

FIRST REGULAR SESSION

SENATE BILL NO. 379

98TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR SCHATZ.

Read 1st time February 2, 2015, and ordered printed.

ADRIANE D. CROUSE, Secretary.

1881S.011

AN ACT

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

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

Section A. Section 66.620, RSMo, is repealed and one new section enacted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

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

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

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

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

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

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

61 4. From [and after] January 1, 1994, **until December 31, 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) From and after January 1, 2016, the director of revenue**
82 **shall distribute to the cities, towns, and villages in group A a portion**
83 **of the taxes based on the location in which the sales were deemed**
84 **consummated under section 66.630 and subsection 12 of section 32.087,**
85 **in accordance with the formula described in this subsection. After**
86 **deducting the distribution to the cities, towns, and villages in group A,**
87 **the director of revenue shall distribute funds in the county sales tax**
88 **trust fund to the cities, towns, and villages, and the county in group B**
89 **as follows: to the county which levied the tax, ten percent multiplied**
90 **by the percentage of the population of unincorporated county which**
91 **has been annexed or incorporated since April 1, 1993, multiplied by the**

92 total of all sales tax revenues countywide, and a percentage of the
93 remaining distributable revenue equal to the percentage ratio that the
94 population of unincorporated areas of the county bears to the total
95 population of group B as adjusted such that no city, town, or village in
96 group B shall receive a distribution that is less than fifty percent of the
97 amount of taxes generated within such city, town, or village based on
98 the location in which the sales were deemed consummated under
99 section 66.630 and subsection 12 of section 32.087; and to each city,
100 town, or village in group B located wholly within the taxing county, a
101 percentage of the remaining distributable revenue equal to the
102 percentage ratio that the population of such city, town, or village bears
103 to the total population of group B, as adjusted such that no city, town,
104 or village in group B shall receive a distribution that is less than fifty
105 percent of the amount of taxes generated within such city, town, or
106 village based on the location in which the sales were deemed
107 consummated under section 66.630 and subsection 12 of section 32.087;
108 and to each city, town, or village located partly within the taxing
109 county, a percentage of the remaining distributable revenue equal to
110 the percentage ratio that the population of that part of the city, town,
111 or village located within the taxing county bears to the total population
112 of group B, as adjusted such that no city, town, or village in group B
113 shall receive a distribution that is less than fifty percent of the amount
114 of taxes generated within such city, town, or village based on the
115 location in which the sales were deemed consummated under section
116 66.630 and subsection 12 of section 32.087.

117 (2) For purposes of making any adjustment required by this
118 subsection, the director of revenue shall, prior to any distribution to
119 the county or to each city, town, or village in group B located wholly
120 or partly within the taxing county, identify each city, town, or village
121 in group B located wholly or partly within the taxing county that would
122 receive a distribution that is less than fifty percent of the amount of
123 taxes generated within such city, town, or village based on the location
124 in which the sales were deemed consummated under section 66.630 and
125 subsection 12 of section 32.087 if no adjustments were made and
126 calculate the difference between the amount that the distribution to
127 each such city, town, or village would have been without any
128 adjustment and the amount that equals fifty percent of the amount of

129 taxes generated within such city, town, or village based on the location
130 in which the sales were deemed consummated under section 66.630 and
131 subsection 12 of section 32.087. The director of revenue shall then
132 deduct the amount of such difference from the remaining distributable
133 revenue and distribute the amount of such difference to each such city,
134 town, or village that would otherwise have received a distribution that
135 is less than fifty percent of the amount of taxes generated within such
136 city, town, or village based on the location in which the sales were
137 deemed consummated under section 66.630 and subsection 12 of section
138 32.087 if no adjustment were made. Thereafter, the director of revenue
139 shall distribute the remaining distributable revenue, as adjusted, to the
140 county and to each city, town, or village in group B located wholly or
141 partly within the taxing county in the manner provided in this
142 subsection.

143 (3) For purposes of this subsection, if a city, town, or village is
144 partly in group A and partly in group B, the director of revenue shall
145 calculate fifty percent of the amount of taxes generated within such
146 city, town, or village based on the location in which the sales were
147 deemed consummated under section 66.630 and subsection 12 of section
148 32.087 by multiplying fifty percent by the amount of all county sales
149 taxes collected by the director of revenue under sections 66.600 to
150 66.630, less one percent for cost of collection, that are generated within
151 such city, town, or village based on the location in which the sales were
152 deemed consummated under section 66.630 and subsection 12 of section
153 32.087, regardless of whether such taxes are deemed consummated in
154 group A or group B.

155 6. (1) For purposes of administering the distribution formula of
156 [subsection] subsections 4 and 5 of this section, the revenues arising each year
157 from sales occurring within each group A city, town or village shall be distributed
158 as follows: Until such revenues reach the adjusted county average, as hereinafter
159 defined, there shall be distributed to the city, town or village all of such revenues
160 reduced by the percentage which is equal to ten percent multiplied by the
161 percentage of the population of unincorporated county which has been annexed
162 or incorporated after April 1, 1993; and once revenues exceed the adjusted county
163 average, total revenues shall be shared in accordance with the redistribution
164 formula as defined in this subsection.

