

FIRST REGULAR SESSION

# SENATE BILL NO. 176

94TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR GREEN.

Pre-filed December 18, 2006, and ordered printed.

TERRY L. SPIELER, Secretary.

0596S.011

## AN ACT

To repeal sections 99.805, 99.810, and 99.845, RSMo, and to enact in lieu thereof eight new sections relating to tax increment financing, with an effective date.

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

Section A. Sections 99.805, 99.810, and 99.845, RSMo, are repealed and  
2 eight new sections enacted in lieu thereof, to be known as sections 99.805, 99.810,  
3 99.845, 99.866, 99.867, 99.870, 99.872, and 99.873, to read as follows:

99.805. As used in sections 99.800 to [99.865] **99.873**, unless the context  
2 clearly requires otherwise, the following terms shall mean:

3 (1) "Blighted area", an area which, by reason of the predominance of  
4 defective or inadequate street layout, unsanitary or unsafe conditions,  
5 deterioration of site improvements, improper subdivision or obsolete platting, or  
6 the existence of conditions which endanger life or property by fire and other  
7 causes, or any combination of such factors, retards the provision of housing  
8 accommodations or constitutes an economic or social liability or a menace to the  
9 public health, safety, morals, or welfare in its present condition and use;

10 (2) "Central business district", the area at or near the historic  
11 core of a city, village, or town that is locally known as the "downtown",  
12 with eighty percent or more of the land use being dedicated to a  
13 combination of business, commercial, financial, transportation, and  
14 government purposes, with the majority of the buildings built more  
15 than fifty years prior to the redevelopment;

16 (3) "Collecting officer", the officer of the municipality responsible for  
17 receiving and processing payments in lieu of taxes or economic activity taxes from  
18 taxpayers or the department of revenue;

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

19            [(3)] (4) "Conservation area", any improved area within the boundaries  
20 of a redevelopment area located within the territorial limits of a municipality in  
21 which fifty percent or more of the structures in the area have an age of thirty-five  
22 years or more. Such an area is not yet a blighted area but is detrimental to the  
23 public health, safety, morals, or welfare and may become a blighted area because  
24 of any one or more of the following factors: dilapidation; obsolescence;  
25 deterioration; illegal use of individual structures; presence of structures below  
26 minimum code standards; abandonment; excessive vacancies; overcrowding of  
27 structures and community facilities; lack of ventilation, light or sanitary facilities;  
28 inadequate utilities; excessive land coverage; deleterious land use or layout;  
29 depreciation of physical maintenance; and lack of community planning. A  
30 conservation area shall meet at least three of the factors provided in this  
31 subdivision for projects approved on or after December 23, 1997;

32            [(4)] (5) "Economic activity taxes", the total additional revenue from  
33 taxes which are imposed by a municipality and other taxing districts, and which  
34 are generated by economic activities within a redevelopment area over the  
35 amount of such taxes generated by economic activities within such redevelopment  
36 area in the calendar year prior to the adoption of the ordinance designating such  
37 a redevelopment area, while tax increment financing remains in effect, but  
38 excluding personal property taxes, taxes imposed on sales or charges for sleeping  
39 rooms paid by transient guests of hotels and motels, licenses, fees or special  
40 assessments, **or sales taxes dedicated by a vote of the people to specific**  
41 **purposes or projects.** For redevelopment projects or redevelopment plans  
42 approved after December 23, 1997, if a retail establishment relocates within one  
43 year from one facility to another facility within the same county and the  
44 governing body of the municipality finds that the relocation is a direct beneficiary  
45 of tax increment financing, then for purposes of this definition, the economic  
46 activity taxes generated by the retail establishment shall equal the total  
47 additional revenues from economic activity taxes which are imposed by a  
48 municipality or other taxing district over the amount of economic activity taxes  
49 generated by the retail establishment in the calendar year prior to its relocation  
50 to the redevelopment area;

51            [(5)] (6) "Economic development area", any area or portion of an area  
52 located within the territorial limits of a municipality, which does not meet the  
53 requirements of subdivisions (1) and [(3)] (4) of this section, and in which the  
54 governing body of the municipality finds that redevelopment will not be solely

55 used for development of commercial businesses which unfairly compete in the  
56 local economy and is in the public interest because it will[:

57 (a) discourage commerce, industry or manufacturing from moving their  
58 operations to another state[; or

59 (b) Result in increased employment in the municipality; or

60 (c) Result in preservation or enhancement of the tax base of the  
61 municipality];

