



Office of Missouri State Auditor  
**Nicole Galloway, CPA**

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Department of Revenue  
Sales and Use Tax



**Nicole Galloway, CPA**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the review of the Department of Revenue - Sales and Use Tax

Collection of Local Sales Taxes	The computerized mapping system administered by the Department of Revenue (DOR) to assign tax rates to local taxing jurisdictions for motor vehicle sales tax transactions does not always provide accurate information to taxpayers.
Refunds	State law does not require vendors to return sales and use tax refunds and related interest to the original purchaser when applicable, resulting in a windfall for the vendor. The General Revenue Fund does not receive reimbursement from local funds for their proportionate share of interest paid on refunds of sales and use taxes.
Other Sales and Use Tax Issues	The DOR does not adequately capture and track information regarding some sales and use tax exemptions. State laws allowing retailers to retain a portion of sales taxes collected if they remit to the DOR in a timely manner result in state and local governments forgoing significant revenues, are more generous to businesses than surrounding states, and significantly benefit the state's largest retailers. The General Assembly has not passed legislation to allow Missouri to participate in the Streamlined Sales and Use Tax Agreement, costing the state millions in potential sales tax revenue.

In the areas audited, the overall performance of this entity was **Good**.\*

\*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

# Department of Revenue

## Sales and Use Tax

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## **NICOLE GALLOWAY, CPA**

### **Missouri State Auditor**

Honorable Michael L. Parson, Governor  
and  
Joel W. Walters, Director  
Department of Revenue  
Jefferson City, Missouri

We have audited certain operations of the Department of Revenue, sales and use tax collections, as required by Sections 32.087 and 67.525, RSMo, and in fulfillment of our duties under Chapter 29, RSMo. The scope of our audit included, but was not necessarily limited to, the years ended June 30, 2017, 2016, and 2015. The objectives of our audit were to:

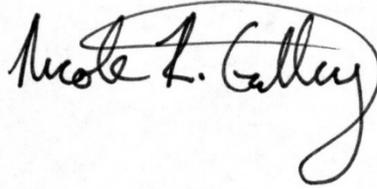
1. Evaluate the department's internal controls over significant management and financial functions.
2. Evaluate the department's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and procedures, including certain financial transactions.

Our methodology included reviewing written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the department, as well as certain external parties; analysis of comparative data obtained from internal sources; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We tested certain of those controls to obtain evidence regarding the effectiveness of their design and operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of applicable contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the department's management and was not subjected to the procedures applied in our audit of the department.

For the areas audited, we identified (1) no significant deficiencies in internal controls, (2) no significant noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the Department of Revenue, sales and use tax collections.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the name.

Nicole R. Galloway, CPA  
State Auditor

The following auditors participated in the preparation of this report:

Senior Director:	Douglas J. Porting, CPA, CFE
Audit Manager:	Robyn Vogt, M.Acct., CPA
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# Department of Revenue

## Sales and Use Tax

### Management Advisory Report - State Auditor's Findings

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#### **1. Collection of Local Sales Taxes**

The computerized mapping system administered by the Department of Revenue (DOR) to assign tax rates to local taxing jurisdictions for motor vehicle sales tax transactions does not always provide accurate information to taxpayers. As a result, the DOR cannot ensure it is collecting the correct amount of local sales taxes and fully meeting the statutory requirement for the administration, collection, enforcement, and operation of local sales taxes imposed by state law. During the year ended June 30, 2017, the DOR collected approximately \$351 million in local sales taxes from motor vehicle sales tax transactions.

#### Background information

When a taxpayer purchases a vehicle, the taxpayer is required to title the vehicle and pay motor vehicle state and local sales taxes at a contract license office or the central license office. These transactions are processed by license office personnel in the Titling and Registration Intranet Processing System (TRIPS). This system is linked with DOR's computerized mapping system. Based on the address of the taxpayer, the DOR's computerized mapping system assigns the address of the taxpayer a local site code in the TRIPS. This local site code identifies the applicable local sales tax rate to be charged to the taxpayer. If the mapping system is unable to provide a local site code or if the taxpayer disagrees with the recommended local site code, license office personnel are required to ask the taxpayer to identify the local tax jurisdiction in which the taxpayer lives. The license office personnel can then change the local site code for the motor vehicle sales tax transaction in the TRIPS and must provide one of the following reasons in the TRIPS to support the change:

- Tax receipt - License office personnel review the property tax receipt for county, city, and/or district taxes paid by the taxpayer.
- Letter from tax jurisdiction - License office personnel review the letter from the tax jurisdiction indicating the location of the taxpayer's address.
- None - The DOR will research if the change is appropriate.
- Other - License office personnel will enter the justification for the change (for example, contacted the county collector, verified with the county assessor, etc.)

According to DOR procedures, all local site codes in the computerized mapping system will be changed when justification has been witnessed by license office personnel or the DOR has confirmed a local site code change was appropriate. Once the change is confirmed as appropriate, department personnel forward the address to the Office of Administration - Information Technology Services Division (OA-ITSD) for entry into the department's computerized mapping system. Updating the mapping system should ensure the correct local site code and local sales tax rate are identified for any future transactions involving that address in the TRIPS.



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The state has 15 counties<sup>1</sup> where DOR officials acknowledge the mapping system is not sufficient for determining proper sales tax rates for addresses. Rather, the DOR uses other means to verify the local sales tax rate, such as contacting the applicable county assessor's office or reviewing online maps, to determine the local tax jurisdictions for addresses.

**Incorrect local site codes** During our audits of several contract license offices conducted during 2017, we noted 3 instances where license office personnel had changed the local site code in the TRIPS on a motor vehicle sales tax transaction for an address, but the DOR had not updated the computerized mapping system to reflect the correct local site code. We discussed these transactions with DOR personnel during the license office audits and they indicated the computerized mapping system would be updated to reflect the correct local site codes. However, during this audit, we reviewed these transactions again and determined the system had not been updated.

We performed an additional review of 60 motor vehicle sales tax transactions where the local site code had been changed by license office personnel during the year ended June 30, 2017. For 43 of the 60 transactions reviewed (72 percent), local site codes had not been updated in the DOR's computerized mapping system. Common reasons for these transactions having local site code changes include: a tax receipt provided by the taxpayer; a letter from the tax jurisdiction, verification with county assessor; and the personal knowledge of license office personnel. During the year ended June 30, 2017, the DOR collected approximately \$33.8 million in local sales taxes from motor vehicle sales tax transactions for which license office personnel had changed the local site code.

