

SECOND REGULAR SESSION

# SENATE BILL NO. 884

93RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR CALLAHAN.

Read 1st time January 17, 2006, and ordered printed.

TERRY L. SPIELER, Secretary.

4535S.011

## AN ACT

To repeal section 99.845, RSMo, and to enact in lieu thereof one new section relating to the sole purpose of excluding a sales tax imposed by Jackson County for sports stadium improvement from economic activity tax revenues for tax increment finance projects.

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

Section A. Section 99.845, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 99.845, to read as follows:

99.845. 1. A municipality, either at the time a redevelopment project is approved or, in the event a municipality has undertaken acts establishing a redevelopment plan and redevelopment project and has designated a redevelopment area after the passage and approval of sections 99.800 to 99.865 but prior to August 13, 1982, which acts are in conformance with the procedures of sections 99.800 to 99.865, may adopt tax increment allocation financing by passing an ordinance providing that after the total equalized assessed valuation of the taxable real property in a redevelopment project exceeds the certified total initial equalized assessed valuation of the taxable real property in the redevelopment project, the ad valorem taxes, and payments in lieu of taxes, if any, arising from the levies upon taxable real property in such redevelopment project by taxing districts and tax rates determined in the manner provided in subsection 2 of section 99.855 each year after the effective date of the ordinance until redevelopment costs have been paid shall be divided as follows:

(1) That portion of taxes, penalties and interest levied upon each taxable lot, block, tract, or parcel of real property which is attributable to the initial equalized assessed value of each such taxable lot, block, tract, or parcel of real

**EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.**

18 property in the area selected for the redevelopment project shall be allocated to  
19 and, when collected, shall be paid by the county collector to the respective  
20 affected taxing districts in the manner required by law in the absence of the  
21 adoption of tax increment allocation financing;

22 (2) (a) Payments in lieu of taxes attributable to the increase in the current  
23 equalized assessed valuation of each taxable lot, block, tract, or parcel of real  
24 property in the area selected for the redevelopment project and any applicable  
25 penalty and interest over and above the initial equalized assessed value of each  
26 such unit of property in the area selected for the redevelopment project shall be  
27 allocated to and, when collected, shall be paid to the municipal treasurer who  
28 shall deposit such payment in lieu of taxes into a special fund called the "Special  
29 Allocation Fund" of the municipality for the purpose of paying redevelopment  
30 costs and obligations incurred in the payment thereof. Payments in lieu of taxes  
31 which are due and owing shall constitute a lien against the real estate of the  
32 redevelopment project from which they are derived and shall be collected in the  
33 same manner as the real property tax, including the assessment of penalties and  
34 interest where applicable. The municipality may, in the ordinance, pledge the  
35 funds in the special allocation fund for the payment of such costs and obligations  
36 and provide for the collection of payments in lieu of taxes, the lien of which may  
37 be foreclosed in the same manner as a special assessment lien as provided in  
38 section 88.861, RSMo. No part of the current equalized assessed valuation of  
39 each lot, block, tract, or parcel of property in the area selected for the  
40 redevelopment project attributable to any increase above the total initial  
41 equalized assessed value of such properties shall be used in calculating the  
42 general state school aid formula provided for in section 163.031, RSMo, until such  
43 time as all redevelopment costs have been paid as provided for in this section and  
44 section 99.850;

45 (b) Notwithstanding any provisions of this section to the contrary, for  
46 purposes of determining the limitation on indebtedness of local government  
47 pursuant to article VI, section 26(b) of the Missouri Constitution, the current  
48 equalized assessed value of the property in an area selected for redevelopment  
49 attributable to the increase above the total initial equalized assessed valuation  
50 shall be included in the value of taxable tangible property as shown on the last  
51 completed assessment for state or county purposes;

52 (c) The county assessor shall include the current assessed value of all  
53 property within the taxing district in the aggregate valuation of assessed property

54 entered upon the assessor's book and verified pursuant to section 137.245, RSMo,  
55 and such value shall be utilized for the purpose of the debt limitation on local  
56 government pursuant to article VI, section 26(b) of the Missouri Constitution;

57 (3) For purposes of this section, "levies upon taxable real property in such  
58 redevelopment project by taxing districts" shall not include the blind pension fund  
59 tax levied under the authority of article III, section 38(b) of the Missouri  
60 Constitution, or the merchants' and manufacturers' inventory replacement tax  
61 levied under the authority of subsection 2 of section 6 of article X of the Missouri  
62 Constitution, except in redevelopment project areas in which tax increment  
63 financing has been adopted by ordinance pursuant to a plan approved by vote of  
64 the governing body of the municipality taken after August 13, 1982, and before  
65 January 1, 1998.

