

FIRST REGULAR SESSION

# HOUSE BILL NO. 894

## 95TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES ROORDA (Sponsor), KUESSNER, WILDBERGER, SCHIEFFER, TALBOY, LeVOTA AND SCAVUZZO (Co-sponsors).

2006L.011

D. ADAM CRUMBLISS, Chief Clerk

### AN ACT

To repeal sections 94.510, 94.550, 94.577, and 94.900, RSMo, and to enact in lieu thereof four new sections relating to city sales taxes.

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

Section A. Sections 94.510, 94.550, 94.577, and 94.900, RSMo, are repealed and four new sections enacted in lieu thereof, to be known as sections 94.510, 94.550, 94.577, and 94.900, to read as follows:

94.510. 1. Any city may, by a majority vote of its council or governing body, impose a city sales tax for the benefit of such city in accordance with the provisions of sections 94.500 to 94.550; provided, however, that no ordinance enacted pursuant to the authority granted by the provisions of sections 94.500 to 94.550 shall be effective unless the legislative body of the city submits to the voters of the city, at a public election, a proposal to authorize the legislative body of the city to impose a tax under the provisions of sections 94.500 to 94.550.

The ballot of submission shall be in substantially the following form:

Shall the city of ..... (insert name of city) impose a city sales tax of ..... (insert rate of percent) percent?

YES  NO

11

If a majority of the votes cast on the proposal by the qualified voters voting thereon are in favor of the proposal, then the ordinance and any amendments thereto shall be in effect. If a majority of the votes cast by the qualified voters voting are opposed to the proposal, then the legislative body of the city shall have no power to impose the **proposed** tax herein authorized unless and

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.

16 until the legislative body of the city shall again have submitted another proposal to authorize the  
17 legislative body of the city to impose the tax under the provisions of sections 94.500 to 94.550,  
18 and such proposal is approved by a majority of the qualified voters voting thereon. **Disapproval**  
19 **of a proposal by the qualified voters shall not affect any tax already in effect.**

20 2. [The] A sales tax may be imposed at a rate of one-half of one percent, seven-eighths  
21 of one percent or one percent on the receipts from the sale at retail of all tangible personal  
22 property or taxable services at retail within any city adopting such tax, if such property and  
23 services are subject to taxation by the state of Missouri under the provisions of sections 144.010  
24 to 144.525, RSMo; except that, each city not within a county may **also** impose such tax at a rate  
25 not to exceed one and three-eighths percent. **Beginning August 28, 2009, the combined rate**  
26 **of sales taxes adopted under sections 94.500 to 94.550 shall not exceed two percent.**

27 3. If any city in which a city tax has been imposed in the manner provided for in sections  
28 94.500 to 94.550 shall thereafter change or alter its boundaries, the city clerk of the city shall  
29 forward to the director of revenue by United States registered mail or certified mail a certified  
30 copy of the ordinance adding or detaching territory from the city. The ordinance shall reflect the  
31 effective date thereof, and shall be accompanied by a map of the city clearly showing the territory  
32 added thereto or detached therefrom. Upon receipt of the ordinance and map, the [tax imposed  
33 by the act] **taxes** shall be effective in the added territory or abolished in the detached territory on  
34 the effective date of the change of the city boundary.

35 4. **The changes to this section enacted by the ninety-fifth general assembly, first**  
36 **regular session, shall not be construed to be a new tax or an increase in the current levy of**  
37 **an existing tax for purposes of paragraph (a) of section 22, article X, Constitution of**  
38 **Missouri, and cities that have already imposed and collected taxes under this section may**  
39 **continue to collect such taxes under this section without further approval by the voters as**  
40 **a continuation of a tax previously approved by the voters of such city.**

94.550. 1. All city sales taxes collected by the director of revenue under sections 94.500  
2 to 94.550 on behalf of any city, less one percent for cost of collection which shall be deposited  
3 in the state's general revenue fund after payment of premiums for surety bonds as provided in  
4 section 32.087, RSMo, shall be deposited [with the state treasurer] in a special trust fund, which  
5 is hereby created, to be known as the "City Sales Tax Trust Fund". The moneys in the city sales  
6 tax trust fund shall not be deemed to be state funds and shall not be commingled with any funds  
7 of the state. The director of revenue shall keep accurate records of the amount of money in the  
8 trust fund which was collected in each city imposing a city sales tax, and the records shall be  
9 open to the inspection of officers of the city and the public. Not later than the tenth day of each  
10 month the director of revenue shall distribute all moneys deposited in the trust fund during the  
11 preceding month, to the city treasurer, or such other officer as may be designated by the city

12 ordinance, of each city imposing the tax authorized by sections 94.500 to 94.550, the sum due  
13 the city as certified by the director of revenue.

