

SECOND REGULAR SESSION

HOUSE BILL NO. 2404

95TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE NANCE.

5346L.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal section 67.1305 as enacted by conference committee substitute for senate substitute for senate committee substitute for house committee substitute for house bill no. 58 merged with conference committee substitute for house committee substitute for senate substitute for senate committee substitute for senate bill no. 210 merged with conference committee substitute for house committee substitute for senate substitute for senate bill no. 343, ninety-third general assembly, first regular session, and section 67.1305 as enacted by senate substitute for senate committee substitute for house committee substitute for house bill no. 186, ninety-third general assembly, first regular session, and to enact in lieu thereof one new section relating to economic development sales taxes.

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

Section A. Section 67.1305 as enacted by conference committee substitute for senate substitute for senate committee substitute for house committee substitute for house bill no. 58 merged with conference committee substitute for house committee substitute for senate substitute for senate committee substitute for senate bill no. 210 merged with conference committee substitute for house committee substitute for senate substitute for senate bill no. 343, ninety-third general assembly, first regular session, and section 67.1305 as enacted by senate substitute for senate committee substitute for house committee substitute for house bill no. 186, ninety-third general assembly, first regular session, is repealed and one new section enacted in lieu thereof, to be known as section 67.1305, to read as follows:

67.1305. 1. As used in this section, the term "city" shall mean any incorporated city, town, or village.

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.

3 2. In lieu of the sales taxes authorized under sections 67.1300 and 67.1303, the
4 governing body of any city or county may impose, by order or ordinance, a sales tax on all retail
5 sales made in the city or county which are subject to sales tax under chapter 144, RSMo. The
6 tax authorized in this section shall not be more than one-half of one percent. The order or
7 ordinance imposing the tax shall not become effective unless the governing body of the city or
8 county submits to the voters of the city or county at any citywide, county, or state general,
9 primary, or special election a proposal to authorize the governing body to impose a tax under this
10 section. The tax authorized in this section shall be in addition to all other sales taxes imposed
11 by law, and shall be stated separately from all other charges and taxes. The tax authorized in this
12 section shall not be imposed by any city or county that has imposed a tax under section 67.1300
13 or 67.1303 unless the tax imposed under those sections has expired or been repealed.

14 3. (1) The ballot of submission for the tax authorized in this section shall be in
15 substantially the following form:

16 Shall (insert the name of the city or county) impose a sales tax at a rate of
17 (insert rate of percent) percent for economic development purposes?

18 YES NO

19 (2) If a majority of the votes cast on the question by the qualified voters voting thereon
20 are in favor of the question, then the tax shall become effective on the first day of the second
21 calendar quarter following the calendar quarter in which the election was held. If a majority of
22 the votes cast on the question by the qualified voters voting thereon are opposed to the question,
23 then the tax shall not become effective unless and until the question is resubmitted under this
24 section to the qualified voters and such question is approved by a majority of the qualified voters
25 voting on the question[, provided that] . **Except as provided in subdivision (3) of this**
26 **subsection**, no proposal shall be resubmitted to the voters sooner than twelve months from the
27 date of the submission of the last proposal.

28 (3) **In any city of the third classification with more than ten thousand eight hundred**
29 **but fewer than ten thousand nine hundred inhabitants and located in more than one**
30 **county, if a majority of the voters voting on the question are opposed to the question in the**
31 **first instance in which it is submitted, the question may be resubmitted to the voters no**
32 **sooner than ninety days after the first instance in which it was submitted and the voters**
33 **opposed the question. If a majority of the votes cast on the question by the qualified voters**
34 **voting thereon in the second submission are opposed to the question, then the tax shall not**
35 **become effective unless and until the question is resubmitted under this section to the**
36 **qualified voters and such question is approved by a majority of the qualified voters voting**
37 **on the question, but the proposal shall not be resubmitted to the voters sooner than twelve**
38 **months from the date of the submission of the last proposal.**

39 4. All sales taxes collected by the director of revenue under this section on behalf of any
40 county, **city**, or municipality, less one percent for cost of collection which shall be deposited in
41 the state's general revenue fund after payment of premiums for surety bonds as provided in
42 section 32.087, RSMo, shall be deposited in a special trust fund, which is hereby created, to be
43 known as the "Local Option Economic Development Sales Tax Trust Fund".

