

FIRST REGULAR SESSION

HOUSE BILL NO. 534

96TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE LEARA.

1256L.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 66.620 and 66.630, RSMo, and to enact in lieu thereof two new sections relating to distribution of local sales taxes.

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

Section A. Sections 66.620 and 66.630, RSMo, are repealed and two new sections enacted in lieu thereof, to be known as sections 66.620 and 66.630, to read as follows:

66.620. 1. All county sales taxes collected by the director of revenue under sections 66.600 to 66.630 on behalf of any county, less one percent for cost of collection which shall be deposited in the state's general revenue fund after payment of premiums for surety bonds as provided in section 32.087, shall be deposited in a special trust fund, which is hereby created, to be known as the "County Sales Tax Trust Fund". The moneys in the county sales tax trust fund shall not be deemed to be state funds and shall not be commingled with any funds of the state. The director of revenue shall keep accurate records of the amount of money in the trust fund which was collected in each county imposing a county sales tax, and the records shall be open to the inspection of officers of the county and the public. Not later than the tenth day of each month, the director of revenue shall distribute all moneys deposited in the trust fund during the preceding month to the county which levied the tax; such funds shall be deposited with the county treasurer of the county and all expenditures of funds arising from the county sales tax trust fund shall be by an appropriation act to be enacted by the legislative council of the county, and to the cities, towns and villages located wholly or partly within the county which levied the tax in the manner as set forth in sections 66.600 to 66.630.

2. In any county not adopting an additional sales tax and alternate distribution system as provided in section 67.581, for the purposes of distributing the county sales tax, the county

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 shall be divided into two groups, "Group A" and "Group B". Group A shall consist of all cities,
19 towns and villages which are located wholly or partly within the county which levied the tax and
20 which had a city sales tax in effect under the provisions of sections 94.500 to 94.550 on the day
21 prior to the adoption of the county sales tax ordinance, except that beginning January 1, 1980,
22 group A shall consist of all cities, towns and villages which are located wholly or partly within
23 the county which levied the tax and which had a city sales tax approved by the voters of such city
24 under the provisions of sections 94.500 to 94.550 on the day prior to the effective date of the
25 county sales tax. For the purposes of determining the location of consummation of sales for
26 distribution of funds to cities, towns and villages in group A, the boundaries of any such city,
27 town or village shall be the boundary of that city, town or village as it existed on March 19,
28 1984. Group B shall consist of all cities, towns and villages which are located wholly or partly
29 within the county which levied the tax and which did not have a city sales tax in effect under the
30 provisions of sections 94.500 to 94.550 on the day prior to the adoption of the county sales tax
31 ordinance, and shall also include all unincorporated areas of the county which levied the tax;
32 except that, beginning January 1, 1980, group B shall consist of all cities, towns and villages
33 which are located wholly or partly within the county which levied the tax and which did not have
34 a city sales tax approved by the voters of such city under the provisions of sections 94.500 to
35 94.550 on the day prior to the effective date of the county sales tax and shall also include all
36 unincorporated areas of the county which levied the tax.

37 3. Until January 1, 1994, **and beginning January 1, 2012**, the director of revenue shall
38 distribute to the cities, towns and villages in group A the taxes based on the location in which
39 the sales were deemed consummated under section 66.630 and subsection 12 of section 32.087.
40 Except for distribution governed by section 66.630, after deducting the distribution to the cities,
41 towns and villages in group A, the director of revenue shall distribute the remaining funds in the
42 county sales tax trust fund to the cities, towns and villages and the county in group B as follows:
43 To the county which levied the tax, a percentage of the distributable revenue equal to the
44 percentage ratio that the population of the unincorporated areas of the county bears to the total
45 population of group B; and to each city, town or village in group B located wholly within the
46 taxing county, a percentage of the distributable revenue equal to the percentage ratio that the
47 population of such city, town or village bears to the total population of group B; and to each city,
48 town or village located partly within the taxing county, a percentage of the distributable revenue
49 equal to the percentage ratio that the population of that part of the city, town or village located
50 within the taxing county bears to the total population of group B.

