SECOND REGULAR SESSION

SENATE BILL NO. 794

93RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR KENNEDY.

Read 1st time January 4, 2006, and ordered printed.

3078S.03I

TERRY L. SPIELER, Secretary.

AN ACT

To repeal sections 99.820, 523.040, and 523.205, RSMo, and to enact in lieu thereof eight new sections relating to eminent domain.

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

Section A. Sections 99.820, 523.040, and 523.205, RSMo, are repealed and

- 2 eight new sections enacted in lieu thereof, to be known as sections 99.820, 99.827,
- 3 523.012, 523.032, 523.035, 523.040, 523.110, and 523.205, to read as follows:

99.820. 1. A municipality may:

- 2 (1) By ordinance introduced in the governing body of the municipality
- 3 within fourteen to ninety days from the completion of the hearing required in
 - section 99.825, approve redevelopment plans and redevelopment projects, and
- 5 designate redevelopment project areas pursuant to the notice and hearing
- 6 requirements of sections 99.800 to 99.865. No redevelopment project shall be
- 7 approved unless a redevelopment plan has been approved and a redevelopment
- 8 area has been designated prior to or concurrently with the approval of such
- 9 redevelopment project and the area selected for the redevelopment project shall
- 10 include only those parcels of real property and improvements thereon directly and
- 11 substantially benefited by the proposed redevelopment project improvements;
- 12 (2) Make and enter into all contracts necessary or incidental to the
- 13 implementation and furtherance of its redevelopment plan or project;
- 14 (3) Pursuant to a redevelopment plan, subject to any constitutional
- 15 limitations, acquire by purchase, donation, lease or, as part of a redevelopment
- 16 project, eminent domain, own, convey, lease, mortgage, or dispose of, land and
- 17 other property, real or personal, or rights or interests therein, and grant or
- 18 acquire licenses, easements and options with respect thereto, all in the manner

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and at such price the municipality or the commission determines is reasonably 19 20 necessary to achieve the objectives of the redevelopment plan. No conveyance, lease, mortgage, disposition of land or other property, acquired by the 2122municipality, or agreement relating to the development of the property shall be made except upon the adoption of an ordinance by the governing body of the 2324municipality. Any owner of property, acquired by a municipality through 25 use of eminent domain, shall have a right of first refusal to purchase such property for the condemnation price, if actual construction has 26not taken place within five years from the adoption of an ordinance for 2728 redevelopment. Each municipality or its commission shall establish written 29 procedures relating to bids and proposals for implementation of the 30 redevelopment projects. Furthermore, no conveyance, lease, mortgage, or other 31 disposition of land or agreement relating to the development of property shall be made without making public disclosure of the terms of the disposition and all bids 32and proposals made in response to the municipality's request. Such procedures 33 34 for obtaining such bids and proposals shall provide reasonable opportunity for 35 any person to submit alternative proposals or bids;

- 36 (4) Within a redevelopment area, clear any area by demolition or removal 37 of existing buildings and structures;
- 38 (5) Within a redevelopment area, renovate, rehabilitate, or construct any 39 structure or building;
 - (6) Install, repair, construct, reconstruct, or relocate streets, utilities, and site improvements essential to the preparation of the redevelopment area for use in accordance with a redevelopment plan;
- 43 (7) Within a redevelopment area, fix, charge, and collect fees, rents, and 44 other charges for the use of any building or property owned or leased by it or any 45 part thereof, or facility therein;
- 46 (8) Accept grants, guarantees, and donations of property, labor, or other 47 things of value from a public or private source for use within a redevelopment 48 area;
- 49 (9) Acquire and construct public facilities within a redevelopment area;
- 50 (10) Incur redevelopment costs and issue obligations;
- 51 (11) Make payment in lieu of taxes, or a portion thereof, to taxing 52 districts;
- 53 (12) Disburse surplus funds from the special allocation fund to taxing 54 districts as follows:

