

SENATE SUBSTITUTE
FOR
SENATE COMMITTEE SUBSTITUTE
FOR
HOUSE COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1561

AN ACT

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

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF MISSOURI,
AS FOLLOWS:

1 Section A. Section 66.620, RSMo, is repealed and one new
2 section enacted in lieu thereof, to be known as sections 66.620,
3 to read as follows:

4 66.620. 1. All county sales taxes collected by the
5 director of revenue under sections 66.600 to 66.630 on behalf of
6 any county, less one percent for cost of collection which shall
7 be deposited in the state's general revenue fund after payment of
8 premiums for surety bonds as provided in section 32.087, shall be
9 deposited in a special trust fund, which is hereby created, to be
10 known as the "County Sales Tax Trust Fund". The moneys in the
11 county sales tax trust fund shall not be deemed to be state funds
12 and shall not be commingled with any funds of the state. The
13 director of revenue shall keep accurate records of the amount of
14 money in the trust fund which was collected in each county

1 imposing a county sales tax, and the records shall be open to the
2 inspection of officers of the county and the public. Not later
3 than the tenth day of each month, the director of revenue shall
4 distribute all moneys deposited in the trust fund during the
5 preceding month to the county which levied the tax; such funds
6 shall be deposited with the [county] treasurer of the county and
7 all expenditures of funds arising from the county sales tax trust
8 fund shall be by an appropriation act to be enacted by the
9 legislative council of the county, and to the cities, towns and
10 villages located wholly or partly within the county which levied
11 the tax in the manner as set forth in sections 66.600 to 66.630.

12 2. In any county not adopting an additional sales tax and
13 alternate distribution system as provided in section 67.581, for
14 the purposes of distributing the county sales tax, the county
15 shall be divided into two groups, "Group A" and "Group B". Group
16 A shall consist of all cities, towns and villages which are
17 located wholly or partly within the county which levied the tax
18 and which had a city sales tax in effect under the provisions of
19 sections 94.500 to 94.550 on the day prior to the adoption of the
20 county sales tax ordinance, except that beginning January 1,
21 1980, group A shall consist of all cities, towns and villages
22 which are located wholly or partly within the county which levied
23 the tax and which had a city sales tax approved by the voters of
24 such city under the provisions of sections 94.500 to 94.550 on
25 the day prior to the effective date of the county sales tax. For
26 the purposes of determining the location of consummation of sales
27 for distribution of funds to cities, towns and villages in group
28 A, the boundaries of any such city, town or village shall be the

1 boundary of that city, town or village as it existed on March 19,
2 1984. Group B shall consist of all cities, towns and villages
3 which are located wholly or partly within the county which levied
4 the tax and which did not have a city sales tax in effect under
5 the provisions of sections 94.500 to 94.550 on the day prior to
6 the adoption of the county sales tax ordinance, and shall also
7 include all unincorporated areas of the county which levied the
8 tax; except that, beginning January 1, 1980, group B shall
9 consist of all cities, towns and villages which are located
10 wholly or partly within the county which levied the tax and which
11 did not have a city sales tax approved by the voters of such city
12 under the provisions of sections 94.500 to 94.550 on the day
13 prior to the effective date of the county sales tax and shall
14 also include all unincorporated areas of the county which levied
15 the tax.

16 3. Until January 1, 1994, the director of revenue shall
17 distribute to the cities, towns and villages in group A the taxes
18 based on the location in which the sales were deemed consummated
19 under section 66.630 and subsection 12 of section 32.087. Except
20 for distribution governed by section 66.630, after deducting the
21 distribution to the cities, towns and villages in group A, the
22 director of revenue shall distribute the remaining funds in the
23 county sales tax trust fund to the cities, towns and villages and
24 the county in group B as follows: To the county which levied the
25 tax, a percentage of the distributable revenue equal to the
26 percentage ratio that the population of the unincorporated areas
27 of the county bears to the total population of group B; and to
28 each city, town or village in group B located wholly within the

1 taxing county, a percentage of the distributable revenue equal to
2 the percentage ratio that the population of such city, town or
3 village bears to the total population of group B; and to each
4 city, town or village located partly within the taxing county, a
5 percentage of the distributable revenue equal to the percentage
6 ratio that the population of that part of the city, town or
7 village located within the taxing county bears to the total
8 population of group B.

