

SECOND REGULAR SESSION

HOUSE BILL NO. 1561

98TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE LEARA.

4757H.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal section 66.620, RSMo, and to enact in lieu thereof one new section relating to distribution of local sales taxes.

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

Section A. Section 66.620, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 66.620, to read as follows: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, the director of revenue shall distribute to the cities, towns and
38 villages in group A the taxes based on the location in which the sales were deemed consummated
39 under section 66.630 and subsection 12 of section 32.087. Except for distribution governed by
40 section 66.630, after deducting the distribution to the cities, towns and villages in group A, the
41 director of revenue shall distribute the remaining funds in the county sales tax trust fund to the
42 cities, towns and villages and the county in group B as follows: To the county which levied the
43 tax, a percentage of the distributable revenue equal to the percentage ratio that the population of
44 the unincorporated areas of the county bears to the total population of group B; and to each city,
45 town or village in group B located wholly within the taxing county, a percentage of the
46 distributable revenue equal to the percentage ratio that the population of such city, town or
47 village bears to the total population of group B; and to each city, town or village located partly
48 within the taxing county, a percentage of the distributable revenue equal to the percentage ratio
49 that the population of that part of the city, town or village located within the taxing county bears
50 to the total population of group B.

51 4. From [and after] January 1, 1994, **until December 31, 2016**, the director of revenue
52 shall distribute to the cities, towns and villages in group A a portion of the taxes based on the
53 location in which the sales were deemed consummated under section 66.630 and subsection 12

54 of section 32.087 in accordance with the formula described in this subsection. After deducting
55 the distribution to the cities, towns and villages in group A, the director of revenue shall
56 distribute funds in the county sales tax trust fund to the cities, towns and villages and the county
57 in group B as follows: To the county which levied the tax, ten percent multiplied by the
58 percentage of the population of unincorporated county which has been annexed or incorporated
59 since April 1, 1993, multiplied by the total of all sales tax revenues countywide, and a percentage
60 of the remaining distributable revenue equal to the percentage ratio that the population of
61 unincorporated areas of the county bears to the total population of group B; and to each city,
62 town or village in group B located wholly within the taxing county, a percentage of the
63 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) From and after January 1, 2017, the director of revenue shall distribute to**
69 **the cities, towns, and villages in group A a portion of the taxes based on the location in**
70 **which the sales were deemed consummated under section 66.630 and subsection 12 of**
71 **section 32.087, in accordance with the formula described in this subsection. After**
72 **deducting the distribution to the cities, towns, and villages in group A, the director of**
73 **revenue shall distribute funds in the county sales tax trust fund to the cities, towns, and**
74 **villages, and the county in group B as follows: to the county which levied the tax, ten**
75 **percent multiplied by the percentage of the population of unincorporated county which has**
76 **been annexed or incorporated since April 1, 1993, multiplied by the total of all sales tax**
77 **revenues countywide, and a percentage of the remaining distributable revenue equal to the**
78 **percentage ratio that the population of unincorporated areas of the county bears to the**
79 **total population of group B as adjusted such that no city, town, or village in group B shall**
80 **receive a distribution that is less than fifty percent of the amount of taxes generated within**
81 **such city, town, or village based on the location in which the sales were deemed**
82 **consummated under section 66.630 and subsection 12 of section 32.087; and to each city,**
83 **town, or village in group B located wholly within the taxing county, a percentage of the**
84 **remaining distributable revenue equal to the percentage ratio that the population of such**
85 **city, town, or village bears to the total population of group B, as adjusted such that no city,**
86 **town, or village in group B shall receive a distribution that is less than fifty percent of the**
87 **amount of taxes generated within such city, town, or village based on the location in which**
88 **the sales were deemed consummated under section 66.630 and subsection 12 of section**
89 **32.087; and to each city, town, or village located partly within the taxing county, a**

90 percentage of the remaining distributable revenue equal to the percentage ratio that the
91 population of that part of the city, town, or village located within the taxing county bears
92 to the total population of group B, as adjusted such that no city, town, or village in group
93 B shall receive a distribution that is less than fifty percent of the amount of taxes generated
94 within such city, town, or village based on the location in which the sales were deemed
95 consummated under section 66.630 and subsection 12 of section 32.087.