44 5. The moneys in the local option economic development sales tax trust fund shall not
45 be deemed to be state funds and shall not be commingled with any funds of the state. The
46 director of revenue shall keep accurate records of the amount of money in the trust fund and
47 which was collected in each city or county imposing a sales tax [pursuant to] **under** this section,
48 and the records shall be open to the inspection of officers of the city or county and the public.

49 6. Not later than the tenth day of each month, the director of revenue shall distribute all
50 moneys deposited in the trust fund during the preceding month to the city or county which levied
51 the tax. Such funds shall be deposited with the county treasurer of each such county or the
52 appropriate **city or** municipal officer in the case of a **city or** municipal tax, and all expenditures
53 of funds arising from the local **option** economic development sales tax trust fund shall be in
54 accordance with this section.

55 7. The director of revenue may authorize the state treasurer to make refunds from the
56 amounts in the trust fund and credited to any city or county for erroneous payments and
57 overpayments made, and may redeem dishonored checks and drafts deposited to the credit of
58 such cities and counties.

59 8. If any county, **city**, or municipality abolishes the tax, the city or county shall notify
60 the director of revenue of the action at least ninety days prior to the effective date of the repeal
61 and the director of revenue may order retention in the trust fund, for a period of one year, of two
62 percent of the amount collected after receipt of such notice to cover possible refunds or
63 overpayment of the tax and to redeem dishonored checks and drafts deposited to the credit of
64 such accounts. After one year has elapsed after the effective date of abolition of the tax in such
65 city or county, the director of revenue shall remit the balance in the account to the city or county
66 and close the account of that city or county. The director of revenue shall notify each city or
67 county of each instance of any amount refunded or any check redeemed from receipts due the
68 city or county.

69 9. Except as modified in this section, all provisions of sections 32.085 and 32.087,
70 RSMo, shall apply to the tax imposed pursuant to this section.

71 10. (1) No revenue generated by the tax authorized in this section shall be used for any
72 retail development project, except for the redevelopment of downtown areas and historic
73 districts. Not more than twenty-five percent of the revenue generated shall be used annually for
74 administrative purposes, including staff and facility costs.

75 (2) At least twenty percent of the revenue generated by the tax authorized in this section
76 shall be used solely for projects directly related to long-term economic development preparation,
77 including, but not limited to, the following:

- 78 (a) Acquisition of land;
- 79 (b) Installation of infrastructure for industrial or business parks;
- 80 (c) Improvement of water and wastewater treatment capacity;
- 81 (d) Extension of streets;
- 82 (e) Public facilities directly related to economic development and job creation; and
- 83 (f) Providing matching dollars for state or federal grants relating to such long-term
84 projects.

85 (3) The remaining revenue generated by the tax authorized in this section may be used
86 for, but shall not be limited to, the following:

- 87 (a) Marketing;
- 88 (b) Providing grants and loans to companies for job training, equipment acquisition, site
89 development, and infrastructures;
- 90 (c) Training programs to prepare workers for advanced technologies and high skill jobs;
- 91 (d) Legal and accounting expenses directly associated with the economic development
92 planning and preparation process;
- 93 (e) Developing value-added and export opportunities for Missouri agricultural products.

94 11. All revenue generated by the tax shall be deposited in a special trust fund and shall
95 be used solely for the designated purposes. If the tax is repealed, all funds remaining in the
96 special trust fund shall continue to be used solely for the designated purposes. Any funds in the
97 special trust fund which are not needed for current expenditures may be invested by the
98 governing body in accordance with applicable laws relating to the investment of other city or
99 county funds.

100 12. (1) Any city or county imposing the tax authorized in this section shall establish an
101 economic development tax board. The volunteer board shall receive no compensation or
102 operating budget.

103 (2) The economic development tax board established by a city shall consist of five
104 members, to be appointed as follows:

105 (a) One member shall be appointed by the school districts included within any economic
106 development plan or area funded by the sales tax authorized in this section. Such member shall
107 be appointed in any manner agreed upon by the affected districts;

108 (b) Three members shall be appointed by the chief elected officer of the city with the
109 consent of the majority of the governing body of the city;

110 (c) One member shall be appointed by the governing body of the county in which the city
111 is located.