66 2. In addition to the payments in lieu of taxes described in subdivision (2)  
67 of subsection 1 of this section, for redevelopment plans and projects adopted or  
68 redevelopment projects approved by ordinance after July 12, 1990, and prior to  
69 August 31, 1991, fifty percent of the total additional revenue from taxes, penalties  
70 and interest imposed by the municipality, or other taxing districts, which are  
71 generated by economic activities within the area of the redevelopment project over  
72 the amount of such taxes generated by economic activities within the area of the  
73 redevelopment project in the calendar year prior to the adoption of the  
74 redevelopment project by ordinance, while tax increment financing remains in  
75 effect, but excluding taxes imposed on sales or charges for sleeping rooms paid by  
76 transient guests of hotels and motels, taxes levied pursuant to section 70.500,  
77 RSMo, licenses, fees or special assessments other than payments in lieu of taxes  
78 and any penalty and interest thereon, or, effective January 1, 1998, taxes levied  
79 pursuant to section 94.660, RSMo, for the purpose of public transportation, shall  
80 be allocated to, and paid by the local political subdivision collecting officer to the  
81 treasurer or other designated financial officer of the municipality, who shall  
82 deposit such funds in a separate segregated account within the special allocation  
83 fund. Any provision of an agreement, contract or covenant entered into prior to  
84 July 12, 1990, between a municipality and any other political subdivision which  
85 provides for an appropriation of other municipal revenues to the special allocation  
86 fund shall be and remain enforceable.

87 3. In addition to the payments in lieu of taxes described in subdivision (2)  
88 of subsection 1 of this section, for redevelopment plans and projects adopted or  
89 redevelopment projects approved by ordinance after August 31, 1991, fifty percent

90 of the total additional revenue from taxes, penalties and interest which are  
91 imposed by the municipality or other taxing districts, and which are generated  
92 by economic activities within the area of the redevelopment project over the  
93 amount of such taxes generated by economic activities within the area of the  
94 redevelopment project in the calendar year prior to the adoption of the  
95 redevelopment project by ordinance, while tax increment financing remains in  
96 effect, but excluding personal property taxes, taxes imposed on sales or charges  
97 for sleeping rooms paid by transient guests of hotels and motels, taxes levied  
98 pursuant to section 70.500, RSMo, [or effective January 1, 1998,] taxes levied for  
99 the purpose of public transportation pursuant to section 94.660, RSMo, licenses,  
100 fees or special assessments other than payments in lieu of taxes and penalties  
101 and interest thereon, **or any sales tax imposed by a county with a charter**  
102 **form of government and with more than six hundred thousand but**  
103 **fewer than seven hundred thousand inhabitants, for the purpose of**  
104 **sports stadium improvement**, shall be allocated to, and paid by the local  
105 political subdivision collecting officer to the treasurer or other designated  
106 financial officer of the municipality, who shall deposit such funds in a separate  
107 segregated account within the special allocation fund.

108           4. Beginning January 1, 1998, for redevelopment plans and projects  
109 adopted or redevelopment projects approved by ordinance and which have  
110 complied with subsections 4 to 12 of this section, in addition to the payments in  
111 lieu of taxes and economic activity taxes described in subsections 1, 2 and 3 of  
112 this section, up to fifty percent of the new state revenues, as defined in subsection  
113 8 of this section, estimated for the businesses within the project area and  
114 identified by the municipality in the application required by subsection 10 of this  
115 section, over and above the amount of such taxes reported by businesses within  
116 the project area as identified by the municipality in their application prior to the  
117 approval of the redevelopment project by ordinance, while tax increment  
118 financing remains in effect, may be available for appropriation by the general  
119 assembly as provided in subsection 10 of this section to the department of  
120 economic development supplemental tax increment financing fund, from the  
121 general revenue fund, for distribution to the treasurer or other designated  
122 financial officer of the municipality with approved plans or projects.

