

SECOND REGULAR SESSION

HOUSE BILL NO. 2108

94TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE AVERY.

Read 1st time February 12, 2008 and copies ordered printed.

D. ADAM CRUMBLISS, Chief Clerk

4900L.01I

AN ACT

To repeal sections 66.620 and 66.630, RSMo, and to enact in lieu thereof two new sections relating to the distribution of local sales taxes.

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

Section A. Sections 66.620 and 66.630, RSMo, are repealed and two new sections
2 enacted in lieu thereof, to be known as sections 66.620 and 66.630, to read as follows:

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

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

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

38 3. [Until January 1, 1994,] **After January 1, 2008**, the director of revenue shall
39 distribute to the cities, towns and villages in group A **that portion of** the taxes based on the
40 location in which the sales were deemed consummated under section 66.630 and subsection 12
41 of section 32.087, RSMo, **that remains after deducting therefrom eight and one-half percent**
42 **of such taxes, which sum the director of revenue shall distribute to the county that levied**
43 **the tax.** Except for distribution governed by section 66.630, after deducting the distribution to
44 the cities, towns and villages in group A, the director of revenue shall distribute the remaining
45 funds in the county sales tax trust fund to the cities, towns and villages and the county in group
46 B as follows: To the county which levied the tax, a percentage of the distributable revenue equal
47 to the percentage ratio that the population of the unincorporated areas of the county bears to the
48 total population of group B; and to each city, town or village in group B located wholly within
49 the taxing county, a percentage of the distributable revenue equal to the percentage ratio that the
50 population of such city, town or village bears to the total population of group B; and to each city,
51 town or village located partly within the taxing county, a percentage of the distributable revenue

52 equal to the percentage ratio that the population of that part of the city, town or village located
53 within the taxing county bears to the total population of group B.

54 4. [From and] After January 1, 1994, **and before January 1, 2008**, the director of
55 revenue shall distribute to the cities, towns and villages in group A a portion of the taxes based
56 on the location in which the sales were deemed consummated under section 66.630 and
57 subsection 12 of section 32.087, RSMo, in accordance with the formula described in this
58 subsection. After deducting the distribution to the cities, towns and villages in group A, the
59 director of revenue shall distribute funds in the county sales tax trust fund to the cities, towns and
60 villages and the county in group B as follows: To the county which levied the tax, ten percent
61 multiplied by the percentage of the population of unincorporated county which has been annexed
62 or incorporated since April 1, 1993, multiplied by the total of all sales tax revenues countywide,
63 and a percentage of the remaining distributable revenue equal to the percentage ratio that the
64 population of unincorporated areas of the county bears to the total population of group B; and
65 to each city, town or village in group B located wholly within the taxing county, a percentage of
66 the remaining distributable revenue equal to the percentage ratio that the population of such city,
67 town or village bears to the total population of group B; and to each city, town or village located
68 partly within the taxing county, a percentage of the remaining distributable revenue equal to the
69 percentage ratio that the population of that part of the city, town or village located within the
70 taxing county bears to the total population of group B.

71 5. (1) For purposes of administering the distribution formula of subsection 4 of this
72 section, the revenues arising each year from sales occurring within each group A city, town or
73 village shall be distributed as follows: Until such revenues reach the adjusted county average,
74 as hereinafter defined, there shall be distributed to the city, town or village all of such revenues
75 reduced by the percentage which is equal to ten percent multiplied by the percentage of the
76 population of unincorporated county which has been annexed or incorporated after April 1, 1993;
77 and once revenues exceed the adjusted county average, total revenues shall be shared in
78 accordance with the redistribution formula as defined in this subsection.

79 (2) For purposes of this subsection, the "adjusted county average" is the per capita
80 countywide average of all sales tax distributions during the prior calendar year reduced by the
81 percentage which is equal to ten percent multiplied by the percentage of the population of
82 unincorporated county which has been annexed or incorporated after April 1, 1993; the
83 "redistribution formula" is as follows: During 1994, each group A city, town and village shall
84 receive that portion of the revenues arising from sales occurring within the municipality that
85 remains after deducting therefrom an amount equal to the cumulative sales tax revenues arising
86 from sales within the municipality multiplied by the percentage which is the sum of ten percent
87 multiplied by the percentage of the population of unincorporated county which has been annexed

