

HB 2676 -- SALES TAXES IN ST. LOUIS COUNTY

SPONSOR: Adams

This act modifies provisions relating to sales taxes in St. Louis County.

COUNTY SALES TAX DISTRIBUTION (Section 66.620, RSMo)

This bill provides that, if the law enforcement sales tax authorized in this bill in Section 67.759 is adopted, municipalities in St. Louis County that had a city sales tax approved by the voters as of the adoption of the Section 67.759 tax and unincorporated areas of the county shall be considered group A entities for purposes of calculating and distributing county sales taxes. Any city that did not have a city sales tax approved by the voters as of the effective date of the tax created by Section 67.759 falls under group B. If a county does not adopt the law enforcement sales tax created by Section 67.759, the group A and group B definitions under current law shall remain in effect.

The bill also provides that, if the sales tax authorized by Section 67.759 is adopted by the county, group A entities shall receive a portion of the taxes based on where the sale took place up to the "adjusted county average" and after reaching this average, the revenues shall be shared according to a redistribution formula. After deducting the distributions for group A entities, group B entities shall receive a percentage of the remaining distributable revenue equal to the percentage ratio of the population in that municipality in proportion to the total group B population. If the sales tax authorized by Section 67.759 is not adopted, the distribution formula under current law shall remain in effect.

Upon adoption of the law enforcement sales tax authorized by Section 67.759, the "adjusted county average" shall be the per capita countywide average of all sales tax distributions during the previous calendar year. Each group A entity receives the revenue from sales occurring in that municipality after subtracting a percentage calculated based on the difference between the sales taxes actually originating in the municipality and the average sales tax originating in each county. For municipalities with sales tax revenue exceeding the adjusted county average the percentage shall be at least 7.5% and for municipalities exceeding the adjusted county average by 25% or more, the percentage shall be at least 12.5%. If the law enforcement sales tax authorized by Section 67.759 is not adopted, the distribution under current law shall remain in effect.

The bill provides that unincorporated areas of the county may

receive sales taxes for any tax increment financing adopted by that portion of the county. These funds are not subject to the redistribution formula. Under current law, only municipalities are listed as able to receive sales taxes.

Upon adoption of the law enforcement sales tax authorized by Section 67.759, any group A entity acquiring a group B entity shall receive the formerly unincorporated area's share of the group B proceeds. If two group A entities combine, they are still a part of group A. If the law enforcement sales tax authorized by Section 67.759 is not adopted, the process under current law shall remain in effect.

COUNTY LAW ENFORCEMENT SALES TAX (Section 67.759)

This bill authorizes St. Louis County, upon voter approval, to impose a 0.25% sales tax for the purpose of providing law enforcement services in the county.

MUNICIPAL SALES TAX DISTRIBUTION (Section 94.857)

Under current law, the municipal sales tax imposed under Section 94.857 is partially allocated based on where the transaction took place and partially redistributed based on a formula. The bill provides that, upon adoption of the county law enforcement sales tax authorized by Section 67.759, any sales taxes collected pursuant to the municipal sales tax outlined in this Section shall be distributed entirely to the municipality where the transaction occurred. If the law enforcement sales tax authorized by Section 67.759 is not adopted, the distribution formula shall remain unchanged.

This bill is the same as SB 1123 (2016).