**System limitations** DOR personnel indicated system limitations prevented the local site codes from being updated in the computerized mapping system. For example, for some addresses, such as those in the 15 counties previously mentioned, the OA-ITSD would enter the correct local site code, but the local site code would not update because the system did not recognize the validity of the address. Therefore, the DOR eventually stopped working those addresses because it was time prohibitive and both the DOR and OA-ITSD had determined nothing could be done to update the system.

In addition, in September 2016, the DOR stopped forwarding addresses to the OA-ITSD in anticipation of implementing a new computerized mapping system and planned to restart the process once the new system was operational. The new system was implemented in September 2017, and the

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<sup>1</sup> The counties are Benton, Camden, Cedar, Crawford, Douglas, McDonald, Madison, Maries, Miller, Ozark, Pulaski, Schuyler, Shannon, Stone, and Webster.



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DOR and OA-ITSD are currently working on how addresses need to be provided by the DOR to update the new system.

## Conclusion

DOR procedures indicate all local site codes in the computerized mapping system will be changed when justification has been witnessed; however, department personnel cannot ensure they are assigning proper local sales tax rates to all taxpayers due to limitations within the system. Section 32.087.6, RSMo, requires the DOR to perform all functions incident to the administration, collection, enforcement, and operation of local sales taxes imposed by state law. Since the DOR is unable to ensure it is assigning proper local sales tax rates to all taxpayers, this statutory requirement cannot be fully met and the DOR cannot ensure the correct amount of local sales taxes are collected.

## Recommendation

The DOR should ensure addresses are assigned the correct local site code in the computerized mapping system, taxpayers are charged the correct local sales tax rate, and the correct amount of local sales taxes are collected as required by state law.

## Auditee's Response

*The Department of Revenue's computerized system relies heavily on tax data sent by local jurisdictions; however, all taxing jurisdictions do not have robust addressing systems that pinpoint the 'exact' address in some instances. To the extent possible, the department will make changes accordingly when local site codes can be verified.*

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## 2. Refunds

Under Missouri law, vendors are not required to return sales and use tax refunds to the original purchaser when applicable, and local funds are not charged a proportionate share of interest paid on refunds of sales and use taxes.

### 2.1 Refunds to the original purchaser

State law does not require vendors to return sales and use tax refunds and related interest to the original purchaser when applicable, resulting in a potential windfall for the vendor. In addition, in many instances, the vendor may not be able to identify the original purchasers to whom the refunds are due, further increasing the likelihood of a windfall. The DOR distributed sales and use tax refunds, including interest, of approximately \$36 million, \$41 million, and \$27 million during fiscal years 2017, 2016, and 2015, respectively.

Vendors collect sales and use taxes from their customers and remit the taxes to the DOR. Section 144.190, RSMo, authorizes the DOR to issue sales and use tax refunds due to an overpayment of these taxes. For some refunds the vendor is the original purchaser. Other refunds are the result of vendor reporting errors, incorrect quarter-monthly filer estimates, or other circumstances in which sales and use taxes should be retained by the vendor.



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However, in many cases, the refund is the result of an over collection of tax by the vendor and the refund is due back to the original purchaser.

Section 144.190, RSMo, allows for various refunds to be issued on sales and use taxes paid to the DOR. However, this section does not state refunds must be returned to the original purchaser when the refund is the result of the original purchaser overpaying taxes due. In addition, a vendor may not be able to identify the original purchaser in some cases, such as cash transactions or other point of sale settings where purchaser name or contact information is not captured. In these situations, the vendor would be unable to forward the refund to the original purchaser and would receive the windfall refund.

The legislature partially addressed this issue in 2012 by updating Section 144.190.4, RSMo, to allow the original purchaser to submit a refund claim directly to the DOR for sales or use taxes paid to a vendor and remitted to the DOR. However, if both the vendor and the original purchaser file for the refund, the DOR will pay the refund to the first filer, and vendors are not required to distribute any refunds to the original purchasers.

Additional legislation is needed to ensure sales and use tax refunds are returned to the original purchaser. This legislation should address how the refund should be handled when the original purchasers cannot be identified.

## 2.2 Interest paid on refunds from local funds

The General Revenue Fund (GRF) does not receive reimbursement from local funds for its proportionate share of interest paid on refunds of sales and use taxes.

Based on the percentage of distributions to local funds to total distributions to state and local funds (exclusive of the GRF), interest payments of approximately \$21,000, \$297,000, and \$293,000 should have been allocated to local funds during fiscal years 2017, 2016, and 2015, respectively, and are due to the GRF from local funds.

Sales and use tax refunds are issued from the GRF. To reimburse the GRF, adjustments are automatically made in the DOR tax system for the principal and interest amount of the refunds due from other state funds and the principal amount of the refunds due from local funds. However, adjustments are not automatically made to local funds for the interest paid on sales and use tax refunds.

Although DOR officials previously agreed local funds should pay their proportionate share of interest paid on refunds, they have been unable to develop any alternatives for recovering this interest from local governments. In the response to our prior audit recommendation, they indicated this requirement was included in the request for proposal for a new computerized integrated tax system, with this process scheduled for implementation when



the sales and use tax portion of the new system was installed. However, this portion of the new system, installed in September 2017, does not currently have the capability to calculate applicable interest reimbursements to the GRF. DOR personnel indicated this requirement in the new system still needs to be developed.

Similar conditions  
previously reported

Similar conditions were noted in at least our seven previous audit reports.

### Recommendations

- 2.1 Continue to support legislation that would require sales and use tax refunds and related interest to be returned to the original purchaser. Such legislation should also address whether a refund should be made when the original purchaser is not known.
- 2.2 Continue to work with the vendor to ensure the new integrated system has the capability to calculate the reimbursement to the GRF for local funds' proportionate share of interest paid on sales and use tax refunds.

### Auditee's Response

- 2.1 *Section 144.190.4, RSMo, allows purchasers to submit a refund claim for sales or use taxes paid to a vendor directly to the Department of Revenue. If legislation is passed that requires all refunds to be returned to the original purchaser, the department will incorporate those provisions into our refund processing procedures.*
- 2.2 *The department implemented sales and use tax in the integrated system in September 2017. The complexity related to apportioning refund interest to local government accounts prevented the department from implementing this provision prior to the September 2017 release. In addition, the amount paid in refund interest has steadily declined over the last few years and the cost of state resources needed for development and testing may outweigh the actual savings to state funds. The department logged a request with our vendor for a future review of this process.*

## 3. Other Sales and Use Tax Issues

Our prior audit report (No. 2015-080, *Sales and Use Tax*, issued in September 2015) included concerns and recommendations relating to sales and use tax exemptions, timely sales and use tax discounts, and internet sales. In October 2017, we issued Report No. 2017-113, *Cost of Tax Incentives and Exemptions*. That report included findings covering the issues summarized in the following sections.

