

FIRST REGULAR SESSION
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 812
98TH GENERAL ASSEMBLY

1827H.03C

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal section 66.620, 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Section A. Section 66.620, RSMo, is repealed and two new sections enacted in lieu thereof, to be known as sections 66.620 and 94.860, to read as follows: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 shall be divided into two groups, "Group A" and "Group B". Group A shall consist of all cities,

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.

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.

**94.860. 1. Notwithstanding the provisions of subsection 1 of section 67.582, the
2 governing body of a county with a charter form of government and with more than nine
3 hundred fifty thousand inhabitants is authorized to impose by ordinance a sales tax in the
4 amount of up to one-half of one percent on all retail sales made in the part of the county**

5 outside of incorporated cities, towns and villages which are subject to taxation pursuant
6 to sections 144.010 to 144.525 for the purpose of providing law enforcement services to
7 such county. The tax authorized by this section shall be in addition to any and all other
8 sales taxes allowed by law, except that no ordinance imposing a sales tax pursuant to this
9 section shall be effective unless the governing body of the county submits to the voters
10 residing in the part of the county outside of incorporated cities, towns and villages, at a
11 county or state general, primary or special election, a proposal to authorize the governing
12 body of the county to impose a tax.

13 2. The ballot submission for the proposal to authorize imposition of the tax
14 authorized by this section shall contain substantially the following language:

15 Shall (name of charter county) impose a sales tax of _____ (insert amount) in
16 the part of _____ (name of charter county) outside of incorporated cities, towns and
17 villages for the purpose of providing law enforcement services for the county?

18 Yes No

19

20 If you are in favor of the question, place an "X" in the box opposite "Yes." If you are
21 opposed to the question, place an "X" in the box opposite "No."

22

23 If a majority of the votes cast on the proposal by the qualified voters voting thereon
24 are in favor of the proposal submitted pursuant to this subsection, then the ordinance and
25 any amendments thereto shall be in effect on the first day of the second quarter
26 immediately following the election approving the proposal. If a proposal receives less than
27 the required majority, then the governing body of the county shall have no power to
28 impose the sales tax herein authorized unless and until the governing body of the county
29 shall again have submitted another proposal to authorize the governing body of the county
30 to impose the sales tax authorized by this section and such proposal is approved by the
31 required majority of the qualified voters voting thereon. However, in no event shall a
32 proposal pursuant to this section be submitted sooner than twelve months from the date
33 of the last proposal pursuant to this section.

34 3. The revenue received by a county treasurer from the tax authorized under the
35 provisions of this section shall be deposited in a special trust fund and used solely for
36 providing law enforcement services in the part of the county outside of incorporated cities,
37 towns and villages, for so long as the tax shall remain in effect. Revenue placed in the
38 special trust fund may also be utilized for capital improvement projects for law
39 enforcement facilities serving the part of the county outside of incorporated cities, towns
40 and villages. Any funds in such special trust fund which are not needed for current

41 expenditures may be invested by the governing body in accordance with applicable laws
42 relating to the investment of other county funds.

43 4. The sales taxes collected by the director of revenue pursuant to this section on
44 behalf of a county with a charter form of government and with more than nine hundred
45 fifty thousand inhabitants shall be deposited in the “County Law Enforcement Sales Tax
46 Trust Fund” created by subsection 5 of section 67.582, less one percent for cost of collection
47 which shall be deposited in the state’s general revenue fund after payment of premiums for
48 surety bonds as provided in section 32.087. The moneys in the trust funds shall not be
49 deemed to be state funds and shall not be commingled with any funds of the state. The
50 director of revenue shall keep accurate records of the amount of money in the trusts and
51 which were collected in each county imposing a sales tax under this section, and the records
52 shall be open to the inspection of the officers of the county and the public. Not later than
53 the tenth day of each month the director of revenue shall distribute all moneys deposited
54 in the trust fund during each month to the county which levied the tax; such funds shall
55 be deposited with the county treasurer of each such county, and all expenditures of funds
56 arising from the tax authorized by this section shall be by an appropriation act to be
57 enacted by the governing body of each such county. Expenditures may be made from the
58 funds for any functions authorized in the ordinance adopted by the governing body
59 submitting the tax to the voters.

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

73 6. Except as modified in this section, all provisions of sections 32.085 and 32.087
74 shall apply to the tax imposed pursuant to this section.

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