88 or incorporated after April 1, 1993, and the percentage, if greater than zero, equal to the product
89 of 8.5 multiplied by the logarithm (to base 10) of the product of 0.035 multiplied by the total of
90 cumulative per capita sales taxes arising from sales within the municipality less the adjusted
91 county average. During 1995, each group A city, town and village shall receive that portion of
92 the revenues arising from sales occurring within the municipality that remains after deducting
93 therefrom an amount equal to the cumulative sales tax revenues arising from sales within the
94 municipality multiplied by the percentage which is the sum of ten percent multiplied by the
95 percentage of the population of unincorporated county which has been annexed or incorporated
96 after April 1, 1993, and the percentage, if greater than zero, equal to the product of seventeen
97 multiplied by the logarithm (to base 10) of the product of 0.035 multiplied by the total of
98 cumulative per capita sales taxes arising from sales within the municipality less the adjusted
99 county average. From January 1, 1996, until January 1, 2000, each group A city, town and
100 village shall receive that portion of the revenues arising from sales occurring within the
101 municipality that remains after deducting therefrom an amount equal to the cumulative sales tax
102 revenues arising from sales within the municipality multiplied by the percentage which is the
103 sum of ten percent multiplied by the percentage of the population of unincorporated county
104 which has been annexed or incorporated after April 1, 1993, and the percentage, if greater than
105 zero, equal to the product of 25.5 multiplied by the logarithm (to base 10) of the product of 0.035
106 multiplied by the total of cumulative per capita sales taxes arising from sales within the
107 municipality less the adjusted county average. From and after January 1, 2000, the distribution
108 formula covering the period from January 1, 1996, until January 1, 2000, shall continue to apply,
109 except that the percentage computed for sales arising within the municipalities shall be not less
110 than 7.5 percent for municipalities within which sales tax revenues exceed the adjusted county
111 average, nor less than 12.5 percent for municipalities within which sales tax revenues exceed the
112 adjusted county average by at least twenty-five percent.

113 (3) For purposes of applying the redistribution formula to a municipality which is partly
114 within the county levying the tax, the distribution shall be calculated alternately for the
115 municipality as a whole, except that the factor for annexed portion of the county shall not be
116 applied to the portion of the municipality which is not within the county levying the tax, and for
117 the portion of the municipality within the county levying the tax. Whichever calculation results
118 in the larger distribution to the municipality shall be used.

119 (4) **The provisions of this subsection shall expire January 1, 2008.**

120 **6.** Notwithstanding any other provision of this section, the fifty percent of additional
121 sales taxes as described in section 99.845, RSMo, arising from economic activities within the
122 area of a redevelopment project established after July 12, 1990, pursuant to sections 99.800 to
123 99.865, RSMo, while tax increment financing remains in effect shall be deducted from all

calculations of countywide sales taxes, shall be distributed directly to the municipality involved, and shall be disregarded in calculating the amounts distributed or distributable to the municipality. Further, any agreement, contract or covenant entered into prior to July 12, 1990, between a municipality and any other political subdivision which provides for an appropriation of incremental sales tax revenues to the special allocation fund of a tax increment financing project while tax increment financing remains in effect shall continue to be in full force and effect and the sales taxes so appropriated shall be deducted from all calculations of countywide sales taxes, shall be distributed directly to the municipality involved, and shall be disregarded in calculating the amounts distributed or distributable to the municipality. In addition, and notwithstanding any other provision of this chapter to the contrary, economic development funds shall be distributed in full to the municipality in which the sales producing them were deemed consummated. Additionally, economic development funds shall be deducted from all calculations of countywide sales taxes and shall be disregarded in calculating the amounts distributed or distributable to the municipality. As used in this subdivision, the term "economic development funds" means the amount of sales tax revenue generated in any fiscal year by projects authorized pursuant to chapter 99, RSMo, or chapter 100, RSMo, in connection with which such sales tax revenue was pledged as security for, or was guaranteed by a developer to be sufficient to pay, outstanding obligations under any agreement authorized by chapter 100, RSMo, entered into or adopted prior to September 1, 1993, between a municipality and another public body. The cumulative amount of economic development funds allowed under this provision shall not exceed the total amount necessary to amortize the obligations involved.

