

SECOND REGULAR SESSION

# SENATE BILL NO. 788

98TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR SCHATZ.

Pre-filed December 7, 2015, and ordered printed.

ADRIANE D. CROUSE, Secretary.

4741S.03I

## AN ACT

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

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

Section A. Section 66.620, RSMo, is repealed and one new section enacted  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

19 2. In any county not adopting an additional sales tax and alternate

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

20 distribution system as provided in section 67.581, for the purposes of distributing  
21 the county sales tax, the county shall be divided into two groups, "Group A" and  
22 "Group B". Group A shall consist of all cities, towns and villages which are  
23 located wholly or partly within the county which levied the tax and which had a  
24 city sales tax in effect under the provisions of sections 94.500 to 94.550 on the  
25 day prior to the adoption of the county sales tax ordinance, except that beginning  
26 January 1, 1980, group A shall consist of all cities, towns and villages which are  
27 located wholly or partly within the county which levied the tax and which had a  
28 city sales tax approved by the voters of such city under the provisions of sections  
29 94.500 to 94.550 on the day prior to the effective date of the county sales tax. For  
30 the purposes of determining the location of consummation of sales for distribution  
31 of funds to cities, towns and villages in group A, the boundaries of any such city,  
32 town or village shall be the boundary of that city, town or village as it existed on  
33 March 19, 1984. Group B shall consist of all cities, towns and villages which are  
34 located wholly or partly within the county which levied the tax and which did not  
35 have a city sales tax in effect under the provisions of sections 94.500 to 94.550 on  
36 the day prior to the adoption of the county sales tax ordinance, and shall also  
37 include all unincorporated areas of the county which levied the tax; except that,  
38 beginning January 1, 1980, group B shall consist of all cities, towns and villages  
39 which are located wholly or partly within the county which levied the tax and  
40 which did not have a city sales tax approved by the voters of such city under the  
41 provisions of sections 94.500 to 94.550 on the day prior to the effective date of the  
42 county sales tax and shall also include all unincorporated areas of the county  
43 which levied the tax.

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

56 city, town or village bears to the total population of group B; and to each city,  
57 town or village located partly within the taxing county, a percentage of the  
58 distributable revenue equal to the percentage ratio that the population of that  
59 part of the city, town or village located within the taxing county bears to the total  
60 population of group B.

61 4. From [and after] January 1, 1994, **until December 31, 2016**, the  
62 director of revenue shall distribute to the cities, towns and villages in group A a  
63 portion of the taxes based on the location in which the sales were deemed  
64 consummated under section 66.630 and subsection 12 of section 32.087 in  
65 accordance with the formula described in this subsection. After deducting the  
66 distribution to the cities, towns and villages in group A, the director of revenue  
67 shall distribute funds in the county sales tax trust fund to the cities, towns and  
68 villages and the county in group B as follows: To the county which levied the tax,  
69 ten percent multiplied by the percentage of the population of unincorporated  
70 county which has been annexed or incorporated since April 1, 1993, multiplied by  
71 the total of all sales tax revenues countywide, and a percentage of the remaining  
72 distributable revenue equal to the percentage ratio that the population of  
73 unincorporated areas of the county bears to the total population of group B; and  
74 to each city, town or village in group B located wholly within the taxing county,  
75 a percentage of the remaining distributable revenue equal to the percentage ratio  
76 that the population of such city, town or village bears to the total population of  
77 group B; and to each city, town or village located partly within the taxing county,  
78 a percentage of the remaining distributable revenue equal to the percentage ratio  
79 that the population of that part of the city, town or village located within the  
80 taxing county bears to the total population of group B.

