

SECOND REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
SENATE SUBSTITUTE FOR
SENATE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 605
95TH GENERAL ASSEMBLY

3187L.12C

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 48.020, 48.030, 94.510, 94.550, 94.577, and 137.016, RSMo, and to enact in lieu thereof six new sections relating to powers of political subdivisions, with an emergency clause for a certain section.

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

Section A. Sections 48.020, 48.030, 94.510, 94.550, 94.577, and 137.016, RSMo, are
2 repealed and six new sections enacted in lieu thereof, to be known as sections 48.020, 48.030,
3 94.510, 94.550, 94.577, and 137.016, to read as follows:

48.020. **1.** All counties of this state are hereby classified, for the purpose of establishing
2 organization and powers in accordance with the provisions of section 8, article VI, Constitution
3 of Missouri, into four classifications determined as follows:

4 Classification 1. All counties having an assessed valuation of [six] **nine** hundred million
5 dollars and over shall automatically be in the first classification after that county has maintained
6 such valuation for the time period required by section 48.030; however, any county of the second
7 classification which, on August [13, 1988] **28, 2010**, has had an assessed valuation of at least
8 [four] **six** hundred million dollars for at least one year may, by resolution of the governing body
9 of the county, elect to be classified as a county of the first classification after it has maintained
10 such valuation for the period of time required by the provisions of section 48.030.

11 Classification 2. All counties having an assessed valuation of [four] **six** hundred [fifty]
12 million dollars and less than the assessed valuation necessary for that county to be in the first

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.

13 classification shall automatically be in the second classification after that county has maintained
14 such valuation for the time period required by section 48.030.

15 Classification 3. All counties having an assessed valuation of less than the assessed
16 valuation necessary for that county to be in the second classification shall automatically be in the
17 third classification.

18 Classification 4. All counties which have attained the second classification prior to
19 August 13, 1988, and which would otherwise return to the third classification after August 13,
20 1988, because of changes in assessed valuation shall remain a county in the second classification
21 and shall operate under the laws of this state applying to the second classification.

22 **2. The required assessed valuation for each classification under subsection 1 of this**
23 **section shall be increased annually by an amount equal to the percentage change in the**
24 **annual average of the Consumer Price Index for all urban consumers (CPI-U) or zero,**
25 **whichever is greater. The state tax commission shall calculate and publish this amount so**
26 **that it is available to all counties.**

48.030. 1. [Other than as otherwise provided for in this section, after September 28,
2 1979,] No county shall move from a lower class to a higher class or from a higher class to a
3 lower class until the assessed valuation of the county is such as to place it in the other class for
4 five successive years **and until the change has become effective as provided for in this**
5 **section.**

6 2. No second class county shall become a third class county until the assessed valuation
7 of the county is such as to place it in the third class for at least five successive years.

8 3. Notwithstanding the provisions of subsection 1 of this section, a county may become
9 a first class county at any time after the assessed valuation of the county is such as to be a first
10 class county and the governing body of the county elects to change classifications. The effective
11 date of such change of classification shall be in accordance with the provisions of this section.

12 4. Notwithstanding the provisions of subsection 1 of this section, any county of the third
13 classification without a township form of government and with more than thirty-eight thousand
14 nine hundred but fewer than thirty-nine thousand inhabitants may become a second class county
15 at any time after the assessed valuation of the county is such as to be a second class county and
16 the governing body of the county elects to change classifications. The effective date of such
17 change of classification shall be at the beginning of the county fiscal year following the election
18 by the governing body of the county.

19 5. Except as provided in subsection 4 of this section, the change from one classification
20 to another shall become effective at the beginning of the county fiscal year following the next
21 general election after the certification by the state equalizing agency for the required number of
22 successive years that the county possesses an assessed valuation placing it in another class. If

23 a general election is held between the date of the certification and the end of the current fiscal
24 year, the change of classification shall not become effective until the beginning of the county
25 fiscal year following the next succeeding general election.

