

SECOND REGULAR SESSION

HOUSE BILL NO. 1463

96TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES MONTECILLO (Sponsor), PIERSON, ATKINS, PACE,
WALTON GRAY, WEBB, McNEIL, SMITH (71), TAYLOR AND SPRENG (Co-sponsors).

4806L.02I

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 66.620, 66.630, 94.850, and 94.857, RSMo, and to enact in lieu thereof four new sections relating to local sales taxes.

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

Section A. Sections 66.620, 66.630, 94.850, and 94.857, RSMo, are repealed and four
2 new sections enacted in lieu thereof, to be known as sections 66.620, 66.630, 94.850, and 94.857,
3 to read as follows:

66.620. 1. All county sales taxes collected by the director of revenue under sections
2 66.600 to 66.630 on behalf of any county, less one percent for cost of collection which shall be
3 deposited in the state's general revenue fund after payment of premiums for surety bonds as
4 provided in section 32.087, shall be deposited in a special trust fund, which is hereby created,
5 to be known as the "County Sales Tax Trust Fund". The moneys in the county sales tax trust
6 fund shall not be deemed to be state funds and shall not be commingled with any funds of the
7 state. The director of revenue shall keep accurate records of the amount of money in the trust
8 fund which was collected in each county imposing a county sales tax, and the records shall be
9 open to the inspection of officers of the county and the public. Not later than the tenth day of
10 each month, the director of revenue shall distribute all moneys deposited in the trust fund during
11 the preceding month to the county which levied the tax; such funds shall be deposited with the
12 county treasurer of the county and all expenditures of funds arising from the county sales tax
13 trust fund shall be by an appropriation act to be enacted by the legislative council of the county,
14 and to the cities, towns and villages located wholly or partly within the county which levied the
15 tax in the manner as set forth in sections 66.600 to 66.630.

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.

16 2. In any county not adopting an additional sales tax and alternate distribution system
17 as provided in section 67.581, for the purposes of distributing the county sales tax, the county
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, 2012**, 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) 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)] 6. For the calendar year beginning on January 1, 2013, the director of revenue**
117 **shall distribute to the county which levied the tax six and two-thirds percent multiplied by**
118 **the percentage of the population of unincorporated county which has been annexed or**
119 **incorporated since April 1, 1993, multiplied by the total of all sales tax revenues**
120 **countywide. With respect to the remaining distributable revenue, the director shall**
121 **separately calculate for each group A city, town, and village the distribution described in**
122 **subsection 11 of this section and the distribution described in subsections 4 and 5 of this**

123 section, except that the annexation adjustment shall be calculated at six and two-thirds
124 percent rather than ten percent. Each group A city, town, and village shall receive two-
125 thirds of the amount calculated in accordance with subsections 4 and 5 of this section and
126 one-third of the amount calculated in accordance with subsection 11 of this section. After
127 deducting the distribution to the cities, towns, and villages in group A, the director of
128 revenue shall distribute to the county a percentage of the remaining distributable revenue
129 equal to the percentage ratio that the population unincorporated areas of the county bears
130 to the total population of group B; and to each city, town, or village in group B located
131 wholly within the taxing county, a percentage of the remaining distributable revenue equal
132 to the percentage ratio that the population of such city, town, or village bears to the total
133 population of group B; and to each city, town, or village located partly within the taxing
134 county, a percentage of the remaining distributable revenue equal to the percentage ratio
135 that the population of that part of the city, town, or village located within the taxing county
136 bears to the total population of group B.

137 7. For the calendar year beginning on January 1, 2014, the director of revenue shall
138 distribute to the county which levied the tax three and one-third percent multiplied by the
139 percentage of the population of unincorporated county which has been annexed or
140 incorporated since April 1, 1993, multiplied by the total of all sales tax revenues
141 countywide. With respect to the remaining distributable revenue, the director shall
142 separately calculate for each group A city, town, and village the distribution described in
143 subsection 11 of this section and the distribution described in subsections 4 and 5 of this
144 section, except that the annexation adjustment shall be calculated at three and one-third
145 percent rather than ten percent. Each group A city, town, and village shall receive one-
146 third of the amount calculated in accordance with subsections 4 and 5 of this section and
147 two-thirds of the amount calculated in accordance with subsection 11 of this section. After
148 deducting the distribution to the cities, towns, and villages in group A, the director of
149 revenue shall distribute to the county a percentage of the remaining distributable revenue
150 equal to the percentage ratio that the population unincorporated areas of the county bears
151 to the total population of group B; and to each city, town, or village in group B located
152 wholly within the taxing county, a percentage of the remaining distributable revenue equal
153 to the percentage ratio that the population of such city, town, or village bears to the total
154 population of group B; and to each city, town, or village located partly within the taxing
155 county, a percentage of the remaining distributable revenue equal to the percentage ratio
156 that the population of that part of the city, town, or village located within the taxing county
157 bears to the total population of group B.