165 (2) For purposes of this subsection, the "adjusted county average" is the

166 per capita countywide average of all sales tax distributions during the prior
167 calendar year reduced by the percentage which is equal to ten percent multiplied
168 by the percentage of the population of unincorporated county which has been
169 annexed or incorporated after April 1, 1993; the "redistribution formula" is as
170 follows: During 1994, each group A city, town and village shall receive that
171 portion of the revenues arising from sales occurring within the municipality that
172 remains after deducting therefrom an amount equal to the cumulative sales tax
173 revenues arising from sales within the municipality multiplied by the percentage
174 which is the sum of ten percent multiplied by the percentage of the population of
175 unincorporated county which has been annexed or incorporated after April 1,
176 1993, and the percentage, if greater than zero, equal to the product of 8.5
177 multiplied by the logarithm (to base 10) of the product of 0.035 multiplied by the
178 total of cumulative per capita sales taxes arising from sales within the
179 municipality less the adjusted county average. During 1995, each group A city,
180 town and village shall receive that portion of the revenues arising from sales
181 occurring within the municipality that remains after deducting therefrom an
182 amount equal to the cumulative sales tax revenues arising from sales within the
183 municipality multiplied by the percentage which is the sum of ten percent
184 multiplied by the percentage of the population of unincorporated county which
185 has been annexed or incorporated after April 1, 1993, and the percentage, if
186 greater than zero, equal to the product of seventeen multiplied by the logarithm
187 (to base 10) of the product of 0.035 multiplied by the total of cumulative per
188 capita sales taxes arising from sales within the municipality less the adjusted
189 county average. From January 1, 1996, until January 1, 2000, each group A city,
190 town and village shall receive that portion of the revenues arising from sales
191 occurring within the municipality that remains after deducting therefrom an
192 amount equal to the cumulative sales tax revenues arising from sales within the
193 municipality multiplied by the percentage which is the sum of ten percent
194 multiplied by the percentage of the population of unincorporated county which
195 has been annexed or incorporated after April 1, 1993, and the percentage, if
196 greater than zero, equal to the product of 25.5 multiplied by the logarithm (to
197 base 10) of the product of 0.035 multiplied by the total of cumulative per capita
198 sales taxes arising from sales within the municipality less the adjusted county
199 average. From and after January 1, 2000, the distribution formula covering the
200 period from January 1, 1996, until January 1, 2000, shall continue to apply,
201 except that the percentage computed for sales arising within the municipalities

202 shall be not less than 7.5 percent for municipalities within which sales tax
203 revenues exceed the adjusted county average, nor less than 12.5 percent for
204 municipalities within which sales tax revenues exceed the adjusted county
205 average by at least twenty-five percent.

206 (3) For purposes of applying the redistribution formula to a municipality
207 which is partly within the county levying the tax, the distribution shall be
208 calculated alternately for the municipality as a whole, except that the factor for
209 annexed portion of the county shall not be applied to the portion of the
210 municipality which is not within the county levying the tax, and for the portion
211 of the municipality within the county levying the tax. Whichever calculation
212 results in the larger distribution to the municipality shall be used.

213 (4) Notwithstanding any other provision of this section, the fifty percent
214 of additional sales taxes as described in section 99.845 arising from economic
215 activities within the area of a redevelopment project established after July 12,
216 1990, pursuant to sections 99.800 to 99.865, while tax increment financing
217 remains in effect shall be deducted from all calculations of countywide sales
218 taxes, shall be distributed directly to the municipality involved, and shall be
219 disregarded in calculating the amounts distributed or distributable to the
220 municipality. Further, any agreement, contract or covenant entered into prior to
221 July 12, 1990, between a municipality and any other political subdivision which
222 provides for an appropriation of incremental sales tax revenues to the special
223 allocation fund of a tax increment financing project while tax increment financing
224 remains in effect shall continue to be in full force and effect and the sales taxes
225 so appropriated shall be deducted from all calculations of countywide sales taxes,
226 shall be distributed directly to the municipality involved, and shall be
227 disregarded in calculating the amounts distributed or distributable to the
228 municipality. In addition, and notwithstanding any other provision of this
229 chapter to the contrary, economic development funds shall be distributed in full
230 to the municipality in which the sales producing them were deemed
231 consummated. Additionally, economic development funds shall be deducted from
232 all calculations of countywide sales taxes and shall be disregarded in calculating
233 the amounts distributed or distributable to the municipality. As used in this
234 subdivision, the term "economic development funds" means the amount of sales
235 tax revenue generated in any fiscal year by projects authorized pursuant to
236 chapter 99 or chapter 100 in connection with which such sales tax revenue was
237 pledged as security for, or was guaranteed by a developer to be sufficient to pay,

238 outstanding obligations under any agreement authorized by chapter 100, entered
239 into or adopted prior to September 1, 1993, between a municipality and another
240 public body. The cumulative amount of economic development funds allowed
241 under this provision shall not exceed the total amount necessary to amortize the
242 obligations involved.