14 2. The director of revenue may [authorize the state treasurer to] make refunds from the  
15 amounts in the trust fund and credited to any city for erroneous payments and overpayments  
16 made, and may redeem dishonored checks and drafts deposited to the credit of such cities. If any  
17 city abolishes [the] a tax, the city shall notify the director of revenue of the action at least ninety  
18 days prior to the effective date of the repeal and the director of revenue may order retention in  
19 the trust fund, for a period of one year, of two percent of the amount collected after receipt of  
20 such notice to cover possible refunds or overpayment of the tax and to redeem dishonored checks  
21 and drafts deposited to the credit of such accounts. After one year has elapsed after the effective  
22 date of abolition of [the tax] **all such taxes** in such city, the director of revenue shall [authorize  
23 the state treasurer to] remit the balance in the account to the city and close the account of that  
24 city. The director of revenue shall notify each city of each instance of any amount refunded or  
25 any check redeemed from receipts.

26 **3. The changes to this section enacted by the ninety-fifth general assembly, first**  
27 **regular session, shall not be construed to be a new tax or an increase in the current levy of**  
28 **an existing tax for purposes of paragraph (a) of section 22, article X, Constitution of**  
29 **Missouri, and cities that have already imposed and collected taxes under this section may**  
30 **continue to collect such taxes under this section without further approval by the voters as**  
31 **a continuation of a tax previously approved by the voters of such city.**

94.577. 1. The governing body of any municipality except those located in whole or in  
2 part within any first class county having a charter form of government and not containing any  
3 part of a city with a population of four hundred thousand or more and adjacent to a city not  
4 within a county for that part of the municipality located within such first class county is hereby  
5 authorized to impose, by ordinance or order, a one-eighth, one-fourth, three-eighths, or one-half  
6 of one percent sales tax on all retail sales made in such municipality which are subject to taxation  
7 under the provisions of sections 144.010 to 144.525, RSMo, for the purpose of funding capital  
8 improvements, including the operation and maintenance of capital improvements, which may  
9 be funded by issuing bonds which will be retired by the revenues received from the sales tax  
10 authorized by this section or the retirement of debt under previously authorized bonded  
11 indebtedness. A municipality located in a charter county may impose a sales tax on all retail  
12 sales for capital improvements as provided in section 94.890. The [tax] **taxes** authorized by this  
13 section shall be in addition to any and all other sales taxes allowed by law; but no ordinance  
14 imposing a sales tax under the provisions of this section shall be effective unless the governing  
15 body of the municipality submits to the voters of the municipality, at a municipal or state general,  
16 primary or special election, a proposal to authorize the governing body of the municipality to

17 impose such tax and, if such tax is to be used to retire bonds authorized under this section, to  
18 authorize such bonds and their retirement by such tax, or to authorize the retirement of debt  
19 under previously authorized bonded indebtedness. **Beginning August 28, 2009, the combined**  
20 **rate of sales taxes adopted under this section by a municipality shall not exceed one**  
21 **percent.**

22 2. The ballot of submission shall contain, but need not be limited to:

23 (1) If the proposal submitted involves only authorization to impose the tax authorized  
24 by this section, the following language:

25 Shall the municipality of ..... (municipality's name) impose a sales tax of  
26 ..... (insert amount) for the purpose of funding capital improvements which may include  
27 the retirement of debt under previously authorized bonded indebtedness?

28  YES  NO

29

30 If you are in favor of the question, place an "X" in the box opposite "YES". If you are opposed  
31 to the question, place an "X" in the box opposite "NO"; or

32 (2) If the proposal submitted involves authorization to issue bonds and repay such bonds  
33 with revenues from the tax authorized by this section, the following language:

34 Shall the municipality of ..... (municipality's name) issue bonds in the amount  
35 ..... of ..... (insert amount) to fund capital improvements and impose a sales tax of .....  
36 (insert amount) to repay bonds?

37

38  YES  NO

39

40 If you are in favor of the question, place an "X" in the box opposite "YES". If you are opposed  
41 to the question, place an "X" in box opposite "NO".