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

unincorporated county population which is annexed after April 1, 1993, **and before January 1, 2008**, the accumulated percentage immediately before each census shall be used as the new percentage base after such census. After any annexation, incorporation or other municipal boundary change affecting the unincorporated area of the county, the chief elected official of the county shall certify the new population of the unincorporated area of the county and the percentage of the population which has been annexed or incorporated since April 1, 1993, **and before January 1, 2008**, to the director of revenue. After the adoption of the county sales tax ordinance, any city, town or village in group A may by adoption of an ordinance by its governing body cease to be a part of group A and become a part of group B. Within ten days after the adoption of the ordinance transferring the city, town or village from one group to the other, the clerk of the transferring city, town or village shall forward to the director of revenue, by registered mail, a certified copy of the ordinance. Distribution to such city as a part of its former group shall cease and as a part of its new group shall begin on the first day of January of the year following notification to the director of revenue, provided such notification is received by the director of revenue on or before the first day of July of the year in which the transferring ordinance is adopted. If such notification is received by the director of revenue after the first day of July of the year in which the transferring ordinance is adopted, then distribution to such city as a part of its former group shall cease and as a part of its new group shall begin the first day of July of the year following such notification to the director of revenue. Once a group A city, town or village becomes a part of group B, such city may not transfer back to group A.

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

196 distributed and allocated in accordance with the provisions of this section on the effective date
197 of the incorporation.

198 [8.] 9. The director of revenue may authorize the state treasurer to make refunds from
199 the amounts in the trust fund and credited to any county for erroneous payments and
200 overpayments made, and may redeem dishonored checks and drafts deposited to the credit of
201 such counties. If any county abolishes the tax, the county shall notify the director of revenue of
202 the action at least ninety days prior to the effective date of the repeal and the director of revenue
203 may order retention in the trust fund, for a period of one year, of two percent of the amount
204 collected after receipt of such notice to cover possible refunds or overpayment of the tax and to
205 redeem dishonored checks and drafts deposited to the credit of such accounts. After one year
206 has elapsed after the effective date of abolition of the tax in such county, the director of revenue
207 shall remit the balance in the account to the county and close the account of that county. The
208 director of revenue shall notify each county of each instance of any amount refunded or any
209 check redeemed from receipts due the county.

210 [9.] 10. Except as modified in sections 66.600 to 66.630, all provisions of sections
211 32.085 and 32.087, RSMo, shall apply to the tax imposed under sections 66.600 to 66.630.

66.630. 1. County sales taxes imposed pursuant to sections 66.600 to 66.630 on the
2 purchase and sale of motor vehicles, trailers, boats, and outboard motors shall not be collected
3 and remitted by the seller, but shall be collected by the director of revenue at the time application
4 is made for a certificate of title, if the address of the applicant is within a county imposing a
5 county sales tax. The amounts so collected, less the one percent collection cost, shall be
6 deposited in the county sales tax trust fund to be distributed in accordance with section 66.620
7 until March 31, 1988. Beginning April 1, 1988, seventy-five percent of the distributable sales
8 tax revenue shall be distributed in accordance with section 66.620. The remaining twenty-five
9 percent of the distributable sales tax revenue shall be held in an interest-bearing account and, less
10 annual costs of distribution, shall be distributed monthly to each city, town or village and the
11 county based upon the number of transactions occurring within each city, town or village and the
12 unincorporated area of the county during the preceding month as reported to the department of
13 revenue in the monthly dealer sales report subject, however, to the redistribution formula defined
14 in section 66.620 **for taxes distributed before January 1, 2008**, and, except that any city, town
15 or village and the county contained in group B as defined in section 66.620 shall have distributed
16 to it by the director of revenue its share of the remaining twenty-five percent as calculated herein
17 in accordance with section 66.620. The cost incurred by the department of revenue for
18 distribution shall be paid by each city, town or village in proportion to the number of transactions
19 occurring within its boundaries and shall be deducted annually from such distributable revenue.
20 In the event that an alternative distribution system is adopted pursuant to section 67.581, RSMo,

21 all of the moneys collected under this section shall be distributed in accordance with that
22 formula. The purchase or sale of motor vehicles, trailers, boats, and outboard motors shall be
23 deemed to be consummated at the address of the applicant.

24 2. As used in this section, the term "boat" shall only include motorboats and vessels as
25 the terms "motorboat" and "vessel" are defined in section 306.010, RSMo.

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