Sales and use tax  
exemptions

The DOR does not adequately capture and track information regarding some sales and use tax exemptions. As a result, the fiscal impact of each sales tax exemption and the cumulative fiscal impact of all sales tax exemptions on state and local revenues cannot be determined.



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Timely sales and use tax discounts

State laws, allowing retailers to retain a portion of sales taxes collected if they remit the taxes to the DOR timely, result in state and local governments forgoing significant revenues, are more generous to businesses than surrounding states, and significantly benefit the state's largest retailers. In addition, the DOR does not routinely report to the General Assembly (GA) the amount of timely sales and use tax discounts taken by businesses.

Internet sales

The GA has not passed legislation to allow Missouri to participate in the Streamlined Sales and Use Tax Agreement (SSUTA), costing the state millions in potential sales tax revenue. Implementation of the SSUTA would allow Missouri to collect a portion of online sales taxes the state is currently forgoing.<sup>2</sup>

Complete findings, recommendations, and auditee responses are contained in that report.

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<sup>2</sup> On June 21, 2018, the United States Supreme Court ruled in *South Dakota v. Wayfair, Inc.*, 585 U.S. \_\_\_ (2018), that states may charge tax on purchases made from out-of-state sellers, even if the seller does not have a physical presence in the taxing state. This decision overturned *Quill Corp. v. North Dakota*, 504 U.S. 298 (1992), which restricted state taxation of interstate commerce. The DOR is currently reviewing the recent Supreme Court ruling to determine if any administrative or legislative changes are needed in Missouri.

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# Department of Revenue

## Sales and Use Tax

### Organization and Statistical Information

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The Department of Revenue (DOR) was created by Article IV, Section 12, Missouri Constitution as the central collection agency for state revenues. The Director of Revenue is appointed by the Governor, with the advice and consent of the Senate, and is responsible for all operations and policies. DOR responsibilities include:

- 1) Administering and collecting state taxes and fees, including sales and use tax, motor vehicle sales tax, and highway use tax.
- 2) Collecting certain taxes and fees for local governments, including local sales and use tax.
- 3) Titling and licensing motor vehicles, trailers, and boats.
- 4) Licensing motor vehicle operators.

The DOR consists of 3 divisions, the General Counsel's office, and the Director's office.

Motor Vehicle and Driver Licensing Division: The division consists of 3 bureaus. 1) The Motor Vehicle Bureau issues titles and registers motor vehicles, trailers, all-terrain vehicles, manufactured homes, and marine craft. The bureau also issues registration certificates to motor vehicle and salvage dealers and leasing companies. 2) The Driver License Bureau issues, renews, suspends, revokes, and reinstates driver and nondriver licenses and driving permits. The bureau processes and maintains records relating to license issuance, traffic violation point assessments, failure to appear in court for traffic violations, and administers the alcohol and abuse laws for alcohol/drug offenders. 3) The License Offices Bureau manages the operations of the contract license offices throughout the state. These local offices provide driver licensing and motor vehicle services and are operated by individuals or businesses approved through the state of Missouri bid process. This division collects motor vehicle sales and use taxes.

Taxation Division: This division consists of 4 bureaus which collect taxes and administer state tax law. 1) The Business Tax Bureau administers sales and use, financial institutions, insurance premiums, franchise, excise, cigarette and other tobacco products, motor fuel, corporate income, withholding, and county taxes and fees. 2) The Personal Tax Bureau administers individual income, partnership, fiduciary, and estate taxes. 3) The Collections and Tax Assistance Bureau provides tax assistance to individuals and businesses and performs appropriate procedures for unpaid tax liabilities. 4) The Field Compliance Bureau audits businesses both in-state and out-of-state to ensure compliance with Missouri's tax laws.

Administration Division: This division consists of 3 bureaus. 1) The Personnel Services Bureau is responsible for the DOR's personnel matters, forms, process improvements, administrative policies and procedures, training, and written communications. 2) The Financial Services Bureau is



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responsible for all accounting, procurement, and banking activities. 3) The General Services Bureau is responsible for coordinating space and location needs, telecommunications, safety issues, maintenance, and improvement of the work environment within the DOR.

General Counsel's Office: This office ensures DOR compliance with law and internal policies, advises the director and divisions on legal matters relative to the DOR, and represents the DOR in courts and administrative tribunals. This office consists of 2 bureaus. 1) The Criminal Tax Investigation Bureau investigates and develops information leading to local prosecution of individuals and businesses suspected of violating state statutes related to sales, withholding, and income tax. 2) The Compliance and Investigation Bureau conducts investigations involving allegations of fraud relating to motor vehicle sales tax, titling and registration, odometer, and motor fuel sales tax as well as cigarette tax fraud, driver's license fraud and license plate fraud. The bureau also ensures the compliance of motor vehicle dealers, salvage businesses, and marine dealers with statutes and licensure regulations. In addition to external investigations, the bureau conducts internal audits and investigations of the DOR and contract license offices.

Director's Office: This office includes the Director, Chief Operating Officer, and key administrative staff responsible for the overall guidance and direction of the DOR. This office includes the Public Information Office and the Legislative Office. The Public Information Office develops and maintains positive media and public relations for the DOR. The Legislative Office serves as the department's liaison to the General Assembly. The office provides technical assistance, develops fiscal and revenue estimates on proposed legislation and monitors the progress of bills through the Legislature.

The Directors of Revenue from July 2014 through June 2017 include:

John R. Mollenkamp, (Acting) April 2013 to November 2014  
Nia Ray, December 2014 to August 2016  
John R. Mollenkamp, (Acting) August 2016 to January 2017  
Dale (Wood) Miller, (Acting) January 2017 to March 2017

In April 2017, Joel W. Walters was appointed Director.