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- (a) Such surplus payments in lieu of taxes shall be distributed to taxing districts within the redevelopment area which impose ad valorem taxes on a basis that is proportional to the current collections of revenue which each taxing district receives from real property in the redevelopment area;
- (b) Surplus economic activity taxes shall be distributed to taxing districts in the redevelopment area which impose economic activity taxes, on a basis that is proportional to the amount of such economic activity taxes the taxing district would have received from the redevelopment area had tax increment financing not been adopted;
- (c) Surplus revenues, other than payments in lieu of taxes and economic activity taxes, deposited in the special allocation fund, shall be distributed on a basis that is proportional to the total receipt of such other revenues in such account in the year prior to disbursement;
- (13) If any member of the governing body of the municipality, a member of a commission established pursuant to subsection 2 of this section, or an employee or consultant of the municipality, involved in the planning and preparation of a redevelopment plan, or redevelopment project for a redevelopment area or proposed redevelopment area, owns or controls an interest, direct or indirect, in any property included in any redevelopment area, or proposed redevelopment area, which property is designated to be acquired or improved pursuant to a redevelopment project, he or she shall disclose the same in writing to the clerk of the municipality, and shall also so disclose the dates, terms, and conditions of any disposition of any such interest, which disclosures shall be acknowledged by the governing body of the municipality and entered upon the minutes books of the governing body of the municipality. If an individual holds such an interest, then that individual shall refrain from any further official involvement in regard to such redevelopment plan, redevelopment project or redevelopment area, from voting on any matter pertaining to such redevelopment plan, redevelopment project or redevelopment area, or communicating with other members concerning any matter pertaining to that redevelopment plan, redevelopment project or redevelopment area. Furthermore, no such member or employee shall acquire any interest, direct or indirect, in any property in a redevelopment area or proposed redevelopment area after either (a) such individual obtains knowledge of such plan or project, or (b) first public notice of such plan, project or area pursuant to section 99.830, whichever first occurs;
 - (14) Charge as a redevelopment cost the reasonable costs incurred by its

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clerk or other official in administering the redevelopment project. The charge for 91 92 the clerk's or other official's costs shall be determined by the municipality based on a recommendation from the commission, created pursuant to this section. 93

- 2. Prior to adoption of an ordinance approving the designation of a redevelopment area or approving a redevelopment plan or redevelopment project, the municipality shall create a commission of nine persons if the municipality is a county or a city not within a county and not a first class county with a charter 98form of government with a population in excess of nine hundred thousand, and eleven persons if the municipality is not a county and not in a first class county with a charter form of government having a population of more than nine hundred thousand, and twelve persons if the municipality is located in or is a first class county with a charter form of government having a population of more than nine hundred thousand, to be appointed as follows:
 - (1) In all municipalities two members shall be appointed by the school boards whose districts are included within the redevelopment plan or redevelopment area. Such members shall be appointed in any manner agreed upon by the affected districts;
- 108 (2) In all municipalities one member shall be appointed, in any manner agreed upon by the affected districts, to represent all other districts levying ad 109 110 valorem taxes within the area selected for a redevelopment project or the redevelopment area, excluding representatives of the governing body of the 111 112municipality;
 - (3) In all municipalities six members shall be appointed by the chief elected officer of the municipality, with the consent of the majority of the governing body of the municipality;
 - (4) In all municipalities which are not counties and not in a first class county with a charter form of government having a population in excess of nine hundred thousand, two members shall be appointed by the county of such municipality in the same manner as members are appointed in subdivision (3) of this subsection;
- 121 (5) In a municipality which is a county with a charter form of government 122having a population in excess of nine hundred thousand, three members shall be 123 appointed by the cities in the county which have tax increment financing districts 124 in a manner in which the cities shall agree;
- 125 (6) In a municipality which is located in the first class county with a charter form of government having a population in excess of nine hundred 126

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thousand, three members shall be appointed by the county of such municipality in the same manner as members are appointed in subdivision (3) of this subsection;