62 [(6)] (7) "Gambling establishment", an excursion gambling boat as  
63 defined in section 313.800, RSMo, and any related business facility including any  
64 real property improvements which are directly and solely related to such business  
65 facility, whose sole purpose is to provide goods or services to an excursion  
66 gambling boat and whose majority ownership interest is held by a person licensed  
67 to conduct gambling games on an excursion gambling boat or licensed to operate  
68 an excursion gambling boat as provided in sections 313.800 to 313.850,  
69 RSMo. This subdivision shall be applicable only to a redevelopment area  
70 designated by ordinance adopted after December 23, 1997;

71 (8) "High unemployment", unemployment in the proposed  
72 redevelopment area of at least one and one-half times that of the  
73 metropolitan statistical area in which the area is located or, one and  
74 one-half times the unemployment rate of nonmetropolitan counties if  
75 the area is not located in a metropolitan statistical area;

76 (9) "Low fiscal capacity", per capita assessed valuation of  
77 property in the municipality of less than sixty percent of the entire  
78 county in which it is located, or, in unincorporated areas, when the per  
79 capita assessed valuation of property in the school district is less than  
80 sixty percent of the entire county in which it is located;

81 (10) "Moderate income", either a Missouri municipality within a  
82 metropolitan statistical area which has a population of at least one  
83 thousand five hundred and median household income of under eighty  
84 percent of the median household income for the metropolitan statistical  
85 area, according to the last decennial census, or a United States census  
86 block group or contiguous group of block groups within a metropolitan  
87 statistical area which has a population of at least one thousand five  
88 hundred, and each block group having a median household income of  
89 under eighty percent of the median household income for the  
90 metropolitan area in Missouri, according to the last decennial census;

91            [(7)] (11) "Municipality", a city, village, or incorporated town or any  
92 county of this state. For redevelopment areas or projects approved on or after  
93 December 23, 1997, "municipality" applies only to cities, villages, incorporated  
94 towns or counties established for at least one year prior to such date;

95            (12) "New job", a job in a new or expanding redevelopment  
96 project not including jobs of recalled workers, replacement jobs or jobs  
97 that formerly existed in the same industry in the area;

98            [(8)] (13) "Obligations", bonds, loans, debentures, notes, special  
99 certificates, or other evidences of indebtedness issued by a municipality to carry  
100 out a redevelopment project or to refund outstanding obligations;

101           [(9)] (14) "Ordinance", an ordinance enacted by the governing body of a  
102 city, town, or village or a county or an order of the governing body of a county  
103 whose governing body is not authorized to enact ordinances;

104           [(10)] (15) "Payment in lieu of taxes", those estimated revenues from real  
105 property in the area selected for a redevelopment project, which revenues  
106 according to the redevelopment project or plan are to be used for a private use,  
107 which taxing districts would have received had a municipality not adopted tax  
108 increment allocation financing, and which would result from levies made after the  
109 time of the adoption of tax increment allocation financing during the time the  
110 current equalized value of real property in the area selected for the  
111 redevelopment project exceeds the total initial equalized value of real property  
112 in such area until the designation is terminated pursuant to subsection 2 of  
113 section 99.850;

114           [(11)] (16) "Redevelopment area", an area designated by a municipality,  
115 in respect to which the municipality has made a finding that there exist  
116 conditions which cause the area to be classified as a blighted area, a conservation  
117 area, an economic development area, an enterprise zone pursuant to sections  
118 135.200 to 135.256, RSMo, or a combination thereof, which area includes only  
119 those parcels of real property directly and substantially benefited by the proposed  
120 redevelopment project;

121           [(12)] (17) "Redevelopment plan", the comprehensive program of a  
122 municipality for redevelopment intended by the payment of redevelopment costs  
123 to reduce or eliminate those conditions, the existence of which qualified the  
124 redevelopment area as a blighted area, conservation area, economic development  
125 area, or combination thereof, and to thereby enhance the tax bases of the taxing  
126 districts which extend into the redevelopment area. Each redevelopment plan

127 shall conform to the requirements of section 99.810;

128           [(13)] **(18)** "Redevelopment project", any development project within a  
129 redevelopment area in furtherance of the objectives of the redevelopment plan;  
130 any such redevelopment project shall include a legal description of the area  
131 selected for the redevelopment project;

