

SECOND REGULAR SESSION

# HOUSE BILL NO. 1886

## 98TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE DOGAN.

5482H.011

D. ADAM CRUMBLISS, Chief Clerk

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### AN ACT

To repeal sections 92.111, 92.115, 92.120, and 92.125, RSMo, and to enact in lieu thereof one new section relating to the repeal of earnings taxes in certain cities.

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

Section A. Sections 92.111, 92.115, 92.120, and 92.125, RSMo, are repealed and one new section enacted in lieu thereof, to be known as section 92.111, to read as follows:

92.111. 1. After December 31, [2011] **2019**, no city, including any constitutional charter city, shall impose or levy an earnings tax[, except a constitutional charter city that imposed or levied an earnings tax on November 2, 2010, may continue to impose the earnings tax if it submits to the voters of such city pursuant to section 92.115 the question whether to continue such earnings tax for a period of five years and a majority of such qualified voters voting thereon approve such question, however, if no such election is held, or if in any election held to continue to impose or levy the earnings tax a majority of such qualified voters voting thereon fail to approve the continuation of the earnings tax, such city shall no longer be authorized to impose or levy such earnings tax except to reduce such tax in the manner provided by section 92.125].

2. As used in sections 92.111 to 92.200, unless the context clearly requires otherwise, the term "earnings tax" means a tax on the:

- (1) Salaries, wages, commissions and other compensation earned by its residents;
- (2) Salaries, wages, commissions and other compensation earned by nonresidents of the city for work done or services performed or rendered in the city;
- (3) Net profits of associations, businesses or other activities conducted by residents;
- (4) Net profits of associations, businesses or other activities conducted in the city by nonresidents;

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.

18 (5) Net profits earned by all corporations as the result of work done or services  
 19 performed or rendered and business or other activities;

2 [92.115. 1. Any constitutional charter city which as of  
 3 November 2, 2010, imposed or levied an earnings tax may  
 4 continue to impose or levy an earnings tax, pursuant to sections  
 5 92.111 to 92.200, if it submits to the qualified voters of such city  
 6 on the next general municipal election date immediately  
 7 following November 2, 2010, and once every five years  
 8 thereafter, the question whether to continue to impose and levy  
 9 the earnings tax authorized pursuant to sections 92.111 to 92.200,  
 10 and if a majority of qualified voters voting approve the  
 11 continuance of the earnings tax at such election.

12 2. The question submitted to the qualified voters in any  
 13 such city shall contain the earnings tax percentage imposed and  
 14 the name of the city submitting the question and shall otherwise  
 15 contain exactly the following language:

16 Shall the earnings tax of.....%, imposed by the City of .....,  
 17 be continued for a period of five (5) years commencing January  
 18 1 immediately following the date of this election?

19  YES  NO

20 3. If the question whether to continue to impose and levy  
 21 the earnings tax fails to be approved by the majority of qualified  
 22 voters voting thereon, the earnings tax levied and imposed on  
 23 November 2, 2010, shall be reduced pursuant to section 92.125  
 24 commencing January first of the calendar year following the date  
 25 of the election held under this section or January first of the  
 26 calendar year following the calendar year in which such election  
 27 was authorized under this section but not held by such city.

28 4. No city which has begun reductions of its earnings tax  
 29 pursuant to section 92.125 may, by ordinance or any other means,  
 30 with or without voter approval, stop or suspend such reduction.]

2 [92.120. The tax on salaries, wages, commissions and  
 3 other compensation of individuals, subject to tax, and on the net  
 4 profits or earnings of associations, businesses or other activities,  
 5 and corporations, subject to tax, shall not be in excess of one  
 6 percent per annum.]

2 [92.125. If no election is held pursuant to section 92.115,  
 3 or if in an election held to continue to impose or levy the earnings  
 4 tax a majority of such qualified voters fail to approve the  
 5 continuance of the earnings tax, the earnings tax levied and  
 imposed on November 2, 2010, shall be reduced as follows:

6 (1) Beginning January first of the first calendar year  
7 following the calendar year in which the election provided for in  
8 section 92.115 was held or the calendar year in which the election  
9 provided for in section 92.115 was authorized to be held but was  
10 not held, the earnings tax shall not be in excess of nine-tenths of  
11 one percent;

12 (2) Beginning January first of the second calendar year  
13 following the calendar year in which the election provided for in  
14 section 92.115 was held or the calendar year in which the election  
15 provided for in section 92.115 was authorized to be held but was  
16 not held, the earnings tax shall not be in excess of eight-tenths of  
17 one percent;

18 (3) Beginning January first of the third calendar year  
19 following the calendar year in which the election provided for in  
20 section 92.115 was held or the calendar year in which the election  
21 provided for in section 92.115 was authorized to be held but was  
22 not held, the earnings tax shall not be in excess of seven-tenths of  
23 one percent;

24 (4) Beginning January first of the fourth calendar year  
25 following the calendar year in which the election provided for in  
26 section 92.115 was held or the calendar year in which the election  
27 provided for in section 92.115 was authorized to be held but was  
28 not held, the earnings tax shall not be in excess of six-tenths of  
29 one percent;

30 (5) Beginning January first of the fifth calendar year  
31 following the calendar year in which the election provided for in  
32 section 92.115 was held or the calendar year in which the election  
33 provided for in section 92.115 was authorized to be held but was  
34 not held, the earnings tax shall not be in excess of one-half of one  
35 percent;

36 (6) Beginning January first of the sixth calendar year  
37 following the calendar year in which the election provided for in  
38 section 92.115 was held or the calendar year in which the election  
39 provided for in section 92.115 was authorized to be held but was  
40 not held, the earnings tax shall not be in excess of four-tenths of  
41 one percent;

42 (7) Beginning January first of the seventh calendar year  
43 following the calendar year in which the election provided for in  
44 section 92.115 was held or the calendar year in which the election  
45 provided for in section 92.115 was authorized to be held but was  
46 not held, the earnings tax shall not be in excess of three-tenths of  
47 one percent;

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(8) Beginning January first of the eighth calendar year following the calendar year in which the election provided for in section 92.115 was held or the calendar year in which the election provided for in section 92.115 was authorized to be held but was not held, the earnings tax shall not be in excess of two-tenths of one percent;

(9) Beginning January first of the ninth calendar year following the calendar year in which the election provided for in section 92.115 was held or the calendar year in which the election provided for in section 92.115 was authorized to be held but was not held, the earnings tax shall not be in excess of one-tenth of one percent;

(10) After the ninth calendar year following the calendar year in which the election provided for in section 92.115 was held or the calendar year in which the election provided for in section 92.115 was authorized to be held but was not held, notwithstanding any provisions of this chapter or chapter 66, 80, or 94 or the provisions of any municipal charter, no city, including any constitutional charter city, which either failed to hold an election pursuant to section 92.111 or which held an election pursuant to section 92.111 and in which a majority of qualified voters fail to approve the continuance of the earnings tax, may impose or levy by ordinance or any other means an earnings tax.]

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