94.510. 1. Any city may, by a majority vote of its council or governing body, impose
2 a city sales tax for the benefit of such city in accordance with the provisions of sections 94.500
3 to 94.550; provided, however, that no ordinance enacted pursuant to the authority granted by the
4 provisions of sections 94.500 to 94.550 shall be effective unless the legislative body of the city
5 submits to the voters of the city, at a public election, a proposal to authorize the legislative body
6 of the city to impose a tax under the provisions of sections 94.500 to 94.550.

7 The ballot of submission shall be in substantially the following form:

8 Shall the city of (insert name of city) impose a city sales tax of
9 (insert rate of percent) percent?

10 YES NO

11

12 If a majority of the votes cast on the proposal by the qualified voters voting thereon are in favor
13 of the proposal, then the ordinance and any amendments thereto shall be in effect. If a majority
14 of the votes cast by the qualified voters voting are opposed to the proposal, then the legislative
15 body of the city shall have no power to impose the **proposed** tax herein authorized unless and
16 until the legislative body of the city shall again have submitted another proposal to authorize the
17 legislative body of the city to impose the tax under the provisions of sections 94.500 to 94.550,
18 and such proposal is approved by a majority of the qualified voters voting thereon. **Disapproval**
19 **of a proposal by the qualified voters shall not affect any tax already in effect.**

20 2. [The] A sales tax may be imposed at a rate of one-half of one percent, seven-eighths
21 of one percent or one percent on the receipts from the sale at retail of all tangible personal
22 property or taxable services at retail within any city adopting such tax, if such property and
23 services are subject to taxation by the state of Missouri under the provisions of sections 144.010
24 to 144.525, RSMo; except that, each city not within a county may **also** impose such tax at a rate
25 not to exceed one and three-eighths percent. **Beginning August 28, 2010, the combined rate**
26 **of sales taxes adopted under sections 94.500 to 94.550 shall not exceed two percent.**

27 3. If any city in which a city tax has been imposed in the manner provided for in sections
28 94.500 to 94.550 shall thereafter change or alter its boundaries, the city clerk of the city shall
29 forward to the director of revenue by United States registered mail or certified mail a certified
30 copy of the ordinance adding or detaching territory from the city. The ordinance shall reflect the
31 effective date thereof, and shall be accompanied by a map of the city clearly showing the territory
32 added thereto or detached therefrom. Upon receipt of the ordinance and map, the [tax imposed

33 by the act] **taxes** shall be effective in the added territory or abolished in the detached territory on
34 the effective date of the change of the city boundary.

35 **4. The changes to this section enacted by the ninety-fifth general assembly, second**
36 **regular session, shall not be construed to be a new tax or an increase in the current levy of**
37 **an existing tax for purposes of paragraph (a) of section 22, article X, Constitution of**
38 **Missouri, and cities that have already imposed and collected taxes under this section may**
39 **continue to collect such taxes under this section without further approval by the voters as**
40 **a continuation of a tax previously approved by the voters of such city.**

94.550. 1. All city sales taxes collected by the director of revenue under sections 94.500
2 to 94.550 on behalf of any city, less one percent for cost of collection which shall be deposited
3 in the state's general revenue fund after payment of premiums for surety bonds as provided in
4 section 32.087, RSMo, shall be deposited [with the state treasurer] in a special trust fund, which
5 is hereby created, to be known as the "City Sales Tax Trust Fund". The moneys in the city sales
6 tax trust fund shall not be deemed to be state funds and shall not be commingled with any funds
7 of the state. The director of revenue shall keep accurate records of the amount of money in the
8 trust fund which was collected in each city imposing a city sales tax, and the records shall be
9 open to the inspection of officers of the city and the public. Not later than the tenth day of each
10 month the director of revenue shall distribute all moneys deposited in the trust fund during the
11 preceding month, to the city treasurer, or such other officer as may be designated by the city
12 ordinance, of each city imposing the tax authorized by sections 94.500 to 94.550, the sum due
13 the city as certified by the director of revenue.