96 (2) For purposes of making any adjustment required by this subsection, the
97 director of revenue shall, prior to any distribution to the county or to each city, town, or
98 village in group B located wholly or partly within the taxing county, identify each city,
99 town, or village in group B located wholly or partly within the taxing county that would
100 receive a distribution that is less than fifty percent of the amount of taxes generated within
101 such city, town, or village based on the location in which the sales were deemed
102 consummated under section 66.630 and subsection 12 of section 32.087 if no adjustments
103 were made and calculate the difference between the amount that the distribution to each
104 such city, town, or village would have been without any adjustment and the amount that
105 equals fifty percent of the amount of taxes generated within such city, town, or village
106 based on the location in which the sales were deemed consummated under section 66.630
107 and subsection 12 of section 32.087. The director of revenue shall then deduct the amount
108 of such difference from the remaining distributable revenue and distribute the amount of
109 such difference to each such city, town, or village that would otherwise have received a
110 distribution that is less than fifty percent of the amount of taxes generated within such city,
111 town, or village based on the location in which the sales were deemed consummated under
112 section 66.630 and subsection 12 of section 32.087 if no adjustment were made. Thereafter,
113 the director of revenue shall distribute the remaining distributable revenue, as adjusted,
114 to the county and to each city, town, or village in group B located wholly or partly within
115 the taxing county in the manner provided in this subsection.

116 (3) For purposes of this subsection, if a city, town, or village is partly in group A
117 and partly in group B, the director of revenue shall calculate fifty percent of the amount
118 of taxes generated within such city, town, or village based on the location in which the sales
119 were deemed consummated under section 66.630 and subsection 12 of section 32.087 by
120 multiplying fifty percent by the amount of all county sales taxes collected by the director
121 of revenue under sections 66.600 to 66.630, less one percent for cost of collection, that are
122 generated within such city, town, or village based on the location in which the sales were
123 deemed consummated under section 66.630 and subsection 12 of section 32.087, regardless
124 of whether such taxes are deemed consummated in group A or group B.

125 **6.** (1) For purposes of administering the distribution formula of [subsection]
126 **subsections 4 and 5** of this section, the revenues arising each year from sales occurring within
127 each group A city, town or village shall be distributed as follows: Until such revenues reach the
128 adjusted county average, as hereinafter defined, there shall be distributed to the city, town or
129 village all of such revenues reduced by the percentage which is equal to ten percent multiplied
130 by the percentage of the population of unincorporated county which has been annexed or
131 incorporated after April 1, 1993; and once revenues exceed the adjusted county average, total
132 revenues shall be shared in accordance with the redistribution formula as defined in this
133 subsection.

134 (2) For purposes of this subsection, the "adjusted county average" is the per capita
135 countywide average of all sales tax distributions during the prior calendar year reduced by the
136 percentage which is equal to ten percent multiplied by the percentage of the population of
137 unincorporated county which has been annexed or incorporated after April 1, 1993; the
138 "redistribution formula" is as follows: During 1994, each group A city, town and village shall
139 receive that portion of the revenues arising from sales occurring within the municipality that
140 remains after deducting therefrom an amount equal to the cumulative sales tax revenues arising
141 from sales within the municipality multiplied by the percentage which is the sum of ten percent
142 multiplied by the percentage of the population of unincorporated county which has been annexed
143 or incorporated after April 1, 1993, and the percentage, if greater than zero, equal to the product
144 of 8.5 multiplied by the logarithm (to base 10) of the product of 0.035 multiplied by the total of
145 cumulative per capita sales taxes arising from sales within the municipality less the adjusted
146 county average. During 1995, each group A city, town and village shall receive that portion of
147 the revenues arising from sales occurring within the municipality that remains after deducting
148 therefrom an amount equal to the cumulative sales tax revenues arising from sales within the
149 municipality multiplied by the percentage which is the sum of ten percent multiplied by the
150 percentage of the population of unincorporated county which has been annexed or incorporated
151 after April 1, 1993, and the percentage, if greater than zero, equal to the product of seventeen
152 multiplied by the logarithm (to base 10) of the product of 0.035 multiplied by the total of
153 cumulative per capita sales taxes arising from sales within the municipality less the adjusted
154 county average. From January 1, 1996, until January 1, 2000, each group A city, town and
155 village shall receive that portion of the revenues arising from sales occurring within the
156 municipality that remains after deducting therefrom an amount equal to the cumulative sales tax
157 revenues arising from sales within the municipality multiplied by the percentage which is the
158 sum of ten percent multiplied by the percentage of the population of unincorporated county
159 which has been annexed or incorporated after April 1, 1993, and the percentage, if greater than
160 zero, equal to the product of 25.5 multiplied by the logarithm (to base 10) of the product of 0.035

