

SECOND REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 1623
96TH GENERAL ASSEMBLY

4664H.04C

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal section 67.1305, RSMo, and to enact in lieu thereof one new section relating to members of economic development tax boards.

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

Section A. Section 67.1305, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 67.1305, to read as follows: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.

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that has imposed a tax under section 67.1300 or 67.1303 unless the tax imposed under those sections has expired or been repealed.

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

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

☐ YES ☐ NO

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.

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

27 4. All sales taxes collected by the director of revenue under this section on behalf of any
28 county or municipality, less one percent for cost of collection which shall be deposited in the
29 state's general revenue fund after payment of premiums for surety bonds as provided in section
30 32.087, shall be deposited in a special trust fund, which is hereby created, to be known as the
31 "Local Option Economic Development Sales Tax Trust Fund".

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

37 6. Not later than the tenth day of each month the director of revenue shall distribute all
38 moneys deposited in the trust fund during the preceding month to the city or county which levied
39 the tax. Such funds shall be deposited with the county treasurer of each such county or the
40 appropriate municipal officer in the case of a municipal tax, and all expenditures of funds arising
41 from the local economic development sales tax trust fund shall be in accordance with this
42 section.

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

47 8. If any county or municipality abolishes the tax, the city or county shall notify the
48 director of revenue of the action at least ninety days prior to the effective date of the repeal and
49 the director of revenue may order retention in the trust fund, for a period of one year, of two
50 percent of the amount collected after receipt of such notice to cover possible refunds or
51 overpayment of the tax and to redeem dishonored checks and drafts deposited to the credit of
52 such accounts. After one year has elapsed after the effective date of abolition of the tax in such
53 city or county, the director of revenue shall remit the balance in the account to the city or county
54 and close the account of that city or county. The director of revenue shall notify each city or

55 county of each instance of any amount refunded or any check redeemed from receipts due the
56 city or county.

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

59 10. (1) No revenue generated by the tax authorized in this section shall be used for any
60 retail development project, except for the redevelopment of downtown areas and historic
61 districts. Not more than twenty-five percent of the revenue generated shall be used annually for
62 administrative purposes, including staff and facility costs.

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

- 66 (a) Acquisition of land;
- 67 (b) Installation of infrastructure for industrial or business parks;
- 68 (c) Improvement of water and wastewater treatment capacity;
- 69 (d) Extension of streets;
- 70 (e) Public facilities directly related to economic development and job creation; and
- 71 (f) Providing matching dollars for state or federal grants relating to such long-term
72 projects.

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

- 75 (a) Marketing;
- 76 (b) Providing grants and loans to companies for job training, equipment acquisition, site
77 development, and infrastructures;
- 78 (c) Training programs to prepare workers for advanced technologies and high skill jobs;
- 79 (d) Legal and accounting expenses directly associated with the economic development
80 planning and preparation process;
- 81 (e) Developing value-added and export opportunities for Missouri agricultural products.

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

88 12. (1) Any city or county imposing the tax authorized in this section shall establish an
89 economic development tax board. The volunteer board shall receive no compensation or
90 operating budget.

91 (2) The economic development tax board established by a city shall consist of **at least**
92 five members, **but may be increased to nine members. Either a five-member or nine-**
93 **member board shall be designated in the order or ordinance imposing the sales tax**
94 **authorized by this section, and the members are** to be appointed as follows:

95 (a) One member **of a five member board, or two members of a nine member board,**
96 shall be appointed by the school districts included within any economic development plan or area
97 funded by the sales tax authorized in this section. Such member **or members** shall be appointed
98 in any manner agreed upon by the affected districts;

99 (b) Three members **of a five member board, or five members of a nine member**
100 **board,** shall be appointed by the chief elected officer of the city with the consent of the majority
101 of the governing body of the city;

102 (c) One member **of a five member board, or two members of a nine member board,**
103 shall be appointed by the governing body of the county in which the city is located.

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

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

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

110 (c) Two members from the cities, towns, or villages within the county appointed in any
111 manner agreed upon by the chief elected officers of the cities or villages.

112 Of the members initially appointed, three shall be designated to serve for terms of two years,
113 **except that when a nine member board is designated, seven of the members initially**
114 **appointed shall be designated to serve for terms of two years,** and the remaining members
115 shall be designated to serve for a term of four years from the date of such initial appointments.
116 Thereafter, the members appointed shall serve for a term of four years, except that all vacancies
117 shall be filled for unexpired terms in the same manner as were the original appointments.

118 (4) **If an economic development tax board established by a city is already in**
119 **existence on August 28, 2012, any increase in the number of members of the board shall**
120 **be designated in an order or ordinance. The four board members added to the board shall**
121 **be appointed to a term with an expiration coinciding with the expiration of the terms of the**
122 **three board member positions that were originally appointed to terms of two years.**
123 **Thereafter, the additional members appointed shall serve for a term of four years, except**
124 **that all vacancies shall be filled for unexpired terms in the same manner as were the**
125 **additional appointments.**

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

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

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

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

145 15. Notwithstanding any other provision of law to the contrary, the economic
146 development sales tax imposed under this section when imposed within a special taxing district,
147 including but not limited to a tax increment financing district, neighborhood improvement
148 district, or community improvement district, shall be excluded from the calculation of revenues
149 available to such districts, and no revenues from any sales tax imposed under this section shall
150 be used for the purposes of any such district unless recommended by the economic development
151 tax board established under this section and approved by the governing body 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 include the following information for each project using the tax authorized under this section:

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

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

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

- (a) Infrastructure improvements;
- (b) Land and or buildings;
- (c) Machinery and equipment;
- (d) Job training investments;
- (e) Direct business incentives;
- (f) Marketing;
- (g) Administration and legal expenses; and
- (h) Other expenditures.

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

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

☐ YES

☐ NO

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

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

20. If any provision of this section or section 67.1303 or the application thereof to any person or circumstance is held invalid, the invalidity shall not affect other provisions or

198 application of this section or section 67.1303 which can be given effect without the invalid
199 provision or application, and to this end the provisions of this section and section 67.1303 are
200 declared severable.

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