123           5. The treasurer or other designated financial officer of the municipality  
124 with approved plans or projects shall deposit such funds in a separate segregated  
125 account within the special allocation fund established pursuant to section 99.805.

126           6. No transfer from the general revenue fund to the Missouri  
127 supplemental tax increment financing fund shall be made unless an appropriation  
128 is made from the general revenue fund for that purpose. No municipality shall  
129 commit any state revenues prior to an appropriation being made for that  
130 project. For all redevelopment plans or projects adopted or approved after  
131 December 23, 1997, appropriations from the new state revenues shall not be  
132 distributed from the Missouri supplemental tax increment financing fund into the  
133 special allocation fund unless the municipality's redevelopment plan ensures that  
134 one hundred percent of payments in lieu of taxes and fifty percent of economic  
135 activity taxes generated by the project shall be used for eligible redevelopment  
136 project costs while tax increment financing remains in effect. This account shall  
137 be separate from the account into which payments in lieu of taxes are deposited,  
138 and separate from the account into which economic activity taxes are deposited.

139           7. In order for the redevelopment plan or project to be eligible to receive  
140 the revenue described in subsection 4 of this section, the municipality shall  
141 comply with the requirements of subsection 10 of this section prior to the time the  
142 project or plan is adopted or approved by ordinance. The director of the  
143 department of economic development and the commissioner of the office of  
144 administration may waive the requirement that the municipality's application be  
145 submitted prior to the redevelopment plan's or project's adoption or the  
146 redevelopment plan's or project's approval by ordinance.

147           8. For purposes of this section, "new state revenues" means:

148           (1) The incremental increase in the general revenue portion of state sales  
149 tax revenues received pursuant to section 144.020, RSMo, excluding sales taxes  
150 that are constitutionally dedicated, taxes deposited to the school district trust  
151 fund in accordance with section 144.701, RSMo, sales and use taxes on motor  
152 vehicles, trailers, boats and outboard motors and future sales taxes earmarked  
153 by law. In no event shall the incremental increase include any amounts  
154 attributable to retail sales unless the municipality or authority has proven to the  
155 Missouri development finance board and the department of economic development  
156 and such entities have made a finding that the sales tax increment attributable  
157 to retail sales is from new sources which did not exist in the state during the  
158 baseline year. The incremental increase in the general revenue portion of state  
159 sales tax revenues for an existing or relocated facility shall be the amount that  
160 current state sales tax revenue exceeds the state sales tax revenue in the base  
161 year as stated in the redevelopment plan as provided in subsection 10 of this

162 section; or

163 (2) The state income tax withheld on behalf of new employees by the  
164 employer pursuant to section 143.221, RSMo, at the business located within the  
165 project as identified by the municipality. The state income tax withholding  
166 allowed by this section shall be the municipality's estimate of the amount of state  
167 income tax withheld by the employer within the redevelopment area for new  
168 employees who fill new jobs directly created by the tax increment financing  
169 project.

170 9. Subsection 4 of this section shall apply only to blighted areas located  
171 in enterprise zones, pursuant to sections 135.200 to 135.256, RSMo, blighted  
172 areas located in federal empowerment zones, or to blighted areas located in  
173 central business districts or urban core areas of cities which districts or urban  
174 core areas at the time of approval of the project by ordinance, provided that the  
175 enterprise zones, federal empowerment zones or blighted areas contained one or  
176 more buildings at least fifty years old; and

177 (1) Suffered from generally declining population or property taxes over the  
178 twenty-year period immediately preceding the area's designation as a project area  
179 by ordinance; or

180 (2) Was a historic hotel located in a county of the first classification  
181 without a charter form of government with a population according to the most  
182 recent federal decennial census in excess of one hundred fifty thousand and  
183 containing a portion of a city with a population according to the most recent  
184 federal decennial census in excess of three hundred fifty thousand.