51 4. [From and] After January 1, 1994, **and before January 1, 2012**, the director of
52 revenue shall distribute to the cities, towns and villages in group A a portion of the taxes based
53 on the location in which the sales were deemed consummated under section 66.630 and

54 subsection 12 of section 32.087 in accordance with the formula described in this subsection.
55 After deducting the distribution to the cities, towns and villages in group A, the director of
56 revenue shall distribute funds in the county sales tax trust fund to the cities, towns and villages
57 and the county in group B as follows: To the county which levied the tax, ten percent multiplied
58 by the percentage of the population of unincorporated county which has been annexed or
59 incorporated since April 1, 1993, multiplied by the total of all sales tax revenues countywide, and
60 a percentage of the remaining distributable revenue equal to the percentage ratio that the
61 population of unincorporated areas of the county bears to the total population of group B; and
62 to each city, town or village in group B located wholly within the taxing county, a percentage of
63 the remaining distributable revenue equal to the percentage ratio that the population of such city,
64 town or village bears to the total population of group B; and to each city, town or village located
65 partly within the taxing county, a percentage of the remaining distributable revenue equal to the
66 percentage ratio that the population of that part of the city, town or village located within the
67 taxing county bears to the total population of group B.

68 5. (1) For purposes of administering the distribution formula of subsection 4 of this
69 section, the revenues arising each year from sales occurring within each group A city, town or
70 village shall be distributed as follows: Until such revenues reach the adjusted county average,
71 as hereinafter defined, there shall be distributed to the city, town or village all of such revenues
72 reduced by the percentage which is equal to ten percent multiplied by the percentage of the
73 population of unincorporated county which has been annexed or incorporated after April 1, 1993;
74 and once revenues exceed the adjusted county average, total revenues shall be shared in
75 accordance with the redistribution formula as defined in this subsection.

76 (2) For purposes of this subsection, the "adjusted county average" is the per capita
77 countywide average of all sales tax distributions during the prior calendar year reduced by the
78 percentage which is equal to ten percent multiplied by the percentage of the population of
79 unincorporated county which has been annexed or incorporated after April 1, 1993; the
80 "redistribution formula" is as follows: During 1994, each group A city, town and village shall
81 receive that portion of the revenues arising from sales occurring within the municipality that
82 remains after deducting therefrom an amount equal to the cumulative sales tax revenues arising
83 from sales within the municipality multiplied by the percentage which is the sum of ten percent
84 multiplied by the percentage of the population of unincorporated county which has been annexed
85 or incorporated after April 1, 1993, and the percentage, if greater than zero, equal to the product
86 of 8.5 multiplied by the logarithm (to base 10) of the product of 0.035 multiplied by the total of
87 cumulative per capita sales taxes arising from sales within the municipality less the adjusted
88 county average. During 1995, each group A city, town and village shall receive that portion of
89 the revenues arising from sales occurring within the municipality that remains after deducting

90 therefrom an amount equal to the cumulative sales tax revenues arising from sales within the
91 municipality multiplied by the percentage which is the sum of ten percent multiplied by the
92 percentage of the population of unincorporated county which has been annexed or incorporated
93 after April 1, 1993, and the percentage, if greater than zero, equal to the product of seventeen
94 multiplied by the logarithm (to base 10) of the product of 0.035 multiplied by the total of
95 cumulative per capita sales taxes arising from sales within the municipality less the adjusted
96 county average. From January 1, 1996, until January 1, 2000, each group A city, town and
97 village shall receive that portion of the revenues arising from sales occurring within the
98 municipality that remains after deducting therefrom an amount equal to the cumulative sales tax
99 revenues arising from sales within the municipality multiplied by the percentage which is the
100 sum of ten percent multiplied by the percentage of the population of unincorporated county
101 which has been annexed or incorporated after April 1, 1993, and the percentage, if greater than
102 zero, equal to the product of 25.5 multiplied by the logarithm (to base 10) of the product of 0.035
103 multiplied by the total of cumulative per capita sales taxes arising from sales within the
104 municipality less the adjusted county average. From and after January 1, 2000, the distribution
105 formula covering the period from January 1, 1996, until January 1, 2000, shall continue to apply,
106 except that the percentage computed for sales arising within the municipalities shall be not less
107 than 7.5 percent for municipalities within which sales tax revenues exceed the adjusted county
108 average, nor less than 12.5 percent for municipalities within which sales tax revenues exceed the
109 adjusted county average by at least twenty-five percent.

110 (3) For purposes of applying the redistribution formula to a municipality which is partly
111 within the county levying the tax, the distribution shall be calculated alternately for the
112 municipality as a whole, except that the factor for annexed portion of the county shall not be
113 applied to the portion of the municipality which is not within the county levying the tax, and for
114 the portion of the municipality within the county levying the tax. Whichever calculation results
115 in the larger distribution to the municipality shall be used.

