

SECOND REGULAR SESSION

# SENATE BILL NO. 845

96TH GENERAL ASSEMBLY

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INTRODUCED BY SENATOR KEAVENY.

Read 1st time February 28, 2012, and ordered printed.

TERRY L. SPIELER, Secretary.

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## 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.

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*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Section A. Section 67.1305, RSMo, is repealed and one new section  
2 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  
2 incorporated city, town, or village.

3 2. In lieu of the sales taxes authorized under sections 67.1300 and  
4 67.1303, the governing body of any city or county may impose, by order or  
5 ordinance, a sales tax on all retail sales made in the city or county which are  
6 subject to sales tax under chapter 144. The tax authorized in this section shall  
7 not be more than one-half of one percent. The order or ordinance imposing the  
8 tax shall not become effective unless the governing body of the city or county  
9 submits to the voters of the city or county at any citywide, county or state  
10 general, primary or special election a proposal to authorize the governing body  
11 to impose a tax under this section. The tax authorized in this section shall be in  
12 addition to all other sales taxes imposed by law, and shall be stated separately  
13 from all other charges and taxes. The tax authorized in this section shall not be  
14 imposed by any city or county that has imposed a tax under section 67.1300 or  
15 67.1303 unless the tax imposed under those sections has expired or been  
16 repealed.

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

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

22

 YES NO

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

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

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

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

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

56 8. If any county or municipality abolishes the tax, the city or county shall  
57 notify the director of revenue of the action at least ninety days prior to the

58 effective date of the repeal and the director of revenue may order retention in the  
59 trust fund, for a period of one year, of two percent of the amount collected after  
60 receipt of such notice to cover possible refunds or overpayment of the tax and to  
61 redeem dishonored checks and drafts deposited to the credit of such  
62 accounts. After one year has elapsed after the effective date of abolition of the  
63 tax in such city or county, the director of revenue shall remit the balance in the  
64 account to the city or county and close the account of that city or county. The  
65 director of revenue shall notify each city or county of each instance of any amount  
66 refunded or any check redeemed from receipts due the city or county.

67 9. Except as modified in this section, all provisions of sections 32.085 and  
68 32.087 shall apply to the tax imposed pursuant to this section.

69 10. (1) No revenue generated by the tax authorized in this section shall  
70 be used for any retail development project, except for the redevelopment of  
71 downtown areas and historic districts. Not more than twenty-five percent of the  
72 revenue generated shall be used annually for administrative purposes, including  
73 staff and facility costs.

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

- 77 (a) Acquisition of land;
- 78 (b) Installation of infrastructure for industrial or business parks;
- 79 (c) Improvement of water and wastewater treatment capacity;
- 80 (d) Extension of streets;
- 81 (e) Public facilities directly related to economic development and job  
82 creation; and
- 83 (f) Providing matching dollars for state or federal grants relating to such  
84 long-term projects.

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

- 87 (a) Marketing;
- 88 (b) Providing grants and loans to companies for job training, equipment  
89 acquisition, site development, and infrastructures;
- 90 (c) Training programs to prepare workers for advanced technologies and  
91 high skill jobs;
- 92 (d) Legal and accounting expenses directly associated with the economic  
93 development planning and preparation process;

94 (e) Developing value-added and export opportunities for Missouri  
95 agricultural products.

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

103 12. (1) Any city or county imposing the tax authorized in this section  
104 shall establish an economic development tax board. The volunteer board shall  
105 receive no compensation or operating budget.

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

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

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

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

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

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

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

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

133 Of the members initially appointed, three shall be designated to serve for terms  
134 of two years, **except that when a nine member board is designated, seven**  
135 **of the members initially appointed shall be designated to serve for**  
136 **terms of two years**, and the remaining members shall be designated to serve  
137 for a term of four years from the date of such initial appointments. Thereafter,  
138 the members appointed shall serve for a term of four years, except that all  
139 vacancies shall be filled for unexpired terms in the same manner as were the  
140 original appointments.

141 **(4) If an economic development tax board established by a city**  
142 **is already in existence on August 28, 2012, any increase in the number**  
143 **of members of the board shall be designated in an order or**  
144 **ordinance. The four board members added to the board shall be**  
145 **appointed to a term with an expiration coinciding with the expiration**  
146 **of the terms of the three board member positions that were originally**  
147 **appointed to terms of two years. Thereafter, the additional members**  
148 **appointed shall serve for a term of four years, except that all vacancies**  
149 **shall be filled for unexpired terms in the same manner as were the**  
150 **additional appointments.**

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

164 14. The board may consider and recommend using funds received from the  
165 tax imposed under this section for plans, projects or area designations outside the

166 boundaries of the city or county imposing the tax if, and only if:

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

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

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

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

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

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

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

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

196 (a) Infrastructure improvements;

197 (b) Land and or buildings;

198 (c) Machinery and equipment;

199 (d) Job training investments;

200 (e) Direct business incentives;

201 (f) Marketing;

202 (g) Administration and legal expenses; and

203 (h) Other expenditures.

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

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

211  YES  NO

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

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

231 20. If any provision of this section or section 67.1303 or the application  
232 thereof to any person or circumstance is held invalid, the invalidity shall not  
233 affect other provisions or application of this section or section 67.1303 which can  
234 be given effect without the invalid provision or application, and to this end the  
235 provisions of this section and section 67.1303 are declared severable.