

HB 1442 -- CITY SALES TAXES

SPONSOR: Jones (89)

COMMITTEE ACTION: Voted "do pass" by the Special Committee on General Laws by a vote of 13 to 0.

Currently, under the general city sales tax law, cities may impose a sales tax, upon voter approval, at a rate of one-half of 1%, seven-eighths of 1%, or 1%; and the City of St. Louis may impose the tax at a rate not to exceed one and three-eighths percent, for the benefit of the city. This bill specifies that the combined rate of sales taxes adopted under the city sales tax law cannot exceed 2%. This change is not to be construed as a new tax or an increase in the current levy of an existing tax for the purpose of Article X, Section 22, of the Missouri Constitution, commonly known as the Hancock Amendment, which requires voter approval. Cities that have already imposed and collected taxes under the city sales tax law can continue to do so without voter approval as a continuation of a tax previously approved by the voters of the city.

Currently, under the capital improvements city sales tax law, cities not in St. Louis County may impose a sales tax, upon voter approval, at a rate of one-eighth, one-fourth, three-eighths, or one-half of 1% for the purpose of funding, operating, and maintaining capital improvements. Municipalities in charter counties are authorized to impose a capital improvements tax under Section 94.890, RSMo. The bill specifies that the combined rate of sales taxes adopted under the capital improvement city sales tax law cannot exceed 1%. This change is not to be construed as a new tax or an increase in the current levy of an existing tax for the purpose of the Hancock Amendment which requires voter approval. Cities that have already imposed and collected taxes under the city sales tax law can continue to do so without voter approval as a continuation of a tax previously approved by the voters of the city.

FISCAL NOTE: No impact on state funds in FY 2011, FY 2012, and FY 2013.

PROPOSERS: Supporters say that the bill clarifies existing law regarding the enactment of multiple sales taxes for the purpose of capital improvements or general revenue. The Department of Revenue has authorized "stacking" of taxes in these areas if approved by voters pursuant to its interpretation of existing state statutes. Uncertainty in the application of the law prevents possible funding for municipal projects, and an unfavorable court decision would be harmful to the finances of the cities of Joplin and St. Joseph which have relied upon the

department's position. Circuit courts are split on the issue of "stacking" taxes. Currently, all litigation against municipalities has been dismissed without prejudice.

Testifying for the bill were Representative Jones (89); Bill Head, Joplin City Attorney; and St. Joseph Area Legislative Coalition.

OPPONENTS: There was no opposition voiced to the committee.