116 (4) Notwithstanding any other provision of this section, the fifty percent of additional
117 sales taxes as described in section 99.845 arising from economic activities within the area of a
118 redevelopment project established after July 12, 1990, pursuant to sections 99.800 to 99.865
119 while tax increment financing remains in effect shall be deducted from all calculations of
120 countywide sales taxes, shall be distributed directly to the municipality involved, and shall be
121 disregarded in calculating the amounts distributed or distributable to the municipality. Further,
122 any agreement, contract or covenant entered into prior to July 12, 1990, between a municipality
123 and any other political subdivision which provides for an appropriation of incremental sales tax
124 revenues to the special allocation fund of a tax increment financing project while tax increment
125 financing remains in effect shall continue to be in full force and effect and the sales taxes so

126 appropriated shall be deducted from all calculations of countywide sales taxes, shall be
127 distributed directly to the municipality involved, and shall be disregarded in calculating the
128 amounts distributed or distributable to the municipality. In addition, and notwithstanding any
129 other provision of this chapter to the contrary, economic development funds shall be distributed
130 in full to the municipality in which the sales producing them were deemed consummated.
131 Additionally, economic development funds shall be deducted from all calculations of countywide
132 sales taxes and shall be disregarded in calculating the amounts distributed or distributable to the
133 municipality. As used in this subdivision, the term "economic development funds" means the
134 amount of sales tax revenue generated in any fiscal year by projects authorized pursuant to
135 chapter 99 or chapter 100 in connection with which such sales tax revenue was pledged as
136 security for, or was guaranteed by a developer to be sufficient to pay, outstanding obligations
137 under any agreement authorized by chapter 100 entered into or adopted prior to September 1,
138 1993, between a municipality and another public body. The cumulative amount of economic
139 development funds allowed under this provision shall not exceed the total amount necessary to
140 amortize the obligations involved.

141 **(5) The provisions of this subsection shall expire January 1, 2012.**

142 6. If the qualified voters of any city, town or village vote to change or alter its boundaries
143 by annexing any unincorporated territory included in group B or if the qualified voters of one or
144 more city, town or village in group A and the qualified voters of one or more city, town or village
145 in group B vote to consolidate, the area annexed or the area consolidated which had been a part
146 of group B shall remain a part of group B after annexation or consolidation. After the effective
147 date of the annexation or consolidation, the annexing or consolidated city, town or village shall
148 receive a percentage of the group B distributable revenue equal to the percentage ratio that the
149 population of the annexed or consolidated area bears to the total population of group B and such
150 annexed area shall not be classified as unincorporated area for determination of the percentage
151 allocable to the county. If the qualified voters of any two or more cities, towns or villages in
152 group A each vote to consolidate such cities, towns or villages, then such consolidated cities,
153 towns or villages shall remain a part of group A. For the purpose of sections 66.600 to 66.630,
154 population shall be as determined by the last federal decennial census or the latest census that
155 determines the total population of the county and all political subdivisions therein. For the
156 purpose of calculating the adjustment based on the percentage of unincorporated county
157 population which is annexed after April 1, 1993, **and before January 1, 2012**, the accumulated
158 percentage immediately before each census shall be used as the new percentage base after such
159 census. After any annexation, incorporation or other municipal boundary change affecting the
160 unincorporated area of the county, the chief elected official of the county shall certify the new
161 population of the unincorporated area of the county and the percentage of the population which

162 has been annexed or incorporated since April 1, 1993, **and before January 1, 2012**, to the
163 director of revenue. After the adoption of the county sales tax ordinance, any city, town or
164 village in group A may by adoption of an ordinance by its governing body cease to be a part of
165 group A and become a part of group B, **or any city, town, or village in group B may adopt an**
166 **ordinance to cease to be a part of group B and become part of group A.** Within ten days
167 after the adoption of the ordinance transferring the city, town or village from one group to the
168 other, the clerk of the transferring city, town or village shall forward to the director of revenue,
169 by registered mail, a certified copy of the ordinance. Distribution to such city as a part of its
170 former group shall cease and as a part of its new group shall begin on the first day of January of
171 the year following notification to the director of revenue, provided such notification is received
172 by the director of revenue on or before the first day of July of the year in which the transferring
173 ordinance is adopted. If such notification is received by the director of revenue after the first day
174 of July of the year in which the transferring ordinance is adopted, then distribution to such city
175 as a part of its former group shall cease and as a part of its new group shall begin the first day
176 of July of the year following such notification to the director of revenue. [Once a group A city,
177 town or village becomes a part of group B, such city may not transfer back to group A.]