- (7) At the option of the members appointed by the municipality, the members who are appointed by the school boards and other taxing districts may serve on the commission for a term to coincide with the length of time a redevelopment project, redevelopment plan or designation of a redevelopment area is considered for approval by the commission, or for a definite term pursuant to this subdivision. If the members representing school districts and other taxing districts are appointed for a term coinciding with the length of time a redevelopment project, plan or area is approved, such term shall terminate upon final approval of the project, plan or designation of the area by the governing body of the municipality. Thereafter the commission shall consist of the six members appointed by the municipality, except that members representing school boards and other taxing districts shall be appointed as provided in this section prior to any amendments to any redevelopment plans, redevelopment projects or designation of a redevelopment area. If any school district or other taxing jurisdiction fails to appoint members of the commission within thirty days of receipt of written notice of a proposed redevelopment plan, redevelopment project or designation of a redevelopment area, the remaining members may proceed to exercise the power of the commission. Of the members first appointed by the municipality, two shall be designated to serve for terms of two years, two shall be designated to serve for a term of three years and two shall be designated to serve for a term of four years from the date of such initial appointments. Thereafter, the members appointed by the municipality shall serve for a term of four years, except that all vacancies shall be filled for unexpired terms in the same manner as were the original appointments.
- 3. The commission, subject to approval of the governing body of the municipality, may exercise the powers enumerated in sections 99.800 to 99.865, except final approval of plans, projects and designation of redevelopment areas. The commission shall hold public hearings and provide notice pursuant to sections 99.825 and 99.830. The commission shall vote on all proposed redevelopment plans, redevelopment projects and designations of redevelopment areas, and amendments thereto, within thirty days following completion of the hearing on any such plan, project or designation and shall make recommendations to the governing body within ninety days of the hearing

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referred to in section 99.825 concerning the adoption of or amendment to 164 redevelopment plans and redevelopment projects and the designation of 165 redevelopment areas. The requirements of subsection 2 of this section and this 166 subsection shall not apply to redevelopment projects upon which the required 167 hearings have been duly held prior to August 31, 1991.

99.827. Any proposed ordinance relating to a tax incremental financing project may be submitted to the governing body by petition signed by voters of the municipality equal in number to the percentage hereafter required. The signatures, verification, authentication, inspection, certification, amendment and submission of such petition shall be the same as provided for petitions under sections 78.260 to 78.290, RSMo. If the petition accompanying the proposed ordinance be signed by voters equal in number to fifteen percent of the votes cast for all registered voters for the last preceding election, and contains a request that the said ordinance be submitted to a vote of the people if not passed by the governing body, such governing body shall either:

- (1) Pass said ordinance without alteration within twenty days after attachment of the clerk's certificate to the accompanying petition; or
- (2) Forthwith after the clerk shall attach to the petition accompanying such ordinance his certificate of sufficiency, the governing body shall submit the question without alteration to the vote of the voters. But if the petition is signed by not less than ten and less than fifteen percent of the voters, as above defined, then the governing body shall within twenty days pass said ordinance without change, or submit the same at the next municipal election.

523.012. The state or any political subdivision thereof shall set forth in writing a general description of the project it intends to complete that requires the use of eminent domain before proceeding with the condemnation of property. The description of the project shall include its intended benefit to the public, an explanation of if or how the public will use the condemned property, the estimated costs, the anticipated sources of funds, the anticipated date of the retirement of obligations incurred to finance the project, and the plan for providing relocation assistance as required by section 523.205.

523.032. 1. After the petition has been filed under section 523.030, but prior to appointing commissioners under section 523.040,

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the condemning entity shall engage in mandatory mediation with the property owner to resolve the amount of compensation the owner shall receive for his or her property. Mediation under this section shall be nonbinding and independently administered. The condemning entity and property owner shall mutually agree upon a qualified independent and neutral mediator and the condemning entity shall pay the cost of the mediator. If the parties cannot mutually agree upon a mediator, the court shall appoint one and the condemning entity shall pay the 10 cost of the mediator. The mediation shall take place within thirty days 11 of the mediator being chosen. If the parties cannot come to an 1213 agreement during mediation, the court shall appoint the commissioners and continue the formal condemnation proceedings. 14

2. The condemning entity or the property owner may include in the mediation any person or entity reasonably necessary to determine the appropriate amount of compensation for the property to be condemned. This subsection shall not be construed to mandate attendance at a mediation by a person or entity other than the condemning entity or property owner.