81 5. **(1) From and after January 1, 2017, in each year in which the**  
82 **total revenues from the county sales tax collected under sections 66.600**  
83 **to 66.630 in the previous calendar year is less than the amount of such**  
84 **revenues which were collected in the calendar year 2014, the director**  
85 **of revenue shall distribute to the cities, towns, and villages in groups**  
86 **A and B the amounts required to be distributed under the formula**  
87 **described in subsection 4 of this section. From and after January 1,**  
88 **2017, in each year in which the total revenues from the county sales tax**  
89 **collected under sections 66.600 to 66.630 in the previous calendar year**  
90 **is equal to or greater than the amount of such revenues which were**  
91 **collected in the calendar year 2014, the director of revenue shall**

92 distribute to the cities, towns, and villages in group A a portion of the  
93 taxes based on the location in which the sales were deemed  
94 consummated under section 66.630 and subsection 12 of section 32.087,  
95 in accordance with the formula described in this subsection. After  
96 deducting the distribution to the cities, towns, and villages in group A,  
97 the director of revenue shall distribute funds in the county sales tax  
98 trust fund to the cities, towns, and villages, and the county in group B  
99 as follows: to the county which levied the tax, ten percent multiplied  
100 by the percentage of the population of unincorporated county which  
101 has been annexed or incorporated since April 1, 1993, multiplied by the  
102 total of all sales tax revenues countywide, and a percentage of the  
103 remaining distributable revenue equal to the percentage ratio that the  
104 population of unincorporated areas of the county bears to the total  
105 population of group B as adjusted such that no city, town, or village in  
106 group B shall receive a distribution that is less than fifty percent of the  
107 amount of taxes generated within such city, town, or village based on  
108 the location in which the sales were deemed consummated under  
109 section 66.630 and subsection 12 of section 32.087; and to each city,  
110 town, or village in group B located wholly within the taxing county, a  
111 percentage of the remaining distributable revenue equal to the  
112 percentage ratio that the population of such city, town, or village bears  
113 to the total population of group B, as adjusted such that no city, town,  
114 or village in group B shall receive a distribution that is less than fifty  
115 percent of the amount of taxes generated within such city, town, or  
116 village based on the location in which the sales were deemed  
117 consummated under section 66.630 and subsection 12 of section 32.087;  
118 and to each city, town, or village located partly within the taxing  
119 county, a percentage of the remaining distributable revenue equal to  
120 the percentage ratio that the population of that part of the city, town,  
121 or village located within the taxing county bears to the total population  
122 of group B, as adjusted such that no city, town, or village in group B  
123 shall receive a distribution that is less than fifty percent of the amount  
124 of taxes generated within such city, town, or village based on the  
125 location in which the sales were deemed consummated under section  
126 66.630 and subsection 12 of section 32.087.

127 (2) For purposes of making any adjustment required by this  
128 subsection, the director of revenue shall, prior to any distribution to

129 the county or to each city, town, or village in group B located wholly  
130 or partly within the taxing county, identify each city, town, or village  
131 in group B located wholly or partly within the taxing county that would  
132 receive a distribution that is less than fifty percent of the amount of  
133 taxes generated within such city, town, or village based on the location  
134 in which the sales were deemed consummated under section 66.630 and  
135 subsection 12 of section 32.087 if no adjustments were made and  
136 calculate the difference between the amount that the distribution to  
137 each such city, town, or village would have been without any  
138 adjustment and the amount that equals fifty percent of the amount of  
139 taxes generated within such city, town, or village based on the location  
140 in which the sales were deemed consummated under section 66.630 and  
141 subsection 12 of section 32.087. The director of revenue shall then  
142 deduct the amount of such difference from the remaining distributable  
143 revenue and distribute the amount of such difference to each such city,  
144 town, or village that would otherwise have received a distribution that  
145 is less than fifty percent of the amount of taxes generated within such  
146 city, town, or village based on the location in which the sales were  
147 deemed consummated under section 66.630 and subsection 12 of section  
148 32.087 if no adjustment were made. Thereafter, the director of revenue  
149 shall distribute the remaining distributable revenue, as adjusted, to the  
150 county and to each city, town, or village in group B located wholly or  
151 partly within the taxing county in the manner provided in this  
152 subsection.

