

FIRST REGULAR SESSION

SENATE BILL NO. 437

98TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR WALSH.

Read 1st time February 12, 2015, and ordered printed.

ADRIANE D. CROUSE, Secretary.

2081S.011

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
2 repealed and four new sections enacted in lieu thereof, to be known as sections
3 66.620, 66.630, 94.850, and 94.857, 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 from
15 the county sales tax trust fund shall be by an appropriation act to be enacted by
16 the legislative council of the county, and to the cities, towns and villages located
17 wholly or partly within the county which levied the tax in the manner as set forth
18 in sections 66.600 to 66.630.

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

19 2. In any county not adopting an additional sales tax and alternate
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, 2015**, 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) For purposes of administering the distribution formula of
82 subsection 4 of this section, the revenues arising each year from sales occurring
83 within each group A city, town or village shall be distributed as follows: Until
84 such revenues reach the adjusted county average, as hereinafter defined, there
85 shall be distributed to the city, town or village all of such revenues reduced by
86 the percentage which is equal to ten percent multiplied by the percentage of the
87 population of unincorporated county which has been annexed or incorporated
88 after April 1, 1993; and once revenues exceed the adjusted county average, total
89 revenues shall be shared in accordance with the redistribution formula as defined
90 in this subsection.

91 (2) For purposes of this subsection, the "adjusted county average" is the
92 per capita countywide average of all sales tax distributions during the prior

93 calendar year reduced by the percentage which is equal to ten percent multiplied
94 by the percentage of the population of unincorporated county which has been
95 annexed or incorporated after April 1, 1993; the "redistribution formula" is as
96 follows: During 1994, each group A city, town and village shall receive that
97 portion of the revenues arising from sales occurring within the municipality that
98 remains after deducting therefrom an amount equal to the cumulative sales tax
99 revenues arising from sales within the municipality multiplied by the percentage
100 which is the sum of ten percent multiplied by the percentage of the population of
101 unincorporated county which has been annexed or incorporated after April 1,
102 1993, and the percentage, if greater than zero, equal to the product of 8.5
103 multiplied by the logarithm (to base 10) of the product of 0.035 multiplied by the
104 total of cumulative per capita sales taxes arising from sales within the
105 municipality less the adjusted county average. During 1995, each group A city,
106 town and village shall receive that portion of the revenues arising from sales
107 occurring within the municipality that remains after deducting therefrom an
108 amount equal to the cumulative sales tax revenues arising from sales within the
109 municipality multiplied by the percentage which is the sum of ten percent
110 multiplied by the percentage of the population of unincorporated county which
111 has been annexed or incorporated after April 1, 1993, and the percentage, if
112 greater than zero, equal to the product of seventeen multiplied by the logarithm
113 (to base 10) of the product of 0.035 multiplied by the total of cumulative per
114 capita sales taxes arising from sales within the municipality less the adjusted
115 county average. From January 1, 1996, until January 1, 2000, each group A city,
116 town and village shall receive that portion of the revenues arising from sales
117 occurring within the municipality that remains after deducting therefrom an
118 amount equal to the cumulative sales tax revenues arising from sales within the
119 municipality multiplied by the percentage which is the sum of ten percent
120 multiplied by the percentage of the population of unincorporated county which
121 has been annexed or incorporated after April 1, 1993, and the percentage, if
122 greater than zero, equal to the product of 25.5 multiplied by the logarithm (to
123 base 10) of the product of 0.035 multiplied by the total of cumulative per capita
124 sales taxes arising from sales within the municipality less the adjusted county
125 average. From and after January 1, 2000, the distribution formula covering the
126 period from January 1, 1996, until January 1, 2000, shall continue to apply,
127 except that the percentage computed for sales arising within the municipalities
128 shall be not less than 7.5 percent for municipalities within which sales tax
129 revenues exceed the adjusted county average, nor less than 12.5 percent for

130 municipalities within which sales tax revenues exceed the adjusted county
131 average by at least twenty-five percent.

132 (3) For purposes of applying the redistribution formula to a municipality
133 which is partly within the county levying the tax, the distribution shall be
134 calculated alternately for the municipality as a whole, except that the factor for
135 annexed portion of the county shall not be applied to the portion of the
136 municipality which is not within the county levying the tax, and for the portion
137 of the municipality within the county levying the tax. Whichever calculation
138 results in the larger distribution to the municipality shall be used.

