

SECOND REGULAR SESSION

# SENATE BILL NO. 1148

98TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR SCHATZ.

Read 1st time March 1, 2016, and ordered printed.

ADRIANE D. CROUSE, Secretary.

6731S.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Section A. Section 66.620, RSMo, is repealed and one new section enacted  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, the director of revenue shall distribute  
62 to the cities, towns and villages in group A a portion of the taxes based on the  
63 location in which the sales were deemed consummated under section 66.630 and  
64 subsection 12 of section 32.087 in accordance with the formula described in this  
65 subsection. After deducting the distribution to the cities, towns and villages in  
66 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) For purposes of administering the distribution formula of  
82 subsection 4 of this section, the revenues arising each year from sales occurring  
83 within each group A city, town or village shall be distributed as follows: Until  
84 such revenues reach the adjusted county average, as hereinafter defined, there  
85 shall be distributed to the city, town or village all of such revenues reduced by  
86 the percentage which is equal to ten percent multiplied by the percentage of the  
87 population of unincorporated county which has been annexed or incorporated  
88 after April 1, 1993; and once revenues exceed the adjusted county average, total  
89 revenues shall be shared in accordance with the redistribution formula as defined  
90 in this subsection.

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

92 per capita countywide average of all sales tax distributions during the prior  
93 calendar year reduced by the percentage which is equal to ten percent multiplied  
94 by the percentage of the population of unincorporated county which has been  
95 annexed or incorporated after April 1, 1993; the "redistribution formula" is as  
96 follows: During 1994, each group A city, town and village shall receive that  
97 portion of the revenues arising from sales occurring within the municipality that  
98 remains after deducting therefrom an amount equal to the cumulative sales tax  
99 revenues arising from sales within the municipality multiplied by the percentage  
100 which is the sum of ten percent multiplied by the percentage of the population of  
101 unincorporated county which has been annexed or incorporated after April 1,  
102 1993, and the percentage, if greater than zero, equal to the product of 8.5  
103 multiplied by the logarithm (to base 10) of the product of 0.035 multiplied by the  
104 total of cumulative per capita sales taxes arising from sales within the  
105 municipality less the adjusted county average. During 1995, each group A city,  
106 town and village shall receive that portion of the revenues arising from sales  
107 occurring within the municipality that remains after deducting therefrom an  
108 amount equal to the cumulative sales tax revenues arising from sales within the  
109 municipality multiplied by the percentage which is the sum of ten percent  
110 multiplied by the percentage of the population of unincorporated county which  
111 has been annexed or incorporated after April 1, 1993, and the percentage, if  
112 greater than zero, equal to the product of seventeen multiplied by the logarithm  
113 (to base 10) of the product of 0.035 multiplied by the total of cumulative per  
114 capita sales taxes arising from sales within the municipality less the adjusted  
115 county average. From January 1, 1996, until January 1, 2000, each group A city,  
116 town and village shall receive that portion of the revenues arising from sales  
117 occurring within the municipality that remains after deducting therefrom an  
118 amount equal to the cumulative sales tax revenues arising from sales within the  
119 municipality multiplied by the percentage which is the sum of ten percent  
120 multiplied by the percentage of the population of unincorporated county which  
121 has been annexed or incorporated after April 1, 1993, and the percentage, if  
122 greater than zero, equal to the product of 25.5 multiplied by the logarithm (to  
123 base 10) of the product of 0.035 multiplied by the total of cumulative per capita  
124 sales taxes arising from sales within the municipality less the adjusted county  
125 average. From and after January 1, 2000, the distribution formula covering the  
126 period from January 1, 1996, until January 1, 2000, shall continue to apply,  
127 except that the percentage computed for sales arising within the municipalities

128 shall be not less than 7.5 percent for municipalities within which sales tax  
129 revenues exceed the adjusted county average, nor less than 12.5 percent for  
130 municipalities within which sales tax revenues exceed the adjusted county  
131 average by at least twenty-five percent.

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

139 (4) Notwithstanding any other provision of this section, the fifty percent  
140 of additional sales taxes as described in section 99.845 arising from economic  
141 activities within the area of a redevelopment project established after July 12,  
142 1990, pursuant to sections 99.800 to 99.865, while tax increment financing  
143 remains in effect shall be deducted from all calculations of countywide sales  
144 taxes, shall be distributed directly to the municipality involved, and shall be  
145 disregarded in calculating the amounts distributed or distributable to the  
146 municipality. Further, any agreement, contract or covenant entered into prior to  
147 July 12, 1990, between a municipality and any other political subdivision which  
148 provides for an appropriation of incremental sales tax revenues to the special  
149 allocation fund of a tax increment financing project while tax increment financing  
150 remains in effect shall continue to be in full force and effect and the sales taxes  
151 so appropriated shall be deducted from all calculations of countywide sales taxes,  
152 shall be distributed directly to the municipality involved, and shall be  
153 disregarded in calculating the amounts distributed or distributable to the  
154 municipality. In addition, and notwithstanding any other provision of this  
155 chapter to the contrary, economic development funds shall be distributed in full  
156 to the municipality in which the sales producing them were deemed  
157 consummated. Additionally, economic development funds shall be deducted from  
158 all calculations of countywide sales taxes and shall be disregarded in calculating  
159 the amounts distributed or distributable to the municipality. As used in this  
160 subdivision, the term "economic development funds" means the amount of sales  
161 tax revenue generated in any fiscal year by projects authorized pursuant to  
162 chapter 99 or chapter 100 in connection with which such sales tax revenue was  
163 pledged as security for, or was guaranteed by a developer to be sufficient to pay,