42

43 If a majority of the votes cast on the proposal by the qualified voters voting thereon are in favor  
44 of the proposal, including when the proposal authorizes the reduction of debt under previously  
45 authorized bonded indebtedness under subdivision (1) of this subsection, then the ordinance or  
46 order and any amendments thereto shall be in effect, except that any proposal submitted under  
47 subdivision (2) of this subsection to issue bonds and impose a sales tax to retire such bonds must  
48 be approved by the constitutionally required percentage of the voters voting thereon to become  
49 effective. If a majority of the votes cast by the qualified voters voting are opposed to the  
50 proposal, then the governing body of the municipality shall have no power to issue any bonds  
51 or impose the **proposed** sales tax authorized in this section unless and until the governing body  
52 of the municipality shall again have submitted another proposal to authorize the governing body

53 of the municipality to issue any bonds or impose [the] a sales tax authorized by this section, and  
54 such proposal is approved by the requisite majority of the qualified voters voting thereon;  
55 however, in no event shall a proposal pursuant to this section be submitted to the voters sooner  
56 than twelve months from the date of the last proposal pursuant to this section, except that any  
57 municipality with a population of greater than four hundred thousand and located within more  
58 than one county may submit a proposal pursuant to this section to the voters sooner than twelve  
59 months from the date of the last proposal submitted pursuant to this section if submitted to the  
60 voters on or before November 6, 2001. **Disapproval of a proposal by the qualified voters**  
61 **shall not affect any tax already in effect.**

62 3. All revenue received by a municipality from the [tax] **taxes** authorized under the  
63 provisions of this section shall be deposited in a special trust fund and shall be used solely for  
64 capital improvements, including the operation and maintenance of capital improvements, for so  
65 long as the [tax] **taxes** shall remain in effect. Once the [tax] **taxes** authorized by this section [is]  
66 **are** abolished or [is] terminated by any means, all funds remaining in the special trust fund  
67 required by this subsection shall be used solely for the maintenance of the capital improvements  
68 made with revenues raised by the [tax] **taxes** authorized by this section. Any funds in the special  
69 trust fund required by this subsection which are not needed for current expenditures may be  
70 invested by the governing body in accordance with applicable laws relating to the investment of  
71 other municipal funds. The provisions of this subsection shall apply only to taxes authorized by  
72 this section which have not been imposed to retire bonds issued pursuant to this section.

73 4. All revenue received by a municipality which issues bonds under this section and  
74 imposes the [tax] **taxes** authorized by this section to retire such bonds shall be deposited in a  
75 special trust fund and shall be used solely to retire such bonds, except to the extent that such  
76 funds are required for the operation and maintenance of capital improvements. Once all of such  
77 bonds have been retired, all funds remaining in the special trust fund required by this subsection  
78 shall be used solely for the maintenance of the capital improvements made with the revenue  
79 received as a result of the issuance of such bonds. Any funds in the special trust fund required  
80 by this subsection which are not needed to meet current obligations under the bonds issued under  
81 this section may be invested by the governing body in accordance with applicable laws relating  
82 to the investment of other municipal funds. The provisions of this subsection shall apply only  
83 to taxes authorized by this section which have been imposed to retire bonds issued under this  
84 section.

85 5. After the effective date of any tax imposed under the provisions of this section, the  
86 director of revenue shall perform all functions incident to the administration, collection,  
87 enforcement, and operation of the tax in the same manner as provided in sections 94.500 to  
88 94.550, and the director of revenue shall collect in addition to the sales tax for the state of

89 Missouri the additional [tax] **taxes** authorized under the authority of this section. The tax  
90 imposed pursuant to this section and the tax imposed under the sales tax law of the state of  
91 Missouri shall be collected together and reported upon such forms and under such administrative  
92 rules and regulations as may be prescribed by the director of revenue. Except as modified in this  
93 section, all provisions of sections 32.085 and 32.087, RSMo, shall apply to the [tax] **taxes**  
94 imposed under this section.

95           6. No tax imposed pursuant to this section for the purpose of retiring bonds issued under  
96 this section may be terminated until all of such bonds have been retired.

97           7. In any city not within a county, no tax shall be imposed pursuant to this section for  
98 the purpose of funding in whole or in part the construction, operation or maintenance of a sports  
99 stadium, field house, indoor or outdoor recreational facility, center, playing field, parking facility  
100 or anything incidental or necessary to a complex suitable for any type of professional sport or  
101 recreation, either upon, above or below the ground.