132           [(14)] **(19)** "Redevelopment project costs" include the sum total of all  
133 reasonable or necessary costs incurred or estimated to be incurred, and any such  
134 costs incidental to a redevelopment plan or redevelopment project, as  
135 applicable. Such costs include, but are not limited to, the following:

136           (a) Costs of studies, surveys, plans, and specifications;

137           (b) Professional service costs, including, but not limited to, architectural,  
138 engineering, legal, marketing, financial, planning or special services. Except the  
139 reasonable costs incurred by the commission established in section 99.820 for the  
140 administration of sections 99.800 to 99.865, such costs shall be allowed only as  
141 an initial expense which, to be recoverable, shall be included in the costs of a  
142 redevelopment plan or project;

143           (c) Property assembly costs, including, but not limited to, acquisition of  
144 land and other property, real or personal, or rights or interests therein,  
145 demolition of buildings, and the clearing and grading of land;

146           (d) Costs of rehabilitation, reconstruction, or repair or remodeling of  
147 existing buildings and fixtures;

148           (e) Initial costs for an economic development area;

149           (f) Costs of construction of public works or improvements;

150           (g) Financing costs, including, but not limited to, all necessary and  
151 incidental expenses related to the issuance of obligations, and which may include  
152 payment of interest on any obligations issued pursuant to sections 99.800 to  
153 99.865 accruing during the estimated period of construction of any redevelopment  
154 project for which such obligations are issued and for not more than eighteen  
155 months thereafter, and including reasonable reserves related thereto;

156           (h) All or a portion of a taxing district's capital costs resulting from the  
157 redevelopment project necessarily incurred or to be incurred in furtherance of the  
158 objectives of the redevelopment plan and project, to the extent the municipality  
159 by written agreement accepts and approves such costs;

160           (i) Relocation costs to the extent that a municipality determines that  
161 relocation costs shall be paid or are required to be paid by federal or state law;

162           (j) Payments in lieu of taxes;

163           **(20) "Retail project", any development project where more than**  
164 **fifty percent of the total estimated redevelopment project costs are**  
165 **devoted to the construction, reconstruction, or expansion of retail**  
166 **establishments or infrastructure or facilities ancillary to sales at retail;**

167           [(15)] **(21) "Special allocation fund", the fund of a municipality or its**  
168 **commission which contains at least two separate segregated accounts for each**  
169 **redevelopment plan, maintained by the treasurer of the municipality or the**  
170 **treasurer of the commission into which payments in lieu of taxes are deposited**  
171 **in one account, and economic activity taxes and other revenues are deposited in**  
172 **the other account;**

173           [(16)] **(22) "Taxing districts", any political subdivision of this state**  
174 **having the power to levy taxes;**

175           [(17)] **(23) "Taxing districts' capital costs", those costs of taxing districts**  
176 **for capital improvements that are found by the municipal governing bodies to be**  
177 **necessary and to directly result from the redevelopment project; and**

178           [(18)] **(24) "Vacant land", any parcel or combination of parcels of real**  
179 **property not used for industrial, commercial, or residential buildings.**

99.810. 1. Each redevelopment plan shall set forth in writing a general  
2 description of the program to be undertaken to accomplish the objectives and  
3 shall include, but need not be limited to, the estimated redevelopment project  
4 costs, the anticipated sources of funds to pay the costs, evidence of the  
5 commitments to finance the project costs, the anticipated type and term of the  
6 sources of funds to pay costs, the anticipated type and terms of the obligations to  
7 be issued, the most recent equalized assessed valuation of the property within the  
8 redevelopment area which is to be subjected to payments in lieu of taxes and  
9 economic activity taxes pursuant to section 99.845, an estimate as to the  
10 equalized assessed valuation after redevelopment, and the general land uses to  
11 apply in the redevelopment area. No redevelopment plan shall be adopted by a  
12 municipality without findings **documented by substantial and competent**  
13 **evidence on the record that a reasonable person would believe that:**

14           (1) The redevelopment area on the whole is a blighted area, a conservation  
15 area, or an economic development area, and has not been subject to growth and  
16 development through investment by private enterprise and would not reasonably  
17 be anticipated to be developed without the adoption of tax increment  
18 financing. Such a finding shall include, but not be limited to, a detailed  
19 description of the factors that qualify the redevelopment area or project pursuant