185 10. The initial appropriation of up to fifty percent of the new state  
186 revenues authorized pursuant to subsections 4 and 5 of this section shall not be  
187 made to or distributed by the department of economic development to a  
188 municipality until all of the following conditions have been satisfied:

189 (1) The director of the department of economic development or his or her  
190 designee and the commissioner of the office of administration or his or her  
191 designee have approved a tax increment financing application made by the  
192 municipality for the appropriation of the new state revenues. The municipality  
193 shall include in the application the following items in addition to the items in  
194 section 99.810:

195 (a) The tax increment financing district or redevelopment area, including  
196 the businesses identified within the redevelopment area;

197 (b) The base year of state sales tax revenues or the base year of state

198 income tax withheld on behalf of existing employees, reported by existing  
199 businesses within the project area prior to approval of the redevelopment project;

200 (c) The estimate of the incremental increase in the general revenue  
201 portion of state sales tax revenue or the estimate for the state income tax  
202 withheld by the employer on behalf of new employees expected to fill new jobs  
203 created within the redevelopment area after redevelopment;

204 (d) The official statement of any bond issue pursuant to this subsection  
205 after December 23, 1997;

206 (e) An affidavit that is signed by the developer or developers attesting  
207 that the provisions of subdivision (1) of section 99.810 have been met and  
208 specifying that the redevelopment area would not be reasonably anticipated to be  
209 developed without the appropriation of the new state revenues;

210 (f) The cost-benefit analysis required by section 99.810 includes a study  
211 of the fiscal impact on the state of Missouri; and

212 (g) The statement of election between the use of the incremental increase  
213 of the general revenue portion of the state sales tax revenues or the state income  
214 tax withheld by employers on behalf of new employees who fill new jobs created  
215 in the redevelopment area;

216 (h) The name, street and mailing address, and phone number of the mayor  
217 or chief executive officer of the municipality;

218 (i) The street address of the development site;

219 (j) The three-digit North American Industry Classification System number  
220 or numbers characterizing the development project;

221 (k) The estimated development project costs;

222 (l) The anticipated sources of funds to pay such development project costs;

223 (m) Evidence of the commitments to finance such development project  
224 costs;

225 (n) The anticipated type and term of the sources of funds to pay such  
226 development project costs;

227 (o) The anticipated type and terms of the obligations to be issued;

228 (p) The most recent equalized assessed valuation of the property within  
229 the development project area;

230 (q) An estimate as to the equalized assessed valuation after the  
231 development project area is developed in accordance with a development plan;

232 (r) The general land uses to apply in the development area;

233 (s) The total number of individuals employed in the development area,

234 broken down by full-time, part-time, and temporary positions;

235 (t) The total number of full-time equivalent positions in the development  
236 area;

237 (u) The current gross wages, state income tax withholdings, and federal  
238 income tax withholdings for individuals employed in the development area;

239 (v) The total number of individuals employed in this state by the  
240 corporate parent of any business benefiting from public expenditures in the  
241 development area, and all subsidiaries thereof, as of December thirty-first of the  
242 prior fiscal year, broken down by full-time, part-time, and temporary positions;

243 (w) The number of new jobs to be created by any business benefiting from  
244 public expenditures in the development area, broken down by full-time, part-time,  
245 and temporary positions;

246 (x) The average hourly wage to be paid to all current and new employees  
247 at the project site, broken down by full-time, part-time, and temporary positions;

248 (y) For project sites located in a metropolitan statistical area, as defined  
249 by the federal Office of Management and Budget, the average hourly wage paid  
250 to nonmanagerial employees in this state for the industries involved at the  
251 project, as established by the United States Bureau of Labor Statistics;

252 (z) For project sites located outside of metropolitan statistical areas, the  
253 average weekly wage paid to nonmanagerial employees in the county for  
254 industries involved at the project, as established by the United States  
255 Department of Commerce;

256 (aa) A list of other community and economic benefits to result from the  
257 project;

258 (bb) A list of all development subsidies that any business benefiting from  
259 public expenditures in the development area has previously received for the  
260 project, and the name of any other granting body from which such subsidies are  
261 sought;

262 (cc) A list of all other public investments made or to be made by this state  
263 or units of local government to support infrastructure or other needs generated  
264 by the project for which the funding pursuant to this section is being sought;