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

169           6. If the qualified voters of any city, town or village vote to change or alter  
170 its boundaries by annexing any unincorporated territory included in group B or  
171 if the qualified voters of one or more city, town or village in group A and the  
172 qualified voters of one or more city, town or village in group B vote to consolidate,  
173 the area annexed or the area consolidated which had been a part of group B shall  
174 remain a part of group B after annexation or consolidation. After the effective  
175 date of the annexation or consolidation, the annexing or consolidated city, town  
176 or village shall receive a percentage of the group B distributable revenue equal  
177 to the percentage ratio that the population of the annexed or consolidated area  
178 bears to the total population of group B and such annexed area shall not be  
179 classified as unincorporated area for determination of the percentage allocable to  
180 the county. If the qualified voters of any two or more cities, towns or villages in  
181 group A each vote to consolidate such cities, towns or villages, then such  
182 consolidated cities, towns or villages shall remain a part of group A. For the  
183 purpose of sections 66.600 to 66.630, population shall be as determined by the  
184 last federal decennial census or the latest census that determines the total  
185 population of the county and all political subdivisions therein. For the purpose  
186 of calculating the adjustment based on the percentage of unincorporated county  
187 population which is annexed after April 1, 1993, the accumulated percentage  
188 immediately before each census shall be used as the new percentage base after  
189 such census. After any annexation, incorporation or other municipal boundary  
190 change affecting the unincorporated area of the county, the chief elected official  
191 of the county shall certify the new population of the unincorporated area of the  
192 county and the percentage of the population which has been annexed or  
193 incorporated since April 1, 1993, to the director of revenue. After the adoption  
194 of the county sales tax ordinance, any city, town or village in group A may by  
195 adoption of an ordinance by its governing body cease to be a part of group A and  
196 become a part of group B. Within ten days after the adoption of the ordinance  
197 transferring the city, town or village from one group to the other, the clerk of the  
198 transferring city, town or village shall forward to the director of revenue, by  
199 registered mail, a certified copy of the ordinance. Distribution to such city as a

200 part of its former group shall cease and as a part of its new group shall begin on  
201 the first day of January of the year following notification to the director of  
202 revenue, provided such notification is received by the director of revenue on or  
203 before the first day of July of the year in which the transferring ordinance is  
204 adopted. If such notification is received by the director of revenue after the first  
205 day of July of the year in which the transferring ordinance is adopted, then  
206 distribution to such city as a part of its former group shall cease and as a part of  
207 its new group shall begin the first day of July of the year following such  
208 notification to the director of revenue. Once a group A city, town or village  
209 becomes a part of group B, such city may not transfer back to group A.

210         7. If any city, town or village shall hereafter change or alter its  
211 boundaries, the city clerk of the municipality shall forward to the director of  
212 revenue, by registered mail, a certified copy of the ordinance adding or detaching  
213 territory from the municipality. The ordinance shall reflect the effective date  
214 thereof, and shall be accompanied by a map of the municipality clearly showing  
215 the territory added thereto or detached therefrom. Upon receipt of the ordinance  
216 and map, the tax imposed by sections 66.600 to 66.630 shall be redistributed and  
217 allocated in accordance with the provisions of this section on the effective date of  
218 the change of the municipal boundary so that the proper percentage of group B  
219 distributable revenue is allocated to the municipality in proportion to any  
220 annexed territory. If any area of the unincorporated county elects to incorporate  
221 subsequent to the effective date of the county sales tax as set forth in sections  
222 66.600 to 66.630, the newly incorporated municipality shall remain a part of  
223 group B. The city clerk of such newly incorporated municipality shall forward to  
224 the director of revenue, by registered mail, a certified copy of the incorporation  
225 election returns and a map of the municipality clearly showing the boundaries  
226 thereof. The certified copy of the incorporation election returns shall reflect the  
227 effective date of the incorporation. Upon receipt of the incorporation election  
228 returns and map, the tax imposed by sections 66.600 to 66.630 shall be  
229 distributed and allocated in accordance with the provisions of this section on the  
230 effective date of the incorporation.

231         8. The director of revenue may authorize the state treasurer to make  
232 refunds from the amounts in the trust fund and credited to any county for  
233 erroneous payments and overpayments made, and may redeem dishonored checks  
234 and drafts deposited to the credit of such counties. If any county abolishes the  
235 tax, the county shall notify the director of revenue of the action at least ninety

236 days prior to the effective date of the repeal and the director of revenue may  
237 order retention in the trust fund, for a period of one year, of two percent of the  
238 amount collected after receipt of such notice to cover possible refunds or  
239 overpayment of the tax and to redeem dishonored checks and drafts deposited to  
240 the credit of such accounts. After one year has elapsed after the effective date of  
241 abolition of the tax in such county, the director of revenue shall remit the balance  
242 in the account to the county and close the account of that county. The director  
243 of revenue shall notify each county of each instance of any amount refunded or  
244 any check redeemed from receipts due the county.

245 9. Except as modified in sections 66.600 to 66.630, all provisions of  
246 sections 32.085 and 32.087 shall apply to the tax imposed under sections 66.600  
247 to 66.630.

✓

Bill

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