153 (3) For purposes of this subsection, if a city, town, or village is  
154 partly in group A and partly in group B, the director of revenue shall  
155 calculate fifty percent of the amount of taxes generated within such  
156 city, town, or village based on the location in which the sales were  
157 deemed consummated under section 66.630 and subsection 12 of section  
158 32.087 by multiplying fifty percent by the amount of all county sales  
159 taxes collected by the director of revenue under sections 66.600 to  
160 66.630, less one percent for cost of collection, that are generated within  
161 such city, town, or village based on the location in which the sales were  
162 deemed consummated under section 66.630 and subsection 12 of section  
163 32.087, regardless of whether such taxes are deemed consummated in  
164 group A or group B.

165 6. (1) For purposes of administering the distribution formula of

166 [subsection] **subsections 4 and 5** of this section, the revenues arising each year  
167 from sales occurring within each group A city, town or village shall be distributed  
168 as follows: Until such revenues reach the adjusted county average, as hereinafter  
169 defined, there shall be distributed to the city, town or village all of such revenues  
170 reduced by the percentage which is equal to ten percent multiplied by the  
171 percentage of the population of unincorporated county which has been annexed  
172 or incorporated after April 1, 1993; and once revenues exceed the adjusted county  
173 average, total revenues shall be shared in accordance with the redistribution  
174 formula as defined in this subsection.

175 (2) For purposes of this subsection, the "adjusted county average" is the  
176 per capita countywide average of all sales tax distributions during the prior  
177 calendar year reduced by the percentage which is equal to ten percent multiplied  
178 by the percentage of the population of unincorporated county which has been  
179 annexed or incorporated after April 1, 1993; the "redistribution formula" is as  
180 follows: During 1994, each group A city, town and village shall receive that  
181 portion of the revenues arising from sales occurring within the municipality that  
182 remains after deducting therefrom an amount equal to the cumulative sales tax  
183 revenues arising from sales within the municipality multiplied by the percentage  
184 which is the sum of ten percent multiplied by the percentage of the population of  
185 unincorporated county which has been annexed or incorporated after April 1,  
186 1993, and the percentage, if greater than zero, equal to the product of 8.5  
187 multiplied by the logarithm (to base 10) of the product of 0.035 multiplied by the  
188 total of cumulative per capita sales taxes arising from sales within the  
189 municipality less the adjusted county average. During 1995, each group A city,  
190 town and village shall receive that portion of the revenues arising from sales  
191 occurring within the municipality that remains after deducting therefrom an  
192 amount equal to the cumulative sales tax revenues arising from sales within the  
193 municipality multiplied by the percentage which is the sum of ten percent  
194 multiplied by the percentage of the population of unincorporated county which  
195 has been annexed or incorporated after April 1, 1993, and the percentage, if  
196 greater than zero, equal to the product of seventeen multiplied by the logarithm  
197 (to base 10) of the product of 0.035 multiplied by the total of cumulative per  
198 capita sales taxes arising from sales within the municipality less the adjusted  
199 county average. From January 1, 1996, until January 1, 2000, each group A city,  
200 town and village shall receive that portion of the revenues arising from sales  
201 occurring within the municipality that remains after deducting therefrom an

202 amount equal to the cumulative sales tax revenues arising from sales within the  
203 municipality multiplied by the percentage which is the sum of ten percent  
204 multiplied by the percentage of the population of unincorporated county which  
205 has been annexed or incorporated after April 1, 1993, and the percentage, if  
206 greater than zero, equal to the product of 25.5 multiplied by the logarithm (to  
207 base 10) of the product of 0.035 multiplied by the total of cumulative per capita  
208 sales taxes arising from sales within the municipality less the adjusted county  
209 average. From and after January 1, 2000, the distribution formula covering the  
210 period from January 1, 1996, until January 1, 2000, shall continue to apply,  
211 except that the percentage computed for sales arising within the municipalities  
212 shall be not less than 7.5 percent for municipalities within which sales tax  
213 revenues exceed the adjusted county average, nor less than 12.5 percent for  
214 municipalities within which sales tax revenues exceed the adjusted county  
215 average by at least twenty-five percent.