20 to this subdivision [and], an affidavit, signed by the developer or developers and  
21 submitted with the redevelopment plan, attesting that the provisions of this  
22 subdivision have been met, **and a study stating that records were reviewed,**  
23 **inspections were made, comparisons were made, or tasks undertaken**  
24 **demonstrating that the property has not been developed through**  
25 **private enterprise over a period of time. Such a study should be signed**  
26 **by a responsible party or some party should otherwise be designated**  
27 **as being responsible for the study's representations. The study shall be**  
28 **of sufficient specificity to allow representatives of the tax increment**  
29 **financing commission or the municipality, or both, to conduct**  
30 **investigations deemed necessary in order to confirm its findings;**

31 (2) The redevelopment plan conforms to the comprehensive plan for the  
32 development of the municipality as a whole;

33 (3) The estimated dates, which shall not be more than twenty-three years  
34 from the adoption of the ordinance approving a redevelopment project within a  
35 redevelopment area, of completion of any redevelopment project and retirement  
36 of obligations incurred to finance redevelopment project costs have been stated,  
37 provided that no ordinance approving a redevelopment project shall be adopted  
38 later than ten years from the adoption of the ordinance approving the  
39 redevelopment plan under which such project is authorized and provided that no  
40 property for a redevelopment project shall be acquired by eminent domain later  
41 than five years from the adoption of the ordinance approving such redevelopment  
42 project;

43 (4) A plan has been developed for relocation assistance for businesses and  
44 residences;

45 (5) A cost-benefit analysis showing the economic impact of the plan on  
46 each taxing district which is at least partially within the boundaries of the  
47 redevelopment area. The analysis shall show the impact on the economy if the  
48 project is not built, and is built pursuant to the redevelopment plan under  
49 consideration. The cost-benefit analysis shall include a fiscal impact study on  
50 every affected political subdivision, and sufficient information from the developer  
51 for the commission established in section 99.820 to evaluate whether the project  
52 as proposed is financially feasible;

53 (6) A finding that the plan does not include the initial development or  
54 redevelopment of any gambling establishment, provided however, that this  
55 subdivision shall be applicable only to a redevelopment plan adopted for a

56 redevelopment area designated by ordinance after December 23, 1997;

57 **(7) For redevelopment projects involving more than two hundred**  
58 **fifty thousand dollars in tax increment financing, an economic**  
59 **feasibility analysis including a pro forma financial statement indicating**  
60 **the return on investment that may be expected without public**  
61 **assistance. The financial statement shall detail any assumptions made,**  
62 **a pro forma statement analysis demonstrating the amount of assistance**  
63 **required to bring the return into a range deemed attractive to private**  
64 **investors, which amount shall be equal to the estimated reimbursable**  
65 **project costs.**

66 **2. All documentation and findings established pursuant to**  
67 **subsection 1 of this section shall be published and made available at no**  
68 **more than the cost of publication, as a public document no later than**  
69 **thirty days prior to adoption of the plan by the municipality. Any**  
70 **resident of the municipality, or the county if in an unincorporated**  
71 **area, may file a petition in circuit court to enjoin the adoption of any**  
72 **redevelopment plan for which any requirement of subsection 1 or 3 of**  
73 **this section has not been complied with and such injunction may**  
74 **extend until all such requirements have been complied with.**

75 **3.** By the last day of February each year, each commission shall report to  
76 the director of economic development the name, address, phone number and  
77 primary line of business of any business which relocates to the district. The  
78 director of the department of economic development shall compile and report the  
79 same to the governor, the speaker of the house and the president pro tempore of  
80 the senate on the last day of April each year.

99.845. 1. A municipality, either at the time a redevelopment project is  
2 approved or, in the event a municipality has undertaken acts establishing a  
3 redevelopment plan and redevelopment project and has designated a  
4 redevelopment area after the passage and approval of sections 99.800 to 99.865  
5 but prior to August 13, 1982, which acts are in conformance with the procedures  
6 of sections 99.800 to 99.865, may adopt tax increment allocation financing by  
7 passing an ordinance providing that after the total equalized assessed valuation  
8 of the taxable real property in a redevelopment project exceeds the certified total  
9 initial equalized assessed valuation of the taxable real property in the  
10 redevelopment project, the ad valorem taxes, and payments in lieu of taxes, if  
11 any, arising from the levies upon taxable real property in such redevelopment



12 project by taxing districts and tax rates determined in the manner provided in  
13 subsection 2 of section 99.855 each year after the effective date of the ordinance  
14 until redevelopment costs have been paid shall be divided as follows:

15 (1) That portion of taxes, penalties and interest levied upon each taxable  
16 lot, block, tract, or parcel of real property which is attributable to the initial  
17 equalized assessed value of each such taxable lot, block, tract, or parcel of real  
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  
23 current equalized assessed valuation of each taxable lot, block, tract, or parcel of  
24 real property in the area selected for the redevelopment project and any  
25 applicable penalty and interest over and above the initial equalized assessed  
26 value of each such unit of property in the area selected for the redevelopment  
27 project shall be allocated to and, when collected, shall be paid to the municipal  
28 treasurer who shall deposit such payment in lieu of taxes into a special fund  
29 called the "Special Allocation Fund" of the municipality for the purpose of paying  
30 redevelopment costs and obligations incurred in the payment thereof. Payments  
31 in lieu of taxes which are due and owing shall constitute a lien against the real  
32 estate of the redevelopment project from which they are derived and shall be  
33 collected in the same manner as the real property tax, including the assessment  
34 of penalties and interest where applicable. The municipality may, in the  
35 ordinance, pledge the funds in the special allocation fund for the payment of such  
36 costs and obligations and provide for the collection of payments in lieu of taxes,  
37 the lien of which may be foreclosed in the same manner as a special assessment  
38 lien as provided in section 88.861, RSMo. No part of the current equalized  
39 assessed valuation of each lot, block, tract, or parcel of property in the area  
40 selected for the redevelopment project attributable to any increase above the total  
41 initial 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, taxes levied for the purpose of public  
99 transportation pursuant to section 94.660, RSMo, licenses, fees or special  
100 assessments other than payments in lieu of taxes and penalties and interest  
101 thereon, or any sales tax imposed by a county with a charter form of government  
102 and with more than six hundred thousand but fewer than seven hundred  
103 thousand inhabitants, for the purpose of sports stadium improvement, shall be  
104 allocated to, and paid by the local political subdivision collecting officer to the  
105 treasurer or other designated financial officer of the municipality, who shall  
106 deposit such funds in a separate segregated account within the special allocation  
107 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 **distressed communities under section 135.530, RSMo, blighted areas**  
172 **located in** enterprise zones, pursuant to sections 135.200 to 135.256, RSMo,  
173 blighted areas located in federal empowerment zones, or to blighted areas located  
174 in central business districts or urban core areas of cities which districts or urban  
175 core areas at the time of approval of the project by ordinance, provided that the  
176 enterprise zones, federal empowerment zones or blighted areas contained one or  
177 more buildings at least fifty years old; and

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

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

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

190 (1) The director of the department of economic development or his or her  
191 designee and the commissioner of the office of administration or his or her

192 designee have approved a tax increment financing application made by the  
193 municipality for the appropriation of the new state revenues. The municipality  
194 shall include in the application the following items in addition to the items in  
195 section 99.810:

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

198 (b) The base year of state sales tax revenues or the base year of state  
199 income tax withheld on behalf of existing employees, reported by existing  
200 businesses within the project area prior to approval of the redevelopment project;

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

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

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

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

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

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

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

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

222 (k) The estimated development project costs;

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

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

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

- 228 (o) The anticipated type and terms of the obligations to be issued;
- 229 (p) The most recent equalized assessed valuation of the property within  
230 the development project area;
- 231 (q) An estimate as to the equalized assessed valuation after the  
232 development project area is developed in accordance with a development plan;
- 233 (r) The general land uses to apply in the development area;
- 234 (s) The total number of individuals employed in the development area,  
235 broken down by full-time, part-time, and temporary positions;
- 236 (t) The total number of full-time equivalent positions in the development  
237 area;
- 238 (u) The current gross wages, state income tax withholdings, and federal  
239 income tax withholdings for individuals employed in the development area;
- 240 (v) The total number of individuals employed in this state by the  
241 corporate parent of any business benefiting from public expenditures in the  
242 development area, and all subsidiaries thereof, as of December thirty-first of the  
243 prior fiscal year, broken down by full-time, part-time, and temporary positions;
- 244 (w) The number of new jobs to be created by any business benefiting from  
245 public expenditures in the development area, broken down by full-time, part-time,  
246 and temporary positions;
- 247 (x) The average hourly wage to be paid to all current and new employees  
248 at the project site, broken down by full-time, part-time, and temporary positions;
- 249 (y) For project sites located in a metropolitan statistical area, as defined  
250 by the federal Office of Management and Budget, the average hourly wage paid  
251 to nonmanagerial employees in this state for the industries involved at the  
252 project, as established by the United States Bureau of Labor Statistics;
- 253 (z) For project sites located outside of metropolitan statistical areas, the  
254 average weekly wage paid to nonmanagerial employees in the county for  
255 industries involved at the project, as established by the United States  
256 Department of Commerce;
- 257 (aa) A list of other community and economic benefits to result from the  
258 project;
- 259 (bb) A list of all development subsidies that any business benefiting from  
260 public expenditures in the development area has previously received for the  
261 project, and the name of any other granting body from which such subsidies are  
262 sought;
- 263 (cc) A list of all other public investments made or to be made by this state

