

SECOND REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR
HOUSE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 1561
98TH GENERAL ASSEMBLY

Reported from the Committee on Jobs, Economic Development and Local Government, May 5, 2016, with recommendation that the Senate Committee Substitute do pass.

4757S.03C

ADRIANE D. CROUSE, Secretary.

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Section A. Section 66.620, RSMo, is repealed and one new section enacted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

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

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
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 deducting
48 the distribution to the cities, towns and villages in group A, the director of
49 revenue shall distribute the remaining funds in the county sales tax trust fund
50 to the cities, towns and villages and the county in group B as follows: To the
51 county which levied the tax, a percentage of the distributable revenue equal to
52 the percentage ratio that the population of the unincorporated areas of the county
53 bears to the total population of group B; and to each city, town or village in group

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

60 4. From [and after] January 1, 1994, **until December 31, 2016**, the
61 director of revenue shall distribute to the cities, towns and villages in group A a
62 portion of the taxes based on the location in which the sales were deemed
63 consummated under section 66.630 and subsection 12 of section 32.087 in
64 accordance with the formula described in this subsection **and in subsection 6**
65 **of this section**. After deducting the distribution to the cities, towns and villages
66 in group A, the director of revenue shall distribute funds in the county sales tax
67 trust fund to the cities, towns and villages and the county in group B as follows:
68 To the county which levied the tax, ten percent multiplied by the percentage of
69 the population of unincorporated county which has been annexed or incorporated
70 since April 1, 1993, multiplied by the total of all sales tax revenues countywide,
71 and a percentage of the remaining distributable revenue equal to the percentage
72 ratio that the population of unincorporated areas of the county bears to the total
73 population of group B; and to each city, town or village in group B located wholly
74 within the taxing county, a percentage of the remaining distributable revenue
75 equal to the percentage ratio that the population of such city, town or village
76 bears to the total population of group B; and to each city, town or village located
77 partly within the taxing county, a percentage of the remaining distributable
78 revenue equal to the percentage ratio that the population of that part of the city,
79 town or village located within the taxing county bears to the total population of
80 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 or equal to the**
84 **amount of such revenues which were collected in the calendar year**
85 **2014, the director of revenue shall distribute to the cities, towns, and**
86 **villages in group A, and the cities, towns, and villages, and the county**
87 **in group B, the amounts required to be distributed under the formula**
88 **described in subsections 4 and 6 of this section. From and after**
89 **January 1, 2017, in each year in which the total revenues from the**

90 county sales tax collected under sections 66.600 to 66.630 in the
91 previous calendar year is greater than the amount of such revenues
92 which were collected in the calendar year 2014, the director of revenue
93 shall distribute to the cities, towns, and villages in group A a portion
94 of the taxes based on the location in which the sales were deemed
95 consummated under section 66.630 and subsection 12 of section 32.087,
96 in accordance with the formula described in this subsection and in
97 subsection 6 of this section. After deducting the distribution to the
98 cities, towns, and villages in group A, the director of revenue shall,
99 subject to the limitation described in subdivision (2) of this subsection,
100 distribute funds in the county sales tax trust fund to the cities, towns,
101 and villages, and the county in group B as follows: to the county which
102 levied the tax, ten percent multiplied by the percentage of the
103 population of unincorporated county which has been annexed or
104 incorporated since April 1, 1993, multiplied by the total of all sales tax
105 revenues countywide, and a percentage of the remaining distributable
106 revenue equal to the percentage ratio that the population of
107 unincorporated areas of the county bears to the total population of
108 group B as adjusted such that no city, town, or village in group B shall
109 receive a distribution that is less than forty percent of the amount of
110 taxes generated within such city, town, or village based on the location
111 in which the sales were deemed consummated under section 66.630 and
112 subsection 12 of section 32.087; and to each city, town, or village in
113 group B located wholly within the taxing county, a percentage of the
114 remaining distributable revenue equal to the percentage ratio that the
115 population of such city, town, or village bears to the total population
116 of group B, as adjusted such that no city, town, or village in group B
117 shall receive a distribution that is less than forty percent of the amount
118 of taxes generated within such city, town, or village based on the
119 location in which the sales were deemed consummated under section
120 66.630 and subsection 12 of section 32.087; and to each city, town, or
121 village located partly within the taxing county, a percentage of the
122 remaining distributable revenue equal to the percentage ratio that the
123 population of that part of the city, town, or village located within the
124 taxing county bears to the total population of group B, as adjusted such
125 that no city, town, or village in group B shall receive a distribution that
126 is less than forty percent of the amount of taxes generated within such

127 city, town, or village based on the location in which the sales were
128 deemed consummated under section 66.630 and subsection 12 of section
129 32.087.