112 (3) The economic development tax board established by a county shall consist of seven
113 members, to be appointed as follows:

114 (a) One member shall be appointed by the school districts included within any economic
115 development plan or area funded by the sales tax authorized in this section. Such member shall
116 be appointed in any manner agreed upon by the affected districts;

117 (b) Four members shall be appointed by the governing body of the county; and

118 (c) Two members from the cities, towns, or villages within the county appointed in any
119 manner agreed upon by the chief elected officers of the cities, **towns**, or villages. Of the
120 members initially appointed, three shall be designated to serve for terms of two years, and the
121 remaining members shall be designated to serve for a term of four years from the date of such
122 initial appointments. Thereafter, the members appointed shall serve for a term of four years,
123 except that all vacancies shall be filled for unexpired terms in the same manner as were the
124 original appointments.

125 13. The board, subject to approval of the governing body of the city or county, shall
126 consider economic development plans, economic development projects, or designations of an
127 economic development area, and shall hold public hearings and provide notice of any such
128 hearings. The board shall vote on all proposed economic development plans, economic
129 development projects, or designations of an economic development area, and amendments
130 thereto, within thirty days following completion of the hearing on any such plan, project, or
131 designation, and shall make recommendations to the governing body within ninety days of the
132 hearing concerning the adoption of or amendment to economic development plans, economic
133 development projects, or designations of an economic development area. The governing body
134 of the city or county shall have the final determination on use and expenditure of any funds
135 received from the tax imposed under this section.

136 14. The board may consider and recommend using funds received from the tax imposed
137 under this section for plans, projects, or area designations outside the boundaries of the city or
138 county imposing the tax if, and only if:

139 (1) The city or county imposing the tax or the state receives significant economic benefit
140 from the plan, project, or area designation; and

141 (2) The board establishes an agreement with the governing bodies of all cities and
142 counties in which the plan, project, or area designation is located detailing the authority and
143 responsibilities of each governing body with regard to the plan, project, or area designation.

144 15. Notwithstanding any other provision of law to the contrary, the **local option**
145 economic development sales tax imposed under this section when imposed within a special

146 taxing district, including but not limited to a tax increment financing district, neighborhood
 147 improvement district, or community improvement district, shall be excluded from the calculation
 148 of revenues available to such districts, and no revenues from any sales tax imposed under this
 149 section shall be used for the purposes of any such district unless recommended by the economic
 150 development tax board established under this section and approved by the governing body
 151 imposing the tax.

152 16. The board and the governing body of the city or county imposing the tax shall report
 153 at least annually to the governing body of the city or county on the use of the funds provided
 154 under this section and on the progress of any plan, project, or designation adopted under this
 155 section and shall make such report available to the public.

156 17. Not later than the first day of March each year the board shall submit to the joint
 157 committee on economic development a report, not exceeding one page in length, which [must]
 158 **shall** include the following information for each project using the tax authorized under this
 159 section:

- 160 (1) A statement of its primary economic development goals;
- 161 (2) A statement of the total economic development sales tax revenues received during
 162 the immediately preceding calendar year;
- 163 (3) A statement of total expenditures during the preceding calendar year in each of the
 164 following categories:
 - 165 (a) Infrastructure improvements;
 - 166 (b) Land [and] or buildings, **or both**;
 - 167 (c) Machinery and equipment;
 - 168 (d) Job training investments;
 - 169 (e) Direct business incentives;
 - 170 (f) Marketing;
 - 171 (g) Administration and legal expenses; and
 - 172 (h) Other expenditures.

173 18. The governing body of any city or county that has adopted the sales tax authorized
 174 in this section may submit the question of repeal of the tax to the voters on any date available for
 175 elections for the city or county. The ballot of submission shall be in substantially the following
 176 form:

177 Shall (insert the name of the city or county) repeal the sales tax imposed at a rate
 178 of (insert rate of percent) percent for economic development purposes?