161 multiplied by the total of cumulative per capita sales taxes arising from sales within the
162 municipality less the adjusted county average. From and after January 1, 2000, the distribution
163 formula covering the period from January 1, 1996, until January 1, 2000, shall continue to apply,
164 except that the percentage computed for sales arising within the municipalities shall be not less
165 than 7.5 percent for municipalities within which sales tax revenues exceed the adjusted county
166 average, nor less than 12.5 percent for municipalities within which sales tax revenues exceed the
167 adjusted county average by at least twenty-five percent.

168 (3) For purposes of applying the redistribution formula to a municipality which is partly
169 within the county levying the tax, the distribution shall be calculated alternately for the
170 municipality as a whole, except that the factor for annexed portion of the county shall not be
171 applied to the portion of the municipality which is not within the county levying the tax, and for
172 the portion of the municipality within the county levying the tax. Whichever calculation results
173 in the larger distribution to the municipality shall be used.

174 (4) Notwithstanding any other provision of this section, the fifty percent of additional
175 sales taxes as described in section 99.845 arising from economic activities within the area of a
176 redevelopment project established after July 12, 1990, pursuant to sections 99.800 to 99.865,
177 while tax increment financing remains in effect shall be deducted from all calculations of
178 countywide sales taxes, shall be distributed directly to the municipality involved, and shall be
179 disregarded in calculating the amounts distributed or distributable to the municipality. Further,
180 any agreement, contract or covenant entered into prior to July 12, 1990, between a municipality
181 and any other political subdivision which provides for an appropriation of incremental sales tax
182 revenues to the special allocation fund of a tax increment financing project while tax increment
183 financing remains in effect shall continue to be in full force and effect and the sales taxes so
184 appropriated shall be deducted from all calculations of countywide sales taxes, shall be
185 distributed directly to the municipality involved, and shall be disregarded in calculating the
186 amounts distributed or distributable to the municipality. In addition, and notwithstanding any
187 other provision of this chapter to the contrary, economic development funds shall be distributed
188 in full to the municipality in which the sales producing them were deemed consummated.
189 Additionally, economic development funds shall be deducted from all calculations of countywide
190 sales taxes and shall be disregarded in calculating the amounts distributed or distributable to the
191 municipality. As used in this subdivision, the term "economic development funds" means the
192 amount of sales tax revenue generated in any fiscal year by projects authorized pursuant to
193 chapter 99 or chapter 100 in connection with which such sales tax revenue was pledged as
194 security for, or was guaranteed by a developer to be sufficient to pay, outstanding obligations
195 under any agreement authorized by chapter 100, entered into or adopted prior to September 1,
196 1993, between a municipality and another public body. The cumulative amount of economic

197 development funds allowed under this provision shall not exceed the total amount necessary to
198 amortize the obligations involved.