130 (2) For purposes of making any adjustment required by this
131 subsection, the director of revenue shall, prior to any distribution to
132 the county or to each city, town, or village in group B located wholly
133 or partly within the taxing county, identify each city, town, or village
134 in group B located wholly or partly within the taxing county that would
135 receive a distribution that is less than forty percent of the amount of
136 taxes generated within such city, town, or village based on the location
137 in which the sales were deemed consummated under section 66.630 and
138 subsection 12 of section 32.087 if no adjustments were made and
139 calculate the difference between the amount that the distribution to
140 each such city, town, or village would have been without any
141 adjustment and the amount that equals forty percent of the amount of
142 taxes generated within such city, town, or village based on the location
143 in which the sales were deemed consummated under section 66.630 and
144 subsection 12 of section 32.087. Thereafter, the director of revenue
145 shall determine the amount of any adjustment under this subsection as
146 follows:

147 (a) If the aggregate amount of the difference calculated in
148 accordance with this subsection is less than or equal to the aggregate
149 increase in the remaining distributable revenue for the applicable
150 period in the current calendar year over the remaining distributable
151 revenue for the corresponding period in the calendar year 2014, the
152 director of revenue shall deduct the amount of such difference from the
153 remaining distributable revenue and distribute an allocable portion of
154 the amount of such difference to each city, town, or village that would
155 otherwise have received a distribution that is less than forty percent
156 of the amount of taxes generated within such city, town, or village
157 based on the location in which the sales were deemed consummated
158 under section 66.630 and subsection 12 of section 32.087 if no
159 adjustments were made, such that each such city, town, or village
160 receives a distribution that is equal to forty percent of the amount of
161 taxes generated within such city, town, or village based on the location
162 in which the sales were deemed consummated under section 66.630 and
163 subsection 12 of section 32.087;

164 **(b)** If, however, the aggregate amount of the difference
165 calculated in accordance with this subsection is greater than the
166 aggregate increase in the remaining distributable revenue for the
167 applicable period in the current calendar year over the remaining
168 distributable revenue for the corresponding period in the calendar year
169 2014, the director of revenue shall deduct from the remaining
170 distributable revenue an amount equal to the difference between the
171 remaining distributable revenue for the applicable period in the
172 current calendar year and the remaining distributable revenue for the
173 corresponding period in the calendar year 2014 and distribute an
174 allocable portion of the amount of such difference to each city, town,
175 or village that would otherwise have received a distribution that is less
176 than forty percent of the amount of taxes generated with such city,
177 town, or village based on the location in which the sales were deemed
178 consummated under section 66.630 and subsection 12 of section 32.087
179 if no adjustments were made, such that each such city, town, or village
180 receives a distribution that includes an adjustment that is
181 proportionate to the amount of the adjustment that would otherwise
182 have been made if such adjustments were calculated in accordance with
183 paragraph (a) of this subsection;

184 **(c)** After determining the amount of the adjustment and making
185 the allocation in accordance with paragraphs (a) or (b) of this
186 subdivision, as applicable, the director of revenue shall thereafter
187 distribute the remaining distributable revenue, as adjusted, to the
188 county and to each city, town, or village in group B located wholly or
189 partly within the taxing county in the manner provided in this
190 subsection;

191 **(3)** For purposes of this subsection, if a city, town, or village is
192 partly in group A and partly in group B, the director of revenue shall
193 calculate forty percent of the amount of taxes generated within such
194 city, town, or village based on the location in which the sales were
195 deemed consummated under section 66.630 and subsection 12 of section
196 32.087 by multiplying forty percent by the amount of all county sales
197 taxes collected by the director of revenue under sections 66.600 to
198 66.630, less one percent for cost of collection, that are generated within
199 such city, town, or village based on the location in which the sales were
200 deemed consummated under section 66.630 and subsection 12 of section

201 **32.087, regardless of whether such taxes are deemed consummated in**
202 **group A or group B.**

203 **6.** (1) For purposes of administering the distribution formula of
204 [subsection] **subsections 4 and 5** of this section, the revenues arising each year
205 from sales occurring within each group A city, town or village shall be distributed
206 as follows: Until such revenues reach the adjusted county average, as hereinafter
207 defined, there shall be distributed to the city, town or village all of such revenues
208 reduced by the percentage which is equal to ten percent multiplied by the
209 percentage of the population of unincorporated county which has been annexed
210 or incorporated after April 1, 1993; and once revenues exceed the adjusted county
211 average, total revenues shall be shared in accordance with the redistribution
212 formula as defined in this subsection.