Appendix A-1

Department of Revenue  
 Sales and Use Tax  
 Combined Statement of Receipts and Distributions - State Funds  
 Year Ended June 30, 2017

	General Revenue Fund	Aviation Trust Fund	Conservation Commission Fund	State Highways and Transportation Department Fund	Parks Sales Tax Fund	School District Trust Fund	Soil and Water Sales Tax Fund	State Road Bond Fund	State Road Fund	State Transportation Fund	Total (Memorandum Only)
<b>RECEIPTS</b>											
Marine/ATV/Manufactured sales and use tax <sup>1</sup>	\$ 7,996,788	0	328,899	0	131,559	2,630,664	131,560	0	0	0	11,219,470
Motor vehicle sales and use tax <sup>2</sup>	3,653,796	0	14,081,049	22,152	5,632,425	56,322,447	5,632,428	168,967,339	164,466,382	4,505,796	423,283,814
Sales and use tax	<u>2,132,843,283</u>	<u>3,889,020</u>	<u>102,667,465</u>	<u>0</u>	<u>41,066,989</u>	<u>817,728,093</u>	<u>41,066,989</u>	<u>10,821,020</u>	<u>10,530,675</u>	<u>287,820</u>	<u>3,160,901,354</u>
Total Receipts	<u>2,144,493,867</u>	<u>3,889,020</u>	<u>117,077,413</u>	<u>22,152</u>	<u>46,830,973</u>	<u>876,681,204</u>	<u>46,830,977</u>	<u>179,788,359</u>	<u>174,997,057</u>	<u>4,793,616</u>	<u>3,595,404,638</u>
<b>DISTRIBUTIONS</b>											
Transmitted to State Treasurer	<u>2,144,493,867</u>	<u>3,889,020</u>	<u>117,077,413</u>	<u>22,152</u>	<u>46,830,973</u>	<u>876,681,204</u>	<u>46,830,977</u>	<u>179,788,359</u>	<u>174,997,057</u>	<u>4,793,616</u>	<u>3,595,404,638</u>
Total Distributions	<u>2,144,493,867</u>	<u>3,889,020</u>	<u>117,077,413</u>	<u>22,152</u>	<u>46,830,973</u>	<u>876,681,204</u>	<u>46,830,977</u>	<u>179,788,359</u>	<u>174,997,057</u>	<u>4,793,616</u>	<u>3,595,404,638</u>
RECEIPTS OVER (UNDER) DISTRIBUTIONS	\$ <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

<sup>1</sup> In fiscal year 2017, the Department of Revenue revised this receipt description to include "manufactured". Sales and use tax receipts for manufactured homes were included in this receipt category for fiscal years 2016 and 2015.

<sup>2</sup> In fiscal year 2017, the Department of Revenue combined motor vehicle sales tax receipts and highway use tax receipts.

Appendix A-2

Department of Revenue  
 Sales and Use Tax  
 Combined Statement of Receipts and Distributions - State Funds  
 Year Ended June 30, 2016

	General Revenue Fund	Aviation Trust Fund	Conservation Commission Fund	State Highways and Transportation Department Fund	Parks Sales Tax Fund	School District Trust Fund	Soil and Water Sales Tax Fund	State Road Bond Fund	State Road Fund	State Transportation Fund	Total (Memorandum Only)
<b>RECEIPTS</b>											
Highway use tax	\$ 0	0	2,467	62,414	986	0	987	0	14,801	0	81,655
Marine and ATV sales and use tax	7,071,945	0	291,039	0	116,415	2,327,873	116,417	0	0	0	9,923,689
Motor vehicle sales tax	3,125,220	0	13,329,786	0	5,331,920	53,320,442	5,331,921	159,961,324	155,617,385	4,263,490	400,281,488
Sales and use tax	<u>2,090,152,640</u>	<u>4,663,184</u>	<u>101,806,482</u>	<u>0</u>	<u>40,722,182</u>	<u>810,944,716</u>	<u>40,722,183</u>	<u>10,498,444</u>	<u>10,216,758</u>	<u>279,241</u>	<u>3,110,005,830</u>
Total Receipts	<u>2,100,349,805</u>	<u>4,663,184</u>	<u>115,429,774</u>	<u>62,414</u>	<u>46,171,503</u>	<u>866,593,031</u>	<u>46,171,508</u>	<u>170,459,768</u>	<u>165,848,944</u>	<u>4,542,731</u>	<u>3,520,292,662</u>
<b>DISTRIBUTIONS</b>											
Transmitted to State Treasurer	<u>2,100,349,805</u>	<u>4,663,184</u>	<u>115,429,774</u>	<u>62,414</u>	<u>46,171,503</u>	<u>866,593,031</u>	<u>46,171,508</u>	<u>170,459,768</u>	<u>165,848,944</u>	<u>4,542,731</u>	<u>3,520,292,662</u>
Total Distributions	<u>2,100,349,805</u>	<u>4,663,184</u>	<u>115,429,774</u>	<u>62,414</u>	<u>46,171,503</u>	<u>866,593,031</u>	<u>46,171,508</u>	<u>170,459,768</u>	<u>165,848,944</u>	<u>4,542,731</u>	<u>3,520,292,662</u>
RECEIPTS OVER (UNDER) DISTRIBUTIONS	\$ <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Appendix A-3

Department of Revenue  
 Sales and Use Tax  
 Combined Statement of Receipts and Distributions - State Funds  
 Year Ended June 30, 2015

	General Revenue Fund	Aviation Trust Fund	Conservation Commission Fund	State Highways and Transportation Department Fund	Parks Sales Tax Fund	School District Trust Fund	Soil and Water Sales Tax Fund	State Road Bond Fund	State Road Fund	State Transportation Fund	Total (Memorandum Only)
<b>RECEIPTS</b>											
Highway use tax	\$ 0	0	1,218	93,734	487	0	487	0	7,308	0	103,234
Marine and ATV sales and use tax	6,990,497	0	287,650	0	115,060	2,300,760	115,061	0	0	0	9,809,028
Motor vehicle sales tax	3,523,166	0	12,728,849	0	5,091,546	50,916,636	5,091,547	152,749,907	148,754,877	4,075,476	382,932,004
Sales and use tax	<u>2,001,265,736</u>	<u>4,823,355</u>	<u>97,511,024</u>	<u>0</u>	<u>39,004,481</u>	<u>776,713,537</u>	<u>39,004,481</u>	<u>10,107,965</u>	<u>9,836,753</u>	<u>268,854</u>	<u>2,978,536,186</u>
Total Receipts	<u>2,011,779,399</u>	<u>4,823,355</u>	<u>110,528,741</u>	<u>93,734</u>	<u>44,211,574</u>	<u>829,930,933</u>	<u>44,211,576</u>	<u>162,857,872</u>	<u>158,598,938</u>	<u>4,344,330</u>	<u>3,371,380,452</u>
<b>DISTRIBUTIONS</b>											
Transmitted to State Treasurer	<u>2,011,779,399</u>	<u>4,823,355</u>	<u>110,528,741</u>	<u>93,734</u>	<u>44,211,574</u>	<u>829,930,933</u>	<u>44,211,576</u>	<u>162,857,872</u>	<u>158,598,938</u>	<u>4,344,330</u>	<u>3,371,380,452</u>
Total Distributions	<u>2,011,779,399</u>	<u>4,823,355</u>	<u>110,528,741</u>	<u>93,734</u>	<u>44,211,574</u>	<u>829,930,933</u>	<u>44,211,576</u>	<u>162,857,872</u>	<u>158,598,938</u>	<u>4,344,330</u>	<u>3,371,380,452</u>
RECEIPTS OVER (UNDER) DISTRIBUTIONS	\$ <u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Appendix B-1