199 [6.] 7. If the qualified voters of any city, town or village vote to change or alter its
200 boundaries by annexing any unincorporated territory included in group B or if the qualified
201 voters of one or more city, town or village in group A and the qualified voters of one or more
202 city, town or village in group B vote to consolidate, the area annexed or the area consolidated
203 which had been a part of group B shall remain a part of group B after annexation or
204 consolidation. After the effective date of the annexation or consolidation, the annexing or
205 consolidated city, town or village shall receive a percentage of the group B distributable revenue
206 equal to the percentage ratio that the population of the annexed or consolidated area bears to the
207 total population of group B and such annexed area shall not be classified as unincorporated area
208 for determination of the percentage allocable to the county. If the qualified voters of any two or
209 more cities, towns or villages in group A each vote to consolidate such cities, towns or villages,
210 then such consolidated cities, towns or villages shall remain a part of group A. For the purpose
211 of sections 66.600 to 66.630, population shall be as determined by the last federal decennial
212 census or the latest census that determines the total population of the county and all political
213 subdivisions therein. For the purpose of calculating the adjustment based on the percentage of
214 unincorporated county population which is annexed after April 1, 1993, the accumulated
215 percentage immediately before each census shall be used as the new percentage base after such
216 census. After any annexation, incorporation or other municipal boundary change affecting the
217 unincorporated area of the county, the chief elected official of the county shall certify the new
218 population of the unincorporated area of the county and the percentage of the population which
219 has been annexed or incorporated since April 1, 1993, to the director of revenue. After the
220 adoption of the county sales tax ordinance, any city, town or village in group A may by adoption
221 of an ordinance by its governing body cease to be a part of group A and become a part of group
222 B. Within ten days after the adoption of the ordinance transferring the city, town or village from
223 one group to the other, the clerk of the transferring city, town or village shall forward to the
224 director of revenue, by registered mail, a certified copy of the ordinance. Distribution to such
225 city as a part of its former group shall cease and as a part of its new group shall begin on the first
226 day of January of the year following notification to the director of revenue, provided such
227 notification is received by the director of revenue on or before the first day of July of the year in
228 which the transferring ordinance is adopted. If such notification is received by the director of
229 revenue after the first day of July of the year in which the transferring ordinance is adopted, then
230 distribution to such city as a part of its former group shall cease and as a part of its new group
231 shall begin the first day of July of the year following such notification to the director of revenue.

232 Once a group A city, town or village becomes a part of group B, such city may not transfer back
233 to group A.

234 [7.] **8.** If any city, town or village shall hereafter change or alter its boundaries, the city
235 clerk of the municipality shall forward to the director of revenue, by registered mail, a certified
236 copy of the ordinance adding or detaching territory from the municipality. The ordinance shall
237 reflect the effective date thereof, and shall be accompanied by a map of the municipality clearly
238 showing the territory added thereto or detached therefrom. Upon receipt of the ordinance and
239 map, the tax imposed by sections 66.600 to 66.630 shall be redistributed and allocated in
240 accordance with the provisions of this section on the effective date of the change of the
241 municipal boundary so that the proper percentage of group B distributable revenue is allocated
242 to the municipality in proportion to any annexed territory. If any area of the unincorporated
243 county elects to incorporate subsequent to the effective date of the county sales tax as set forth
244 in sections 66.600 to 66.630, the newly incorporated municipality shall remain a part of group
245 B. The city clerk of such newly incorporated municipality shall forward to the director of
246 revenue, by registered mail, a certified copy of the incorporation election returns and a map of
247 the municipality clearly showing the boundaries thereof. The certified copy of the incorporation
248 election returns shall reflect the effective date of the incorporation. Upon receipt of the
249 incorporation election returns and map, the tax imposed by sections 66.600 to 66.630 shall be
250 distributed and allocated in accordance with the provisions of this section on the effective date
251 of the incorporation.

252 [8.] **9.** The director of revenue may authorize the state treasurer to make refunds from
253 the amounts in the trust fund and credited to any county for erroneous payments and
254 overpayments made, and may redeem dishonored checks and drafts deposited to the credit of
255 such counties. If any county abolishes the tax, the county shall notify the director of revenue of
256 the action at least ninety days prior to the effective date of the repeal and the director of revenue
257 may order retention in the trust fund, for a period of one year, of two percent of the amount
258 collected after receipt of such notice to cover possible refunds or overpayment of the tax and to
259 redeem dishonored checks and drafts deposited to the credit of such accounts. After one year
260 has elapsed after the effective date of abolition of the tax in such county, the director of revenue
261 shall remit the balance in the account to the county and close the account of that county. The
262 director of revenue shall notify each county of each instance of any amount refunded or any
263 check redeemed from receipts due the county.

264 [9.] **10.** Except as modified in sections 66.600 to 66.630, all provisions of sections
265 32.085 and 32.087 shall apply to the tax imposed under sections 66.600 to 66.630.

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