213 (2) For purposes of this subsection, the "adjusted county average" is the
214 per capita countywide average of all sales tax distributions during the prior
215 calendar year reduced by the percentage which is equal to ten percent multiplied
216 by the percentage of the population of unincorporated county which has been
217 annexed or incorporated after April 1, 1993; the "redistribution formula" is as
218 follows: During 1994, each group A city, town and village shall receive that
219 portion of the revenues arising from sales occurring within the municipality that
220 remains after deducting therefrom an amount equal to the cumulative sales tax
221 revenues arising from sales within the municipality multiplied by the percentage
222 which is the sum of ten percent multiplied by the percentage of the population of
223 unincorporated county which has been annexed or incorporated after April 1,
224 1993, and the percentage, if greater than zero, equal to the product of 8.5
225 multiplied by the logarithm (to base 10) of the product of 0.035 multiplied by the
226 total of cumulative per capita sales taxes arising from sales within the
227 municipality less the adjusted county average. During 1995, each group A city,
228 town and village shall receive that portion of the revenues arising from sales
229 occurring within the municipality that remains after deducting therefrom an
230 amount equal to the cumulative sales tax revenues arising from sales within the
231 municipality multiplied by the percentage which is the sum of ten percent
232 multiplied by the percentage of the population of unincorporated county which
233 has been annexed or incorporated after April 1, 1993, and the percentage, if
234 greater than zero, equal to the product of seventeen multiplied by the logarithm
235 (to base 10) of the product of 0.035 multiplied by the total of cumulative per
236 capita sales taxes arising from sales within the municipality less the adjusted

237 county average. From January 1, 1996, until January 1, 2000, each group A city,
238 town and village shall receive that portion of the revenues arising from sales
239 occurring within the municipality that remains after deducting therefrom an
240 amount equal to the cumulative sales tax revenues arising from sales within the
241 municipality multiplied by the percentage which is the sum of ten percent
242 multiplied by the percentage of the population of unincorporated county which
243 has been annexed or incorporated after April 1, 1993, and the percentage, if
244 greater than zero, equal to the product of 25.5 multiplied by the logarithm (to
245 base 10) of the product of 0.035 multiplied by the total of cumulative per capita
246 sales taxes arising from sales within the municipality less the adjusted county
247 average. From and after January 1, 2000, the distribution formula covering the
248 period from January 1, 1996, until January 1, 2000, shall continue to apply,
249 except that the percentage computed for sales arising within the municipalities
250 shall be not less than 7.5 percent for municipalities within which sales tax
251 revenues exceed the adjusted county average, nor less than 12.5 percent for
252 municipalities within which sales tax revenues exceed the adjusted county
253 average by at least twenty-five percent.

254 (3) For purposes of applying the redistribution formula to a municipality
255 which is partly within the county levying the tax, the distribution shall be
256 calculated alternately for the municipality as a whole, except that the factor for
257 annexed portion of the county shall not be applied to the portion of the
258 municipality which is not within the county levying the tax, and for the portion
259 of the municipality within the county levying the tax. Whichever calculation
260 results in the larger distribution to the municipality shall be used.

261 (4) Notwithstanding any other provision of this section, the fifty percent
262 of additional sales taxes as described in section 99.845 arising from economic
263 activities within the area of a redevelopment project established after July 12,
264 1990, pursuant to sections 99.800 to 99.865, while tax increment financing
265 remains in effect shall be deducted from all calculations of countywide sales
266 taxes, shall be distributed directly to the municipality involved, and shall be
267 disregarded in calculating the amounts distributed or distributable to the
268 municipality. Further, any agreement, contract or covenant entered into prior to
269 July 12, 1990, between a municipality and any other political subdivision which
270 provides for an appropriation of incremental sales tax revenues to the special
271 allocation fund of a tax increment financing project while tax increment financing
272 remains in effect shall continue to be in full force and effect and the sales taxes

273 so appropriated shall be deducted from all calculations of countywide sales taxes,
274 shall be distributed directly to the municipality involved, and shall be
275 disregarded in calculating the amounts distributed or distributable to the
276 municipality. In addition, and notwithstanding any other provision of this
277 chapter to the contrary, economic development funds shall be distributed in full
278 to the municipality in which the sales producing them were deemed
279 consummated. Additionally, economic development funds shall be deducted from
280 all calculations of countywide sales taxes and shall be disregarded in calculating
281 the amounts distributed or distributable to the municipality. As used in this
282 subdivision, the term "economic development funds" means the amount of sales
283 tax revenue generated in any fiscal year by projects authorized pursuant to
284 chapter 99 or chapter 100 in connection with which such sales tax revenue was
285 pledged as security for, or was guaranteed by a developer to be sufficient to pay,
286 outstanding obligations under any agreement authorized by chapter 100, entered
287 into or adopted prior to September 1, 1993, between a municipality and another
288 public body. The cumulative amount of economic development funds allowed
289 under this provision shall not exceed the total amount necessary to amortize the
290 obligations involved.