9 4. From [and after] January 1, 1994, until December 31,
10 2016, the director of revenue shall distribute to the cities,
11 towns and villages in group A a portion of the taxes based on the
12 location in which the sales were deemed consummated under section
13 66.630 and subsection 12 of section 32.087 in accordance with the
14 formula described in this subsection and in subsection 6. After
15 deducting the distribution to the cities, towns and villages in
16 group A, the director of revenue shall distribute funds in the
17 county sales tax trust fund to the cities, towns and villages and
18 the county in group B as follows: To the county which levied the
19 tax, ten percent multiplied by the percentage of the population
20 of unincorporated county which has been annexed or incorporated
21 since April 1, 1993, multiplied by the total of all sales tax
22 revenues countywide, and a percentage of the remaining
23 distributable revenue equal to the percentage ratio that the
24 population of unincorporated areas of the county bears to the
25 total population of group B; and to each city, town or village in
26 group B located wholly within the taxing county, a percentage of
27 the remaining distributable revenue equal to the percentage ratio
28 that the population of such city, town or village bears to the

1 total population of group B; and to each city, town or village
2 located partly within the taxing county, a percentage of the
3 remaining distributable revenue equal to the percentage ratio
4 that the population of that part of the city, town or village
5 located within the taxing county bears to the total population of
6 group B.

7 5. (1) From and after January 1, 2017, in each year in
8 which the total revenues from the county sales tax collected
9 under sections 66.600 to 66.630 in the previous calendar year is
10 less than or equal to the amount of such revenues which were
11 collected in the calendar year 2014, the director of revenue
12 shall distribute to the cities, towns, and villages in group A
13 and the cities, towns, and villages, and the county in group B,
14 the amounts required to be distributed under the formula
15 described in subsection 4 and in subsection 6 of this section.
16 From and after January 1, 2017, in each year in which the total
17 revenues from the county sales tax collected under sections
18 66.600 to 66.630 in the previous calendar year is greater than
19 the amount of such revenues which were collected in the calendar
20 year 2014, the director of revenue shall distribute to the
21 cities, towns, and villages in group A a portion of the taxes
22 based on the location in which the sales were deemed consummated
23 under section 66.630 and subsection 12 of section 32.087, in
24 accordance with the formula described in this subsection and in
25 subsection 6. After deducting the distribution to the cities,
26 towns, and villages in group A, the director of revenue shall,
27 subject to the limitation described in subdivision (2) of this
28 subsection, distribute funds in the county sales tax trust fund

1 to the cities, towns, and villages, and the county in group B as
2 follows: to the county which levied the tax, ten percent
3 multiplied by the percentage of the population of unincorporated
4 county which has been annexed or incorporated since April 1,
5 1993, multiplied by the total of all sales tax revenues
6 countywide, and a percentage of the remaining distributable
7 revenue equal to the percentage ratio that the population of
8 unincorporated areas of the county bears to the total population
9 of group B as adjusted such that no city, town, or village in
10 group B shall receive a distribution that is less than fifty
11 percent of the amount of taxes generated within such city, town,
12 or village based on the location in which the sales were deemed
13 consummated under section 66.630 and subsection 12 of section
14 32.087; and to each city, town, or village in group B located
15 wholly within the taxing county, a percentage of the remaining
16 distributable revenue equal to the percentage ratio that the
17 population of such city, town, or village bears to the total
18 population of group B, as adjusted such that no city, town, or
19 village in group B shall receive a distribution that is less than
20 fifty percent of the amount of taxes generated within such city,
21 town, or village based on the location in which the sales were
22 deemed consummated under section 66.630 and subsection 12 of
23 section 32.087; and to each city, town, or village located partly
24 within the taxing county, a percentage of the remaining
25 distributable revenue equal to the percentage ratio that the
26 population of that part of the city, town, or village located
27 within the taxing county bears to the total population of group
28 B, as adjusted such that no city, town, or village in group B

1 shall receive a distribution that is less than fifty percent of
2 the amount of taxes generated within such city, town, or village
3 based on the location in which the sales were deemed consummated
4 under section 66.630 and subsection 12 of section 32.087.

5 (2) For purposes of making any adjustment required by this
6 subsection, the director of revenue shall, prior to any
7 distribution to the county or to each city, town, or village in
8 group B located wholly or partly within the taxing county,
9 identify each city, town, or village in group B located wholly or
10 partly within the taxing county that would receive a distribution
11 that is less than fifty percent of the amount of taxes generated
12 within such city, town, or village based on the location in which
13 the sales were deemed consummated under section 66.630 and
14 subsection 12 of section 32.087 if no adjustments were made and
15 calculate the difference between the amount that the distribution
16 to each such city, town, or village would have been without any
17 adjustment and the amount that equals fifty percent of the amount
18 of taxes generated within such city, town, or village based on
19 the location in which the sales were deemed consummated under
20 section 66.630 and subsection 12 of section 32.087. Thereafter,
21 the director of revenue shall determine the amount of any
22 adjustment under this subsection as follows:

23 (a) If the aggregate amount of the difference calculated in
24 accordance with this subsection is less than or equal to the
25 aggregate increase in the remaining distributable revenue for the
26 applicable period in the current calendar year over the remaining
27 distributable revenue for the corresponding period in the
28 calendar year 2014, the director of revenue shall deduct the

1 amount of such difference from the remaining distributable
2 revenue and distribute an allocable portion of the amount of such
3 difference to each city, town, or village that would otherwise
4 have received a distribution that is less than fifty percent of
5 the amount of taxes generated within such city, town, or village
6 based on the location in which the sales were deemed consummated
7 under section 66.630 and subsection 12 of section 32.087 if no
8 adjustment were made, such that each such city, town, or village
9 receives a distribution that is equal to fifty percent of the
10 amount of taxes generated within such city, town, or village
11 based on the location in which the sales were deemed consummated
12 under section 66.630 and subsection 12 of section 32.087;

13 (b) If, however, the aggregate amount of the difference
14 calculated in accordance with this subsection is greater than the
15 aggregate increase in the remaining distributable revenue for the
16 applicable period in the current calendar year over the remaining
17 distributable revenue for the corresponding period in the
18 calendar year 2014, the director of revenue shall deduct from the
19 remaining distributable revenue an amount equal to the difference
20 between the remaining distributable revenue for the applicable
21 period in the current calendar year and the remaining
22 distributable revenue for the corresponding period in the
23 calendar year 2014 and distribute an allocable portion of the
24 amount of such difference to each city, town, or village that
25 would otherwise have received a distribution that is less than
26 fifty percent of the amount of taxes generated within such city,
27 town, or village based on the location in which the sales were
28 deemed consummated under section 66.630 and subsection 12 of

1 section 32.087 if no adjustment were made, such that each such
2 city, town, or village receives a distribution that includes an
3 adjustment that is proportionate to the amount of the adjustment
4 that would otherwise have been made if such adjustment were
5 calculated in accordance with paragraph (a) of this subsection;

6 (c) After determining the amount of the adjustment and
7 making the allocation in accordance with paragraph (a) or (b) of
8 this subsection, as applicable, the director of revenue shall
9 thereafter distribute the remaining distributable revenue, as
10 adjusted, to the county and to each city, town, or village in
11 group B located wholly or partly within the taxing county in the
12 manner provided in this subsection.

13 (3) For purposes of this subsection, if a city, town, or
14 village is partly in group A and partly in group B, the director
15 of revenue shall calculate fifty percent of the amount of taxes
16 generated within such city, town, or village based on the
17 location in which the sales were deemed consummated under section
18 66.630 and subsection 12 of section 32.087 by multiplying fifty
19 percent by the amount of all county sales taxes collected by the
20 director of revenue under sections 66.600 to 66.630, less one
21 percent for cost of collection, that are generated within such
22 city, town, or village based on the location in which the sales
23 were deemed consummated under section 66.630 and subsection 12 of
24 section 32.087, regardless of whether such taxes are deemed
25 consummated in group A or group B.

26 6. (1) For purposes of administering the distribution
27 formula of [subsection] subsections 4 and 5 of this section, the
28 revenues arising each year from sales occurring within each group

1 A city, town or village shall be distributed as follows: Until
2 such revenues reach the adjusted county average, as hereinafter
3 defined, there shall be distributed to the city, town or village
4 all of such revenues reduced by the percentage which is equal to
5 ten percent multiplied by the percentage of the population of
6 unincorporated county which has been annexed or incorporated
7 after April 1, 1993; and once revenues exceed the adjusted county
8 average, total revenues shall be shared in accordance with the
9 redistribution formula as defined in this subsection.

10 (2) For purposes of this subsection, the "adjusted county
11 average" is the per capita countywide average of all sales tax
12 distributions during the prior calendar year reduced by the
13 percentage which is equal to ten percent multiplied by the
14 percentage of the population of unincorporated county which has
15 been annexed or incorporated after April 1, 1993; the
16 "redistribution formula" is as follows: During 1994, each group
17 A city, town and village shall receive that portion of the
18 revenues arising from sales occurring within the municipality
19 that remains after deducting therefrom an amount equal to the
20 cumulative sales tax revenues arising from sales within the
21 municipality multiplied by the percentage which is the sum of ten
22 percent multiplied by the percentage of the population of
23 unincorporated county which has been annexed or incorporated
24 after April 1, 1993, and the percentage, if greater than zero,
25 equal to the product of 8.5 multiplied by the logarithm (to base
26 10) of the product of 0.035 multiplied by the total of cumulative
27 per capita sales taxes arising from sales within the municipality
28 less the adjusted county average. During 1995, each group A