102           8. Any tax imposed under this section in any home rule city with more than four hundred  
103 thousand inhabitants and located in more than one county solely for public transit purposes shall  
104 not be considered economic activity taxes as such term is defined under sections 99.805 and  
105 99.918, RSMo, and tax revenues derived from such tax shall not be subject to allocation under  
106 the provisions of subsection 3 of section 99.845, RSMo, or subsection 4 of section 99.957,  
107 RSMo.

108           9. The director of revenue may [authorize the state treasurer to] make refunds from the  
109 amounts in the trust fund and credited to any municipality for erroneous payments and  
110 overpayments made, and may redeem dishonored checks and drafts deposited to the credit of  
111 such municipalities. If any municipality abolishes [the] a tax, the municipality shall notify the  
112 director of revenue of the action at least ninety days prior to the effective date of the repeal and  
113 the director of revenue may order retention in the trust fund, for a period of one year, of two  
114 percent of the amount collected after receipt of such notice to cover possible refunds or  
115 overpayment of the tax and to redeem dishonored checks and drafts deposited to the credit of  
116 such accounts. After one year has elapsed after the effective date of abolition of [the tax] **all**  
117 **such taxes** in such municipality, the director of revenue shall remit the balance in the account  
118 to the municipality and close the account of that municipality. The director of revenue shall  
119 notify each municipality of each instance of any amount refunded or any check redeemed from  
120 receipts due the municipality.

121           **10. If any municipality in which a tax has been imposed under this section changes**  
122 **or alters its boundaries after the tax is imposed, the clerk of the municipality shall forward**  
123 **to the director of revenue by United States registered mail or certified mail a certified copy**  
124 **of the ordinance adding or detaching territory from the municipality. The ordinance shall**

125 reflect its effective date, and shall be accompanied by a map of the municipality clearly  
126 showing the territory added to or detached from the municipality. Upon receipt of the  
127 ordinance and map, the taxes shall be effective in the attached territory, or abolished in the  
128 detached territory, on the effective date of the change of the municipal boundary.

129 **11. The changes to this section enacted by the ninety-fifth general assembly, first**  
130 **regular session, shall not be construed to be a new tax or an increase in the current levy of**  
131 **an existing tax for purposes of paragraph (a) of section 22, article X, Constitution of**  
132 **Missouri, and cities that have already imposed and collected taxes under this section may**  
133 **continue to collect such taxes under this section without further approval by the voters as**  
134 **a continuation of a tax previously approved by the voters of such city.**

94.900. 1. The [governing body of] **following cities may impose a tax as provided in**  
2 **this section:**

3 (1) Any city of the third classification with more than ten thousand eight hundred but less  
4 than ten thousand nine hundred inhabitants located at least partly within a county of the first  
5 classification with more than one hundred eighty-four thousand but less than one hundred  
6 eighty-eight thousand inhabitants[, or] ;

7 (2) Any city of the fourth classification with more than eight thousand nine hundred but  
8 fewer than nine thousand inhabitants[.];

9 (3) **Any city of the fourth classification with more than two thousand six hundred**  
10 **but fewer than two thousand seven hundred inhabitants and located in any county of the**  
11 **first classification with more than eighty-two thousand but fewer than eighty-two thousand**  
12 **one hundred inhabitants;**

13 (4) **Any city located in any county with a charter form of government and with**  
14 **more than one hundred ninety-eight thousand but fewer than one hundred ninety-nine**  
15 **thousand two hundred inhabitants.**

16 **2. The governing body of any city listed in subsection 1 of this section** is hereby  
17 authorized to impose, by ordinance or order, a sales tax in the amount of up to one-half of one  
18 percent on all retail sales made in such city which are subject to taxation under the provisions  
19 of sections 144.010 to 144.525, RSMo, for the purpose of improving the public safety for such  
20 city, including but not limited to expenditures on equipment, city employee salaries and benefits,  
21 and facilities for police, fire and emergency medical providers. The tax authorized by this  
22 section shall be in addition to any and all other sales taxes allowed by law, except that no  
23 ordinance or order imposing a sales tax pursuant to the provisions of this section shall be  
24 effective unless the governing body of the city submits to the voters of the city, at a county or  
25 state general, primary or special election, a proposal to authorize the governing body of the city  
26 to impose a tax.