216 (3) For purposes of applying the redistribution formula to a municipality  
217 which is partly within the county levying the tax, the distribution shall be  
218 calculated alternately for the municipality as a whole, except that the factor for  
219 annexed portion of the county shall not be applied to the portion of the  
220 municipality which is not within the county levying the tax, and for the portion  
221 of the municipality within the county levying the tax. Whichever calculation  
222 results in the larger distribution to the municipality shall be used.

223 (4) Notwithstanding any other provision of this section, the fifty percent  
224 of additional sales taxes as described in section 99.845 arising from economic  
225 activities within the area of a redevelopment project established after July 12,  
226 1990, pursuant to sections 99.800 to 99.865, while tax increment financing  
227 remains in effect shall be deducted from all calculations of countywide sales  
228 taxes, shall be distributed directly to the municipality involved, and shall be  
229 disregarded in calculating the amounts distributed or distributable to the  
230 municipality. Further, any agreement, contract or covenant entered into prior to  
231 July 12, 1990, between a municipality and any other political subdivision which  
232 provides for an appropriation of incremental sales tax revenues to the special  
233 allocation fund of a tax increment financing project while tax increment financing  
234 remains in effect shall continue to be in full force and effect and the sales taxes  
235 so appropriated shall be deducted from all calculations of countywide sales taxes,  
236 shall be distributed directly to the municipality involved, and shall be  
237 disregarded in calculating the amounts distributed or distributable to the

238 municipality. In addition, and notwithstanding any other provision of this  
239 chapter to the contrary, economic development funds shall be distributed in full  
240 to the municipality in which the sales producing them were deemed  
241 consummated. Additionally, economic development funds shall be deducted from  
242 all calculations of countywide sales taxes and shall be disregarded in calculating  
243 the amounts distributed or distributable to the municipality. As used in this  
244 subdivision, the term "economic development funds" means the amount of sales  
245 tax revenue generated in any fiscal year by projects authorized pursuant to  
246 chapter 99 or chapter 100 in connection with which such sales tax revenue was  
247 pledged as security for, or was guaranteed by a developer to be sufficient to pay,  
248 outstanding obligations under any agreement authorized by chapter 100, entered  
249 into or adopted prior to September 1, 1993, between a municipality and another  
250 public body. The cumulative amount of economic development funds allowed  
251 under this provision shall not exceed the total amount necessary to amortize the  
252 obligations involved.

253       **[6.] 7.** If the qualified voters of any city, town or village vote to change  
254 or alter its boundaries by annexing any unincorporated territory included in  
255 group B or if the qualified voters of one or more city, town or village in group A  
256 and the qualified voters of one or more city, town or village in group B vote to  
257 consolidate, the area annexed or the area consolidated which had been a part of  
258 group B shall remain a part of group B after annexation or consolidation. After  
259 the effective date of the annexation or consolidation, the annexing or consolidated  
260 city, town or village shall receive a percentage of the group B distributable  
261 revenue equal to the percentage ratio that the population of the annexed or  
262 consolidated area bears to the total population of group B and such annexed area  
263 shall not be classified as unincorporated area for determination of the percentage  
264 allocable to the county. If the qualified voters of any two or more cities, towns or  
265 villages in group A each vote to consolidate such cities, towns or villages, then  
266 such consolidated cities, towns or villages shall remain a part of group A. For the  
267 purpose of sections 66.600 to 66.630, population shall be as determined by the  
268 last federal decennial census or the latest census that determines the total  
269 population of the county and all political subdivisions therein. For the purpose  
270 of calculating the adjustment based on the percentage of unincorporated county  
271 population which is annexed after April 1, 1993, the accumulated percentage  
272 immediately before each census shall be used as the new percentage base after  
273 such census. After any annexation, incorporation or other municipal boundary