1 city, town and village shall receive that portion of the revenues
2 arising from sales occurring within the municipality that remains
3 after deducting therefrom an amount equal to the cumulative sales
4 tax revenues arising from sales within the municipality
5 multiplied by the percentage which is the sum of ten percent
6 multiplied by the percentage of the population of unincorporated
7 county which has been annexed or incorporated after April 1,
8 1993, and the percentage, if greater than zero, equal to the
9 product of seventeen multiplied by the logarithm (to base 10) of
10 the product of 0.035 multiplied by the total of cumulative per
11 capita sales taxes arising from sales within the municipality
12 less the adjusted county average. From January 1, 1996, until
13 January 1, 2000, each group A city, town and village shall
14 receive that portion of the revenues arising from sales occurring
15 within the municipality that remains after deducting therefrom an
16 amount equal to the cumulative sales tax revenues arising from
17 sales within the municipality multiplied by the percentage which
18 is the sum of ten percent multiplied by the percentage of the
19 population of unincorporated county which has been annexed or
20 incorporated after April 1, 1993, and the percentage, if greater
21 than zero, equal to the product of 25.5 multiplied by the
22 logarithm (to base 10) of the product of 0.035 multiplied by the
23 total of cumulative per capita sales taxes arising from sales
24 within the municipality less the adjusted county average. From
25 and after January 1, 2000, the distribution formula covering the
26 period from January 1, 1996, until January 1, 2000, shall
27 continue to apply, except that the percentage computed for sales
28 arising within the municipalities shall be not less than 7.5

1 percent for municipalities within which sales tax revenues exceed
2 the adjusted county average, nor less than 12.5 percent for
3 municipalities within which sales tax revenues exceed the
4 adjusted county average by at least twenty-five percent.

5 (3) For purposes of applying the redistribution formula to
6 a municipality which is partly within the county levying the tax,
7 the distribution shall be calculated alternately for the
8 municipality as a whole, except that the factor for annexed
9 portion of the county shall not be applied to the portion of the
10 municipality which is not within the county levying the tax, and
11 for the portion of the municipality within the county levying the
12 tax. Whichever calculation results in the larger distribution to
13 the municipality shall be used.

14 (4) Notwithstanding any other provision of this section,
15 the fifty percent of additional sales taxes as described in
16 section 99.845 arising from economic activities within the area
17 of a redevelopment project established after July 12, 1990,
18 pursuant to sections 99.800 to 99.865, while tax increment
19 financing remains in effect shall be deducted from all
20 calculations of countywide sales taxes, shall be distributed
21 directly to the municipality involved, and shall be disregarded
22 in calculating the amounts distributed or distributable to the
23 municipality. Further, any agreement, contract or covenant
24 entered into prior to July 12, 1990, between a municipality and
25 any other political subdivision which provides for an
26 appropriation of incremental sales tax revenues to the special
27 allocation fund of a tax increment financing project while tax
28 increment financing remains in effect shall continue to be in

1 full force and effect and the sales taxes so appropriated shall
2 be deducted from all calculations of countywide sales taxes,
3 shall be distributed directly to the municipality involved, and
4 shall be disregarded in calculating the amounts distributed or
5 distributable to the municipality. In addition, and
6 notwithstanding any other provision of this chapter to the
7 contrary, economic development funds shall be distributed in full
8 to the municipality in which the sales producing them were deemed
9 consummated. Additionally, economic development funds shall be
10 deducted from all calculations of countywide sales taxes and
11 shall be disregarded in calculating the amounts distributed or
12 distributable to the municipality. As used in this subdivision,
13 the term "economic development funds" means the amount of sales
14 tax revenue generated in any fiscal year by projects authorized
15 pursuant to chapter 99 or chapter 100 in connection with which
16 such sales tax revenue was pledged as security for, or was
17 guaranteed by a developer to be sufficient to pay, outstanding
18 obligations under any agreement authorized by chapter 100,
19 entered into or adopted prior to September 1, 1993, between a
20 municipality and another public body. The cumulative amount of
21 economic development funds allowed under this provision shall not
22 exceed the total amount necessary to amortize the obligations
23 involved.

