

SECOND REGULAR SESSION

HOUSE BILL NO. 1623

96TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES ELLINGER (Sponsor), CARLSON, HUMMEL, OXFORD, McDONALD, PACE, WALTON GRAY, AULL, BLACK, SPRENG, HUBBARD, NICHOLS, ANDERS, TAYLOR, SCHUPP, McGEORGHEGAN, ATKINS, COLONA, WEBB, NEWMAN, BROWN (50), HUGHES, SMITH (71), PIERSON, MONTECILLO, STILL, LAMPE, STREAM, ZERR, McCREERY, DIEHL, KELLY (24) AND McNARY (Co-sponsors).

4664L.03I

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Section A. Section 67.1305, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 67.1305, to read as follows: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that has imposed a tax under section 67.1300 or 67.1303 unless the tax imposed under those sections has expired or been repealed.

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.

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

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

18 ☐ YES ☐ NO

19

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

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

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

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

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

48 8. If any county or municipality abolishes the tax, the city or county shall notify the
49 director of revenue of the action at least ninety days prior to the effective date of the repeal and

50 the director of revenue may order retention in the trust fund, for a period of one year, of two
51 percent of the amount collected after receipt of such notice to cover possible refunds or
52 overpayment of the tax and to redeem dishonored checks and drafts deposited to the credit of
53 such accounts. After one year has elapsed after the effective date of abolition of the tax in such
54 city or county, the director of revenue shall remit the balance in the account to the city or county
55 and close the account of that city or county. The director of revenue shall notify each city or
56 county of each instance of any amount refunded or any check redeemed from receipts due the
57 city or county.

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

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

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

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

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

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

83 11. All revenue generated by the tax shall be deposited in a special trust fund and shall
84 be used solely for the designated purposes. If the tax is repealed, all funds remaining in the
85 special trust fund shall continue to be used solely for the designated purposes. Any funds in the

86 special trust fund which are not needed for current expenditures may be invested by the
87 governing body in accordance with applicable laws relating to the investment of other city or
88 county funds.

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

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

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

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

101 (c) One [member] **or two members** shall be appointed by the governing body of the
102 county in which the city is located.

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

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

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

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

111
112 Of the members initially appointed, three shall be designated to serve for terms of two years, and
113 the remaining members shall be designated to serve for a term of four years from the date of such
114 initial appointments. **If there are nine members initially appointed, the sixth, seventh,**
115 **eighth, and ninth members shall be designated to serve for terms of two years.** Thereafter,
116 the members appointed shall serve for a term of four years, except that all vacancies shall be
117 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, 2011, any increase in the number of members of the board shall**
120 **be designated in an order or ordinance. The sixth, seventh, eighth, and ninth members**
121 **shall be appointed to a term with an expiration coinciding with the expiration of the terms**

of the three board member positions that were originally appointed to terms of two years. Thereafter, the additional members appointed shall serve for a term of four years, except that all vacancies shall be filled for unexpired terms in the same manner as were the additional appointments.

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

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

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

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

15. Notwithstanding any other provision of law to the contrary, the economic development sales tax imposed under this section when imposed within a special taxing district, including but not limited to a tax increment financing district, neighborhood improvement district, or community improvement district, shall be excluded from the calculation of revenues available to such districts, and no revenues from any sales tax imposed under this section shall be used for the purposes of any such district unless recommended by the economic development tax board established under this section and approved by the governing body imposing the tax.

16. The board and the governing body of the city or county imposing the tax shall report at least annually to the governing body of the city or county on the use of the funds provided under this section and on the progress of any plan, project, or designation adopted under this section and shall make such report available to the public.

17. Not later than the first day of March each year the board shall submit to the joint committee on economic development a report, not exceeding one page in length, which must include the following information for each project using the tax authorized under this section:

- (1) A statement of its primary economic development goals;
- (2) A statement of the total economic development sales tax revenues received during 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

192 year in which such repeal was approved. If a majority of the votes cast on the question by the
193 qualified voters voting thereon are opposed to the repeal, then the tax shall remain effective until
194 the question is resubmitted under this section to the qualified voters and the repeal is approved
195 by a majority of the qualified voters voting on the question.

196 20. If any provision of this section or section 67.1303 or the application thereof to any
197 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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