274 change affecting the unincorporated area of the county, the chief elected official  
275 of the county shall certify the new population of the unincorporated area of the  
276 county and the percentage of the population which has been annexed or  
277 incorporated since April 1, 1993, to the director of revenue. After the adoption  
278 of the county sales tax ordinance, any city, town or village in group A may by  
279 adoption of an ordinance by its governing body cease to be a part of group A and  
280 become a part of group B. Within ten days after the adoption of the ordinance  
281 transferring the city, town or village from one group to the other, the clerk of the  
282 transferring city, town or village shall forward to the director of revenue, by  
283 registered mail, a certified copy of the ordinance. Distribution to such city as a  
284 part of its former group shall cease and as a part of its new group shall begin on  
285 the first day of January of the year following notification to the director of  
286 revenue, provided such notification is received by the director of revenue on or  
287 before the first day of July of the year in which the transferring ordinance is  
288 adopted. If such notification is received by the director of revenue after the first  
289 day of July of the year in which the transferring ordinance is adopted, then  
290 distribution to such city as a part of its former group shall cease and as a part of  
291 its new group shall begin the first day of July of the year following such  
292 notification to the director of revenue. Once a group A city, town or village  
293 becomes a part of group B, such city may not transfer back to group A.

294 [7.] 8. If any city, town or village shall hereafter change or alter its  
295 boundaries, the city clerk of the municipality shall forward to the director of  
296 revenue, by registered mail, a certified copy of the ordinance adding or detaching  
297 territory from the municipality. The ordinance shall reflect the effective date  
298 thereof, and shall be accompanied by a map of the municipality clearly showing  
299 the territory added thereto or detached therefrom. Upon receipt of the ordinance  
300 and map, the tax imposed by sections 66.600 to 66.630 shall be redistributed and  
301 allocated in accordance with the provisions of this section on the effective date of  
302 the change of the municipal boundary so that the proper percentage of group B  
303 distributable revenue is allocated to the municipality in proportion to any  
304 annexed territory. If any area of the unincorporated county elects to incorporate  
305 subsequent to the effective date of the county sales tax as set forth in sections  
306 66.600 to 66.630, the newly incorporated municipality shall remain a part of  
307 group B. The city clerk of such newly incorporated municipality shall forward to  
308 the director of revenue, by registered mail, a certified copy of the incorporation  
309 election returns and a map of the municipality clearly showing the boundaries

310 thereof. The certified copy of the incorporation election returns shall reflect the  
311 effective date of the incorporation. Upon receipt of the incorporation election  
312 returns and map, the tax imposed by sections 66.600 to 66.630 shall be  
313 distributed and allocated in accordance with the provisions of this section on the  
314 effective date of the incorporation.

315           **[8.] 9.** The director of revenue may authorize the state treasurer to make  
316 refunds from the amounts in the trust fund and credited to any county for  
317 erroneous payments and overpayments made, and may redeem dishonored checks  
318 and drafts deposited to the credit of such counties. If any county abolishes the  
319 tax, the county shall notify the director of revenue of the action at least ninety  
320 days prior to the effective date of the repeal and the director of revenue may  
321 order retention in the trust fund, for a period of one year, of two percent of the  
322 amount collected after receipt of such notice to cover possible refunds or  
323 overpayment of the tax and to redeem dishonored checks and drafts deposited to  
324 the credit of such accounts. After one year has elapsed after the effective date of  
325 abolition of the tax in such county, the director of revenue shall remit the balance  
326 in the account to the county and close the account of that county. The director  
327 of revenue shall notify each county of each instance of any amount refunded or  
328 any check redeemed from receipts due the county.

329           **[9.] 10.** Except as modified in sections 66.600 to 66.630, all provisions of  
330 sections 32.085 and 32.087 shall apply to the tax imposed under sections 66.600  
331 to 66.630.

✓

Copy