24 [6.] 7. If the qualified voters of any city, town or
25 village vote to change or alter its boundaries by annexing any
26 unincorporated territory included in group B or if the qualified
27 voters of one or more city, town or village in group A and the
28 qualified voters of one or more city, town or village in group B

1 vote to consolidate, the area annexed or the area consolidated
2 which had been a part of group B shall remain a part of group B
3 after annexation or consolidation. After the effective date of
4 the annexation or consolidation, the annexing or consolidated
5 city, town or village shall receive a percentage of the group B
6 distributable revenue equal to the percentage ratio that the
7 population of the annexed or consolidated area bears to the total
8 population of group B and such annexed area shall not be
9 classified as unincorporated area for determination of the
10 percentage allocable to the county. If the qualified voters of
11 any two or more cities, towns or villages in group A each vote to
12 consolidate such cities, towns or villages, then such
13 consolidated cities, towns or villages shall remain a part of
14 group A. For the purpose of sections 66.600 to 66.630,
15 population shall be as determined by the last federal decennial
16 census or the latest census that determines the total population
17 of the county and all political subdivisions therein. For the
18 purpose of calculating the adjustment based on the percentage of
19 unincorporated county population which is annexed after April 1,
20 1993, the accumulated percentage immediately before each census
21 shall be used as the new percentage base after such census.
22 After any annexation, incorporation or other municipal boundary
23 change affecting the unincorporated area of the county, the chief
24 elected official of the county shall certify the new population
25 of the unincorporated area of the county and the percentage of
26 the population which has been annexed or incorporated since April
27 1, 1993, to the director of revenue. After the adoption of the
28 county sales tax ordinance, any city, town or village in group A

1 may by adoption of an ordinance by its governing body cease to be
2 a part of group A and become a part of group B. Within ten days
3 after the adoption of the ordinance transferring the city, town
4 or village from one group to the other, the clerk of the
5 transferring city, town or village shall forward to the director
6 of revenue, by registered mail, a certified copy of the
7 ordinance. Distribution to such city as a part of its former
8 group shall cease and as a part of its new group shall begin on
9 the first day of January of the year following notification to
10 the director of revenue, provided such notification is received
11 by the director of revenue on or before the first day of July of
12 the year in which the transferring ordinance is adopted. If such
13 notification is received by the director of revenue after the
14 first day of July of the year in which the transferring ordinance
15 is adopted, then distribution to such city as a part of its
16 former group shall cease and as a part of its new group shall
17 begin the first day of July of the year following such
18 notification to the director of revenue. Once a group A city,
19 town or village becomes a part of group B, such city may not
20 transfer back to group A.

21 [7.] 8. If any city, town or village shall hereafter change
22 or alter its boundaries, the city clerk of the municipality shall
23 forward to the director of revenue, by registered mail, a
24 certified copy of the ordinance adding or detaching territory
25 from the municipality. The ordinance shall reflect the effective
26 date thereof, and shall be accompanied by a map of the
27 municipality clearly showing the territory added thereto or
28 detached therefrom. Upon receipt of the ordinance and map, the

1 tax imposed by sections 66.600 to 66.630 shall be redistributed
2 and allocated in accordance with the provisions of this section
3 on the effective date of the change of the municipal boundary so
4 that the proper percentage of group B distributable revenue is
5 allocated to the municipality in proportion to any annexed
6 territory. If any area of the unincorporated county elects to
7 incorporate subsequent to the effective date of the county sales
8 tax as set forth in sections 66.600 to 66.630, the newly
9 incorporated municipality shall remain a part of group B. The
10 city clerk of such newly incorporated municipality shall forward
11 to the director of revenue, by registered mail, a certified copy
12 of the incorporation election returns and a map of the
13 municipality clearly showing the boundaries thereof. The
14 certified copy of the incorporation election returns shall
15 reflect the effective date of the incorporation. Upon receipt of
16 the incorporation election returns and map, the tax imposed by
17 sections 66.600 to 66.630 shall be distributed and allocated in
18 accordance with the provisions of this section on the effective
19 date of the incorporation.

20 **[8.] 9.** The director of revenue may authorize the state
21 treasurer to make refunds from the amounts in the trust fund and
22 credited to any county for erroneous payments and overpayments
23 made, and may redeem dishonored checks and drafts deposited to
24 the credit of such counties. If any county abolishes the tax,
25 the county shall notify the director of revenue of the action at
26 least ninety days prior to the effective date of the repeal and
27 the director of revenue may order retention in the trust fund,
28 for a period of one year, of two percent of the amount collected

after receipt of such notice to cover possible refunds or overpayment of the tax and to redeem dishonored checks and drafts deposited to the credit of such accounts. After one year has elapsed after the effective date of abolition of the tax in such county, the director of revenue shall remit the balance in the account to the county and close the account of that county. The director of revenue shall notify each county of each instance of any amount refunded or any check redeemed from receipts due the county.

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