

FIRST REGULAR SESSION

HOUSE BILL NO. 119

92ND GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES DEMPSEY (Sponsor), WALTON, MOORE, MYERS,
GRAHAM, BEARDEN AND BAKER.

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TED WEDEL, Chief Clerk

0473L.011

AN ACT

To repeal section 99.845, RSMo, and to enact in lieu thereof one new section relating to school board approval of tax increment financing.

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Section A. Section 99.845, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 99.845, to read as follows: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 property in the area selected for the redevelopment project shall be allocated to and, when collected, shall be paid by the county collector to the respective affected taxing districts in the manner required by law in the absence of the adoption of tax increment allocation financing;

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

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

45 2. In addition to the payments in lieu of taxes described in subdivision (2) of subsection
46 1 of this section, for redevelopment plans and projects adopted or redevelopment projects
47 approved by ordinance after July 12, 1990, and prior to August 31, 1991, fifty percent of the total
48 additional revenue from taxes, penalties and interest imposed by the municipality, or other taxing
49 districts, which are generated by economic activities within the area of the redevelopment project
50 over the amount of such taxes generated by economic activities within the area of the
51 redevelopment project in the calendar year prior to the adoption of the redevelopment project by
52 ordinance, while tax increment financing remains in effect, but excluding taxes imposed on sales
53 or charges for sleeping rooms paid by transient guests of hotels and motels, taxes levied pursuant
54 to section 70.500, RSMo, licenses, fees or special assessments other than payments in lieu of

55 taxes and any penalty and interest thereon, or, effective January 1, 1998, taxes levied pursuant
56 to section 94.660, RSMo, for the purpose of public transportation, shall be allocated to, and paid
57 by the local political subdivision collecting officer to the treasurer or other designated financial
58 officer of the municipality, who shall deposit such funds in a separate segregated account within
59 the special allocation fund. Any provision of an agreement, contract or covenant entered into
60 prior to July 12, 1990, between a municipality and any other political subdivision which provides
61 for an appropriation of other municipal revenues to the special allocation fund shall be and
62 remain enforceable.

63 3. In addition to the payments in lieu of taxes described in subdivision (2) of subsection
64 1 of this section, for redevelopment plans and projects adopted or redevelopment projects
65 approved by ordinance after August 31, 1991, fifty percent of the total additional revenue from
66 taxes, penalties and interest which are imposed by the municipality or other taxing districts, and
67 which are generated by economic activities within the area of the redevelopment project over the
68 amount of such taxes generated by economic activities within the area of the redevelopment
69 project in the calendar year prior to the adoption of the redevelopment project by ordinance,
70 while tax increment financing remains in effect, but excluding personal property taxes, taxes
71 imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels,
72 taxes levied pursuant to section 70.500, RSMo, or effective January 1, 1998, taxes levied for the
73 purpose of public transportation pursuant to section 94.660, RSMo, licenses, fees or special
74 assessments other than payments in lieu of taxes and penalties and interest thereon, shall be
75 allocated to, and paid by the local political subdivision collecting officer to the treasurer or other
76 designated financial officer of the municipality, who shall deposit such funds in a separate
77 segregated account within the special allocation fund.

78 4. Beginning January 1, 1998, for redevelopment plans and projects adopted or
79 redevelopment projects approved by ordinance and which have complied with subsections 4 to
80 12 of this section, in addition to the payments in lieu of taxes and economic activity taxes
81 described in subsections 1, 2 and 3 of this section, up to fifty percent of the new state revenues,
82 as defined in subsection 8 of this section, estimated for the businesses within the project area and
83 identified by the municipality in the application required by subsection 10 of this section, over
84 and above the amount of such taxes reported by businesses within the project area as identified
85 by the municipality in their application prior to the approval of the redevelopment project by
86 ordinance, while tax increment financing remains in effect, may be available for appropriation
87 by the general assembly as provided in subsection 10 of this section to the department of
88 economic development supplemental tax increment financing fund, from the general revenue
89 fund, for distribution to the treasurer or other designated financial officer of the municipality
90 with approved plans or projects.

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

94 6. No transfer from the general revenue fund to the Missouri supplemental tax increment
95 financing fund shall be made unless an appropriation is made from the general revenue fund for
96 that purpose. No municipality shall commit any state revenues prior to an appropriation being
97 made for that project. For all redevelopment plans or projects adopted or approved after
98 December 23, 1997, appropriations from the new state revenues shall not be distributed from the
99 Missouri supplemental tax increment financing fund into the special allocation fund unless the
100 municipality's redevelopment plan ensures that one hundred percent of payments in lieu of taxes
101 and fifty percent of economic activity taxes generated by the project shall be used for eligible
102 redevelopment project costs while tax increment financing remains in effect. This account shall
103 be separate from the account into which payments in lieu of taxes are deposited, and separate
104 from the account into which economic activity taxes are deposited.