265 (dd) A statement as to whether the development project may reduce  
266 employment at any other site, within or without the state, resulting from  
267 automation, merger, acquisition, corporate restructuring, relocation, or other  
268 business activity;

269 (ee) A statement as to whether or not the project involves the relocation



270 of work from another address and if so, the number of jobs to be relocated and the  
271 address from which they are to be relocated;

272 (ff) A list of competing businesses in the county containing the  
273 development area and in each contiguous county;

274 (gg) A market study for the development area;

275 (hh) A certification by the chief officer of the applicant as to the accuracy  
276 of the development plan;

277 (2) The methodologies used in the application for determining the base  
278 year and determining the estimate of the incremental increase in the general  
279 revenue portion of the state sales tax revenues or the state income tax withheld  
280 by employers on behalf of new employees who fill new jobs created in the  
281 redevelopment area shall be approved by the director of the department of  
282 economic development or his or her designee and the commissioner of the office  
283 of administration or his or her designee. Upon approval of the application, the  
284 director of the department of economic development or his or her designee and  
285 the commissioner of the office of administration or his or her designee shall issue  
286 a certificate of approval. The department of economic development may request  
287 the appropriation following application approval;

288 (3) The appropriation shall be either a portion of the estimate of the  
289 incremental increase in the general revenue portion of state sales tax revenues  
290 in the redevelopment area or a portion of the estimate of the state income tax  
291 withheld by the employer on behalf of new employees who fill new jobs created  
292 in the redevelopment area as indicated in the municipality's application,  
293 approved by the director of the department of economic development or his or her  
294 designee and the commissioner of the office of administration or his or her  
295 designee. At no time shall the annual amount of the new state revenues  
296 approved for disbursements from the Missouri supplemental tax increment  
297 financing fund exceed thirty-two million dollars;

298 (4) Redevelopment plans and projects receiving new state revenues shall  
299 have a duration of up to fifteen years, unless prior approval for a longer term is  
300 given by the director of the department of economic development or his or her  
301 designee and the commissioner of the office of administration or his or her  
302 designee; except that, in no case shall the duration exceed twenty-three years.

303 11. In addition to the areas authorized in subsection 9 of this section, the  
304 funding authorized pursuant to subsection 4 of this section shall also be available  
305 in a federally approved levee district, where construction of a levee begins after

306 December 23, 1997, and which is contained within a county of the first  
307 classification without a charter form of government with a population between  
308 fifty thousand and one hundred thousand inhabitants which contains all or part  
309 of a city with a population in excess of four hundred thousand or more  
310 inhabitants.

311 12. There is hereby established within the state treasury a special fund  
312 to be known as the "Missouri Supplemental Tax Increment Financing Fund", to  
313 be administered by the department of economic development. The department  
314 shall annually distribute from the Missouri supplemental tax increment financing  
315 fund the amount of the new state revenues as appropriated as provided in the  
316 provisions of subsections 4 and 5 of this section if and only if the conditions of  
317 subsection 10 of this section are met. The fund shall also consist of any gifts,  
318 contributions, grants or bequests received from federal, private or other  
319 sources. Moneys in the Missouri supplemental tax increment financing fund shall  
320 be disbursed per project pursuant to state appropriations.

321 13. Redevelopment project costs may include, at the prerogative of the  
322 state, the portion of salaries and expenses of the department of economic  
323 development and the department of revenue reasonably allocable to each  
324 redevelopment project approved for disbursements from the Missouri  
325 supplemental tax increment financing fund for the ongoing administrative  
326 functions associated with such redevelopment project. Such amounts shall be  
327 recovered from new state revenues deposited into the Missouri supplemental tax  
328 increment financing fund created under this section.

329 14. For redevelopment plans or projects approved by ordinance that result  
330 in net new jobs from the relocation of a national headquarters from another state  
331 to the area of the redevelopment project, the economic activity taxes and new  
332 state tax revenues shall not be based on a calculation of the incremental increase  
333 in taxes as compared to the base year or prior calendar year for such  
334 redevelopment project, rather the incremental increase shall be the amount of  
335 total taxes generated from the net new jobs brought in by the national  
336 headquarters from another state. In no event shall this subsection be construed  
337 to allow a redevelopment project to receive an appropriation in excess of up to  
338 fifty percent of the new state revenues.

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