139 **[(4)] 6. For the calendar year beginning on January 1, 2016, the**
140 **director of revenue shall distribute to the county which levied the tax**
141 **six and two-thirds percent multiplied by the percentage of the**
142 **population of unincorporated county which has been annexed or**
143 **incorporated since April 1, 1993, multiplied by the total of all sales tax**
144 **revenues countywide. With respect to the remaining distributable**
145 **revenue, the director shall separately calculate for each group A city,**
146 **town, and village the distribution described in subsection 11 of this**
147 **section and the distribution described in subsections 4 and 5 of this**
148 **section, except that the annexation adjustment shall be calculated at**
149 **six and two-thirds percent rather than ten percent. Each group A city,**
150 **town, and village shall receive two-thirds of the amount calculated in**
151 **accordance with subsections 4 and 5 of this section and one-third of the**
152 **amount calculated in accordance with subsection 11 of this**
153 **section. After deducting the distribution to the cities, towns, and**
154 **villages in group A, the director of revenue shall distribute to the**
155 **county a percentage of the remaining distributable revenue equal to**
156 **the percentage ratio that the population of the unincorporated areas**
157 **of the county bears to the total population of group B; and to each city,**
158 **town, or village in group B located wholly within the taxing county, a**
159 **percentage of the remaining distributable revenue equal to the**
160 **percentage ratio that the population of such city, town, or village bears**
161 **to the total population of group B; and to each city, town, or village**
162 **located partly within the taxing county, a percentage of the remaining**
163 **distributable revenue equal to the percentage ratio that the population**
164 **of that part of the city, town, or village located within the taxing**
165 **county bears to the total population of group B.**

166 7. For the calendar year beginning on January 1, 2017, the

167 director of revenue shall distribute to the county which levied the tax
168 three and one-third percent multiplied by the percentage of the
169 population of unincorporated county which has been annexed or
170 incorporated since April 1, 1993, multiplied by the total of all sales tax
171 revenues countywide. With respect to the remaining distributable
172 revenue, the director shall separately calculate for each group A city,
173 town, and village the distribution described in subsection 11 of this
174 section and the distribution described in subsections 4 and 5 of this
175 section, except that the annexation adjustment shall be calculated at
176 three and one-third percent rather than ten percent. Each group A
177 city, town, and village shall receive one-third of the amount calculated
178 in accordance with subsections 4 and 5 of this section and two-thirds
179 of the amount calculated in accordance with subsection 11 of this
180 section. After deducting the distribution to the cities, towns, and
181 villages in group A, the director of revenue shall distribute to the
182 county a percentage of the remaining distributable revenue equal to
183 the percentage ratio that the population of the unincorporated areas
184 of the county bears to the total population of group B; and to each city,
185 town, or village in group B located wholly within the taxing county, a
186 percentage of the remaining distributable revenue equal to the
187 percentage ratio that the population of such city, town, or village bears
188 to the total population of group B; and to each city, town, or village
189 located partly within the taxing county, a percentage of the remaining
190 distributable revenue equal to the percentage ratio that the population
191 of that part of the city, town, or village located within the taxing
192 county bears to the total population of group B.

193 8. Notwithstanding any other provision of this section, the fifty percent
194 of additional sales taxes as described in section 99.845 arising from economic
195 activities within the area of a redevelopment project established after July 12,
196 1990, pursuant to sections 99.800 to 99.865, while tax increment financing
197 remains in effect shall be deducted from all calculations of countywide sales
198 taxes, shall be distributed directly to the municipality involved, and shall be
199 disregarded in calculating the amounts distributed or distributable to the
200 municipality. Further, any agreement, contract or covenant entered into prior to
201 July 12, 1990, between a municipality and any other political subdivision which
202 provides for an appropriation of incremental sales tax revenues to the special
203 allocation fund of a tax increment financing project while tax increment financing

204 remains in effect shall continue to be in full force and effect and the sales taxes
205 so appropriated shall be deducted from all calculations of countywide sales taxes,
206 shall be distributed directly to the municipality involved, and shall be
207 disregarded in calculating the amounts distributed or distributable to the
208 municipality. In addition, and notwithstanding any other provision of this
209 chapter to the contrary, economic development funds shall be distributed in full
210 to the municipality in which the sales producing them were deemed
211 consummated. Additionally, economic development funds shall be deducted from
212 all calculations of countywide sales taxes and shall be disregarded in calculating
213 the amounts distributed or distributable to the municipality. As used in this
214 subdivision, the term "economic development funds" means the amount of sales
215 tax revenue generated in any fiscal year by projects authorized pursuant to
216 chapter 99 or chapter 100 in connection with which such sales tax revenue was
217 pledged as security for, or was guaranteed by a developer to be sufficient to pay,
218 outstanding obligations under any agreement authorized by chapter 100, entered
219 into or adopted prior to September 1, 1993, between a municipality and another
220 public body. The cumulative amount of economic development funds allowed
221 under this provision shall not exceed the total amount necessary to amortize the
222 obligations involved.