14 2. The director of revenue may [authorize the state treasurer to] make refunds from the
15 amounts in the trust fund and credited to any city for erroneous payments and overpayments
16 made, and may redeem dishonored checks and drafts deposited to the credit of such cities. If any
17 city abolishes [the] a tax, the city shall notify the director of revenue of the action at least ninety
18 days prior to the effective date of the repeal and the director of revenue may order retention in
19 the trust fund, for a period of one year, of two percent of the amount collected after receipt of
20 such notice to cover possible refunds or overpayment of the tax and to redeem dishonored checks
21 and drafts deposited to the credit of such accounts. After one year has elapsed after the effective
22 date of abolition of [the tax] **all such taxes** in such city, the director of revenue shall [authorize
23 the state treasurer to] remit the balance in the account to the city and close the account of that
24 city. The director of revenue shall notify each city of each instance of any amount refunded or
25 any check redeemed from receipts.

26 **3. The changes to this section enacted by the ninety-fifth general assembly, second**
27 **regular session, shall not be construed to be a new tax or an increase in the current levy of**
28 **an existing tax for purposes of paragraph (a) of section 22, article X, Constitution of**

29 **Missouri, and cities that have already imposed and collected taxes under this section may**
 30 **continue to collect such taxes under this section without further approval by the voters as**
 31 **a continuation of a tax previously approved by the voters of such city.**

94.577. 1. The governing body of any municipality except those located in whole or in
 2 part within any first class county having a charter form of government and not containing any
 3 part of a city with a population of four hundred thousand or more and adjacent to a city not
 4 within a county for that part of the municipality located within such first class county is hereby
 5 authorized to impose, by ordinance or order, a one-eighth, one-fourth, three-eighths, or one-half
 6 of one percent sales tax on all retail sales made in such municipality which are subject to taxation
 7 under the provisions of sections 144.010 to 144.525, RSMo, for the purpose of funding capital
 8 improvements, including the operation and maintenance of capital improvements, which may
 9 be funded by issuing bonds which will be retired by the revenues received from the sales tax
 10 authorized by this section or the retirement of debt under previously authorized bonded
 11 indebtedness. A municipality located in a charter county may impose a sales tax on all retail
 12 sales for capital improvements as provided in section 94.890. The [tax] **taxes** authorized by this
 13 section shall be in addition to any and all other sales taxes allowed by law; but no ordinance
 14 imposing a sales tax under the provisions of this section shall be effective unless the governing
 15 body of the municipality submits to the voters of the municipality, at a municipal or state general,
 16 primary or special election, a proposal to authorize the governing body of the municipality to
 17 impose such tax and, if such tax is to be used to retire bonds authorized under this section, to
 18 authorize such bonds and their retirement by such tax, or to authorize the retirement of debt
 19 under previously authorized bonded indebtedness. **Beginning August 28, 2010, the combined**
 20 **rate of sales taxes adopted under this section by a municipality shall not exceed one**
 21 **percent.**

22 2. The ballot of submission shall contain, but need not be limited to:

23 (1) If the proposal submitted involves only authorization to impose the tax authorized
 24 by this section, the following language:

25 Shall the municipality of (municipality's name) impose a sales tax of (insert
 26 amount) for the purpose of funding capital improvements which may include the retirement of
 27 debt under previously authorized bonded indebtedness?

28 YES NO

29

30 If you are in favor of the question, place an "X" in the box opposite "YES". If you are opposed
 31 to the question, place an "X" in the box opposite "NO"; or

32 (2) If the proposal submitted involves authorization to issue bonds and repay such bonds
 33 with revenues from the tax authorized by this section, the following language:

34 Shall the municipality of (municipality's name) issue bonds in the amount
35 of (insert amount) to fund capital improvements and impose a sales tax of (insert
36 amount) to repay bonds?

37

38 YES

NO

39

40 If you are in favor of the question, place an "X" in the box opposite "YES". If you are opposed
41 to the question, place an "X" in box opposite "NO".

