

FIRST REGULAR SESSION

# HOUSE BILL NO. 812

## 98TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE LEARA.

1827H.021

D. ADAM CRUMBLISS, Chief Clerk

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### AN ACT

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

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*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Section A. Section 66.620, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 66.620, to read as follows: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, 2015**, 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, 2016, 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 adjustment  
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] **subsections**  
126 **4 and 5** of this section, the revenues arising each year from sales occurring within each group  
127 A city, town or village shall be distributed as follows: Until such revenues reach the adjusted  
128 county average, as hereinafter defined, there shall be distributed to the city, town or village all  
129 of such revenues reduced by the percentage which is equal to ten percent multiplied by the  
130 percentage of the population of unincorporated county which has been annexed or incorporated  
131 after April 1, 1993; and once revenues exceed the adjusted county average, total revenues shall  
132 be shared in accordance with the redistribution formula as defined in this subsection.

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

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

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

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

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

198 [6.] 7. If the qualified voters of any city, town or village vote to change or alter its  
199 boundaries by annexing any unincorporated territory included in group B or if the qualified  
200 voters of one or more city, town or village in group A and the qualified voters of one or more  
201 city, town or village in group B vote to consolidate, the area annexed or the area consolidated  
202 which had been a part of group B shall remain a part of group B after annexation or  
203 consolidation. After the effective date of the annexation or consolidation, the annexing or  
204 consolidated city, town or village shall receive a percentage of the group B distributable revenue  
205 equal to the percentage ratio that the population of the annexed or consolidated area bears to the  
206 total population of group B and such annexed area shall not be classified as unincorporated area  
207 for determination of the percentage allocable to the county. If the qualified voters of any two or  
208 more cities, towns or villages in group A each vote to consolidate such cities, towns or villages,  
209 then such consolidated cities, towns or villages shall remain a part of group A. For the purpose  
210 of sections 66.600 to 66.630, population shall be as determined by the last federal decennial  
211 census or the latest census that determines the total population of the county and all political  
212 subdivisions therein. For the purpose of calculating the adjustment based on the percentage of  
213 unincorporated county population which is annexed after April 1, 1993, the accumulated  
214 percentage immediately before each census shall be used as the new percentage base after such  
215 census. After any annexation, incorporation or other municipal boundary change affecting the  
216 unincorporated area of the county, the chief elected official of the county shall certify the new  
217 population of the unincorporated area of the county and the percentage of the population which  
218 has been annexed or incorporated since April 1, 1993, to the director of revenue. After the  
219 adoption of the county sales tax ordinance, any city, town or village in group A may by adoption  
220 of an ordinance by its governing body cease to be a part of group A and become a part of group  
221 B. Within ten days after the adoption of the ordinance transferring the city, town or village from  
222 one group to the other, the clerk of the transferring city, town or village shall forward to the  
223 director of revenue, by registered mail, a certified copy of the ordinance. Distribution to such  
224 city as a part of its former group shall cease and as a part of its new group shall begin on the first  
225 day of January of the year following notification to the director of revenue, provided such  
226 notification is received by the director of revenue on or before the first day of July of the year in  
227 which the transferring ordinance is adopted. If such notification is received by the director of  
228 revenue after the first day of July of the year in which the transferring ordinance is adopted, then  
229 distribution to such city as a part of its former group shall cease and as a part of its new group  
230 shall begin the first day of July of the year following such notification to the director of revenue.

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

233 [7.] **8.** If any city, town or village shall hereafter change or alter its boundaries, the city  
234 clerk of the municipality shall forward to the director of revenue, by registered mail, a certified  
235 copy of the ordinance adding or detaching territory from the municipality. The ordinance shall  
236 reflect the effective date thereof, and shall be accompanied by a map of the municipality clearly  
237 showing the territory added thereto or detached therefrom. Upon receipt of the ordinance and  
238 map, the tax imposed by sections 66.600 to 66.630 shall be redistributed and allocated in  
239 accordance with the provisions of this section on the effective date of the change of the  
240 municipal boundary so that the proper percentage of group B distributable revenue is allocated  
241 to the municipality in proportion to any annexed territory. If any area of the unincorporated  
242 county elects to incorporate subsequent to the effective date of the county sales tax as set forth  
243 in sections 66.600 to 66.630, the newly incorporated municipality shall remain a part of group  
244 B. The city clerk of such newly incorporated municipality shall forward to the director of  
245 revenue, by registered mail, a certified copy of the incorporation election returns and a map of  
246 the municipality clearly showing the boundaries thereof. The certified copy of the incorporation  
247 election returns shall reflect the effective date of the incorporation. Upon receipt of the  
248 incorporation election returns and map, the tax imposed by sections 66.600 to 66.630 shall be  
249 distributed and allocated in accordance with the provisions of this section on the effective date  
250 of the incorporation.

251 [8.] **9.** The director of revenue may authorize the state treasurer to make refunds from  
252 the amounts in the trust fund and credited to any county for erroneous payments and  
253 overpayments made, and may redeem dishonored checks and drafts deposited to the credit of  
254 such counties. If any county abolishes the tax, the county shall notify the director of revenue of  
255 the action at least ninety days prior to the effective date of the repeal and the director of revenue  
256 may order retention in the trust fund, for a period of one year, of two percent of the amount  
257 collected after receipt of such notice to cover possible refunds or overpayment of the tax and to  
258 redeem dishonored checks and drafts deposited to the credit of such accounts. After one year  
259 has elapsed after the effective date of abolition of the tax in such county, the director of revenue  
260 shall remit the balance in the account to the county and close the account of that county. The  
261 director of revenue shall notify each county of each instance of any amount refunded or any  
262 check redeemed from receipts due the county.

263 [9.] **10.** Except as modified in sections 66.600 to 66.630, all provisions of sections  
264 32.085 and 32.087 shall apply to the tax imposed under sections 66.600 to 66.630.

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