3. No person who serves as a mediator, nor any agent or employee of that person, shall be subpoenaed or otherwise compelled to disclose any matter disclosed in the process of setting up or conducting the mediation.

4. Mediation proceedings shall be regarded as settlement negotiations and the confidentiality of such proceeding shall be as set forth in supreme court rule no. 17.

523.035. 1. After the petition has been filed under section 523.030, the court shall, prior to appointing commissioners under section 523.040, determine whether or not:

4 (1) The condemning entity has the authority to exercise the 5 power of eminent domain;

(2) The property sought to be condemned is subject to the exercise of eminent domain;

(3) The property sought to be condemned is for a public use; and

9 (4) The condemning entity is properly exercising the power of 10 eminent domain in the particular proceeding.

11 The court may also determine any other issues raised by the owner of 12 the property which attacks the validity of the condemning entity's right

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13 to exercise eminent domain over the owner's property.

- 2. If the court determines that the condemning entity has satisfied all the requirements of subsection 1 of this section, the court shall enter an interlocutory order to such effect. An interlocutory appeal shall lie from the decision as a matter of right.
- 3. If the court determines that the condemning entity has not satisfied all the requirements of subsection 1 of this section and does not have the authority to exercise the power of eminent domain in this particular proceeding, the court shall dismiss the condemning entity's petition with prejudice and direct the condemning entity to pay the owner's court costs and attorneys' fees.
- 4. The appeal provided for in subsection 2 of this section shall be an interlocutory appeal, filed in the appropriate district of the Missouri court of appeals. Notice of such interlocutory appeal shall be filed within three days of the entry of the order of trial court; the time limits applicable to such appeal shall be the same as in interlocutory appeals allowed to the state in criminal cases.

523.040. The court, or judge thereof in vacation, on being satisfied that due notice of the pendency of the petition has been given, shall appoint three disinterested commissioners, [who] one of whom shall hold a real estate license under section 339.040, RSMo, one of whom shall be a licensed attorney, one of whom shall be a member of the general public, and all of whom shall be residents of the county in which the real estate or a part thereof is situated[, to]. The Missouri supreme court shall promulgate rules to establish uniform instructions to be given to commissioners regarding the scope and nature of their duties when determining the amount of compensation an owner is to receive for his or her condemned property. The commissioners assess the damages which the owners may severally sustain by reason of such appropriation, who, after having viewed the property, shall return to the clerk of such court, under oath, their report in duplicate, of such assessment of damages, setting forth the amount of damages allowed to the person or persons named as owning or claiming the tract of land condemned, and should more than one tract be condemned in the petition, then the damages allowed to the owner, owners, claimant or claimants of each tract, respectively, shall be stated separately, together with a specific description of the tracts for which such damages are assessed; and the clerk shall file one

20 copy of said report in his office and record the same in the order book of the court, 21 and he shall deliver the other copy, duly certified by him, to the recorder of deeds of the county where the land lies (or to the recorder of deeds of the city of St. 2223Louis, if the land lies in said city) who shall record the same in his office, and index each tract separately as provided in section 59.440, RSMo, and the fee for 2425so recording shall be taxed by the clerk as costs in the proceedings; and thereupon such company shall pay to the clerk the amount thus assessed for the 2627party in whose favor such damages have been assessed; and on making such 28payment it shall be lawful for such company to hold the interest in the property so appropriated for the uses prescribed in this section; and upon failure to pay 2930 the assessment, the court may, upon motion and notice by the party entitled to such damages, enforce the payment of the same by execution, unless the said 31 company shall, within ten days from the return of such assessment, elect to 32abandon the proposed appropriation of any parcel of land, by an instrument in 33 writing to that effect, to be filed with the clerk of the court, and entered on the 34 minutes of the court, and as to so much as is thus abandoned, the assessment of 35 36 damages shall be void.