42

43 If a majority of the votes cast on the proposal by the qualified voters voting thereon are in favor
44 of the proposal, including when the proposal authorizes the reduction of debt under previously
45 authorized bonded indebtedness under subdivision (1) of this subsection, then the ordinance or
46 order and any amendments thereto shall be in effect, except that any proposal submitted under
47 subdivision (2) of this subsection to issue bonds and impose a sales tax to retire such bonds must
48 be approved by the constitutionally required percentage of the voters voting thereon to become
49 effective. If a majority of the votes cast by the qualified voters voting are opposed to the
50 proposal, then the governing body of the municipality shall have no power to issue any bonds
51 or impose the **proposed** sales tax authorized in this section unless and until the governing body
52 of the municipality shall again have submitted another proposal to authorize the governing body
53 of the municipality to issue any bonds or impose [the] a sales tax authorized by this section, and
54 such proposal is approved by the requisite majority of the qualified voters voting thereon;
55 however, in no event shall a proposal pursuant to this section be submitted to the voters sooner
56 than twelve months from the date of the last proposal pursuant to this section, except that any
57 municipality with a population of greater than four hundred thousand and located within more
58 than one county may submit a proposal pursuant to this section to the voters sooner than twelve
59 months from the date of the last proposal submitted pursuant to this section if submitted to the
60 voters on or before November 6, 2001. **Disapproval of a proposal by the qualified voters**
61 **shall not affect any tax already in effect.**

62 3. All revenue received by a municipality from the [tax] **taxes** authorized under the
63 provisions of this section shall be deposited in a special trust fund and shall be used solely for
64 capital improvements, including the operation and maintenance of capital improvements, for so
65 long as the [tax] **taxes** shall remain in effect. Once the [tax] **taxes** authorized by this section [is]
66 **are** abolished or [is] terminated by any means, all funds remaining in the special trust fund
67 required by this subsection shall be used solely for the maintenance of the capital improvements
68 made with revenues raised by the [tax] **taxes** authorized by this section. Any funds in the special
69 trust fund required by this subsection which are not needed for current expenditures may be

70 invested by the governing body in accordance with applicable laws relating to the investment of
71 other municipal funds. The provisions of this subsection shall apply only to taxes authorized by
72 this section which have not been imposed to retire bonds issued pursuant to this section.

73 4. All revenue received by a municipality which issues bonds under this section and
74 imposes the [tax] **taxes** authorized by this section to retire such bonds shall be deposited in a
75 special trust fund and shall be used solely to retire such bonds, except to the extent that such
76 funds are required for the operation and maintenance of capital improvements. Once all of such
77 bonds have been retired, all funds remaining in the special trust fund required by this subsection
78 shall be used solely for the maintenance of the capital improvements made with the revenue
79 received as a result of the issuance of such bonds. Any funds in the special trust fund required
80 by this subsection which are not needed to meet current obligations under the bonds issued under
81 this section may be invested by the governing body in accordance with applicable laws relating
82 to the investment of other municipal funds. The provisions of this subsection shall apply only
83 to taxes authorized by this section which have been imposed to retire bonds issued under this
84 section.

85 5. After the effective date of any tax imposed under the provisions of this section, the
86 director of revenue shall perform all functions incident to the administration, collection,
87 enforcement, and operation of the tax in the same manner as provided in sections 94.500 to
88 94.550, and the director of revenue shall collect in addition to the sales tax for the state of
89 Missouri the additional [tax] **taxes** authorized under the authority of this section. The tax
90 imposed pursuant to this section and the tax imposed under the sales tax law of the state of
91 Missouri shall be collected together and reported upon such forms and under such administrative
92 rules and regulations as may be prescribed by the director of revenue. Except as modified in this
93 section, all provisions of sections 32.085 and 32.087, RSMo, shall apply to the [tax] **taxes**
94 imposed under this section.

95 6. No tax imposed pursuant to this section for the purpose of retiring bonds issued under
96 this section may be terminated until all of such bonds have been retired.

97 7. In any city not within a county, no tax shall be imposed pursuant to this section for
98 the purpose of funding in whole or in part the construction, operation or maintenance of a sports
99 stadium, field house, indoor or outdoor recreational facility, center, playing field, parking facility
100 or anything incidental or necessary to a complex suitable for any type of professional sport or
101 recreation, either upon, above or below the ground.