291 [6.] 7. If the qualified voters of any city, town or village vote to change
292 or alter its boundaries by annexing any unincorporated territory included in
293 group B or if the qualified voters of one or more city, town or village in group A
294 and the qualified voters of one or more city, town or village in group B vote to
295 consolidate, the area annexed or the area consolidated which had been a part of
296 group B shall remain a part of group B after annexation or consolidation. After
297 the effective date of the annexation or consolidation, the annexing or consolidated
298 city, town or village shall receive a percentage of the group B distributable
299 revenue equal to the percentage ratio that the population of the annexed or
300 consolidated area bears to the total population of group B and such annexed area
301 shall not be classified as unincorporated area for determination of the percentage
302 allocable to the county. If the qualified voters of any two or more cities, towns or
303 villages in group A each vote to consolidate such cities, towns or villages, then
304 such consolidated cities, towns or villages shall remain a part of group A. For the
305 purpose of sections 66.600 to 66.630, population shall be as determined by the
306 last federal decennial census or the latest census that determines the total
307 population of the county and all political subdivisions therein. For the purpose
308 of calculating the adjustment based on the percentage of unincorporated county

309 population which is annexed after April 1, 1993, the accumulated percentage
310 immediately before each census shall be used as the new percentage base after
311 such census. After any annexation, incorporation or other municipal boundary
312 change affecting the unincorporated area of the county, the chief elected official
313 of the county shall certify the new population of the unincorporated area of the
314 county and the percentage of the population which has been annexed or
315 incorporated since April 1, 1993, to the director of revenue. After the adoption
316 of the county sales tax ordinance, any city, town or village in group A may by
317 adoption of an ordinance by its governing body cease to be a part of group A and
318 become a part of group B. Within ten days after the adoption of the ordinance
319 transferring the city, town or village from one group to the other, the clerk of the
320 transferring city, town or village shall forward to the director of revenue, by
321 registered mail, a certified copy of the ordinance. Distribution to such city as a
322 part of its former group shall cease and as a part of its new group shall begin on
323 the first day of January of the year following notification to the director of
324 revenue, provided such notification is received by the director of revenue on or
325 before the first day of July of the year in which the transferring ordinance is
326 adopted. If such notification is received by the director of revenue after the first
327 day of July of the year in which the transferring ordinance is adopted, then
328 distribution to such city as a part of its former group shall cease and as a part of
329 its new group shall begin the first day of July of the year following such
330 notification to the director of revenue. Once a group A city, town or village
331 becomes a part of group B, such city may not transfer back to group A.

332 [7.] 8. If any city, town or village shall hereafter change or alter its
333 boundaries, the city clerk of the municipality shall forward to the director of
334 revenue, by registered mail, a certified copy of the ordinance adding or detaching
335 territory from the municipality. The ordinance shall reflect the effective date
336 thereof, and shall be accompanied by a map of the municipality clearly showing
337 the territory added thereto or detached therefrom. Upon receipt of the ordinance
338 and map, the tax imposed by sections 66.600 to 66.630 shall be redistributed and
339 allocated in accordance with the provisions of this section on the effective date of
340 the change of the municipal boundary so that the proper percentage of group B
341 distributable revenue is allocated to the municipality in proportion to any
342 annexed territory. If any area of the unincorporated county elects to incorporate
343 subsequent to the effective date of the county sales tax as set forth in sections
344 66.600 to 66.630, the newly incorporated municipality shall remain a part of

345 group B. The city clerk of such newly incorporated municipality shall forward to
346 the director of revenue, by registered mail, a certified copy of the incorporation
347 election returns and a map of the municipality clearly showing the boundaries
348 thereof. The certified copy of the incorporation election returns shall reflect the
349 effective date of the incorporation. Upon receipt of the incorporation election
350 returns and map, the tax imposed by sections 66.600 to 66.630 shall be
351 distributed and allocated in accordance with the provisions of this section on the
352 effective date of the incorporation.

353 [8.] 9. The director of revenue may [authorize the state treasurer to]
354 make refunds from the amounts in the trust fund and credited to any county for
355 erroneous payments and overpayments made, and may redeem dishonored checks
356 and drafts deposited to the credit of such counties. If any county abolishes the
357 tax, the county shall notify the director of revenue of the action at least ninety
358 days prior to the effective date of the repeal and the director of revenue may
359 order retention in the trust fund, for a period of one year, of two percent of the
360 amount collected after receipt of such notice to cover possible refunds or
361 overpayment of the tax and to redeem dishonored checks and drafts deposited to
362 the credit of such accounts. After one year has elapsed after the effective date of
363 abolition of the tax in such county, the director of revenue shall remit the balance
364 in the account to the county and close the account of that county. The director
365 of revenue shall notify each county of each instance of any amount refunded or
366 any check redeemed from receipts due the county.

367 [9.] 10. Except as modified in sections 66.600 to 66.630, all provisions of
368 sections 32.085 and 32.087 shall apply to the tax imposed under sections 66.600
369 to 66.630.

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