179 YES NO

180

181 If a majority of the votes cast on the proposal are in favor of the repeal, that repeal shall become
182 effective on December thirty-first of the calendar year in which such repeal was approved. If a
183 majority of the votes cast on the question by the qualified voters voting thereon are opposed to
184 the repeal, then the sales tax authorized in this section shall remain effective until the question
185 is resubmitted under this section to the qualified voters of the city or county, and the repeal is
186 approved by a majority of the qualified voters voting on the question.

187 19. Whenever the governing body of any city or county that has adopted the sales tax
188 authorized in this section receives a petition, signed by ten percent of the registered voters of the
189 city or county voting in the last gubernatorial election, calling for an election to repeal the sales
190 tax imposed under this section, the governing body shall submit to the voters a proposal to repeal
191 the tax. If a majority of the votes cast on the question by the qualified voters voting thereon are
192 in favor of the repeal, that repeal shall become effective on December thirty-first of the calendar
193 year in which such repeal was approved. If a majority of the votes cast on the question by the
194 qualified voters voting thereon are opposed to the repeal, then the tax shall remain effective until
195 the question is resubmitted under this section to the qualified voters and the repeal is approved
196 by a majority of the qualified voters voting on the question.

197 20. If any provision of this section or section 67.1303 or the application thereof to any
198 person or circumstance is held invalid, the invalidity shall not affect other provisions or
199 application of this section or section 67.1303 which can be given effect without the invalid
200 provision or application, and to this end the provisions of this section and section 67.1303 are
201 declared severable.

[67.1305. 1. As used in this section, the term "city" shall mean any
2 incorporated city, town, or village.

3 2. In lieu of the sales taxes authorized under sections 67.1300 and
4 67.1303, the governing body of any city or county may impose, by order or
5 ordinance, a sales tax on all retail sales made in the city or county which are
6 subject to sales tax under chapter 144, RSMo. The tax authorized in this section
7 shall not be more than one-half of one percent. The order or ordinance imposing
8 the tax shall not become effective unless the governing body of the city or county
9 submits to the voters of the city or county at any citywide, county, or state
10 general, primary, or special election a proposal to authorize the governing body
11 to impose a tax under this section. The tax authorized in this section shall be in
12 addition to all other sales taxes imposed by law, and shall be stated separately
13 from all other charges and taxes. The tax authorized in this section shall not be
14 imposed by any city or county that has imposed a tax under section 67.1300 or
15 67.1303 unless the tax imposed under those sections has expired or been
16 repealed.

17 3. The ballot of submission for the tax authorized in this section shall be
18 in substantially the following form:

19 Shall (insert the name of the city or county) impose a
20 sales tax at a rate of (insert rate of percent) percent for economic
21 development purposes?

22 YES NO If a majority of the votes cast on the question by
23 the qualified voters voting thereon are in favor of the question, then the tax shall
24 become effective on the first day of the second calendar quarter following the
25 calendar quarter in which the election was held. If a majority of the votes cast on
26 the question by the qualified voters voting thereon are opposed to the question,
27 then the tax shall not become effective unless and until the question is
28 resubmitted under this section to the qualified voters and such question is
29 approved by a majority of the qualified voters voting on the question, provided
30 that no proposal shall be resubmitted to the voters sooner than twelve months
31 from the date of the submission of the last proposal.

32 4. All sales taxes collected by the director of revenue under this section
33 on behalf of any county or city or municipality, less one percent for cost of
34 collection which shall be deposited in the state's general revenue fund after
35 payment of premiums for surety bonds as provided in section 32.087, RSMo,
36 shall be deposited in a special trust fund, which is hereby created, to be known
37 as the "Local Option Economic Development Sales Tax Trust Fund".

38 5. The moneys in the local option economic development sales tax trust
39 fund shall not be deemed to be state funds and shall not be commingled with any
40 funds of the state. The director of revenue shall keep accurate records of the
41 amount of money in the trust fund and which was collected in each city or county
42 imposing a sales tax under and pursuant to this section, and the records shall be
43 open to the inspection of officers of the city or county and the public.

