

SENATE SUBSTITUTE

FOR

SENATE BILL NO. 22

AN ACT

To repeal sections 99.805, 99.810, 99.843, 99.847, and 99.848, RSMo, and to enact in lieu thereof five new sections relating to tax increment financing.

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

Section A. Sections 99.805, 99.810, 99.843, 99.847, and
2 99.848, RSMo, are repealed and five new sections enacted in
3 lieu thereof, to be known as sections 99.805, 99.810, 99.843,
4 99.847, and 99.848, to read as follows:

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

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

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

18 (3) "Conservation area", any improved area within the
19 boundaries of a redevelopment area located within the
20 territorial limits of a municipality in which fifty percent

21 or more of the structures in the area have an age of thirty-
22 five years or more. Such an area is not yet a blighted area
23 but is detrimental to the public health, safety, [morals,]
24 or welfare and may become a blighted area because of any one
25 or more of the following factors: dilapidation;
26 obsolescence; deterioration; illegal use of individual
27 structures; presence of structures below minimum code
28 standards; abandonment; excessive vacancies; overcrowding of
29 structures and community facilities; lack of ventilation,
30 light or sanitary facilities; inadequate utilities;
31 excessive land coverage; deleterious land use or layout;
32 depreciation of physical maintenance; and lack of community
33 planning. A conservation area shall meet at least three of
34 the factors provided in this subdivision for projects
35 approved on or after December 23, 1997. For all
36 redevelopment plans and projects approved on or after
37 January 1, 2022, in retail areas, a conservation area shall
38 meet the dilapidation factor as one of the three factors
39 required under this subdivision;

40 (4) "Economic activity taxes", the total additional
41 revenue from taxes which are imposed by a municipality and
42 other taxing districts, and which are generated by economic
43 activities within a redevelopment area over the amount of
44 such taxes generated by economic activities within such
45 redevelopment area in the calendar year prior to the
46 adoption of the ordinance designating such a redevelopment
47 area, while tax increment financing remains in effect, but
48 excluding personal property taxes, taxes imposed on sales or
49 charges for sleeping rooms paid by transient guests of
50 hotels and motels, licenses, fees or special assessments.
51 For redevelopment projects or redevelopment plans approved
52 after December 23, 1997, if a retail establishment relocates
53 within one year from one facility to another facility within

54 the same county and the governing body of the municipality
55 finds that the relocation is a direct beneficiary of tax
56 increment financing, then for purposes of this definition,
57 the economic activity taxes generated by the retail
58 establishment shall equal the total additional revenues from
59 economic activity taxes which are imposed by a municipality
60 or other taxing district over the amount of economic
61 activity taxes generated by the retail establishment in the
62 calendar year prior to its relocation to the redevelopment
63 area;

64 (5) "Economic development area", any area or portion
65 of an area located within the territorial limits of a
66 municipality, which does not meet the requirements of
67 subdivisions (1) and (3) of this section, and in which the
68 governing body of the municipality finds that redevelopment
69 will not be solely used for development of commercial
70 businesses which unfairly compete in the local economy and
71 is in the public interest because it will:

72 (a) Discourage commerce, industry or manufacturing
73 from moving their operations to another state; or

74 (b) Result in increased employment in the
75 municipality; or

76 (c) Result in preservation or enhancement of the tax
77 base of the municipality;

78 (6) "Gambling establishment", an excursion gambling
79 boat as defined in section 313.800 and any related business
80 facility including any real property improvements which are
81 directly and solely related to such business facility, whose
82 sole purpose is to provide goods or services to an excursion
83 gambling boat and whose majority ownership interest is held
84 by a person licensed to conduct gambling games on an
85 excursion gambling boat or licensed to operate an excursion
86 gambling boat as provided in sections 313.800 to 313.850.

87 This subdivision shall be applicable only to a redevelopment
88 area designated by ordinance adopted after December 23, 1997;

89 (7) "Greenfield area", any vacant, unimproved, or
90 agricultural property that is located wholly outside the
91 incorporated limits of a city, town, or village, or that is
92 substantially surrounded by contiguous properties with
93 agricultural zoning classifications or uses unless said
94 property was annexed into the incorporated limits of a city,
95 town, or village ten years prior to the adoption of the
96 ordinance approving the redevelopment plan for such
97 greenfield area;

98 (8) "Municipality", a city, village, or incorporated
99 town or any county of this state. For redevelopment areas
100 or projects approved on or after December 23, 1997,
101 municipality applies only to cities, villages, incorporated
102 towns or counties established for at least one year prior to
103 such date;