158 **8.** Notwithstanding any other provision of this section, the fifty percent of additional
159 sales taxes as described in section 99.845 arising from economic activities within the area of a
160 redevelopment project established after July 12, 1990, pursuant to sections 99.800 to 99.865,
161 while tax increment financing remains in effect shall be deducted from all calculations of
162 countywide sales taxes, shall be distributed directly to the municipality involved, and shall be
163 disregarded in calculating the amounts distributed or distributable to the municipality. Further,
164 any agreement, contract or covenant entered into prior to July 12, 1990, between a municipality
165 and any other political subdivision which provides for an appropriation of incremental sales tax
166 revenues to the special allocation fund of a tax increment financing project while tax increment
167 financing remains in effect shall continue to be in full force and effect and the sales taxes so
168 appropriated shall be deducted from all calculations of countywide sales taxes, shall be
169 distributed directly to the municipality involved, and shall be disregarded in calculating the
170 amounts distributed or distributable to the municipality. In addition, and notwithstanding any
171 other provision of this chapter to the contrary, economic development funds shall be distributed
172 in full to the municipality in which the sales producing them were deemed consummated.
173 Additionally, economic development funds shall be deducted from all calculations of countywide
174 sales taxes and shall be disregarded in calculating the amounts distributed or distributable to the
175 municipality. As used in this subdivision, the term "economic development funds" means the
176 amount of sales tax revenue generated in any fiscal year by projects authorized pursuant to
177 chapter 99 or chapter 100 in connection with which such sales tax revenue was pledged as
178 security for, or was guaranteed by a developer to be sufficient to pay, outstanding obligations
179 under any agreement authorized by chapter 100, entered into or adopted prior to September 1,
180 1993, between a municipality and another public body. The cumulative amount of economic
181 development funds allowed under this provision shall not exceed the total amount necessary to
182 amortize the obligations involved.

183 **[6.] 9.** If the qualified voters of any city, town or village vote to change or alter its
184 boundaries by annexing any unincorporated territory included in group B or if the qualified
185 voters of one or more city, town or village in group A and the qualified voters of one or more
186 city, town or village in group B vote to consolidate, the area annexed or the area consolidated
187 which had been a part of group B shall remain a part of group B after annexation or
188 consolidation. After the effective date of the annexation or consolidation, the annexing or
189 consolidated city, town or village shall receive a percentage of the group B distributable revenue
190 equal to the percentage ratio that the population of the annexed or consolidated area bears to the
191 total population of group B and such annexed area shall not be classified as unincorporated area
192 for determination of the percentage allocable to the county. If the qualified voters of any two or
193 more cities, towns or villages in group A each vote to consolidate such cities, towns or villages,

194 then such consolidated cities, towns or villages shall remain a part of group A. For the purpose
195 of sections 66.600 to 66.630, population shall be as determined by the last federal decennial
196 census or the latest census that determines the total population of the county and all political
197 subdivisions therein. For the purpose of calculating the adjustment based on the percentage of
198 unincorporated county population which is annexed after April 1, 1993, the accumulated
199 percentage immediately before each census shall be used as the new percentage base after such
200 census. After any annexation, incorporation or other municipal boundary change affecting the
201 unincorporated area of the county, the chief elected official of the county shall certify the new
202 population of the unincorporated area of the county and the percentage of the population which
203 has been annexed or incorporated since April 1, 1993, to the director of revenue. After the
204 adoption of the county sales tax ordinance, any city, town or village in group A may by adoption
205 of an ordinance by its governing body cease to be a part of group A and become a part of group
206 B. Within ten days after the adoption of the ordinance transferring the city, town or village from
207 one group to the other, the clerk of the transferring city, town or village shall forward to the
208 director of revenue, by registered mail, a certified copy of the ordinance. Distribution to such
209 city as a part of its former group shall cease and as a part of its new group shall begin on the first
210 day of January of the year following notification to the director of revenue, provided such
211 notification is received by the director of revenue on or before the first day of July of the year in
212 which the transferring ordinance is adopted. If such notification is received by the director of
213 revenue after the first day of July of the year in which the transferring ordinance is adopted, then
214 distribution to such city as a part of its former group shall cease and as a part of its new group
215 shall begin the first day of July of the year following such notification to the director of revenue.
216 Once a group A city, town or village becomes a part of group B, such city may not transfer back
217 to group A.