44 6. Not later than the tenth day of each month, the director of revenue
45 shall distribute all moneys deposited in the trust fund during the preceding month
46 to the city or county which levied the tax. Such funds shall be deposited with the
47 county treasurer of each such county or the appropriate city or municipal officer
48 in the case of a city or municipal tax, and all expenditures of funds arising from
49 the local option economic development sales tax trust fund shall be in accordance
50 with this section.

51 7. The director of revenue may authorize the state treasurer to make
52 refunds from the amounts in the trust fund and credited to any city or county for
53 erroneous payments and overpayments made, and may redeem dishonored checks
54 and drafts deposited to the credit of such cities and counties.

55 8. If any county or city or municipality abolishes the tax, the city or
56 county shall notify the director of revenue of the action at least ninety days prior
57 to the effective date of the repeal and the director of revenue may order retention
58 in the trust fund, for a period of one year, of two percent of the amount collected
59 after receipt of such notice to cover possible refunds or overpayment of the tax
60 and to redeem dishonored checks and drafts deposited to the credit of such
61 accounts. After one year has elapsed after the effective date of abolition of the

62 tax in such city or county, the director of revenue shall remit the balance in the
63 account to the city or county and close the account of that city or county. The
64 director of revenue shall notify each city or county of each instance of any
65 amount refunded or any check redeemed from receipts due the city or county.

66 9. Except as modified in and by this section, all provisions of sections
67 32.085 and 32.087, RSMo, shall apply to the tax imposed pursuant to this
68 section.

69 10. (1) No revenue generated by the tax authorized in this section shall
70 be used for any retail development project, except for the redevelopment of
71 downtown areas and historic districts. Not more than twenty-five percent of the
72 revenue generated shall be used annually for administrative purposes, including
73 staff and facility costs.

74 (2) At least twenty percent of the revenue generated by the tax
75 authorized in this section shall be used solely for projects directly related to
76 long-term economic development preparation, including, but not limited to, the
77 following:

- 78 (a) Acquisition of land;
- 79 (b) Installation of infrastructure for industrial or business parks;
- 80 (c) Improvement of water and wastewater treatment capacity;
- 81 (d) Extension of streets;
- 82 (e) Public facilities directly related to economic development and job
83 creation; and
- 84 (f) Providing matching dollars for state or federal grants relating to such
85 long-term projects.

86 (3) The remaining revenue generated by the tax authorized in this section
87 may be used for, but shall not be limited to, the following:

- 88 (a) Marketing;
- 89 (b) Providing grants and loans to companies for job training, equipment
90 acquisition, site development, and infrastructures;
- 91 (c) Training programs to prepare workers for advanced technologies and
92 high skill jobs;
- 93 (d) Legal and accounting expenses directly associated with the economic
94 development planning and preparation process; and
- 95 (e) Developing value-added and export opportunities for Missouri
96 agricultural products.

97 11. All revenue generated by the tax shall be deposited in a special trust
98 fund and shall be used solely for the designated purposes. If the tax is repealed,
99 all funds remaining in the special trust fund shall continue to be used solely for
100 the designated purposes. Any funds in the special trust fund which are not
101 needed for current expenditures may be invested by the governing body in
102 accordance with applicable laws relating to the investment of other city or county
103 funds.

104 12. (1) Any city or county imposing the tax authorized in this section
105 shall establish an economic development tax board. The volunteer board shall
106 receive no compensation or operating budget.

107 (2) The economic development tax board established by a city shall
108 consist of five members, to be appointed as follows:

109 (a) One member shall be appointed by the school districts included
110 within any economic development plan or area funded by the sales tax authorized
111 in this section. Such member shall be appointed in any manner agreed upon by
112 the affected districts;

113 (b) Three members shall be appointed by the chief elected officer of the
114 city with the consent of the majority of the governing body of the city; and

115 (c) One member shall be appointed by the governing body of the county
116 in which the city is located.