104 (9) "Obligations", bonds, loans, debentures, notes,
105 special certificates, or other evidences of indebtedness
106 issued by a municipality to carry out a redevelopment
107 project or to refund outstanding obligations;

108 (10) "Ordinance", an ordinance enacted by the
109 governing body of a city, town, or village or a county or an
110 order of the governing body of a county whose governing body
111 is not authorized to enact ordinances;

112 (11) "Payment in lieu of taxes", those estimated
113 revenues from real property in the area selected for a
114 redevelopment project, which revenues according to the
115 redevelopment project or plan are to be used for a private
116 use, which taxing districts would have received had a
117 municipality not adopted tax increment allocation financing,
118 and which would result from levies made after the time of
119 the adoption of tax increment allocation financing during

120 the time the current equalized value of real property in the
121 area selected for the redevelopment project exceeds the
122 total initial equalized value of real property in such area
123 until the designation is terminated pursuant to subsection 2
124 of section 99.850;

125 (12) "Port infrastructure project", docks and
126 associated equipment, cargo and passenger terminals, storage
127 warehouses, or any other similar infrastructure directly
128 related to port facilities located in a port district
129 created pursuant to the provisions of chapter 68 and located
130 within one-half of one mile of a navigable waterway;

131 ~~[(12)]~~ (13) "Redevelopment area", an area designated
132 by a municipality, in respect to which the municipality has
133 made a finding that there exist conditions which cause the
134 area to be classified as a blighted area, a conservation
135 area, an economic development area, an enterprise zone
136 pursuant to sections 135.200 to 135.256, or a combination
137 thereof, which area includes only those parcels of real
138 property directly and substantially benefitted by the
139 proposed redevelopment project;

140 ~~[(13)]~~ (14) "Redevelopment plan", the comprehensive
141 program of a municipality for redevelopment intended by the
142 payment of redevelopment costs to reduce or eliminate those
143 conditions, the existence of which qualified the
144 redevelopment area as a blighted area, conservation area,
145 economic development area, or combination thereof, and to
146 thereby enhance the tax bases of the taxing districts which
147 extend into the redevelopment area. Each redevelopment plan
148 shall conform to the requirements of section 99.810;

149 ~~[(14)]~~ (15) "Redevelopment project", any development
150 project within a redevelopment area in furtherance of the
151 objectives of the redevelopment plan; any such redevelopment

152 project shall include a legal description of the area
153 selected for the redevelopment project;

154 [(15)] (16) "Redevelopment project costs" include the
155 sum total of all reasonable or necessary costs incurred or
156 estimated to be incurred, and any such costs incidental to a
157 redevelopment plan or redevelopment project, as applicable.
158 Such costs include, but are not limited to, the following:

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

161 (b) Professional service costs, including, but not
162 limited to, architectural, engineering, legal, marketing,
163 financial, planning or special services. Except the
164 reasonable costs incurred by the commission established in
165 section 99.820 for the administration of sections 99.800 to
166 99.865, such costs shall be allowed only as an initial
167 expense which, to be recoverable, shall be included in the
168 costs of a redevelopment plan or project;

169 (c) Property assembly costs, including, but not
170 limited to:

171 a. Acquisition of land and other property, real or
172 personal, or rights or interests therein;

173 b. Demolition of buildings; and

174 c. The clearing and grading of land;

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

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

178 (f) Costs of construction of public works or
179 improvements;

180 (g) Financing costs, including, but not limited to,
181 all necessary and incidental expenses related to the
182 issuance of obligations, and which may include payment of
183 interest on any obligations issued pursuant to sections
184 99.800 to 99.865 accruing during the estimated period of

185 construction of any redevelopment project for which such
186 obligations are issued and for not more than eighteen months
187 thereafter, and including reasonable reserves related
188 thereto;

189 (h) All or a portion of a taxing district's capital
190 costs resulting from the redevelopment project necessarily
191 incurred or to be incurred in furtherance of the objectives
192 of the redevelopment plan and project, to the extent the
193 municipality by written agreement accepts and approves such
194 costs;

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

198 (j) Payments in lieu of taxes;

199 (17) "Retail area", a proposed redevelopment building
200 area for which more than fifty percent of the usable
201 building square footage in the area is projected to be used
202 by retail businesses, which shall be businesses that
203 primarily sell or offer to sell goods to a buyer primarily
204 for the buyer's personal, family, or household use and not
205 primarily for business, commercial, or agricultural use;

206 (18) "Retail infrastructure projects", highways,
207 roads, streets, bridges, sewers, traffic control systems and
208 devices, water distribution and supply systems, curbing,
209 sidewalks, storm water and drainage systems, or any other
210 similar public improvements, but in no case shall retail
211 infrastructure projects include private structures;

