

## 2024 Missouri Municipal Model Policy

By David Stokes

Missouri law does not require major revisions to reform municipal policies that inhibit freedom and impede economic growth. Below are examples of ways to achieve the needed reforms, with yellow highlighting used to indicate new/revised text.

### 1. Eliminating the Kansas City 33 school district (KCSD) tax rollback exemption

The exemption may be removed by simply repealing Missouri Constitution Article 10, Section 11(g). Such a repeal would require a vote of the people. The repeal of Article 10, Section 11(g) would mean that the rules governing all other taxing jurisdictions in Missouri would apply to KCSD.

### 2. Expanding TIF commissions to the county level

In order to increase the number of county tax increment financing (TIF) commissions, Section 99.820.3(1) of the Revised Missouri Statutes could be amended along the lines noted below to provide the option to more counties. The primary counties that should be considered include Greene, Platte, Boone, Franklin, and Camden, but all counties could benefit from this change.

In lieu of a commission created under subsection 2 of this section, any city, town, or village in a county with a charter form of government and with more than one million inhabitants, in a county with a charter form of government and with more than two hundred fifty thousand but fewer than three hundred fifty thousand inhabitants, in a county of the first classification with more than one hundred eighty-five thousand but fewer than two hundred thousand inhabitants, [Insert the current standard legislative descriptions here for additional counties] or in a county of the first classification with more than ninety-two thousand but fewer than one hundred one thousand inhabitants shall, prior to adoption of an ordinance approving the designation of a redevelopment area or approving a redevelopment plan or redevelopment project, create a commission consisting of twelve persons to be appointed as follows . . .

### 3. Permitting school districts to opt out of TIF.

To protect school districts from the impact of tax reductions from TIF, reforms that allow districts to opt-out of TIF subsidies should be adopted. One way to achieve this result is to amend Chapters 99 and 100 of the Revised Missouri Statutes. For example, Section 99.848.1 could provide:

99.848. 1. (1) Notwithstanding subsection 1 of section 99.845, any ambulance district board operating under chapter 190, any fire protection district board operating under chapter 321, [or] any governing body operating a 911 center providing dispatch services under chapter 190 or 321 imposing a property tax for the purposes of providing emergency services pursuant to chapter 190 or 321, and any public school district shall be entitled to reimbursement from the special allocation fund in the amount of at least fifty percent but not more than one hundred percent of the district's or 911 center's tax increment. This subsection shall not apply to tax increment financing projects or redevelopment areas approved prior to August 28, 2004.

### 4. Requiring a vote of the public to create special taxing districts.

Special taxing districts, such as Community improvement District (CID) and Transportation Development

Districts (TDD), are far too easily implemented in Missouri, and often done so in a manner designed to both get around the Hancock Amendment and increase corporate welfare. One way to address this issue is to make the following change to RSMO 67.1545<sup>1</sup>:

Language: 67.1545. Sales and use tax authorized in certain districts — procedure to adopt, ballot language, imposition and collection by retailers — penalties for violations — deposit into trust fund, use — repeal procedure — display of rate by retailer. — 1. Any district formed as a political subdivision may impose by resolution a district sales and use tax on all retail sales made in such district which are subject to taxation pursuant to sections 144.010 to 144.525, except sales of motor vehicles, trailers, boats or outboard motors and sales to or by public utilities and providers of communications, cable, or video services. Any sales and use tax imposed pursuant to this section may be imposed in increments of one- eighth of one percent, up to a maximum of one percent. Such district sales and use tax may be imposed for any district purpose designated by the district in its ballot of submission to its qualified voters; except that, no resolution adopted pursuant to this section shall become effective unless the board of directors of the district **submits to the qualified voters of the municipality**, or, if the district is in an unincorporated area, **by the qualified voters of the county in which the district is located**, by mail-in ballot or submission of the imposition of the new sales and use tax to the voters on a general election day, a proposal to authorize a sales and use tax pursuant to this section. If a majority of the votes cast by the qualified voters on the proposed sales tax are in favor of the sales tax, then the resolution is adopted. If a majority of the votes cast by the qualified voters are opposed to the sales tax, then the resolution is void.

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<sup>1</sup> This reform was proposed in HB1854, 2020, which was passed by the General Assembly but vetoed by the Governor.

