaries, wages, and commissions of**  
102 **employees and may provide for exemptions on account of the spouses and dependents of**  
103 **such employees.**

104           **9. In order to facilitate the collection of the earnings tax authorized under this**  
105 **section, the county may, by ordinance, create wage brackets within which the tax shall be**  
106 **uniform for taxpayers entitled to the same number of exemptions.**

107           **10. Any county imposing an earnings tax under this section is hereby authorized**  
108 **to impose upon employers the duty of collecting and remitting to the county such tax and**  
109 **to prescribe penalties for failure to perform such duty. If such county should impose such**  
110 **duty on employers, each such employer shall be entitled to deduct and retain one and**  
111 **one-half percent of the total amount collected to compensate such employer for collecting**  
112 **such tax. The governing body of any such county may, by ordinance, reduce, eliminate,**  
113 **or reimpose such fee allowed to employers.**

114           **11. No tax ordinance enacted under this section shall require any taxpayer to file**  
115 **copies of the taxpayer's state or federal income tax returns with any county officer,**  
116 **employee, or other person designated by said ordinance to collect or otherwise administer**  
117 **any tax imposed thereunder.**

118           **12. No ordinance enacted under this section, except an ordinance limited to the**  
119 **purposes of subsection 10 of this section, shall be effective unless it is authorized pursuant**  
120 **to a charter amendment of such county. The initial ballot submitting the question of the**  
121 **an earnings tax under this section to voters may include language to approve such a**  
122 **charter amendment.**

**66.451. 1. Income received by any following entities shall be exempt from any**  
2 **earnings tax under section 66.450:**

- 3           **(1) Labor, agricultural, or horticultural organizations;**  
4           **(2) Mutual savings banks not having a capital stock represented by shares;**  
5           **(3) Fraternal-beneficiary societies, orders, or associations operating under the lodge**  
6 **system or for the exclusive benefit of the members of a fraternity that operates under the**  
7 **lodge system if such society, order, or association provides for the payment of life, sick,**  
8 **accident, or other benefits to its members or their dependents;**  
9           **(4) Domestic building and loan associations and credit unions without capital stock**  
10 **organized and operated for mutual purposes and without profit;**  
11           **(5) Cemetery companies owned and operated exclusively for the benefit of its**  
12 **members unless such cemetery is operated for profit;**  
13           **(6) Corporations or associations organized and operated exclusively for religious,**  
14 **charitable, scientific, or educational purposes if no part of the net income of such goes to**  
15 **the benefit of a private stockholder or individual;**  
16           **(7) Business leagues, chambers of commerce, or boards of trade that are not**  
17 **organized for profit and no part of the net income of such goes to the benefit of a private**  
18 **stockholder or individual;**  
19           **(8) Civic leagues or organizations that are not organized for profit and operated**  
20 **exclusively for the promotion of social welfare;**  
21           **(9) Clubs organized and operated exclusively for pleasure, recreation, and other**  
22 **nonprofit purposes if no part of the net income of such goes to the benefit of a private**  
23 **stockholder or member;**  
24           **(10) Farmer cooperatives or companies, mutual hail, cyclone, or fire insurance**  
25 **companies, mutual ditch or irrigation companies, mutual or cooperative telephone**  
26 **companies, or like organizations if the income of such consists solely of assessments, dues,**  
27 **and fees collected from members for the sole purpose of meeting its expenses;**  
28           **(11) Farmers, fruit growers, or like associations that are organized and operated**  
29 **as a sales agent for the purpose of marketing the products of its members and turning back**  
30 **to them the proceeds of sales, less the necessary selling expenses, on the basis of the**  
31 **quantity of produce furnished by them;**  
32           **(12) Corporations or associations organized for the exclusive purpose of holding**  
33 **title to property, collecting income therefrom, and turning over the entire amount thereof,**  
34 **less expenses, to an organization which itself is exempt from the tax imposed under chapter**  
35 **143;**  
36           **(13) Federal land banks and national farm loan associations, as provided under the**  
37 **Federal Farm Loan Act of 1917, 39 Stat. 360, or its successors;**

38           **(14) Joint stock land banks as to income derived from bonds or debentures or other**  
39 **joint stock land banks or any federal land bank belonging to such joint stock land bank;**

40           **(15) Express companies that pay an annual tax on their gross receipts in this state**  
41 **and insurance companies that pay an annual tax on their gross premium receipts in this**  
42 **state; and**

43           **(16) Trusts created by an employer and employees as part of a stock bonus,**  
44 **pension, or profit-sharing plan for the exclusive benefit of employees to which**  
45 **contributions are made by such employer, employees, or both for the purpose of**  
46 **distributing to such employees the earnings and principal of the fund accumulated by the**  
47 **trust in accordance with such plan or a trust consisting solely of one or more restricted**  
48 **retirement funds created for one or more self-employed persons as part of a retirement**  
49 **plan for the exclusive benefit of such self-employed person or persons to which**  
50 **contributions are made by such self-employed person or persons for the purpose of**  
51 **distributing to such self-employed person or persons the earnings and principal of the fund**  
52 **accumulated by the trust in accordance with such plan and the amount actually distributed**  
53 **or made available to any distributee.**

54           **2. The following income shall be exempt from the earnings tax under section 66.450,**  
55 **regardless of who receives it:**

56           **(1) The proceeds of life insurance policies paid to the individual beneficiaries upon**  
57 **the death of the insured;**

58           **(2) The amounts received by the insured as a return of premium or premiums paid**  
59 **by the insured under life insurance or endowment contracts, either during the term, at the**  
60 **maturity of the term mentioned in the contract, or upon the surrender of the contract;**

61           **(3) Any amounts received under workers' compensation acts as compensation for**  
62 **personal injuries or sickness, plus the amounts of any damages received whether by suit**  
63 **or agreement on account of such injuries or sickness or through the War Risk Insurance**  
64 **Act, 38 Stat. 711, its successor legislation, or any other law for the benefit or relief of**  
65 **injured or disabled members of the military or naval forces of the United States;**

66           **(4) The value of properties acquired by gift, bequest, devise, or descent but not the**  
67 **income from any such property;**

68           **(5) Interest upon the obligations of this state or of any political subdivision thereof**  
69 **or upon the obligations of the United States or its possessions; and**

70           **(6) Any incomes derived from any public utility performing functions of the**  
71 **national government, territory, state, district, or any political subdivision thereof if, prior**  
72 **to the passage of chapter 143, such government entity entered in good faith into a contract**  
73 **with a person or corporation in which the object and purpose of such contract was to**

74 **acquire, construct, operate, or maintain a public utility, and if no tax is levied under the**  
75 **provisions of chapter 143 upon the income derived from the operation of such public utility**  
76 **so far as the payment thereof will impose a loss or burden upon such government entity.**  
77 **However, this provision shall not confer upon such person or corporation any financial**  
78 **gain or exemption and shall not relieve such person or corporation from the payment of**  
79 **tax under chapter 143 upon the portion of said income to which such person or corporation**  
80 **is entitled under such contract.**

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