212 **[(16)]** (19) "Special allocation fund", the fund of a
213 municipality or its commission which contains at least two
214 separate segregated accounts for each redevelopment plan,
215 maintained by the treasurer of the municipality or the
216 treasurer of the commission into which payments in lieu of

217 taxes are deposited in one account, and economic activity
218 taxes and other revenues are deposited in the other account;

219 [(17)] (20) "Taxing districts", any political
220 subdivision of this state having the power to levy taxes;

221 [(18)] (21) "Taxing districts' capital costs", those
222 costs of taxing districts for capital improvements that are
223 found by the municipal governing bodies to be necessary and
224 to directly result from the redevelopment project; and

225 [(19)] (22) "Vacant land", any parcel or combination
226 of parcels of real property not used for industrial,
227 commercial, or residential buildings.

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

17 (1) The redevelopment area on the whole is a blighted
18 area, a conservation area, or an economic development area,
19 and has not been subject to growth and development through
20 investment by private enterprise and would not reasonably be
21 anticipated to be developed without the adoption of tax
22 increment financing. Such a finding shall include, but not

23 be limited to, a study prepared by a land use planner, urban
24 planner, licensed architect, licensed commercial real estate
25 appraiser, or licensed attorney, which includes a detailed
26 description of the factors that qualify the redevelopment
27 area or project pursuant to this subdivision and an
28 affidavit, signed by the developer or developers and
29 submitted with the redevelopment plan, attesting that the
30 provisions of this subdivision have been met;

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

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

47 (4) A plan has been developed for relocation
48 assistance for businesses and residences;

49 (5) A cost-benefit analysis showing the economic
50 impact of the plan on each taxing district which is at least
51 partially within the boundaries of the redevelopment area.
52 The analysis shall show the impact on the economy if the
53 project is not built, and is built pursuant to the
54 redevelopment plan under consideration. The cost-benefit
55 analysis shall include a fiscal impact study on every

56 affected political subdivision, and sufficient information
57 from the developer for the commission established in section
58 99.820 to evaluate whether the project as proposed is
59 financially feasible;

60 (6) A finding that the plan does not include the
61 initial development or redevelopment of any gambling
62 establishment, provided however, that this subdivision shall
63 be applicable only to a redevelopment plan adopted for a
64 redevelopment area designated by ordinance after December
65 23, 1997.

66 2. Tax increment allocation financing shall not be
67 adopted under sections 99.800 to 99.865 in a retail area
68 unless such financing is exclusively utilized to fund retail
69 infrastructure projects or unless such area is a blighted
70 area or conservation area. The provisions of this
71 subsection shall not apply to any tax increment allocation
72 financing project or plan approved before August 28, 2021,
73 nor to any amendment to tax increment allocation financing
74 projects and plans where such projects or plans were
75 originally approved before August 28, 2021, provided that
76 such an amendment does not add buildings of new construction
77 in excess of twenty-five percent of the scope of the
78 original redevelopment agreement.

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

99.843. Notwithstanding the provisions of sections
2 99.800 to 99.865 to the contrary, no new tax increment

3 financing project shall be authorized in any greenfield
4 area, as such term is defined in section 99.805[, that is
5 located within a city not within a county or any county
6 subject to the authority of the East-West Gateway Council of
7 Governments. Municipalities not subject to the authority of
8 the East-West Gateway Council of Governments may authorize
9 tax increment finance projects in greenfield areas].

99.847. 1. Notwithstanding the provisions of sections
2 99.800 to 99.865 to the contrary, no new tax increment
3 financing project shall be authorized in any area which is
4 within an area designated as flood plain by the Federal
5 Emergency Management Agency [and which is located in or
6 partly within a county with a charter form of government
7 with greater than two hundred fifty thousand inhabitants but
8 fewer than three hundred thousand inhabitants, unless the
9 redevelopment area actually abuts a river or a major
10 waterway and is substantially surrounded by contiguous
11 properties with residential, industrial, or commercial
12 zoning classifications] unless such project is located in:

13 (1) A county with a charter form of government and
14 with more than six hundred thousand but fewer than seven
15 hundred thousand inhabitants;

16 (2) A county of the first classification with more
17 than two hundred thousand but fewer than two hundred sixty
18 thousand inhabitants;

19 (3) A county of the first classification with more
20 than eighty-three thousand but fewer than ninety-two
21 thousand inhabitants and with a city of the fourth
22 classification with more than four thousand five hundred but
23 fewer than five thousand inhabitants as the county seat;

24 (4) A home rule city with more than seventy-one
25 thousand but fewer than seventy-nine thousand inhabitants;

26 (5) A home rule city with more than one hundred fifty-
27 five thousand but fewer than two hundred thousand
28 inhabitants;

29 (6) A port district created under the provisions of
30 chapter 68, provided that such financing is exclusively
31 utilized to fund a port infrastructure project that is
32 approved by the port authority; or

33 (7) A levee district created pursuant to chapter 245
34 or a drainage district created pursuant to chapter 242 or
35 chapter 243 prior to August 28, 2021.