117 (3) The economic development tax board established by a county shall
118 consist of seven members, to be appointed as follows:

119 (a) One member shall be appointed by the school districts included
120 within any economic development plan or area funded by the sales tax authorized
121 in this section. Such member shall be appointed in any manner agreed upon by
122 the affected districts;

123 (b) Four members shall be appointed by the governing body of the
124 county; and

125 (c) Two members from the cities, towns, or villages within the county
126 appointed in any manner agreed upon by the chief elected officers of the cities,
127 towns or villages. Of the members initially appointed, three shall be designated
128 to serve for terms of two years, and the remaining members shall be designated
129 to serve for a term of four years from the date of such initial appointments.
130 Thereafter, the members appointed shall serve for a term of four years, except
131 that all vacancies shall be filled for unexpired terms in the same manner as were
132 the original appointments.

133 13. The board, subject to approval of the governing body of the city or
134 county, shall consider economic development plans, economic development
135 projects, or designations of an economic development area, and shall hold public
136 hearings and provide notice of any such hearings. The board shall vote on all
137 proposed economic development plans, economic development projects, or
138 designations of an economic development area, and amendments thereto, within
139 thirty days following completion of the hearing on any such plan, project, or
140 designation, and shall make recommendations to the governing body within
141 ninety days of the hearing concerning the adoption of or amendment to economic
142 development plans, economic development projects, or designations of an
143 economic development area. The governing body of the city or county shall have
144 the final determination on use and expenditure of any funds received from the tax
145 imposed under this section.

146 14. The board may consider and recommend using funds received from
147 the tax imposed under this section for plans, projects, or area designations outside
148 the boundaries of the city or county imposing the tax if, and only if:

149 (1) The city or county imposing the tax or the state receives significant
150 economic benefit from the plan, project, or area designation; and

151 (2) The board establishes an agreement with the governing bodies of all
152 cities and counties in which the plan, project, or area designation is located
153 detailing the authority and responsibilities of each governing body with regard to
154 the plan, project, or area designation.

155 15. Notwithstanding any other provision of law to the contrary, the local
156 option economic development sales tax imposed under this section when
157 imposed within a special taxing district, including but not limited to a tax
158 increment financing district, neighborhood improvement district, or community
159 improvement district, shall be excluded from the calculation of revenues
160 available to such districts, and no revenues from any sales tax imposed under this
161 section shall be used for the purposes of any such district unless recommended
162 by the economic development tax board established under this section and
163 approved by the governing body imposing the tax.

164 16. The board and the governing body of the city or county imposing the
165 tax shall report at least annually to the governing body of the city or county on the
166 use of the funds provided under this section and on the progress of any plan,
167 project, or designation adopted under this section and shall make such report
168 available to the public.

169 17. Not later than the first day of March each year the department of
170 economic development shall submit to the joint committee on economic
171 development a report which shall include the following information for each
172 project using the tax authorized under this section:

173 (1) A statement of its primary economic development goals;

174 (2) A statement of the total economic development sales tax revenues
175 received during the immediately preceding calendar year; and

176 (3) A statement of total expenditures during the preceding calendar year
177 in each of the following categories:

178 (a) Infrastructure improvements;

179 (b) Land and or buildings, or both;

180 (c) Machinery and equipment;

181 (d) Job training investments;

182 (e) Direct business incentives;

183 (f) Marketing;

184 (g) Administration and legal expenses; and

185 (h) Other expenditures.

186 18. The governing body of any city or county that has adopted the sales
187 tax authorized in this section may submit the question of repeal of the tax to the

188 voters on any date available for elections for the city or county. The ballot of
189 submission shall be in substantially the following form:

190 Shall (insert the name of the city or county) repeal
191 the sales tax imposed at a rate of (insert rate of percent) percent for economic
192 development purposes?

193 YES NO If a majority of the votes cast on the proposal are in
194 favor of repeal, that repeal shall become effective on December thirty-first of the
195 calendar year in which such repeal was approved. If a majority of the votes cast
196 on the question by the qualified voters voting thereon are opposed to the repeal,
197 then the sales tax authorized in this section shall remain effective until the
198 question is resubmitted under this section to the qualified voters of the city or
199 county, and the repeal is approved by a majority of the qualified voters voting on
200 the question.

201 19. If any provision of this section or section 67.1303 or the application
202 thereof to any person or circumstance is held invalid, the invalidity shall not
203 affect other provisions or application of this section or section 67.1303 which can
204 be given effect without the invalid provision or application, and to this end the
205 provisions of this section and section 67.1303 are declared severable.]

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