223 **[6.] 9.** If the qualified voters of any city, town or village vote to change
224 or alter its boundaries by annexing any unincorporated territory included in
225 group B or if the qualified voters of one or more city, town or village in group A
226 and the qualified voters of one or more city, town or village in group B vote to
227 consolidate, the area annexed or the area consolidated which had been a part of
228 group B shall remain a part of group B after annexation or consolidation. After
229 the effective date of the annexation or consolidation, the annexing or consolidated
230 city, town or village shall receive a percentage of the group B distributable
231 revenue equal to the percentage ratio that the population of the annexed or
232 consolidated area bears to the total population of group B and such annexed area
233 shall not be classified as unincorporated area for determination of the percentage
234 allocable to the county. If the qualified voters of any two or more cities, towns or
235 villages in group A each vote to consolidate such cities, towns or villages, then
236 such consolidated cities, towns or villages shall remain a part of group A. For the
237 purpose of sections 66.600 to 66.630, population shall be as determined by the
238 last federal decennial census or the latest census that determines the total
239 population of the county and all political subdivisions therein. For the purpose
240 of calculating the adjustment based on the percentage of unincorporated county

241 population which is annexed after April 1, 1993, the accumulated percentage
242 immediately before each census shall be used as the new percentage base after
243 such census. After any annexation, incorporation or other municipal boundary
244 change affecting the unincorporated area of the county, the chief elected official
245 of the county shall certify the new population of the unincorporated area of the
246 county and the percentage of the population which has been annexed or
247 incorporated since April 1, 1993, to the director of revenue. After the adoption
248 of the county sales tax ordinance, any city, town or village in group A may by
249 adoption of an ordinance by its governing body cease to be a part of group A and
250 become a part of group B. Within ten days after the adoption of the ordinance
251 transferring the city, town or village from one group to the other, the clerk of the
252 transferring city, town or village shall forward to the director of revenue, by
253 registered mail, a certified copy of the ordinance. Distribution to such city as a
254 part of its former group shall cease and as a part of its new group shall begin on
255 the first day of January of the year following notification to the director of
256 revenue, provided such notification is received by the director of revenue on or
257 before the first day of July of the year in which the transferring ordinance is
258 adopted. If such notification is received by the director of revenue after the first
259 day of July of the year in which the transferring ordinance is adopted, then
260 distribution to such city as a part of its former group shall cease and as a part of
261 its new group shall begin the first day of July of the year following such
262 notification to the director of revenue. Once a group A city, town or village
263 becomes a part of group B, such city may not transfer back to group A.

264 **[7.] 10.** If any city, town or village shall hereafter change or alter its
265 boundaries, the city clerk of the municipality shall forward to the director of
266 revenue, by registered mail, a certified copy of the ordinance adding or detaching
267 territory from the municipality. The ordinance shall reflect the effective date
268 thereof, and shall be accompanied by a map of the municipality clearly showing
269 the territory added thereto or detached therefrom. Upon receipt of the ordinance
270 and map, the tax imposed by sections 66.600 to 66.630 shall be redistributed and
271 allocated in accordance with the provisions of this section on the effective date of
272 the change of the municipal boundary so that the proper percentage of group B
273 distributable revenue is allocated to the municipality in proportion to any
274 annexed territory. If any area of the unincorporated county elects to incorporate
275 subsequent to the effective date of the county sales tax as set forth in sections
276 66.600 to 66.630, the newly incorporated municipality shall remain a part of
277 group B. The city clerk of such newly incorporated municipality shall forward to

278 the director of revenue, by registered mail, a certified copy of the incorporation
279 election returns and a map of the municipality clearly showing the boundaries
280 thereof. The certified copy of the incorporation election returns shall reflect the
281 effective date of the incorporation. Upon receipt of the incorporation election
282 returns and map, the tax imposed by sections 66.600 to 66.630 shall be
283 distributed and allocated in accordance with the provisions of this section on the
284 effective date of the incorporation.