105 7. In order for the redevelopment plan or project to be eligible to receive the revenue
106 described in subsection 4 of this section, the municipality shall comply with the requirements of
107 subsection 10 of this section prior to the time the project or plan is adopted or approved by
108 ordinance. The director of the department of economic development and the commissioner of
109 the office of administration may waive the requirement that the municipality's application be
110 submitted prior to the redevelopment plan's or project's adoption or the redevelopment plan's or
111 project's approval by ordinance.

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

113 (1) The incremental increase in the general revenue portion of state sales tax revenues
114 received pursuant to section 144.020, RSMo, excluding sales taxes that are constitutionally
115 dedicated, taxes deposited to the school district trust fund in accordance with section 144.701,
116 RSMo, sales and use taxes on motor vehicles, trailers, boats and outboard motors and future sales
117 taxes earmarked by law. The incremental increase in the general revenue portion of state sales
118 tax revenues for an existing or relocated facility shall be the amount that current state sales tax
119 revenue exceeds the state sales tax revenue in the base year as stated in the redevelopment plan
120 as provided in subsection 10 of this section; or

121 (2) The state income tax withheld on behalf of new employees by the employer pursuant
122 to section 143.221, RSMo, at the business located within the project as identified by the
123 municipality. The state income tax withholding allowed by this section shall be the
124 municipality's estimate of the amount of state income tax withheld by the employer within the
125 redevelopment area for new employees who fill new jobs directly created by the tax increment
126 financing project.

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

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

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

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

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

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

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

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

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

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

(f) The cost-benefit analysis required by section 99.810 includes a study of the fiscal

163 impact on the state of Missouri; and

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

167 (2) The methodologies used in the application for determining the base year and
168 determining the estimate of the incremental increase in the general revenue portion of the state
169 sales tax revenues or the state income tax withheld by employers on behalf of new employees
170 who fill new jobs created in the redevelopment area shall be approved by the director of the
171 department of economic development or his or her designee and the commissioner of the office
172 of administration or his or her designee. Upon approval of the application, the director of the
173 department of economic development or his or her designee and the commissioner of the office
174 of administration or his or her designee shall issue a certificate of approval. The department of
175 economic development may request the appropriation following application approval;

176 (3) The appropriation shall be either a portion of the estimate of the incremental increase
177 in the general revenue portion of state sales tax revenues in the redevelopment area or a portion
178 of the estimate of the state income tax withheld by the employer on behalf of new employees
179 who fill new jobs created in the redevelopment area as indicated in the municipality's application,
180 approved by the director of the department of economic development or his or her designee and
181 the commissioner of the office of administration or his or her designee. At no time shall the
182 aggregate annual appropriation of the new state revenues for redevelopment areas exceed fifteen
183 million dollars;

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

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

195 12. There is hereby established within the state treasury a special fund to be known as
196 the "Missouri Supplemental Tax Increment Financing Fund", to be administered by the
197 department of economic development. The department shall annually distribute from the
198 Missouri supplemental tax increment financing fund the amount of the new state revenues as

199 appropriated as provided in the provisions of subsections 4 and 5 of this section if and only if the
200 conditions of subsection 10 of this section are met. The fund shall also consist of any gifts,
201 contributions, grants or bequests received from federal, private or other sources. Moneys in the
202 Missouri supplemental tax increment financing fund shall be disbursed per project pursuant to
203 state appropriations.

204 13. All personnel and other costs incurred by the department of economic development
205 for the administration and operation of subsections 4 to 12 of this section shall be paid from the
206 state general revenue fund. On an annual basis, the general revenue fund shall be reimbursed for
207 the full amount of such costs by the developer or developers of the project or projects for which
208 municipalities have made tax increment financing applications for the appropriation of new state
209 revenues, as provided for in subdivision (1) of subsection 10 of this section. The amount of costs
210 charged to each developer shall be based upon the percentage arrived at by dividing the monetary
211 amount of the application made by each municipality for a particular project by the total
212 monetary amount of all applications received by the department of economic development.

213 **14. This section shall apply to a municipality's redevelopment plans and projects**
214 **in redevelopment areas consisting of or containing residential and multifamily properties**
215 **only upon approval of the tax increment allocation financing proposal by the school board**
216 **or boards of the school district or districts in which the residential or multifamily**
217 **properties are located. This subsection shall apply only to all municipality redevelopment**
218 **plans and projects undertaken after August 28, 2003.**