243 [6.] 7. If the qualified voters of any city, town or village vote to change
244 or alter its boundaries by annexing any unincorporated territory included in
245 group B or if the qualified voters of one or more city, town or village in group A
246 and the qualified voters of one or more city, town or village in group B vote to
247 consolidate, the area annexed or the area consolidated which had been a part of
248 group B shall remain a part of group B after annexation or consolidation. After
249 the effective date of the annexation or consolidation, the annexing or consolidated
250 city, town or village shall receive a percentage of the group B distributable
251 revenue equal to the percentage ratio that the population of the annexed or
252 consolidated area bears to the total population of group B and such annexed area
253 shall not be classified as unincorporated area for determination of the percentage
254 allocable to the county. If the qualified voters of any two or more cities, towns or
255 villages in group A each vote to consolidate such cities, towns or villages, then
256 such consolidated cities, towns or villages shall remain a part of group A. For the
257 purpose of sections 66.600 to 66.630, population shall be as determined by the
258 last federal decennial census or the latest census that determines the total
259 population of the county and all political subdivisions therein. For the purpose
260 of calculating the adjustment based on the percentage of unincorporated county
261 population which is annexed after April 1, 1993, the accumulated percentage
262 immediately before each census shall be used as the new percentage base after
263 such census. After any annexation, incorporation or other municipal boundary
264 change affecting the unincorporated area of the county, the chief elected official
265 of the county shall certify the new population of the unincorporated area of the
266 county and the percentage of the population which has been annexed or
267 incorporated since April 1, 1993, to the director of revenue. After the adoption
268 of the county sales tax ordinance, any city, town or village in group A may by
269 adoption of an ordinance by its governing body cease to be a part of group A and
270 become a part of group B. Within ten days after the adoption of the ordinance
271 transferring the city, town or village from one group to the other, the clerk of the
272 transferring city, town or village shall forward to the director of revenue, by
273 registered mail, a certified copy of the ordinance. Distribution to such city as a

274 part of its former group shall cease and as a part of its new group shall begin on
275 the first day of January of the year following notification to the director of
276 revenue, provided such notification is received by the director of revenue on or
277 before the first day of July of the year in which the transferring ordinance is
278 adopted. If such notification is received by the director of revenue after the first
279 day of July of the year in which the transferring ordinance is adopted, then
280 distribution to such city as a part of its former group shall cease and as a part of
281 its new group shall begin the first day of July of the year following such
282 notification to the director of revenue. Once a group A city, town or village
283 becomes a part of group B, such city may not transfer back to group A.

284 [7.] 8. If any city, town or village shall hereafter change or alter its
285 boundaries, the city clerk of the municipality shall forward to the director of
286 revenue, by registered mail, a certified copy of the ordinance adding or detaching
287 territory from the municipality. The ordinance shall reflect the effective date
288 thereof, and shall be accompanied by a map of the municipality clearly showing
289 the territory added thereto or detached therefrom. Upon receipt of the ordinance
290 and map, the tax imposed by sections 66.600 to 66.630 shall be redistributed and
291 allocated in accordance with the provisions of this section on the effective date of
292 the change of the municipal boundary so that the proper percentage of group B
293 distributable revenue is allocated to the municipality in proportion to any
294 annexed territory. If any area of the unincorporated county elects to incorporate
295 subsequent to the effective date of the county sales tax as set forth in sections
296 66.600 to 66.630, the newly incorporated municipality shall remain a part of
297 group B. The city clerk of such newly incorporated municipality shall forward to
298 the director of revenue, by registered mail, a certified copy of the incorporation
299 election returns and a map of the municipality clearly showing the boundaries
300 thereof. The certified copy of the incorporation election returns shall reflect the
301 effective date of the incorporation. Upon receipt of the incorporation election
302 returns and map, the tax imposed by sections 66.600 to 66.630 shall be
303 distributed and allocated in accordance with the provisions of this section on the
304 effective date of the incorporation.

305 [8.] 9. The director of revenue may authorize the state treasurer to make
306 refunds from the amounts in the trust fund and credited to any county for
307 erroneous payments and overpayments made, and may redeem dishonored checks
308 and drafts deposited to the credit of such counties. If any county abolishes the
309 tax, the county shall notify the director of revenue of the action at least ninety

310 days prior to the effective date of the repeal and the director of revenue may
311 order retention in the trust fund, for a period of one year, of two percent of the
312 amount collected after receipt of such notice to cover possible refunds or
313 overpayment of the tax and to redeem dishonored checks and drafts deposited to
314 the credit of such accounts. After one year has elapsed after the effective date of
315 abolition of the tax in such county, the director of revenue shall remit the balance
316 in the account to the county and close the account of that county. The director
317 of revenue shall notify each county of each instance of any amount refunded or
318 any check redeemed from receipts due the county.

319 **[9.] 10.** Except as modified in sections 66.600 to 66.630, all provisions of
320 sections 32.085 and 32.087 shall apply to the tax imposed under sections 66.600
321 to 66.630.

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Bill

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