27 [2.] 3. If the proposal submitted involves only authorization to impose the tax authorized  
28 by this section, the ballot of submission shall contain, but need not be limited to, the following  
29 language:

30 Shall the city of ..... (city's name) impose a citywide sales tax of  
31 ..... (insert amount) for the purpose of improving the public safety of the city?

32 [ ] YES [ ] NO

33

34 If you are in favor of the question, place an "X" in the box opposite "YES". If you are opposed  
35 to the question, place an "X" in the box opposite "NO".]

36 4. If a majority of the votes cast on the proposal by the qualified voters voting thereon  
37 are in favor of the proposal submitted pursuant to this subsection, then the ordinance or order and  
38 any amendments thereto shall be in effect on the first day of the second calendar quarter after the  
39 director of revenue receives notification of adoption of the local sales tax. If a proposal receives  
40 less than the required majority, then the governing body of the city shall have no power to  
41 impose the sales tax herein authorized unless and until the governing body of the city shall again  
42 have submitted another proposal to authorize the governing body of the city to impose the sales  
43 tax authorized by this section and such proposal is approved by the required majority of the  
44 qualified voters voting thereon. However, in no event shall a proposal pursuant to this section  
45 be submitted to the voters sooner than twelve months from the date of the last proposal pursuant  
46 to this section.

47 [3.] 5. All revenue received by a city from the tax authorized under the provisions of this  
48 section shall be deposited in a special trust fund and shall be used solely for improving the public  
49 safety for such city for so long as the tax shall remain in effect.

50 [4.] 6. Once the tax authorized by this section is abolished or is terminated by any means,  
51 all funds remaining in the special trust fund shall be used solely for improving the public safety  
52 for the city. Any funds in such special trust fund which are not needed for current expenditures  
53 may be invested by the governing body in accordance with applicable laws relating to the  
54 investment of other city funds.

55 [5.] 7. All sales taxes collected by the director of the department of revenue under this  
56 section on behalf of any city, less one percent for cost of collection which shall be deposited in  
57 the state's general revenue fund after payment of premiums for surety bonds as provided in  
58 section 32.087, RSMo, shall be deposited in a special trust fund, which is hereby created, to be  
59 known as the "City Public Safety Sales Tax Trust Fund". The moneys in the trust fund shall not  
60 be deemed to be state funds and shall not be commingled with any funds of the state. The  
61 provisions of section 33.080, RSMo, to the contrary notwithstanding, money in this fund shall  
62 not be transferred and placed to the credit of the general revenue fund. The director of the

63 department of revenue shall keep accurate records of the amount of money in the trust and which  
64 was collected in each city imposing a sales tax pursuant to this section, and the records shall be  
65 open to the inspection of officers of the city and the public. Not later than the tenth day of each  
66 month the director of the department of revenue shall distribute all moneys deposited in the trust  
67 fund during the preceding month to the city which levied the tax; such funds shall be deposited  
68 with the city treasurer of each such city, and all expenditures of funds arising from the trust fund  
69 shall be by an appropriation act to be enacted by the governing body of each such city.  
70 Expenditures may be made from the fund for any functions authorized in the ordinance or order  
71 adopted by the governing body submitting the tax to the voters.

72 [6.] 8. The director of the department of revenue may make refunds from the amounts  
73 in the trust fund and credited to any city for erroneous payments and overpayments made, and  
74 may redeem dishonored checks and drafts deposited to the credit of such cities. If any city  
75 abolishes the tax, the city shall notify the director of the department of revenue of the action at  
76 least ninety days prior to the effective date of the repeal and the director of the department of  
77 revenue may order retention in the trust fund, for a period of one year, of two percent of the  
78 amount collected after receipt of such notice to cover possible refunds or overpayment of the tax  
79 and to redeem dishonored checks and drafts deposited to the credit of such accounts. After one  
80 year has elapsed after the effective date of abolition of the tax in such city, the director of the  
81 department of revenue shall remit the balance in the account to the city and close the account of  
82 that city. The director of the department of revenue shall notify each city of each instance of any  
83 amount refunded or any check redeemed from receipts due the city.

84 [7.] 9. Except as modified in this section, all provisions of sections 32.085 and 32.087,  
85 RSMo, shall apply to the tax imposed pursuant to this section.

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