178 7. If any city, town or village shall hereafter change or alter its boundaries, the city clerk
179 of the municipality shall forward to the director of revenue, by registered mail, a certified copy
180 of the ordinance adding or detaching territory from the municipality. The ordinance shall reflect
181 the effective date thereof, and shall be accompanied by a map of the municipality clearly
182 showing the territory added thereto or detached therefrom. Upon receipt of the ordinance and
183 map, the tax imposed by sections 66.600 to 66.630 shall be redistributed and allocated in
184 accordance with the provisions of this section on the effective date of the change of the
185 municipal boundary so that the proper percentage of group B distributable revenue is allocated
186 to the municipality in proportion to any annexed territory. If any area of the unincorporated
187 county elects to incorporate subsequent to the effective date of the county sales tax as set forth
188 in sections 66.600 to 66.630, the newly incorporated municipality shall remain a part of group
189 B. The city clerk of such newly incorporated municipality shall forward to the director of
190 revenue, by registered mail, a certified copy of the incorporation election returns and a map of
191 the municipality clearly showing the boundaries thereof. The certified copy of the incorporation
192 election returns shall reflect the effective date of the incorporation. Upon receipt of the
193 incorporation election returns and map, the tax imposed by sections 66.600 to 66.630 shall be
194 distributed and allocated in accordance with the provisions of this section on the effective date
195 of the incorporation.

196 8. The director of revenue may authorize the state treasurer to make refunds from the
197 amounts in the trust fund and credited to any county for erroneous payments and overpayments

198 made, and may redeem dishonored checks and drafts deposited to the credit of such counties.
199 If any county abolishes the tax, the county shall notify the director of revenue of the action at
200 least ninety days prior to the effective date of the repeal and the director of revenue may order
201 retention in the trust fund, for a period of one year, of two percent of the amount collected after
202 receipt of such notice to cover possible refunds or overpayment of the tax and to redeem
203 dishonored checks and drafts deposited to the credit of such accounts. After one year has elapsed
204 after the effective date of abolition of the tax in such county, the director of revenue shall remit
205 the balance in the account to the county and close the account of that county. The director of
206 revenue shall notify each county of each instance of any amount refunded or any check redeemed
207 from receipts due the county.

208 9. Except as modified in sections 66.600 to 66.630, all provisions of sections 32.085 and
209 32.087 shall apply to the tax imposed under sections 66.600 to 66.630.

66.630. 1. County sales taxes imposed pursuant to sections 66.600 to 66.630 on the
2 purchase and sale of motor vehicles, trailers, boats, and outboard motors shall not be collected
3 and remitted by the seller, but shall be collected by the director of revenue at the time application
4 is made for a certificate of title, if the address of the applicant is within a county imposing a
5 county sales tax. The amounts so collected, less the one percent collection cost, shall be
6 deposited in the county sales tax trust fund to be distributed in accordance with section 66.620
7 until March 31, 1988. Beginning April 1, 1988, seventy-five percent of the distributable sales
8 tax revenue shall be distributed in accordance with section 66.620. The remaining twenty-five
9 percent of the distributable sales tax revenue shall be held in an interest-bearing account and, less
10 annual costs of distribution, shall be distributed monthly to each city, town or village and the
11 county based upon the number of transactions occurring within each city, town or village and the
12 unincorporated area of the county during the preceding month as reported to the department of
13 revenue in the monthly dealer sales report subject, however, to the redistribution formula defined
14 in section 66.620 **for taxes distributed before January 1, 2012**, and, except that any city, town
15 or village and the county contained in group B as defined in section 66.620 shall have distributed
16 to it by the director of revenue its share of the remaining twenty-five percent as calculated herein
17 in accordance with section 66.620. The cost incurred by the department of revenue for
18 distribution shall be paid by each city, town or village in proportion to the number of transactions
19 occurring within its boundaries and shall be deducted annually from such distributable revenue.
20 In the event that an alternative distribution system is adopted pursuant to section 67.581, all of
21 the moneys collected under this section shall be distributed in accordance with that formula. The
22 purchase or sale of motor vehicles, trailers, boats, and outboard motors shall be deemed to be
23 consummated at the address of the applicant.

24 2. As used in this section, the term "boat" shall only include motorboats and vessels as
25 the terms "motorboat" and "vessel" are defined in section 306.010.

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