218 [7.] **10.** If any city, town or village shall hereafter change or alter its boundaries, the city
219 clerk of the municipality shall forward to the director of revenue, by registered mail, a certified
220 copy of the ordinance adding or detaching territory from the municipality. The ordinance shall
221 reflect the effective date thereof, and shall be accompanied by a map of the municipality clearly
222 showing the territory added thereto or detached therefrom. Upon receipt of the ordinance and
223 map, the tax imposed by sections 66.600 to 66.630 shall be redistributed and allocated in
224 accordance with the provisions of this section on the effective date of the change of the
225 municipal boundary so that the proper percentage of group B distributable revenue is allocated
226 to the municipality in proportion to any annexed territory. If any area of the unincorporated
227 county elects to incorporate subsequent to the effective date of the county sales tax as set forth
228 in sections 66.600 to 66.630, the newly incorporated municipality shall remain a part of group
229 B. The city clerk of such newly incorporated municipality shall forward to the director of

230 revenue, by registered mail, a certified copy of the incorporation election returns and a map of
231 the municipality clearly showing the boundaries thereof.

232 The certified copy of the incorporation election returns shall reflect the effective date of the
233 incorporation. Upon receipt of the incorporation election returns and map, the tax imposed by
234 sections 66.600 to 66.630 shall be distributed and allocated in accordance with the provisions
235 of this section on the effective date of the incorporation.

236 **[8.] 11. For each calendar year beginning on or after January 1, 2015, the director**
237 **of revenue shall distribute the distributable revenue to the cities, towns, villages, and**
238 **county located wholly within the taxing county equal to the percentage ratio that the**
239 **population of such city, town, village, or unincorporated area bears to the total population**
240 **of the county as a whole; and to each city, town, or village located partly within the taxing**
241 **county, a percentage of the distributable revenue equal to the percentage ratio that the**
242 **population of that part of the city, town, or village located within the taxing county bears**
243 **to the total population of the county as a whole.**

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

256 **[9.] 13.** Except as modified in sections 66.600 to 66.630, all provisions of sections
257 32.085 and 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]

8 **2. From April 1, 1988, until December 31, 2012,** seventy-five percent of the
9 distributable sales tax revenue shall be distributed in accordance with section 66.620. The
10 remaining twenty-five percent of the distributable sales tax revenue shall be held in an
11 interest-bearing account and, less annual costs of distribution, shall be distributed monthly to
12 each city, town or village and the county based upon the number of transactions occurring within
13 each city, town or village and the unincorporated area of the county during the preceding month
14 as reported to the department of revenue in the monthly dealer sales report subject, however, to
15 the redistribution formula defined in section 66.620 and, except that any city, town or village and
16 the county contained in group B as defined in section 66.620 shall have distributed to it by the
17 director of revenue its share of the remaining twenty-five percent as calculated herein in
18 accordance with section 66.620.

19 **3. For the calendar year beginning on January 1, 2013, eighty-three and one-third**
20 **percent of the distributable sales tax revenue shall be distributed in accordance with**
21 **section 66.620. The remaining sixteen and two-thirds percent of the distributable sales tax**
22 **revenue shall be held in an interest bearing account and, less annual costs of distribution,**
23 **shall be distributed monthly to each city, town, or village and the county based upon the**
24 **number of transactions occurring within each city, town, or village and the unincorporated**
25 **area of the county during the preceding month as reported to the department of revenue**
26 **in the monthly dealer sales report subject, however, to the redistribution formula defined**
27 **in section 66.620 and, except that any city, town, or village and the county contained in**
28 **group B as defined in section 66.620 shall have distributed to it by the director of revenue**
29 **its share of the remaining sixteen and two-thirds percent as calculated herein in accordance**
30 **with section 66.620.**