Department of Revenue

Sales and Use Tax

Combined Statement of Receipts, Distributions, and Changes in Cash and Investments - Local Funds

Year Ended June 30, 2017

	Local Fuel Tax and Bond Trust Fund	Local Sales and Use Tax Trust Fund	Total (Memorandum Only)
<b>RECEIPTS</b>			
Motor fuel taxes and fees	\$ 215,435,802	0	215,435,802
Sales tax	56,322,446	3,179,661,867	3,235,984,313
Use tax	1,613	131,685,343	131,686,956
Miscellaneous tax	0	62,631,213	62,631,213
Protested tax	0	1,144,681	1,144,681
Motor fuel bond	8,000	0	8,000
Motor fuel pool bond	17,670	0	17,670
Interest income	49,839	875,303	925,142
Total Receipts	<u>271,835,370</u>	<u>3,375,998,407</u>	<u>3,647,833,777</u>
<b>DISTRIBUTIONS</b>			
Political subdivisions	274,347,947	3,232,690,160	3,507,038,107
General Revenue Fund	0	31,384,356	31,384,356
Refunds to taxpayers	1,603	6,302	7,905
Protest settlements	0	487,898	487,898
Total Distributions	<u>274,349,550</u>	<u>3,264,568,716</u>	<u>3,538,918,266</u>
RECEIPTS OVER (UNDER) DISTRIBUTIONS	(2,514,180)	111,429,691	108,915,511
CASH AND INVESTMENTS, JULY 1	<u>28,074,825</u>	<u>321,144,745</u>	<u>349,219,570</u>
CASH AND INVESTMENTS, JUNE 30	<u>\$ 25,560,645</u>	<u>432,574,436</u>	<u>458,135,081</u>

Appendix B-2

Department of Revenue  
 Sales and Use Tax  
 Combined Statement of Receipts, Distributions, and Changes in Cash and Investments - Local Funds  
 Year Ended June 30, 2016

	Local Fuel Tax and Bond Trust Fund	Local Sales and Use Tax Trust Fund	Total (Memorandum Only)
<b>RECEIPTS</b>			
Motor fuel taxes and fees	\$ 216,099,381	0	216,099,381
Sales tax	53,293,625	3,148,145,731	3,201,439,356
Use tax	4,933	129,469,434	129,474,367
Miscellaneous tax <sup>1</sup>	0	(20,979,270)	(20,979,270)
Protested tax	0	379,988	379,988
Motor fuel bond	2,100	0	2,100
Motor fuel pool bond	20,177	0	20,177
Interest income	39,311	467,797	507,108
Total Receipts	<u>269,459,527</u>	<u>3,257,483,680</u>	<u>3,526,943,207</u>
<b>DISTRIBUTIONS</b>			
Political subdivisions	270,172,669	2,932,445,047	3,202,617,716
General Revenue Fund	0	35,992,287	35,992,287
Refunds to taxpayers	0	1,916	1,916
Protest settlements	0	251,512	251,512
Total Distributions	<u>270,172,669</u>	<u>2,968,690,762</u>	<u>3,238,863,431</u>
RECEIPTS OVER (UNDER) DISTRIBUTIONS	(713,142)	288,792,918	288,079,776
CASH AND INVESTMENTS, JULY 1	<u>28,787,967</u>	<u>32,351,827</u>	<u>61,139,794</u>
CASH AND INVESTMENTS, JUNE 30	<u>\$ 28,074,825</u>	<u>321,144,745</u>	<u>349,219,570</u>

<sup>1</sup> The amount is a negative number due to more sales and use taxes distributed from than deposited to the Suspense Holding Account.

Appendix B-3

Department of Revenue  
 Sales and Use Tax  
 Combined Statement of Receipts, Distributions, and Changes in Cash and Investments - Local Funds  
 Year Ended June 30, 2015

	Local Fuel Tax and Bond Trust Fund	Local Sales and Use Tax Trust Fund	Total (Memorandum Only)
<b>RECEIPTS</b>			
Motor fuel taxes and fees	\$ 220,546,409	0	220,546,409
Sales tax	50,943,451	3,011,336,665	3,062,280,116
Use tax	2,436	122,415,888	122,418,324
Miscellaneous tax <sup>1</sup>	0	(3,698,552)	(3,698,552)
Protested tax	0	398,712	398,712
Motor fuel bond	158,000	0	158,000
Motor fuel pool bond	27,437	0	27,437
Interest income	82	84,241	84,323
Total Receipts	<u>271,677,815</u>	<u>3,130,536,954</u>	<u>3,402,214,769</u>
<b>DISTRIBUTIONS</b>			
Political subdivisions	266,004,634	3,438,011,517	3,704,016,151
General Revenue Fund	0	33,477,581	33,477,581
Refunds to taxpayers	1,500	0	1,500
Protest settlements	0	973,023	973,023
Total Distributions	<u>266,006,134</u>	<u>3,472,462,121</u>	<u>3,738,468,255</u>
RECEIPTS OVER (UNDER) DISTRIBUTIONS	5,671,681	(341,925,167)	(336,253,486)
CASH AND INVESTMENTS, JULY 1	<u>23,116,286</u>	<u>374,276,994</u>	<u>397,393,280</u>
CASH AND INVESTMENTS, JUNE 30	<u>\$ 28,787,967</u>	<u>32,351,827</u>	<u>61,139,794</u>

<sup>1</sup> The amount is a negative number due to more sales and use taxes distributed from than deposited to the Suspense Holding Account.

Appendix C-1

Department of Revenue

Sales and Use Tax

Combined Statement of Additions, Deductions, and Changes in Cash and Investments - Custodial Accounts

Year Ended June 30, 2017

	Compliance Clearing Account <sup>1</sup>	Motor Vehicle Clearing Account <sup>1</sup>	Protested Sales Tax General Revenue Account <sup>2</sup>	Sales Tax Bond Account <sup>2</sup>	Total (Memorandum Only)
<b>ADDITIONS</b>					
Miscellaneous tax collections	\$ 23,891,169	1,085,546,485	0	0	1,109,437,654
Protested tax collections	0	0	1,079,334	0	1,079,334
Bond collections	0	0	0	6,694,830	6,694,830
Interest income	8,840	98,982	5,390	0	113,212
Total Additions	<u>23,900,009</u>	<u>1,085,645,467</u>	<u>1,084,724</u>	<u>6,694,830</u>	<u>1,117,325,030</u>
<b>DEDUCTIONS</b>					
Miscellaneous taxes and interest	21,452,183	1,088,486,301	0	0	1,109,938,484
Protested taxes and interest	0	0	303,913	0	303,913
Bonds and interest	0	0	0	25,368,984	25,368,984
Total Deductions	<u>21,452,183</u>	<u>1,088,486,301</u>	<u>303,913</u>	<u>25,368,984</u>	<u>1,135,611,381</u>
<b>ADDITIONS OVER (UNDER) DEDUCTIONS</b>	2,447,826	(2,840,834)	780,811	(18,674,154)	(18,286,351)
<b>CASH AND INVESTMENTS, JULY 1</b>	<u>1,485,487</u>	<u>26,965,373</u>	<u>605,385</u>	<u>44,651,956</u>	<u>73,708,201</u>
<b>CASH AND INVESTMENTS, JUNE 30</b>	<u>\$ 3,933,313</u>	<u>24,124,539</u>	<u>1,386,196</u>	<u>25,977,802</u>	<u>55,421,850</u>

<sup>1</sup> Held by the department in trust.