285 **[8.] 11. For each calendar year beginning on or after January 1,**
286 **2018, the director of revenue shall distribute the distributable revenue**
287 **to the cities, towns, villages, and county located wholly within the**
288 **taxing county equal to the percentage ratio that the population of such**
289 **city, town, village, or unincorporated area bears to the total population**
290 **of the county as a whole; and to each city, town, or village located**
291 **partly within the taxing county, a percentage of the distributable**
292 **revenue equal to the percentage ratio that the population of that part**
293 **of the city, town, or village located within the taxing county bears to**
294 **the total population of the county as a whole.**

295 **12.** The director of revenue may authorize the state treasurer to make
296 refunds from the amounts in the trust fund and credited to any county for
297 erroneous payments and overpayments made, and may redeem dishonored checks
298 and drafts deposited to the credit of such counties. If any county abolishes the
299 tax, the county shall notify the director of revenue of the action at least ninety
300 days prior to the effective date of the repeal and the director of revenue may
301 order retention in the trust fund, for a period of one year, of two percent of the
302 amount collected after receipt of such notice to cover possible refunds or
303 overpayment of the tax and to redeem dishonored checks and drafts deposited to
304 the credit of such accounts. After one year has elapsed after the effective date of
305 abolition of the tax in such county, the director of revenue shall remit the balance
306 in the account to the county and close the account of that county. The director
307 of revenue shall notify each county of each instance of any amount refunded or
308 any check redeemed from receipts due the county.

309 **[9.] 13.** Except as modified in sections 66.600 to 66.630, all provisions of
310 sections 32.085 and 32.087 shall apply to the tax imposed under sections 66.600
311 to 66.630.

66.630. 1. County sales taxes imposed pursuant to sections 66.600 to
2 66.630 on the purchase and sale of motor vehicles, trailers, boats, and outboard
3 motors shall not be collected and remitted by the seller, but shall be collected by

4 the director of revenue at the time application is made for a certificate of title, if
5 the address of the applicant is within a county imposing a county sales tax. The
6 amounts so collected, less the one percent collection cost, shall be deposited in the
7 county sales tax trust fund to be distributed in accordance with section 66.620
8 until March 31, 1988. [Beginning]

9 **2. From April 1, 1988, until December 31, 2015,** seventy-five percent
10 of the distributable sales tax revenue shall be distributed in accordance with
11 section 66.620. The remaining twenty-five percent of the distributable sales tax
12 revenue shall be held in an interest-bearing account and, less annual costs of
13 distribution, shall be distributed monthly to each city, town or village and the
14 county based upon the number of transactions occurring within each city, town
15 or village and the unincorporated area of the county during the preceding month
16 as reported to the department of revenue in the monthly dealer sales report
17 subject, however, to the redistribution formula defined in section 66.620 and,
18 except that any city, town or village and the county contained in group B as
19 defined in section 66.620 shall have distributed to it by the director of revenue
20 its share of the remaining twenty-five percent as calculated herein in accordance
21 with section 66.620.

22 **3. For the calendar year beginning on January 1, 2016, eighty-**
23 **three and one-third percent of the distributable sales tax revenue shall**
24 **be distributed in accordance with section 66.620. The remaining**
25 **sixteen and two-thirds percent of the distributable sales tax revenue**
26 **shall be held in an interest bearing account and, less annual costs of**
27 **distribution, shall be distributed monthly to each city, town, or village**
28 **and the county based upon the number of transactions occurring within**
29 **each city, town, or village and the unincorporated area of the county**
30 **during the preceding month as reported to the department of revenue**
31 **in the monthly dealer sales report subject, however, to the**
32 **redistribution formula defined in section 66.620 and, except that any**
33 **city, town, or village and the county contained in group B as defined in**
34 **section 66.620 shall have distributed to it by the director of revenue its**
35 **share of the remaining sixteen and two-thirds percent as calculated**
36 **herein in accordance with section 66.620.**

37 **4. For the calendar year beginning on January 1, 2017, ninety-**
38 **one and two-thirds percent of the distributable sales tax revenue shall**
39 **be distributed in accordance with section 66.620. The remaining eight**
40 **and one-third percent of the distributable sales tax revenue shall be**

41 held in an interest-bearing account and, less annual costs of
42 distribution, shall be distributed monthly to each city, town, or village
43 and the county based upon the number of transactions occurring within
44 each city, town, or village and the unincorporated area of the county
45 during the preceding month as reported to the department of revenue
46 in the monthly dealer sales report subject, however, to the
47 redistribution formula defined in section 66.620 and, except that any
48 city, town, or village and the county contained in group B as defined in
49 section 66.620 shall have distributed to it by the director of revenue its
50 share of the remaining eight and one-third percent as calculated herein
51 in accordance with section 66.620.