523.110. Before any entity with condemnation authority conducts mandatory mediation under section 523.032 with a property owner to acquire any property interest which may eventually be acquired 3 through formal eminent domain proceedings, the condemning entity shall provide the owner of the property a form containing a written 5 6 summary of the rights of an owner of property to be acquired under 7 this chapter via certified mail return receipt requested. If the 8 condemning entity does not supply the owner of the real property with this form, a presumption shall exist that any sale or contract entered 10 into between the condemning entity and the owner was not voluntary and the condemning entity may be held responsible for any relief, if 11 any, as the court may determine to be appropriate considering all of 12the facts and circumstances, including, but not limited to, an award of 13 punitive damages. Such summary of rights, however, need not be given 14 to any of such persons who cannot be found by the condemning entity 15 16 upon the exercise of due diligence.

523.205. 1. Any public agency as defined in section 523.200 which is required, as a condition to the receipt of federal funds, to give relocation assistance to any displaced person is hereby authorized and directed to give

- 4 similar relocation assistance to displaced persons when the property involved is
- 5 being acquired for the same public purpose through the same procedures, and is
- 6 being purchased solely through expenditure of state or local funds.
- 7 2. The governing body of any city, or agency thereof, prior to approval of
- 8 a plan, project or area for redevelopment under the operation of chapter 99,
- 9 RSMo, chapter 100, RSMo, or chapter 353, RSMo, or any other political
- 10 subdivision initiating condemnation proceedings, which proposes or
- 11 includes within its provisions or necessitates displacement of persons, when such
- 12 displacement is not subject to the provisions of the Federal Uniform Relocation
- 13 and Real Property Acquisition Policies Act of 1970 (42 U.S.C. sections 4601 to
- 14 4655, as amended) or subsection 1 of this section, shall establish by ordinance or
- 15 rule a relocation policy which shall include, but not be limited to, the provisions
- 16 and requirements of subsections 2 to 15 of this section, or in lieu thereof, such
- 17 relocation policy shall contain provisions and requirements which are equivalent
- 18 to the requirements of the Federal Uniform Relocation Assistance and Real
- 19 Property Acquisition Policies Act of 1970 (42 U.S.C. sections 4601 to 4655, as
- 20 amended).
- 3. As used in this section, the following terms shall mean:
- 22 (1) "Business", any lawful activity that is conducted:
- 23 (a) Primarily for the purchase, sale or use of personal or real property or
- 24 for the manufacture, processing or marketing of products or commodities; or
- 25 (b) Primarily for the sale of services to the public;
- 26 (2) "Decent, safe and sanitary dwelling", a dwelling which meets
- 27 applicable housing and occupancy codes. The dwelling shall:
- 28 (a) Be structurally sound, weathertight and in good repair;
- 29 (b) Contain a safe electrical wiring system;
- 30 (c) Contain an adequate heating system;
- 31 (d) Be adequate in size with respect to the number of rooms needed to
- 32 accommodate the displaced person; and
- 33 (e) For a handicapped person, be free of any barriers which would
- 34 preclude reasonable ingress, egress or use of the dwelling;
- 35 (3) "Handicapped person", any person who is deaf, legally blind or
- 36 orthopedically disabled to the extent that acquisition of another residence
- 37 presents a greater burden than other persons would encounter or to the extent
- 38 that modifications to the replacement residence would be necessary;
- 39 (4) "Initiation of negotiations", the delivery of the initial written offer of

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40 just compensation by the acquiring entity, to the owner of the real property, to