## 5. Preventing cities from collecting earnings taxes on remote work.

One way to ensure that cities do not continue to misinterpret existing law is to include clarifying language in Section 92.112 of the Missouri Revised Statutes along the following lines:

4. For all tax returns filed on or after January 1, 2024, the term "work done or services performed or rendered in the city", as used in sections 92.105 to 92.200, shall not include any work or services performed or rendered through telecommuting or otherwise performed or rendered remotely unless the location where such remote work or services are performed is located in the city.

## 6. Removing special laws that govern fire district annexation in St. Louis County.

There are special rules governing the annexation by municipalities of unincorporated areas served by fire districts in St. Louis County. These special rules are good for the fireman's union, and bad for everyone else, especially taxpayers, as they make it almost impossible for a city to provide fire services instead of the fire district after the annexation within St. Louis County, even if that is what voters want. Hazelwood and Crestwood have been particularly harmed because of this legislation. This reform could be achieved by repealing RSMO 72.418 in its entirety. St. Louis County municipal annexation polities for fire districts would then be governed by 321.322, like the rest of Missouri.

## 7. Prohibiting municipal ordinances that require landlords to accept Section 8 vouchers.

To protect the property rights of landlords, Missouri needs to make clear that municipalities cannot impose source of income rules. To achieve such protection, Missouri will need to define source of income and specify what is prohibited. Below is some sample language to achieve this objective.

"Source of income" means the point or form of the origination of legal gains of income accruing to a person in a stated period of time; from any occupation, profession or activity, from any contract, agreement or settlement, from federal, state or local payments, including Section 8 or any other rent subsidy or rent assistance program, from court ordered payments or from payments received as gifts, bequests, annuities or life insurance policies.<sup>2</sup>

To protect landlords, language such as the following could be added to the Missouri Revised Statutes.

441.043. No county or city, or county or city with a charter form of government may enact, maintain, or enforce any ordinance or resolution which regulates the amount of rent to be charged for privately-owned, single-family, or multiple-unit residential or commercial rental property. No county or city, or county or city with a charter form of government, shall enact, maintain, or enforce any ordinance or resolution that prohibits landlords from refusing to lease or rent a privately owned, single-family, or multiple-unit residential or commercial rental property to a person because the person's lawful source of income to pay rent includes funding from a federal housing assistance program.

8. Expand the information collected on tax subsidies in Missouri in order to give Missourians better information on the level of tax subsidies in Missouri. Missouri should also require that the information be included in the State Tax Commission's annual report, in order to make that information easily accessible to people. "Sunlight is the best disinfectant," and public knowledge of the amount of tax subsidies approved in Missouri is important.

Missouri would benefit from expanding the requirements for assessors to collect information on tax subsidies and requiring them to be reported in the annual tax report by the State Tax Commission.

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<sup>2</sup> This definition comes from the City of Saint Louis ordinances.

**RSMO: 137.237, 138.440 or 138.445**

Language:

137.237. Tax-exempt properties, assessor to compile list for state tax commission. — The county assessor of each county and the assessor of any city not within a county shall, beginning January 1, 1989, and every odd-numbered year thereafter, identify, list, and state the true value in money of the property in such county or city not within a county which is totally or partially exempt from ad valorem taxes for such taxable year pursuant to sections 99.700 – 99.715 and 99.800 to 99.865; section 100.10 to 100.200 and 100.570, sections 135.200 to 135.260; and section 353.110 to 353.150. Such properties shall be identified and listed, with the true value in money of the property included as well as the number of years of abatement remaining and the percentage of true value exempted for the abated properties, in a report filed with the state tax commission and the assessor of the county or city not within a county on or before November 1, 1989, and November first of every odd-numbered year thereafter. Such report, in summary form, shall be included in each reassessment notice stating said tax abatements in each county or city not within a county and, in addition, include a statement that a list of specific abated property is available for inspection upon request at the county courthouse or city hall of any city not within a county.

There may be other sections of chapter 100 to be included.

**138.440.** Annual report — content — compensation for extra duties. — 1. A report of the proceedings and decisions of the state tax commission shall be printed annually.

6. The annual report shall include the information on tax-exempt properties compiled for each according to section 137.237, and such summary information shall be listed by county in the same format as required for reassessment notices and it shall be totaled for the entire state of Missouri, except that the list of specific, individual abated properties as described in 137.237 is not required for the annual report.