<sup>2</sup> Held by the State Treasurer in trust.

Appendix C-2

Department of Revenue  
Sales and Use Tax

Combined Statement of Additions, Deductions, and Changes in Cash and Investments - Custodial Accounts  
Year Ended June 30, 2016

	Compliance Clearing Account <sup>1</sup>	Motor Vehicle Clearing Account <sup>1</sup>	Protested Sales Tax General Revenue Account <sup>2</sup>	Sales Tax Bond Account <sup>2</sup>	Total (Memorandum Only)
<b>ADDITIONS</b>					
Miscellaneous tax collections	\$ 30,089,835	1,049,208,181	0	0	1,079,298,016
Protested tax collections	0	0	248,448	0	248,448
Bond collections	0	0	0	7,823,294	7,823,294
Interest income	14,798	14,379	2,822	0	31,999
Total Additions	<u>30,104,633</u>	<u>1,049,222,560</u>	<u>251,270</u>	<u>7,823,294</u>	<u>1,087,401,757</u>
<b>DEDUCTIONS</b>					
Miscellaneous taxes and interest	30,606,233	1,039,916,892	0	0	1,070,523,125
Protested taxes and interest	0	0	163,075	0	163,075
Bonds and interest	0	0	0	21,668,893	21,668,893
Total Deductions	<u>30,606,233</u>	<u>1,039,916,892</u>	<u>163,075</u>	<u>21,668,893</u>	<u>1,092,355,093</u>
<b>ADDITIONS OVER (UNDER) DEDUCTIONS</b>	(501,600)	9,305,668	88,195	(13,845,599)	(4,953,336)
<b>CASH AND INVESTMENTS, JULY 1</b>	<u>1,987,087</u>	<u>17,659,705</u>	<u>517,190</u>	<u>58,497,555</u>	<u>78,661,537</u>
<b>CASH AND INVESTMENTS, JUNE 30</b>	<u>\$ 1,485,487</u>	<u>26,965,373</u>	<u>605,385</u>	<u>44,651,956</u>	<u>73,708,201</u>

<sup>1</sup> Held by the department in trust.

<sup>2</sup> Held by the State Treasurer in trust.

Appendix C-3

Department of Revenue  
Sales and Use Tax

Combined Statement of Additions, Deductions, and Changes in Cash and Investments - Custodial Accounts  
Year Ended June 30, 2015

	Compliance Clearing Account <sup>1</sup>	Motor Vehicle Clearing Account <sup>1</sup>	Protested Sales Tax General Revenue Account <sup>2</sup>	Sales Tax Bond Account <sup>2</sup>	Total (Memorandum Only)
<b>ADDITIONS</b>					
Miscellaneous tax collections	\$ 22,232,733	995,950,074	0	0	1,018,182,807
Protested tax collections	0	0	252,144	0	252,144
Bond collections	0	0	0	8,531,767	8,531,767
Interest income <sup>3</sup>	44,830	(876)	3,498	0	47,452
Total Additions	<u>22,277,563</u>	<u>995,949,198</u>	<u>255,642</u>	<u>8,531,767</u>	<u>1,027,014,170</u>
<b>DEDUCTIONS</b>					
Miscellaneous taxes and interest	25,513,139	996,672,115	0	0	1,022,185,254
Protested taxes and interest	0	0	701,437	0	701,437
Bonds and interest	0	0	0	6,794,998	6,794,998
Total Deductions	<u>25,513,139</u>	<u>996,672,115</u>	<u>701,437</u>	<u>6,794,998</u>	<u>1,029,681,689</u>
ADDITIONS OVER (UNDER) DEDUCTIONS	(3,235,576)	(722,917)	(445,795)	1,736,769	(2,667,519)
CASH AND INVESTMENTS, JULY 1	<u>5,222,663</u>	<u>18,382,622</u>	<u>962,985</u>	<u>56,760,786</u>	<u>81,329,056</u>
CASH AND INVESTMENTS, JUNE 30	<u>\$ 1,987,087</u>	<u>17,659,705</u>	<u>517,190</u>	<u>58,497,555</u>	<u>78,661,537</u>

<sup>1</sup> Held by the department in trust.

<sup>2</sup> Held by the State Treasurer in trust.

<sup>3</sup> Negative numbers are due to bank service charges exceeding interest earnings.

Appendix D-1

Department of Revenue  
 Sales and Use Tax  
 Combined Schedule of Distributions - Local Funds  
 Year Ended June 30, 2017

	Local Fuel Tax and Bond Trust Fund	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	St. Louis Capital Improvements Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Cities <sup>1</sup>	\$ 157,776,506	611,007,346	555,341,035	60,328,491	265,919,269	92,743,090	0	0	0	1,743,115,737
Counties <sup>1</sup>	116,571,430	0	0	0	214,155,511	37,029,868	475,282,832	677,115,677	0	1,520,155,318
Districts <sup>1</sup> :										
Ambulance Districts	0	0	0	0	0	0	0	0	54,854,636	54,854,636
Emergency Service Districts	0	0	0	0	0	0	0	0	14,101,642	14,101,642
Fire Protection Districts	0	0	0	0	0	0	0	0	17,955,973	17,955,973
Hospital Districts	0	0	0	0	0	0	0	0	403,102	403,102
Public Library Districts	0	0	0	0	0	0	0	0	1,194,950	1,194,950
Regional Jail Districts	0	0	0	0	0	0	0	0	1,081,865	1,081,865
Regional Recreation Districts	0	0	0	0	0	0	0	0	4,639	4,639
Tourism Community Districts	0	0	0	0	0	0	0	0	8,127,822	8,127,822
Zoological Districts	0	0	0	0	0	0	0	0	17,131,267	17,131,267
Transportation Development Districts	0	0	0	0	0	0	0	0	74,945,567	74,945,567
Community Improvement Districts	0	0	0	0	0	473,113	0	0	49,432,397	49,905,510
Community Development Districts	0	0	0	0	0	261,410	0	0	3,592,812	3,854,222
Port Improvement Districts	0	0	0	0	0	19,496	0	0	186,353	205,849
TOTAL	\$ 274,347,936	611,007,346	555,341,035	60,328,491	480,074,780	130,526,977	475,282,832	677,115,677	243,013,025	3,507,038,099

<sup>1</sup> Local sales and use tax distributions by political subdivision are available in the Department of Revenue's annual Financial and Statistical Report. However, the Department of Revenue does not report distributions for political subdivisions with less than 6 taxpayers. For the schedule above, all local sales and use tax distributions have been included in the amounts reported. The Department of Revenue's annual Financial and Statistical Report is accessible through the Department of Revenue's website at <http://www.dor.mo.gov>.