264 or units of local government to support infrastructure or other needs generated  
265 by the project for which the funding pursuant to this section is being sought;

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

270 (ee) A statement as to whether or not the project involves the relocation  
271 of work from another address and if so, the number of jobs to be relocated and the  
272 address from which they are to be relocated;

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

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

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

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

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

299 (4) Redevelopment plans and projects receiving new state revenues shall



300 have a duration of up to fifteen years, unless prior approval for a longer term is  
301 given by the director of the department of economic development or his or her  
302 designee and the commissioner of the office of administration or his or her  
303 designee; except that, in no case shall the duration exceed twenty-three years.

304         11. In addition to the areas authorized in subsection 9 of this section, the  
305 funding authorized pursuant to subsection 4 of this section shall also be available  
306 in a federally approved levee district, where construction of a levee begins after  
307 December 23, 1997, and which is contained within a county of the first  
308 classification without a charter form of government with a population between  
309 fifty thousand and one hundred thousand inhabitants which contains all or part  
310 of a city with a population in excess of four hundred thousand or more  
311 inhabitants.

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

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

330         14. For redevelopment plans or projects approved by ordinance that result  
331 in net new jobs from the relocation of a national headquarters from another state  
332 to the area of the redevelopment project, the economic activity taxes and new  
333 state tax revenues shall not be based on a calculation of the incremental increase  
334 in taxes as compared to the base year or prior calendar year for such  
335 redevelopment project, rather the incremental increase shall be the amount of

336 total taxes generated from the net new jobs brought in by the national  
337 headquarters from another state. In no event shall this subsection be construed  
338 to allow a redevelopment project to receive an appropriation in excess of up to  
339 fifty percent of the new state revenues.

**99.866. 1. Except as provided in subsections 2 and 3 of this  
2 section and section 99.867, sections 99.866 to 99.873 shall apply to any  
3 municipality located within the state. Sections 99.866 to 99.873 shall  
4 apply to all redevelopment projects which are approved by a  
5 municipality after July 1, 2008.**

**6 2. Any redevelopment project consisting solely of public  
7 infrastructure improvements on public land requiring two hundred  
8 fifty thousand dollars or less in tax increment financing, wherein the  
9 bonds for such project will be paid off in seven years or less, shall be  
10 exempt from the provisions of sections 99.866 to 99.873; provided,  
11 however, no stringing of projects shall be allowed. No exempt project  
12 pursuant to this section shall be combined with another exempt project  
13 pursuant to this section for a period of five years.**

**14 3. Any redevelopment project for which eligible project  
15 redevelopment costs are to be paid from that portion of the total  
16 economic activity taxes and payments in lieu of taxes imposed by the  
17 municipality only, and real or potential revenues from no other taxing  
18 jurisdictions are involved, are exempt from the provisions of sections  
19 99.866 to 99.873.**

**99.867. 1. For redevelopment projects located entirely or  
2 partially within metropolitan statistical areas of the state, as defined  
3 by the federal Office of Management and Budget, the municipality and  
4 any proposed redevelopment area shall meet the requirements of  
5 section 99.810 and this section. An area can qualify if:**

**6 (1) The host municipality or, for unincorporated areas, the host  
7 school district has low fiscal capacity; or**

**8 (2) The census block group or groups, as defined in the most  
9 recent decennial census, containing the proposed redevelopment area  
10 have high unemployment; or**

**11 (3) The municipality, census block group or groups, as defined  
12 in the most recent decennial census, containing the proposed  
13 redevelopment area are characterized by moderate income.**

**14 2. For retail projects not located entirely or partially within a**

15 metropolitan statistical area in the state, tax increment financing may  
16 be used if the municipality has made a finding that there exist  
17 conditions which cause the area to be classified as a blighted area or  
18 a conservation area, which area shall have the following additional  
19 characteristics:

20 (1) It is located in the central business district of a city, town, or  
21 village;

22 (2) It includes only those parcels of real property directly and  
23 substantially benefitted by the proposed redevelopment plan;

24 (3) It can be renovated through one or more redevelopment  
25 projects;

26 (4) The establishments in the area have generally suffered from  
27 stagnant or declining taxable sales or corporate receipts during the  
28 preceding three years;

29 (5) It is contiguous, provided, however that a development area  
30 may include up to three noncontiguous areas selected for  
31 redevelopment projects, provided that each noncontiguous area meets  
32 the requirements of subdivisions (1) to (4) of this subsection; and

33 (6) The redevelopment area shall not exceed ten percent of the  
34 entire area of the municipality.

35 Tax increment financing shall not be used to develop retail projects in  
36 areas outside the metropolitan statistical areas of the state unless the  
37 area meets the criteria above.

38 3. Tax increment financing shall not be used for more than five  
39 percent of the total estimated redevelopment costs or thirty percent of  
40 the infrastructure costs, whichever is greater, of a project that is  
41 primarily retail unless the redevelopment is in a municipality, census  
42 block group or group of block groups with a median household income  
43 less than seventy percent of that of the metropolitan area, a distressed  
44 community as defined in section 135.530, RSMo, a federal enterprise  
45 zone or a federal empowerment zone. Tax increment financing shall  
46 not be used to develop sites in which twenty-five percent or more of the  
47 area is vacant and has not previously been developed or qualifies as  
48 "open space" pursuant to section 67.900, RSMo, or is presently being  
49 used for agricultural or horticultural purposes, except where the  
50 redevelopment project is contained in the municipality's  
51 comprehensive plan which was adopted prior to January 1, 2000, or it

52 consumes less than ten acres of land contiguous to a central business  
53 district located outside a metropolitan statistical area of the state.

99.870. Commencing with the first fiscal year in which any  
2 municipality receives any payments in lieu of taxes from a  
3 redevelopment project and continuing through the last fiscal year in  
4 which the municipality receives such payments, the municipality shall  
5 pay to any other taxing entities entitled to receive revenue from levies  
6 on real property in such municipality, an amount equal to twenty-five  
7 percent of the payments in lieu of taxes received by the  
8 municipality. This amount shall be divided among the other affected  
9 taxing entities on a basis that is proportional to the collections of  
10 revenue from real property in the development area to which each such  
11 taxing district is entitled during that tax year. When a tax increment  
12 financing project includes residential uses, absent a recommendation  
13 to the contrary from commission members representing the affected  
14 school board or boards, real property tax levies attributable to the  
15 residential portion of the development shall pass through to the school  
16 district or districts.

99.872. The municipality and the developer shall annually submit  
2 information to the department regarding the approved plan. The  
3 department shall establish reporting requirements by rule promulgated  
4 pursuant to chapter 536, RSMo. The report shall, at a minimum,  
5 identify the number and location of redevelopment areas, quantifying  
6 public investment in each, and assess the public benefit, as quantified  
7 in terms of tax revenue and net new job creation, and show the  
8 economic impact of the project on each taxing district which is at least  
9 partially within the boundaries of the redevelopment area. Any rule or  
10 portion of a rule, as that term is defined in section 536.010, RSMo, that  
11 is created under the authority delegated in this section shall become  
12 effective only if it complies with and is subject to all of the provisions  
13 of chapter 536, RSMo, and, if applicable, section 536.028, RSMo. This  
14 section and chapter 536, RSMo, are nonseverable and if any of the  
15 powers vested with the general assembly pursuant to chapter 536,  
16 RSMo, to review, to delay the effective date, or to disapprove and annul  
17 a rule are subsequently held unconstitutional, then the grant of  
18 rulemaking authority and any rule proposed or adopted after August  
19 28, 2007, shall be invalid and void. The department shall submit a

20 report to the governor and the general assembly by the last day of April  
21 of each year.

99.873. Any district providing emergency services pursuant to  
2 chapter 190 or 321, RSMo, shall be entitled to reimbursement from the  
3 special allocation fund for direct costs. However, such reimbursement  
4 shall not be less than twenty-five percent nor more than one hundred  
5 percent of the district's tax increment.

Section B. Section A of this act shall become effective July 1, 2008.

Unofficial

Bill

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