31 **4. For the calendar year beginning on January 1, 2014, ninety-one and two-thirds**
32 **percent of the distributable sales tax revenue shall be distributed in accordance with**
33 **section 66.620. The remaining eight and one-third percent of the distributable sales tax**
34 **revenue shall be held in an interest-bearing account and, less annual costs of distribution,**
35 **shall be distributed monthly to each city, town, or village and the county based upon the**
36 **number of transactions occurring within each city, town, or village and the unincorporated**
37 **area of the county during the preceding month as reported to the department of revenue**
38 **in the monthly dealer sales report subject, however, to the redistribution formula defined**
39 **in section 66.620 and, except that any city, town, or village and the county contained in**
40 **group B as defined in section 66.620 shall have distributed to it by the director of revenue**
41 **its share of the remaining eight and one-third percent as calculated herein in accordance**
42 **with section 66.620.**

43 **5. For each calendar year beginning on or after January 1, 2015, all of the**
44 **distributable sales tax revenue shall be distributed in accordance with section 66.620.**

45 **6.** The cost incurred by the department of revenue for distribution shall be paid by each
46 city, town or village in proportion to the number of transactions occurring within its boundaries
47 and shall be deducted annually from such distributable revenue. In the event that an alternative
48 distribution system is adopted pursuant to section 67.581, all of the moneys collected under this
49 section shall be distributed in accordance with that formula. The purchase or sale of motor
50 vehicles, trailers, boats, and outboard motors shall be deemed to be consummated at the address
51 of the applicant.

52 [2.] **7.** As used in this section, the term "boat" shall only include motorboats and vessels
53 as the terms "motorboat" and "vessel" are defined in section 306.010.

94.850. Any city, town or village located within a county [of the first classification]
2 having a charter form of government and having a population of nine hundred thousand or more
3 inhabitants may by a vote of its governing body impose a sales tax in the amount of one-eighth
4 of one percent [or] , one-fourth of one percent, **three-eighths of one percent, or one-half of one**
5 **percent** on the receipts from the sale at retail of all tangible personal property or taxable services
6 at retail within the city, town or village, but no such ordinance shall become effective unless the
7 council or other governing body submits to the voters of the city, town or village at a city or state
8 general, primary, or special election, a proposal to authorize the council or other governing body
9 of the city, town or village to impose such a sales tax. The ballot of submission shall contain,
10 but is not limited to, the following language:

11 Shall the city of (city's name) impose a sales tax of
12 (insert amount)?

13 YES NO

14

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

17

18 If a majority of the votes cast on the proposal by the qualified voters voting thereon are in favor
19 of the proposal, then the ordinance and any amendments thereto shall be in effect. If a majority
20 of the votes cast by the qualified voters voting thereon are opposed to the proposal, then the
21 council or other governing body of the city, town or village shall have no power to impose the
22 tax authorized in this section unless and until the council or other governing body submits
23 another proposal to authorize the council or other governing body to impose the tax and such
24 proposal is approved by a majority of the qualified voters voting thereon.

94.857. 1. All sales taxes collected by the director of revenue under sections 94.850 to 2 94.857, less one percent for cost of collection which shall be deposited in the state's general 3 revenue fund after payment of premiums for surety bonds as provided in section 32.087, shall 4 be deposited in a special trust fund, which is hereby created, to be known as the "Special 5 Municipal Sales Tax Trust Fund". The moneys in the special municipal sales tax trust fund shall 6 not be deemed to be state funds and shall not be commingled with any funds of the state. The 7 director of revenue shall keep accurate records of the amount of money in the trust fund which 8 was collected in each municipality imposing the sales tax established in sections 94.850 to 9 94.857, and the records shall be open to the inspection of officers of the municipality and the 10 public.

11 2. The special municipal sales tax trust fund shall be distributed in conjunction with the 12 county sales tax levied under sections 66.600 to 66.630 and may be combined by the director of 13 revenue in a single payment.