Appendix D-2

Department of Revenue  
 Sales and Use Tax  
 Combined Schedule of Distributions - Local Funds  
 Year Ended June 30, 2016

	Local Fuel Tax and Bond Trust Fund	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	St. Louis Capital Improvements Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Cities <sup>1</sup>	\$ 155,369,739	619,199,893	557,613,098	60,975,298	267,889,470	90,766,430	0	0	0	1,751,813,928
Counties <sup>1</sup>	114,802,931	0	0	0	216,824,581	35,591,639	480,911,948	673,294,640	0	1,521,425,739
Districts <sup>1</sup> :										
Ambulance Districts	0	0	0	0	0	0	0	0	53,054,189	53,054,189
Emergency Service Districts	0	0	0	0	0	0	0	0	13,813,028	13,813,028
Fire Protection Districts	0	0	0	0	0	0	0	0	17,701,780	17,701,780
Hospital Districts	0	0	0	0	0	0	0	0	417,350	417,350
Public Library Districts	0	0	0	0	0	0	0	0	1,227,514	1,227,514
Regional Jail Districts	0	0	0	0	0	0	0	0	1,058,124	1,058,124
Regional Recreation Districts	0	0	0	0	0	0	0	0	3,528	3,528
Tourism Community Districts	0	0	0	0	0	0	0	0	8,217,319	8,217,319
Zoological Districts	0	0	0	0	0	0	0	0	17,239,588	17,239,588
Transportation Development Districts	0	0	0	0	0	0	0	0	74,911,843	74,911,843
Community Improvement Districts	0	0	0	0	0	346,410	0	0	46,110,379	46,456,789
Community Development Districts	0	0	0	0	0	180,925	0	0	3,589,238	3,770,163
Port Improvement Districts	0	0	0	0	0	2,147	0	0	129,121	131,268
TOTAL	\$ 270,172,670	619,199,893	557,613,098	60,975,298	484,714,051	126,887,551	480,911,948	673,294,640	237,473,001	3,511,242,150

<sup>1</sup> Local sales and use tax distributions by political subdivision are available in the Department of Revenue's annual Financial and Statistical Report. However, the Department of Revenue does not report distributions for political subdivisions with less than 6 taxpayers. For the schedule above, all local sales and use tax distributions have been included in the amounts reported. The Department of Revenue's annual Financial and Statistical Report is accessible through the Department of Revenue's website at <http://www.dor.mo.gov>.

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Department of Revenue  
 Sales and Use Tax  
 Combined Schedule of Distributions - Local Funds  
 Year Ended June 30, 2015

	Local Fuel Tax and Bond Trust Fund	City Sales Tax Trust Fund	City Alternate Sales Tax Trust Fund	St. Louis Capital Improvements Trust Fund	Public Mass Transportation Sales Tax Trust Fund	Local Option Use Tax Trust Fund	County Sales Tax Trust Fund	County Alternate Sales Tax Trust Fund	Districts Sales Tax Trust Fund	Total (Memorandum Only)
Cities <sup>1</sup>	\$ 152,273,843	602,970,805	537,808,033	60,505,019	259,924,721	89,121,240	0	0	0	1,702,603,661
Counties <sup>1</sup>	113,120,061	0	0	0	214,455,554	33,624,481	469,780,620	646,168,662	0	1,477,149,378
Districts <sup>1</sup> :										
Ambulance Districts	0	0	0	0	0	0	0	0	49,247,153	49,247,153
Emergency Service Districts	0	0	0	0	0	0	0	0	13,184,536	13,184,536
Fire Protection Districts	0	0	0	0	0	0	0	0	16,945,905	16,945,905
Hospital Districts	0	0	0	0	0	0	0	0	394,732	394,732
Public Library Districts	0	0	0	0	0	0	0	0	1,202,701	1,202,701
Regional Jail Districts	0	0	0	0	0	0	0	0	1,035,556	1,035,556
Regional Recreation Districts	0	0	0	0	0	0	0	0	5,383	5,383
Tourism Community Districts	0	0	0	0	0	0	0	0	7,936,743	7,936,743
Zoological Districts	0	0	0	0	0	0	0	0	16,515,801	16,515,801
Transportation Development Districts	0	0	0	0	0	0	0	0	71,639,918	71,639,918
Community Improvement Districts	0	0	0	0	0	364,524	0	0	40,348,375	40,712,899
Community Development Districts	0	0	0	0	0	220,306	0	0	3,387,469	3,607,775
TOTAL	\$ <u>265,393,904</u>	<u>602,970,805</u>	<u>537,808,033</u>	<u>60,505,019</u>	<u>474,380,275</u>	<u>123,330,551</u>	<u>469,780,620</u>	<u>646,168,662</u>	<u>221,844,272</u>	<u>3,402,182,141</u>

<sup>1</sup> Local sales and use tax distributions by political subdivision are available in the Department of Revenue's annual Financial and Statistical Report. However, the Department of Revenue does not report distributions for political subdivisions with less than 6 taxpayers. For the schedule above, all local sales and use tax distributions have been included in the amounts reported. The Department of Revenue's annual Financial and Statistical Report is accessible through the Department of Revenue's website at <http://www.dor.mo.gov>.

## Appendix E

### Department of Revenue Sales and Use Tax Description of Sales and Use Tax Funds and Accounts

Sales and use tax receipts collected from businesses, motor vehicle sales tax receipts collected from businesses and individuals, and highway use tax receipts collected on vehicles purchased outside of Missouri but titled in Missouri, are deposited into various state and local funds. Marine and ATV sales and use tax collections are deposited into the same funds as state sales and use tax. Motor vehicle leasing sales tax collections are deposited into the same funds as motor vehicle sales tax.

For operating purposes, the Department of Revenue (DOR) has been charged with the responsibility of administering transactions in the funds and accounts listed below.