36 2. This ~~subsection~~ section shall not apply to tax
37 increment financing projects or districts approved prior to
38 July 1, 2003, and shall allow ~~the aforementioned~~ such tax
39 increment financing projects to modify, amend, or expand
40 such projects, including redevelopment project costs, by not
41 more than forty percent of such project original projected
42 cost, including redevelopment project costs, as such
43 projects, including redevelopment project costs ~~as such~~
44 ~~projects redevelopment projects including redevelopment~~
45 ~~project costs~~, existed as of June 30, 2003, and shall allow
46 ~~the aforementioned~~ such tax increment financing district
47 to modify, amend, or expand such districts by not more than
48 five percent as such districts existed as of June 30, 2003.

49 3. The provisions of subsections 1 and 2 of this
50 section notwithstanding, no new tax increment financing
51 project shall be authorized in any area which is within an
52 area designated as flood plain by the Federal Emergency
53 Management Agency and which is located in or partly within a
54 county with a charter form of government and with more than
55 three hundred thousand but fewer than four hundred fifty
56 thousand inhabitants, unless the redevelopment area actually
57 abuts a river or a major waterway and is substantially

58 surrounded by contiguous properties with residential,
59 industrial, or commercial zoning classifications.

99.848. 1. (1) Notwithstanding subsection 1 of
2 section 99.845, any [district or county] ambulance district
3 board operating under chapter 190, any fire protection
4 district board operating under chapter 321, or any governing
5 body operating a 911 center providing dispatch services
6 under chapter 190 or chapter 321 imposing a property tax for
7 the purposes of providing emergency services pursuant to
8 chapter 190 or chapter 321 shall be entitled to
9 reimbursement from the special allocation fund in the amount
10 of at least fifty percent but not more than one hundred
11 percent of the district's or 911 center's tax increment.
12 This [section] subsection shall not apply to tax increment
13 financing projects or [districts] redevelopment areas
14 approved prior to August 28, 2004.

[2.] (2) Beginning August 28, 2018, an ambulance
16 district board operating under chapter 190, a fire
17 protection district board operating under chapter 321, or
18 the governing body of a county operating a 911 center
19 providing emergency or dispatch services under chapter 190
20 or chapter 321 imposing a property tax for the purpose of
21 providing emergency services pursuant to chapter 190 or
22 chapter 321 shall annually set the reimbursement rate under
23 this subsection [1 of this section] prior to [the time the
24 assessment is paid into the special allocation fund]
25 November thirtieth preceding the calendar year for which the
26 annual reimbursement is being set. If the redevelopment
27 plan, area, or project is amended by ordinance or by other
28 means after August 28, 2018, the ambulance or fire
29 protection district board or the governing body of a county
30 operating a 911 center providing emergency or dispatch
31 services under chapter 190 or chapter 321 shall have the

32 right to recalculate the reimbursement rate under this
33 [section] subdivision.

34 2. (1) Notwithstanding subsection 1 of section
35 99.845, any ambulance district board operating under chapter
36 190, any fire protection district operating under chapter
37 321, or any governing body operating a 911 center imposing
38 an economic activities tax for the purposes of providing
39 emergency services pursuant to chapter 190 or chapter 321
40 shall be entitled to reimbursement from the special
41 allocation fund in the amount of at least fifty percent but
42 not more than one hundred percent of the district's or 911
43 center's tax increment. This subsection shall not apply to
44 tax increment financing projects or redevelopment areas
45 approved prior to August 28, 2021.

46 (2) Beginning August 28, 2021, any ambulance district
47 board operating under chapter 190, any fire protection
48 district operating under chapter 321, or any governing body
49 operating a 911 center providing dispatch services under
50 chapter 190 or chapter 321 shall annually set the
51 reimbursement rate under this subsection prior to November
52 thirtieth preceding the calendar year for which the annual
53 reimbursement is being set. If the redevelopment plan,
54 area, or project is amended by ordinance or by other means
55 after August 28, 2021, the ambulance or fire protection
56 district board or the governing body of a county operating a
57 911 center providing emergency or dispatch services under
58 chapter 190 or chapter 321 shall have the right to
59 recalculate the reimbursement rate under this subdivision.