- purchase such real property for the project, or the notice to the person that he 41
- will be displaced by rehabilitation or demolition; 42
- 43 (5) "Person", any individual, family, partnership, corporation, or association. 44
- 45 4. Every urban redevelopment corporation acquiring property within a redevelopment area shall submit a relocation plan as part of the redevelopment 46 47plan.
- 48 5. Unless the property acquisition under the operation of chapter 99, RSMo, chapter 100, RSMo, or chapter 353, RSMo, is subject to federal relocation 49 50 standards or subsection 1 of this section, the relocation plan shall provide for the 51 following:
- 52 (1) Payments to all eligible displaced persons, as defined, who occupied 53 the property to be acquired for not less than ninety days prior to the initiation of negotiations who are required to vacate the premises; 54
- (2) A program for identifying special needs of displaced persons with 55 specific consideration given to income, age, size of family, nature of business, 56 availability of suitable replacement facilities and vacancy rates of affordable 57 facilities; 58
- (3) A program for referrals of displaced persons with provisions for a minimum of three decent, safe and sanitary housing referrals for residential persons or suitable referral sites for displaced businesses, a minimum of ninety 62 days' notice of referral sites for handicapped displaced persons and sixty days' 63 notice of referral sites for all other displaced persons prior to the date such displaced persons are required to vacate the premises, and arrangements for transportation to inspect referral sites; and
- 66 (4) Every displaced person shall be given a ninety-day notice to vacate, 67 prior to the date such displaced person is required to vacate the premises.
- 68 6. All displaced residential persons eligible for payments shall be provided 69 with relocation payments based upon one of the following, at the option of the 70 person:
 - (1) A five-hundred-dollar fixed payment; or
- 72(2) Actual reasonable costs of relocation including actual moving costs, 73 utility deposits, key deposits, storage of personal property up to one month, utility transfer and connection fees and other initial rehousing deposits including 74first and last month's rent and security deposit.

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76 7. All displaced businesses eligible for payments shall be provided with relocation payments based upon the following, at the option of the business:

- (1) A one-thousand-five-hundred-dollar fixed payment; or
- 79 (2) Actual costs of moving including costs for packing, crating, 80 disconnection, dismantling, reassembling and installing all personal equipment 81 and costs for relettering similar signs and similar replacement stationery.
- 82 8. If a displaced person demonstrates the need for an advance relocation payment, in order to avoid or reduce a hardship, the developer or public agency shall issue the payment subject to such safeguards as are appropriate to ensure that the objective of the payment is accomplished. Payment for a satisfactory claim shall be made within thirty days following receipt of sufficient documentation to support the claim. All claims for relocation payment shall be filed with the displacing agency within six months after:
 - (1) For tenants, the date of displacement;
- 90 (2) For owners, the date of displacement or the final payment for the 91 acquisition of the real property, whichever is later.
- 92 9. Any displaced person, who is also the owner of the premises, may waive 93 relocation payments as part of the negotiations for acquisition of the interest held 94 by such person. Such waiver shall be in writing, shall disclose the person's 95 knowledge of the provisions of this section and his entitlement to payment and 96 shall be filed with the acquiring public agency.
- 97 10. All persons eligible for relocation benefits shall be notified in writing 98 of the availability of such relocation payments and assistance, with such notice 99 to be given concurrently with the notice of referral sites as required in 100 subdivision (3) of subsection 5 of this section.
 - 11. Any urban redevelopment corporation, its assigns or transferees, which have been provided any assistance under the operation of chapter 99, RSMo, chapter 100, RSMo, chapter 353, RSMo, or this chapter, with land acquisition by the local governing body, shall be required to make a report to the local governing body or appropriate public agency which shall include, but not be limited to, the addresses of all occupied residential buildings and structures within the redevelopment area and the names and addresses of persons displaced by the redeveloper and specific relocation benefits provided to each person, as well as a sample notice provided to each person.
- 110 12. An urban redevelopment corporation which fails to comply with the 111 relocation requirements provided in this section shall not be eligible for tax

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abatement as provided for in chapter 353, RSMo.

13. The requirements set out in this section shall be considered minimum standards. In reviewing any proposed relocation plan under the operation of chapter 99, RSMo, chapter 100, RSMo, or chapter 353, RSMo, the local governing body or public agency shall determine the adequacy of the proposal and may require additional elements to be provided.

14. Relocation assistance shall not be provided to any person who purposely resides or locates his business in a redevelopment area solely for the purpose of obtaining relocation benefits.

15. The provisions of sections 523.200 and 523.205 shall apply to land acquisitions under the operation of chapter 99, RSMo, chapter 100, RSMo, or chapter 353, RSMo, filed for approval, approved or amended on or after August 31, 1991, or any other land acquisition obtained under the provisions of this chapter.

Bill

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