

HJR 68 -- SALES AND USE TAX FOR TRANSPORTATION

SPONSOR: Hinson

COMMITTEE ACTION: Voted "Do Pass" by the Committee on Transportation by a vote of 11 to 2.

Upon voter approval, this proposed constitutional amendment raises the state sales and use tax by 1% for a period of 10 years. The proceeds from the additional tax are to be used for transportation purposes. The tax must not apply to the retail sale of food.

Five percent of the sales and use tax proceeds will be deposited into the newly created County Aid Transportation Fund. Moneys in the fund must be distributed to the counties based on the county road mileage and assessed rural land valuation calculation in Article IV, Section 30(a) of the Missouri Constitution, except that 5% of the moneys will be distributed to the City of St. Louis. The proceeds distributed to the counties may be used for local highways and bridges, for state highway system purposes, or for county transportation system purposes.

In a similar manner, 5% of the sales and use tax proceeds must be deposited into the newly created Municipal Aid Transportation Fund. Moneys in the fund must be distributed to cities, towns, and villages based on the population ratio calculations in Article IV, Section 30(a) of the Missouri Constitution. The proceeds distributed to the cities, towns, and villages may be used for local roads and streets, for state highway system purposes, or for city transportation system purposes.

The remaining 90% of the sales and use tax proceeds must be deposited into a newly created Transportation Safety and Job Creation Fund. Moneys in the fund may be expended by the Highways and Transportation Commission within the Department of Transportation for state highway system purposes or for state transportation system purposes.

The resolution prohibits the General Assembly, counties, and municipalities from increasing or decreasing the motor fuel tax without voter approval during the period the 1% tax is in effect.

Unless approved by voters, the commission is prohibited from authorization, owning, or operating a toll highway or toll bridge on a state highway or bridge in existence on January 1, 2014 while the sales and use tax is in effect. Unless approved by the voters of a county or municipality, the county or municipality is prohibited from authorizing, owning, or operating a toll highway or toll bridge on any highway or bridge under its jurisdiction in

existence on January 1, 2014, while the sales and use tax is in effect.

The resolution requires, prior to the effective date of these provisions and prior to any subsequent election to extend the tax, the commission to approve a list of projects, programs, and facilities, with a priority given to safety, on the state highway system and state transportation system that must be funded from the proceeds from the tax. The commission must annually submit a report to the Governor, General Assembly, and Joint Committee on Transportation Oversight that includes the status of state highway system and state transportation system projects, programs, and facilities that were approved by the commission and funded from the proceeds of the additional sales and use taxes levied, imposed, and collected under the resolution. A taxpayer of the state must have standing to bring suit in the Cole County Circuit Court to compel the commission's inclusion of approved projects in a five-year statewide transportation improvement program.

Upon voter approval of the temporary tax at the 2014 general election or at a special election, these provisions will be effective January 1, 2015, and must continue for 10 years and be every 10 years thereafter. If at any subsequent election, a simple majority of votes cast do not approve the issue, these provisions must terminate on December 31 of the year when the last election was held.

The Oversight Division of the Committee on Legislative Research must conduct a program evaluation of the department to ensure that the additional funds are used as required and provide a report to the General Assembly by January 1, 2020.

PROPONENTS: Supporters say that the bill addresses a need for highway funding. The 1% tax increase will provide an additional \$650 million to the state and fund alternative transportation options. The bill addresses funding challenges and will prevent staff reduction and facility closures.

Testifying for the bill were Representative Hinson; Dave Nichols with Missouri Department of Transportation; Associated General Contractors of St. Louis; Missouri Bicycle & Pedestrian Federation; American Council of Engineering Companies-Missouri; Missouri Trucking Association; Laborers Union of Missouri; Jay Atkins with Missouri Chamber of Commerce & Industry; Sheet Metal Air Rail Transportation- United Transportation Union; Heath Clarkson with Associated General Contractors of Missouri; Missouri Concrete Association; and Missouri Asphalt Pavement Association.

OPPONENTS: Those who oppose the bill say that the tax increase

will place a burden on cities and would impact local projects. Those who oppose the bill do not believe all the funding should go to state transportation and say there are other funding options. Those who oppose the bill say that sales tax is already high.

Testifying against the bill were Missouri Municipal League; Missouri Association for Social Welfare; and Tim Fishesser with St. Louis County Municipal League.