#### **State Funds**

The State Treasurer, as fund custodian, and the Office of Administration provide administrative control over fund resources within the authority prescribed by the General Assembly for all state funds.

General Revenue Fund: This fund, authorized by Section 144.700, RSMo, receives a general 3 percent state sales and use tax. State sales tax is collected pursuant to Section 144.020, RSMo, and state use tax is collected pursuant to Section 144.610, RSMo. Retail sales of food are exempt from this 3 percent tax as defined in Section 144.014, RSMo. This fund also receives payments from common carriers in interstate air transportation, as authorized by Section 144.807, RSMo. In addition, the General Revenue Fund pays all motor vehicle sales tax refunds and receives motor vehicle sales tax collections as reimbursement from other state funds for their applicable share of the refunds.

Aviation Trust Fund: This fund, authorized by Section 144.805, RSMo, receives sales and use tax on aviation jet fuel from common carriers. These taxes are paid as a result of exemptions to General Revenue sales tax. The exemptions are a result of direct-pay agreements between common carriers and the DOR.

Conservation Commission Fund: This fund, authorized by Article IV, Section 43(a), Missouri Constitution, receives collections of the 0.125 percent state sales and use tax, motor vehicle sales tax, and highway use tax.

State Highways and Transportation Department Fund: This fund received 75 percent of the collections from the 4 percent highway use tax during fiscal years 2013 and 2012. Effective July 5, 2013, the highway use tax was repealed and all motor vehicle transactions are now assessed a sales tax as authorized by Section 144.020, RSMo, which goes into the State Road Fund and the State Road Bond Fund. This fund continues to receive some residual highway use tax collections.

Parks Sales Tax Fund: This fund, authorized by Article IV, Section 47(a) and 47(b), Missouri Constitution, receives 50 percent of the collections from a 0.1 percent state sales and use tax, motor vehicle sales tax, and highway use tax.

School District Trust Fund: This fund, authorized by Section 144.701, RSMo, receives collections from a 1 percent state sales and use tax and receives 12.5 percent of collections from the 4 percent motor vehicle sales tax. This tax is collected pursuant to Section 144.701, RSMo, and Article IV, Section 30(b)2, Missouri Constitution, respectively.

Soil and Water Sales Tax Fund: This fund, authorized by Article IV, Section 47(a) and 47(b), Missouri Constitution, receives 50 percent of the collections from a 0.1 percent state sales and use tax and motor vehicle sales tax.

State Road Bond Fund: This fund, authorized by Article IV, Section 30(b), Missouri Constitution (Amendment 3), receives 37.5 percent of the collections from the 4 percent motor vehicle sales tax.

State Road Fund and State Transportation Fund: These funds, authorized by Article IV, Section 30(b), Missouri Constitution, receive 37.5 percent of the collections from the 4 percent motor vehicle sales tax, which is deposited 36.5 percent to the State Road Fund and 1 percent to the State Transportation Fund.

## **Local Funds**

Actual tax proceeds for local funds are deposited into interest-bearing bank accounts until distributed. Subsequently 99 percent of the collections and earned interest are distributed to the various political subdivisions with the remaining 1 percent going to the General Revenue Fund for a collection fee, except for the Local Fuel Tax and Bond Trust Fund, which has no collection fee withheld from distributions to the fund. The DOR has sole responsibility for maintaining and disbursing fund resources for all local funds.

Local Fuel Tax and Bond Trust Fund: This fund receives 12.5 percent of the collections from the 4 percent motor vehicle sales tax, pursuant to Section 144.020, RSMo. In addition, this fund receives collections from the motor fuel tax authorized by Section 142.803, RSMo.

### Local Sales and Use Tax Trust Fund:

This fund:

- Receives collections generated from local sales taxes imposed by local political subdivisions, as authorized by Chapters 66, 67, 70, 92, 94, 162, 190, 238, 321, and 644, RSMo.
- Receives collections generated by a use tax, authorized by Section 144.757, RSMo, based on the local sales tax in effect, upon all transactions subject to taxes imposed under Sections 144.600 to 144.745, RSMo, except as otherwise provided. Net taxes and interest are subsequently distributed to the counties and cities.
- Receives collections from motor vehicle sales and use tax paid under protest. Protested motor vehicle sales and use taxes and the related earned interest, are either returned to the taxpayer or remitted to the state and the appropriate political subdivisions, based upon decisions reached by the DOR, the Administrative Hearing Commission, or various courts.
- Receives collections from local sales and use taxes paid under protest. These monies are either returned to the taxpayer or remitted to the state and the appropriate political subdivisions, based upon decisions reached by the DOR, the Administrative Hearing Commission, or various courts.
- Receives collections from Web/Internet based sales and use tax filings. These collections are paid through ACH debit transactions initiated by the taxpayer through a DOR approved service provider. The DOR transfers the collections to the appropriate state and local funds after processing the corresponding sales tax returns.

- Receives unidentified sales and use tax collections when these collections are unable to post to the automated Missouri Integrated Tax System (MITS). When these collections become identifiable, they are posted to MITS and are then transferred to the appropriate sales tax funds.

### **Custodial Accounts**

The DOR has been charged with the responsibility of administering transactions in the custodial accounts. Except for the Protested Sales Tax General Revenue Account and Sales Tax Bond Account held by the State Treasurer, actual custody of accounts' resources rests with the DOR. Collections for the custodial accounts held by the DOR are deposited in interest-bearing bank accounts.

Compliance Clearing Account: This account receives tax payments from taxpayer audits. The DOR holds these payments in this account pending final audit review. Depending on the results of the audit review, the DOR transfers the tax payment to the appropriate state and local funds or issues a refund to the taxpayer.

Motor Vehicle Clearing Account: This account receives collections from motor vehicle agent offices and the central office for various taxes and fees. These receipts are subsequently transferred to various state and local funds.

Protested Sales Tax General Revenue Account: This account receives the 3 percent General Revenue Fund portion of the state sales taxes paid under protest. These protested monies are deposited in the General Revenue Fund. However, these protested monies are reported by the DOR in this account.

Sales Tax Bond Account: The DOR receives cash bonds posted by taxpayers as authorized by Section 144.087, RSMo. All bond collections are deposited in the General Revenue Fund and reported by the DOR in this account. Cash bonds and related interest are to be refunded to the taxpayer after 1 year if the taxpayer is determined to have satisfactory tax compliance and if the bond was posted before January 1, 1984. If the bond was posted on or after January 1, 1984, the Attorney General has determined that no interest should be refunded. In the event of uncollectible sales tax liabilities, the bonds and related interest, if any, are forfeited to the DOR which subsequently distributes the monies to the state and the appropriate political subdivisions.