

HCS HB 2058 -- LOCAL TAXATION (Keathley)

COMMITTEE OF ORIGIN: Standing Committee on Government Efficiency and Downsizing

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 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 requires that if voters are asked to approve a permanent increase to the tax rate ceiling before a temporary levy increase expires, the ballot language must clearly indicate that if the permanent increase is approved, the temporary levy will become permanent.

This bill also defines "current tax rate ceiling" and "increased tax rate ceiling". When a majority of voters in a political subdivision approve a tax rate increase, the subdivision must use the current tax rate ceiling and the approved increase for the following tax year. If the assessed valuation of real property decreases in that year, the subdivision can adjust its levy rates to ensure it receives the same revenue it would have received without the property value reduction. The use of the increased tax rate ceiling must be revenue neutral, as mandated by the Missouri Constitution.

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 is similar to HB 536 (2023).