

FIRST REGULAR SESSION

# HOUSE BILL NO. 687

## 92ND GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE SAGER.

Read 1<sup>st</sup> time March 18, 2003, and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

1944L.011

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### AN ACT

To repeal section 99.845, RSMo, and to enact in lieu thereof two new sections relating to taxes imposed for transit purposes.

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

Section A. Section 99.845, RSMo, is repealed and two new sections enacted in lieu thereof, to be known as sections 66.750 and 99.845, to read as follows:

**66.750. 1. The governing body of any county with a charter form of government and with more than six hundred thousand but less than seven hundred thousand inhabitants is hereby authorized to impose, by ordinance or order, a sales tax in an amount not to exceed one-half of one percent on all retail sales, except sales of food and sales of drugs as defined in section 195.010, RSMo, made in the county which are subject to taxation pursuant to sections 144.010 to 144.525, RSMo, for transit purposes for the county. For purposes of this section, "transit purposes" includes acquiring, renovating, equipping, furnishing, operating, and maintaining transit facilities and the delivery of transit-related services. The tax authorized by this section shall be in addition to any and all other sales taxes allowed by law, except that no ordinance or order imposing a sales tax pursuant to this section shall be effective unless the governing body of the county submits to the voters of the county, at a county or state general, primary, or special election, a proposal to authorize the governing body of the county to impose the tax.**

**2. The ballot of submission shall contain, but need not be limited to, the following language:**

**"Shall the county of ..... (county's name) impose a countywide sales tax of ..... (insert amount) for a period not to exceed ..... (insert number) years for transit purposes? "Transit purposes" includes acquiring, renovating, equipping, furnishing, operating, and**

19 **maintaining transit facilities and the delivery of transit-related services.**

20  **YES**

**NO**

21

22 **If you are in favor of the question, place an "X" in the box opposite "YES". If you are**  
23 **opposed to the question, place an "X" in the box opposite "NO".**

24

25 **If a majority of the votes cast on the proposal by the qualified voters voting thereon are in**  
26 **favor of the proposal submitted pursuant to this subsection, then the ordinance or order**  
27 **and any amendments thereto shall be in effect on the first day of the second calendar**  
28 **quarter after the director of revenue receives notice of the adoption of the tax. If the**  
29 **proposal receives less than the required majority of votes, then the governing body of the**  
30 **county shall have no power to impose the sales tax herein authorized unless and until the**  
31 **governing body of the county shall again have submitted another proposal to authorize the**  
32 **governing body of the county to impose the sales tax authorized by this section and such**  
33 **proposal is approved by the required majority of the qualified voters voting thereon.**

34 **3. All revenues received by the county treasurer from the tax authorized pursuant**  
35 **to this section shall be deposited in a special trust fund and shall be used by the county and**  
36 **the interstate transportation authority, as defined in section 92.400, RSMo, in the county,**  
37 **solely for transit purposes for so long as the tax shall remain in effect. Once the tax**  
38 **authorized by this section is abolished or is terminated by any means, all funds remaining**  
39 **in the special trust fund shall be used solely for activities initiated with revenues received**  
40 **pursuant to this section. Any funds in the special trust fund which are not needed for**  
41 **current expenditures may be invested by the governing body in accordance with applicable**  
42 **laws relating to the investment of other county funds.**

43 **4. All sales taxes collected by the director of revenue pursuant to this section on**  
44 **behalf of the county, less one percent for cost of collection which shall be deposited in the**  
45 **state's general revenue fund after payment of premiums for surety bonds as provided in**  
46 **section 32.087, RSMo, shall be deposited in a special trust fund, which is hereby created,**  
47 **to be known as the "Transit Purposes Trust Fund". The moneys in the trust fund shall not**  
48 **be deemed to be state funds and shall not be commingled with any funds of the state. The**  
49 **director of revenue shall keep accurate records of the amount of money in the trust fund**  
50 **and which was collected in each county imposing a sales tax pursuant to this section, and**  
51 **the records shall be open to the inspection of officers of the county and the public. Not**  
52 **later than the tenth day of each month the director of revenue shall distribute all moneys**  
53 **deposited in the trust fund during the preceding month to the county which levied the tax.**  
54 **The county shall pay directly to the interstate transportation authority all moneys received**

55 **from the director of revenue pursuant to this section.**

56 **5. The director of revenue may authorize the state treasurer to make refunds from**  
57 **the amounts in the trust funds and credited to any county for erroneous payments and**  
58 **overpayments made, and may redeem dishonored checks and drafts deposited to the credit**  
59 **of such counties. If any county abolishes the tax, the county shall notify the director of**  
60 **revenue of the action at least ninety days before the effective date of the repeal and the**  
61 **director of revenue may order retention in the appropriate trust fund, for a period of one**  
62 **year, of two percent of the amount collected after receipt of such notice to cover possible**  
63 **refunds or overpayments of the tax and to redeem dishonored checks and drafts deposited**  
64 **to the credit of such accounts. After one year has elapsed after the effective date of**  
65 **abolition of the tax in such county, the director of revenue shall remit the balance in the**  
66 **account to the county and close the account of that county established pursuant to this**  
67 **section. The director of revenue shall notify each county of each instance of any amount**  
68 **refunded or any check redeemed from receipts due the county.**

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

13 (1) That portion of taxes, penalties and interest levied upon each taxable lot, block, tract,  
14 or parcel of real property which is attributable to the initial equalized assessed value of each such  
15 taxable lot, block, tract, or parcel of real property in the area selected for the redevelopment  
16 project shall be allocated to and, when collected, shall be paid by the county collector to the  
17 respective affected taxing districts in the manner required by law in the absence of the adoption  
18 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, **taxes levied for transit**  
74 **purposes pursuant to section 66.750, RSMo**, licenses, fees or special assessments other than  
75 payments in lieu of taxes and penalties and interest thereon, shall be allocated to, and paid by the  
76 local political subdivision collecting officer to the treasurer or other designated financial officer  
77 of the municipality, who shall deposit such funds in a separate segregated account within the  
78 special allocation fund.

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

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

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

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

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

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

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

128           9. Subsection 4 of this section shall apply only to blighted areas located in enterprise  
129 zones, pursuant to sections 135.200 to 135.256, RSMo, blighted areas located in federal  
130 empowerment zones, or to blighted areas located in central business districts or urban core areas

131 of cities which districts or urban core areas at the time of approval of the project by ordinance,  
132 provided that the enterprise zones, federal empowerment zones or blighted areas contained one  
133 or more buildings at least fifty years old; and

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

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

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

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

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

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

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

157 (d) The official statement of any bond issue pursuant to this subsection after December  
158 23, 1997;

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

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

165 (g) The statement of election between the use of the incremental increase of the general  
166 revenue portion of the state sales tax revenues or the state income tax withheld by employers on

167 behalf of new employees who fill new jobs created in the redevelopment area;

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

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

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

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

196         12. There is hereby established within the state treasury a special fund to be known as  
197 the "Missouri Supplemental Tax Increment Financing Fund", to be administered by the  
198 department of economic development. The department shall annually distribute from the  
199 Missouri supplemental tax increment financing fund the amount of the new state revenues as  
200 appropriated as provided in the provisions of subsections 4 and 5 of this section if and only if the  
201 conditions of subsection 10 of this section are met. The fund shall also consist of any gifts,  
202 contributions, grants or bequests received from federal, private or other sources. Moneys in the



203 Missouri supplemental tax increment financing fund shall be disbursed per project pursuant to  
204 state appropriations.

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