52 5. For each calendar year beginning on or after January 1, 2018,
53 all of the distributable sales tax revenue shall be distributed in
54 accordance with section 66.620.

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

63 [2.] 7. As used in this section, the term "boat" shall only include
64 motorboats and vessels as the terms "motorboat" and "vessel" are defined in
65 section 306.010.

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

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

15 YES NO

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

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

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

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

15 **3. Until January 1, 2016**, the director of revenue shall distribute to the
16 municipality levying the tax a portion of the taxes based on the location in which
17 the sales were deemed consummated under subsection 12 of section 32.087 in
18 accordance with the formula described in this subsection. Except for distributions
19 relating to recently annexed areas described in subsection [4] 5 of this section,
20 after deducting the distribution to the municipality, the director of revenue shall
21 distribute the remaining funds in the special municipal sales tax fund to the
22 cities, towns and villages and the county in group B as defined in section 66.620

23 as follows: To the county, ten percent multiplied by the percentage of the
24 population of unincorporated county which has been annexed or incorporated
25 since April 1, 1993, multiplied by the total sales tax revenues, and a percentage
26 of the remaining distributable revenue equal to the percentage ratio that the
27 population of the unincorporated areas of the county bears to the total population
28 of group B; and to each city, town or village in group B located wholly within the
29 taxing county, a percentage of the remaining distributable revenue equal to the
30 percentage ratio that the population of such city, town or village bears to the total
31 population of group B; and to each city, town or village located partly within the
32 taxing county, a percentage of the remaining distributable revenue equal to the
33 percentage ratio that the population of that part of the city, town or village
34 located within the taxing county bears to the total population of group B.

35 [3.] 4. For purposes of administering the distribution formula of
36 subsection [2] 3 of this section **until January 1, 2016**, the revenues arising each
37 year from sales occurring within the municipality shall be shared as follows: The
38 municipality shall receive that portion of the revenues arising from sales
39 occurring within the municipality that remains after deducting therefrom an
40 amount equal to the cumulative sales tax revenues arising from sales within the
41 municipality multiplied by the sum of ten percent multiplied by the percentage
42 of the population of unincorporated county which has been annexed or
43 incorporated after April 1, 1993, and the greater of 12.5 percent or the percentage
44 equal to the product of 11.627 multiplied by the logarithm (to base 10) of the
45 product of 0.15 multiplied by the total of the cumulative per capita sales taxes
46 arising from sales within the municipality pursuant to sections 94.850 to 94.857
47 less one-eighth, in the case of a one-eighth of one percent sales tax, or one
48 quarter, in the case of a one-fourth of one percent sales tax, of the per capita
49 countywide average of all sales tax distributions during the prior calendar year
50 under section 66.620, which average is reduced by the percentage which is equal
51 to ten percent multiplied by the percentage of the population of unincorporated
52 county which has been annexed or incorporated after April 1, 1993.

53 [4.] 5. Sales taxes arising from sales within recently annexed areas
54 pursuant to sections 94.850 to 94.857 shall be divided half to the municipality
55 and half to the county until the **earlier of the** fifth anniversary of the effective
56 date of the annexation **or January 1, 2016**, and shall thereafter be distributed
57 as provided in subsections [2 and] 3 and 4 of this section. A "recently annexed
58 area" is any area which was annexed or incorporated from or in the
59 unincorporated area of the county less than five years prior to the [effective date

60 of the sales tax under sections 94.850 to 94.857] **month in which taxes arise**
61 **from sales within the area.**

62 [5.] **6. For each calendar year beginning on or after January 1,**
63 **2016, the director of revenue shall distribute to the municipality**
64 **levying the tax the taxes based on the location in which the sales were**
65 **deemed consummated under subsection 12 of section 32.087.**

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

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

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

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