

COMMITTEE OF ORIGIN: Special Committee on General Laws

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.

The bill also authorizes:

- (1) The City of North Kansas City to impose, upon voter approval, a transient guest tax of one-half of 1% per room, per night for the promotion of tourism and infrastructure improvements;
- (2) The City of Grandview to impose, upon voter approval, a transient guest tax not to exceed 5% per room, per night for the promotion of tourism; and
- (3) The cities of Ashland and Sugar Creek and the county of Montgomery to impose, upon voter approval, a transient guest tax of between 2% and 5% per room, per night for the promotion of tourism.

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