

HCS SCS SB 1269 -- SALES AND USE TAXES

SPONSOR: Yeckel (Dempsey)

COMMITTEE ACTION: Voted "do pass" by the Committee on Job Creation and Economic Development by a vote of 17 to 0.

This substitute:

(1) Expands the Community Improvement District Act to allow any district formed as a political subdivision to establish a sales tax to fund the district. Current law allows only the City of Kansas City to levy this tax;

(2) Repeals the Community Comeback Act. The local use tax in St. Louis County, which is used to fund the program, will be used for economic development and enhancing local government in St. Louis County. The substitute defines "economic development";

(3) Prohibits any sales tax authorized in St. Louis County for storm water control or local parks from being assessed on the sale of food;

(4) Increases the maximum business license tax that can be imposed by villages with fewer than 1,300 inhabitants from \$10,000 to \$15,000 per license; and

(5) Authorizes St. Charles County to establish a theater, cultural arts, and entertainment district to be funded by a sales tax of up to 0.5%. The substitute establishes minimum criteria for the formation of the district, including land area and petition requirements.

The district will be controlled by a board of directors, the number of which must be specified in the petition. The board has various powers, including the power to issue bonds. Public meetings regarding the formation of the district must be held prior to the governing body of the county putting the proposal to a vote of the people. If the governing body of the county approves a resolution to establish the district, a vote is authorized. After it is approved, the district will be formalized by an ordinance from the governing body.

Subdistricts within the district can oppose the creation of the district and be excluded from the sales tax. The substitute establishes a procedure for forming a governing body for a subdistrict.

If there are no registered voters in a subdistrict, one or more property owners who collectively own one or more parcels of real

estate comprising at least a majority of the land situated in the proposed subdistricts can file a petition with the circuit court requesting the creation of a subdistrict. The circuit clerk of the county in which the petition is filed will present the petition to the judge, who will set the petition for hearing.

The sales tax will be collected by the municipality and placed into a special trust fund for the purposes of the district.

FISCAL NOTE: No impact on state funds in FY 2005, FY 2006, and FY 2007.

PROPOSERS: Supporters say that the bill expands and enhances community improvement districts by allowing any city or county to impose a sales tax for improvements in the district. Only Kansas City can impose a sales tax for this purpose.

Testifying for the bill were Senator Yeckel; and City of Crestwood.

OPPOSERS: There was no opposition voiced to the committee.

Alice Hurley, Legislative Analyst