102 8. Any tax imposed under this section in any home rule city with more than four hundred
103 thousand inhabitants and located in more than one county solely for public transit purposes shall
104 not be considered economic activity taxes as such term is defined under sections 99.805 and
105 99.918, RSMo, and tax revenues derived from such tax shall not be subject to allocation under

106 the provisions of subsection 3 of section 99.845, RSMo, or subsection 4 of section 99.957,
107 RSMo.

108 9. The director of revenue may [authorize the state treasurer to] make refunds from the
109 amounts in the trust fund and credited to any municipality for erroneous payments and
110 overpayments made, and may redeem dishonored checks and drafts deposited to the credit of
111 such municipalities. If any municipality abolishes [the] a tax, the municipality shall notify the
112 director of revenue of the action at least ninety days prior to the effective date of the repeal and
113 the director of revenue may order retention in the trust fund, for a period of one year, of two
114 percent of the amount collected after receipt of such notice to cover possible refunds or
115 overpayment of the tax and to redeem dishonored checks and drafts deposited to the credit of
116 such accounts. After one year has elapsed after the effective date of abolition of [the tax] **all**
117 **such taxes** in such municipality, the director of revenue shall remit the balance in the account
118 to the municipality and close the account of that municipality. The director of revenue shall
119 notify each municipality of each instance of any amount refunded or any check redeemed from
120 receipts due the municipality.

121 **10. If any municipality in which a tax has been imposed under this section changes**
122 **or alters its boundaries after the tax is imposed, the clerk of the municipality shall forward**
123 **to the director of revenue by United States registered mail or certified mail a certified copy**
124 **of the ordinance adding or detaching territory from the municipality. The ordinance shall**
125 **reflect its effective date, and shall be accompanied by a map of the municipality clearly**
126 **showing the territory added to or detached from the municipality. Upon receipt of the**
127 **ordinance and map, the taxes shall be effective in the attached territory, or abolished in the**
128 **detached territory, on the effective date of the change of the municipal boundary.**

129 **11. The changes to this section enacted by the ninety-fifth general assembly, second**
130 **regular session, shall not be construed to be a new tax or an increase in the current levy of**
131 **an existing tax for purposes of paragraph (a) of section 22, article X, Constitution of**
132 **Missouri, and cities that have already imposed and collected taxes under this section may**
133 **continue to collect such taxes under this section without further approval by the voters as**
134 **a continuation of a tax previously approved by the voters of such city.**

137.016. 1. As used in section 4(b) of article X of the Missouri Constitution, the
2 following terms mean:

3 (1) "Agricultural and horticultural property", all real property used for agricultural
4 purposes and devoted primarily to the raising and harvesting of crops; to the feeding, breeding
5 and management of livestock which shall include breeding, showing, and boarding of horses; to
6 dairying, or to any other combination thereof; and buildings and structures customarily
7 associated with farming, agricultural, and horticultural uses. Agricultural and horticultural

8 property shall also include land devoted to and qualifying for payments or other compensation
9 under a soil conservation or agricultural assistance program under an agreement with an agency
10 of the federal government. Agricultural and horticultural property shall further include land and
11 improvements, exclusive of structures, on privately owned airports that qualify as reliever
12 airports under the Nation Plan of Integrated Airports System, to receive federal airport
13 improvement project funds through the Federal Aviation Administration. Real property
14 classified as forest croplands shall not be agricultural or horticultural property so long as it is
15 classified as forest croplands and shall be taxed in accordance with the laws enacted to
16 implement section 7 of article X of the Missouri Constitution;

17 (2) "Residential property", all real property improved by a structure which is used or
18 intended to be used for residential living by human occupants, vacant land in connection with
19 an airport, land used as a golf course, and manufactured home parks, but residential property
20 shall not include other similar facilities used primarily for transient housing. For the purposes
21 of this section, "transient housing" means all rooms [available] **which, when in use, are**
22 **primarily used** for rent or lease for which the receipts from the rent or lease of such rooms are
23 subject to state sales tax pursuant to subdivision (6) of subsection 1 of section 144.020, RSMo;

