

HCS HB 2058 -- LOCAL TAXATION

SPONSOR: Keathley

COMMITTEE ACTION: Voted "Do Pass with HCS" by the Standing Committee on Government Efficiency and Downsizing by a vote of 7 to 3. Voted "Do Pass" by the Standing Committee on Rules-Administrative Oversight by a vote of 7 to 3.

The following is a summary of the House Committee Substitute for HB 2058.

The bill specifies that if a political subdivision submits a tax proposal for a new or increased tax authorized under a specific statute and it does not pass, the proposal cannot be submitted again for two years following the rejection.

A political subdivision may, however, resubmit a previously rejected tax proposal sooner than two years if the new proposal has one of the following "substantial changes":

- (1) A reduction equal to or greater than 25% of the rate of tax imposed by the previously rejected proposal; or
- (2) A dedicated fund other than the dedicated fund stated in the previously rejected proposal.

This bill allows a political subdivision to reintroduce a previously rejected tax proposal to voters before the next election cycle if the new proposal introduces a new tax authorized by law or increases the rate of existing tax authorized by law in a federal- or state-declared natural disaster area.

This bill requires that if the governing body of a municipality wishes to establish a sales tax by way of a proposed community improvement district, the ordinance must be approved by a two-thirds vote of the governing body.

Any ordinance or petition approved under these provisions that establishes a district that is funded by a sales tax is required to pass by at least a two-thirds majority vote.

This bill exempts non-profit entities pursuant to 26 U.S.C. Section 501(c) from any property tax or special assessment that might be levied by a taxing district.

This bill excludes from the definition of "video service" a video service provider that provides content that is accessed via streaming.

This bill further requires that any project proposals from a transportation development district be submitted to the Missouri Highways and Transportation Commission, or to the local transportation authority, as applicable, for approval prior to the construction or funding of any project. The Missouri Highways and Transportation Commission, or the local transportation authority, as applicable, must approve the project by a two-thirds majority if the proposed project is to be funded by a sales tax.

This bill also requires that any ballot measure proposing a tax alteration on real property must clearly state the impact of the proposed change in terms of the actual amount per \$100,000 of a property's market value within the ballot language

This bill is similar to HB 536 (2023).

The following is a summary of the public testimony from the committee hearing. The testimony was based on the introduced version of the bill.

PROPONENTS: Supporters say that this bill will prevent local municipalities and school districts from promptly reintroducing failed tax increases at the subsequent election, thereby saving taxpayer money spend on election costs.

Testifying in person for the bill were Representative Keathley; Dish Network; Directv; Stowers Institute; and Arnie C. Dienoff.

OPPONENTS: Those who oppose the bill say that educating the voters is a gradual process and that restricting the election time frame is counterproductive to this endeavor.

Testifying in person against the bill were Missouri Association of Counties; Missouri School Boards Association; and the Municipal League Metro St. Louis.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.