

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

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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.

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**AN ACT**

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

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Section A. Section 66.620, RSMo, is repealed and one new section enacted  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