24 (3) "Utility, industrial, commercial, railroad and other real property", all real property
25 used directly or indirectly, for any commercial, mining, industrial, manufacturing, trade,
26 professional, business, or similar purpose, including all property centrally assessed by the state
27 tax commission but shall not include floating docks, portions of which are separately owned and
28 the remainder of which is designated for common ownership and in which no one person or
29 business entity owns more than five individual units. All other real property not included in the
30 property listed in subclasses (1) and (2) of section 4(b) of article X of the Missouri Constitution,
31 as such property is defined in this section, shall be deemed to be included in the term "utility,
32 industrial, commercial, railroad and other real property".

33 2. Pursuant to article X of the state constitution, any taxing district may adjust its
34 operating levy to recoup any loss of property tax revenue, except revenues from the surtax
35 imposed pursuant to article X, subsection 2 of section 6 of the constitution, as the result of
36 changing the classification of structures intended to be used for residential living by human
37 occupants which contain five or more dwelling units if such adjustment of the levy does not
38 exceed the highest tax rate in effect subsequent to the 1980 tax year. For purposes of this
39 section, loss in revenue shall include the difference between the revenue that would have been
40 collected on such property under its classification prior to enactment of this section and the
41 amount to be collected under its classification under this section. The county assessor of each
42 county or city not within a county shall provide information to each taxing district within its

43 boundaries regarding the difference in assessed valuation of such property as the result of such
44 change in classification.

45 3. All reclassification of property as the result of changing the classification of structures
46 intended to be used for residential living by human occupants which contain five or more
47 dwelling units shall apply to assessments made after December 31, 1994.

48 4. Where real property is used or held for use for more than one purpose and such uses
49 result in different classifications, the county assessor shall allocate to each classification the
50 percentage of the true value in money of the property devoted to each use; except that, where
51 agricultural and horticultural property, as defined in this section, also contains a dwelling unit
52 or units, the farm dwelling, appurtenant residential-related structures and up to five acres
53 immediately surrounding such farm dwelling shall be residential property, as defined in this
54 section.

55 5. All real property which is vacant, unused, or held for future use; which is used for a
56 private club, a not-for-profit or other nonexempt lodge, club, business, trade, service
57 organization, or similar entity; or for which a determination as to its classification cannot be
58 made under the definitions set out in subsection 1 of this section, shall be classified according
59 to its immediate most suitable economic use, which use shall be determined after consideration
60 of:

61 (1) Immediate prior use, if any, of such property;

62 (2) Location of such property;

63 (3) Zoning classification of such property; except that, such zoning classification shall
64 not be considered conclusive if, upon consideration of all factors, it is determined that such
65 zoning classification does not reflect the immediate most suitable economic use of the property;

66 (4) Other legal restrictions on the use of such property;

67 (5) Availability of water, electricity, gas, sewers, street lighting, and other public services
68 for such property;

69 (6) Size of such property;

70 (7) Access of such property to public thoroughfares; and

71 (8) Any other factors relevant to a determination of the immediate most suitable
72 economic use of such property.

73 6. All lands classified as forest croplands shall not, for taxation purposes, be classified
74 as subclass (1), subclass (2), or subclass (3) real property, as such classes are prescribed in
75 section 4(b) of article X of the Missouri Constitution and defined in this section, but shall be
76 taxed in accordance with the laws enacted to implement section 7 of article X of the Missouri
77 Constitution.

Section B. Because immediate action is necessary to ensure the continuation of efficient
2 and proper administration of county government, the repeal and reenactment of section 48.020
3 of section A of this act is deemed necessary for the immediate preservation of the public health,
4 welfare, peace, and safety, and is hereby declared to be an emergency act within the meaning of
5 the constitution, and the repeal and reenactment of section 48.020 of section A of this act shall
6 be in full force and effect upon its passage and approval.

✓