14 3. **Until January 1, 2013**, the director of revenue shall distribute to the municipality 15 levying the tax a portion of the taxes based on the location in which the sales were deemed 16 consummated under subsection 12 of section 32.087 in accordance with the formula described 17 in this subsection. Except for distributions relating to recently annexed areas described in 18 subsection [4] 5 of this section, after deducting the distribution to the municipality, the director 19 of revenue shall distribute the remaining funds in the special municipal sales tax fund to the 20 cities, towns and villages and the county in group B as defined in section 66.620 as follows: To 21 the county, ten percent multiplied by the percentage of the population of unincorporated county 22 which has been annexed or incorporated since April 1, 1993, multiplied by the total sales tax 23 revenues, and a percentage of the remaining distributable revenue equal to the percentage ratio 24 that the population of the unincorporated areas of the county bears to the total population of 25 group B; and to each city, town or village in group B located wholly within the taxing county, 26 a percentage of the remaining distributable revenue equal to the percentage ratio that the 27 population of such city, town or village bears to the total population of group B; and to each city, 28 town or village located partly within the taxing county, a percentage of the remaining 29 distributable revenue equal to the percentage ratio that the population of that part of the city, 30 town or village located within the taxing county bears to the total population of group B.

31 [3.] 4. For purposes of administering the distribution formula of subsection [2] 3 of this 32 section **until January 1, 2013**, the revenues arising each year from sales occurring within the 33 municipality shall be shared as follows: The municipality shall receive that portion of the 34 revenues arising from sales occurring within the municipality that remains after deducting 35 therefrom an amount equal to the cumulative sales tax revenues arising from sales within the 36 municipality multiplied by the sum of ten percent multiplied by the percentage of the population

37 of unincorporated county which has been annexed or incorporated after April 1, 1993, and the
38 greater of 12.5 percent or the percentage equal to the product of 11.627 multiplied by the
39 logarithm (to base 10) of the product of 0.15 multiplied by the total of the cumulative per capita
40 sales taxes arising from sales within the municipality pursuant to sections 94.850 to 94.857 less
41 one-eighth, in the case of a one-eighth of one percent sales tax, or one quarter, in the case of a
42 one-fourth of one percent sales tax, of the per capita countywide average of all sales tax
43 distributions during the prior calendar year under section 66.620, which average is reduced by
44 the percentage which is equal to ten percent multiplied by the percentage of the population of
45 unincorporated county which has been annexed or incorporated after April 1, 1993.

46 [4.] **5.** Sales taxes arising from sales within recently annexed areas pursuant to sections
47 94.850 to 94.857 shall be divided half to the municipality and half to the county until the **earlier**
48 **of the** fifth anniversary of the effective date of the annexation **or January 1, 2013**, and shall
49 thereafter be distributed as provided in subsections [2 and] **3 and 4** of this section. A "recently
50 annexed area" is any area which was annexed or incorporated from or in the unincorporated area
51 of the county less than five years prior to the [effective date of the sales tax under sections 94.850
52 to 94.857] **month in which taxes arise from sales within the area.**

53 [5.] **6. For each calendar year beginning on or after January 1, 2013, the director**
54 **of revenue shall distribute to the municipality levying the tax the taxes based on the**
55 **location in which the sales were deemed consummated under subsection 12 of section**
56 **32.087.**

57 7. Not later than the tenth day of each month, the director of revenue shall distribute all
58 moneys deposited in the special municipal sales tax trust fund during the preceding month as
59 provided in this section.

60 [6.] **8.** The director of revenue may authorize the state treasurer to make refunds from
61 the amounts in the trust fund and credited to any municipality for erroneous payments and
62 overpayments made, and may redeem dishonored checks and drafts deposited to the credit of
63 such municipalities. If any city, town or village abolishes the tax, the municipality shall notify
64 the director of revenue of the action at least ninety days prior to the effective date of the repeal
65 and the director of revenue may order retention in the trust fund, for a period of one year, of two
66 percent of the amount collected after receipt of such notice to cover possible refunds or
67 overpayment of the tax and to redeem dishonored checks and drafts deposited to the credit of
68 such accounts. After one year has elapsed after the effective date of abolition of the tax in such
69 municipality, the director of revenue shall remit the balance in the account to the municipality
70 and close the account. The director of revenue shall notify each [county] **municipality** of each
71 instance of any amount refunded or any check redeemed from receipts due the municipality.

Section B. Notwithstanding the provisions of section 1.140 to the contrary, the
2 provisions of this act shall be nonseverable, and if any provision is for any reason held to be
3 invalid by a final judgment on the merits by a court of competent jurisdiction and such decision
4 is not subject to appeal, such decision shall invalidate all of the remaining provisions of this act.

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