

SECOND REGULAR SESSION

# HOUSE BILL NO. 1595

## 92ND GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES BYRD (Sponsor) AND VOGT (Co-sponsor).

Read 1<sup>st</sup> time March 1, 2004, and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

4835L.011

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### AN ACT

To repeal section 99.918, RSMo, and to enact in lieu thereof one new section relating to downtown and rural development.

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

Section A. Section 99.918, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 99.918, to read as follows:

99.918. As used in sections 99.915 to 99.980, unless the context clearly requires otherwise, the following terms shall mean:

(1) "Authority", the downtown economic stimulus authority for a municipality, created pursuant to section 99.921;

(2) "Baseline year", the calendar year prior to the adoption of an ordinance by the municipality approving a development project; provided, however, if economic activity taxes or state sales tax revenues, from businesses other than any out-of-state business or businesses locating in the development project area, decrease in the development project area in the year following the year in which the ordinance approving a development project is approved by a municipality, the baseline year may, at the option of the municipality approving the development project, be the year following the year of the adoption of the ordinance approving the development project. When a development project area is located within a county for which public and individual assistance has been requested by the governor pursuant to Section 401 of the Robert T. Stafford Disaster Relief and Emergency Assistance Act, 42 U.S.C. 5121 et seq., for an emergency proclaimed by the governor pursuant to section 44.100, RSMo, due to a natural disaster of major proportions that occurred after May 1, 2003, but prior to May 10, 2003, and the development project area is a central business district that sustained severe damage as a result of such natural disaster, as determined by the state emergency management agency, the baseline

19 year may, at the option of the municipality approving the development project, be the calendar  
20 year in which the natural disaster occurred or the year following the year in which the natural  
21 disaster occurred, provided that the municipality adopts an ordinance approving the development  
22 project within one year after the occurrence of the natural disaster;

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

29 (4) "Central business district", the area at or near the historic core that is locally known  
30 as the "downtown" of a municipality that has a median household income of sixty-two thousand  
31 dollars or less, according to the last decennial census. In addition, at least fifty percent of  
32 existing buildings in this area will have been built in excess of thirty-five years prior or vacant  
33 lots that had prior structures built in excess of thirty- five years prior to the adoption of the  
34 ordinance approving the redevelopment plan. The historical land use emphasis of a central  
35 business district prior to redevelopment will have been a mixed use of business, commercial,  
36 financial, transportation, government, and multifamily residential uses;

37 (5) "Collecting officer", the officer of the municipality responsible for receiving and  
38 processing payments in lieu of taxes, economic activity taxes other than economic activity taxes  
39 which are local sales taxes, and other local taxes other than local sales taxes, and, for local sales  
40 taxes and state taxes, the director of revenue;

41 (6) "Conservation area", any improved area within the boundaries of a redevelopment  
42 area located within the territorial limits of a municipality in which fifty percent or more of the  
43 structures in the area have an age of thirty-five years or more, and such an area is not yet a  
44 blighted area but is detrimental to the public health, safety, morals, or welfare and may become  
45 a blighted area because of any one or more of the following factors: dilapidation; obsolescence;  
46 deterioration; illegal use of individual structures; presence of structures below minimum code  
47 standards; abandonment; excessive vacancies; overcrowding of structures and community  
48 facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land  
49 coverage; deleterious land use or layout; depreciation of physical maintenance; and lack of  
50 community planning;

51 (7) "Development area", an area designated by a municipality in respect to which the  
52 municipality has made a finding that there exist conditions which cause the area to be classified  
53 as a blighted area or a conservation area, which area shall have the following characteristics:

54 (a) It includes only those parcels of real property directly and substantially benefited by

55 the proposed development plan;

56 (b) It can be renovated through one or more development projects;

57 (c) It is located in the central business district;

58 (d) It has generally suffered from declining population or property taxes for the  
59 twenty-year period immediately preceding the area's designation as a development area or has  
60 structures in the area fifty percent or more of which have an age of thirty-five years or more;

61 (e) It is contiguous, provided, however that a development area may include up to three  
62 noncontiguous areas selected for development projects, provided that each noncontiguous area  
63 meets the requirements of paragraphs (a) to (g) herein;

64 (f) The development area shall not exceed ten percent of the entire area of the  
65 municipality; and

66 (g) The development area shall not include any property that is located within the one  
67 hundred year flood plain, as designated by the Federal Emergency Management Agency flood  
68 delineation maps, unless such property is protected by a structure that is inspected and certified  
69 by the United States Army Corps of Engineers.

70 Subject to the limitation set forth in this subdivision, the development area can be enlarged or  
71 modified as provided in section 99.951;

72 (8) "Development plan", the comprehensive program of a municipality to reduce or  
73 eliminate those conditions which qualified a development area as a blighted area or a  
74 conservation area, and to thereby enhance the tax bases of the taxing districts which extend into  
75 the development area through the reimbursement, payment, or other financing of development  
76 project costs in accordance with sections 99.915 to 99.980 and through the exercise of the  
77 powers set forth in sections 99.915 to 99.980. The development plan shall conform to the  
78 requirements of section 99.942;

79 (9) "Development project", any development project within a development area which  
80 constitutes a major initiative in furtherance of the objectives of the development plan, and any  
81 such development project shall include a legal description of the area selected for such  
82 development project;

83 (10) "Development project area", the area located within a development area selected  
84 for a development project;

85 (11) "Development project costs" include the such costs to the development plan or a  
86 development project, as applicable, which are expended on public property, buildings, or  
87 rights-of-ways for public purposes to provide infrastructure to support for a development project.  
88 Such costs shall only be allowed as an initial expense which, to be recoverable, must be included  
89 in the costs of a development plan or development project, except in circumstances of plan  
90 amendments approved by the Missouri development finance board and the department of

91 economic development. Such infrastructure costs include, but are not limited to, the following:

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

93 (b) Professional service costs, including, but not limited to, architectural, engineering,  
94 legal, marketing, financial, planning, or special services;

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

98 (d) Costs of rehabilitation, reconstruction, repair, or remodeling of existing public  
99 buildings and fixtures;

100 (e) Costs of construction of public works or improvements;

101 (f) Financing costs, including, but not limited to, all necessary expenses related to the  
102 issuance of obligations issued to finance all or any portion of the infrastructure costs of one or  
103 more development projects, and which may include capitalized interest on any such obligations  
104 and reasonable reserves related to any such obligations;

105 (g) All or a portion of a taxing district's capital costs resulting from any development  
106 project necessarily incurred or to be incurred in furtherance of the objectives of the development  
107 plan, to the extent the municipality by written agreement accepts and approves such  
108 infrastructure costs;

109 (h) Payments to taxing districts on a pro rata basis to partially reimburse taxes diverted  
110 by approval of a development project;

111 (i) State government costs, including, but not limited to, the reasonable costs incurred  
112 by the department of economic development, the department of revenue and the office of  
113 administration in evaluating an application for and administering state supplemental downtown  
114 development financing for a development project; and

115 (j) Endowment of positions at an institution of higher education which has a designation  
116 as a Carnegie Research I University including any campus of such university system, subject to  
117 the provisions of section 99.958.

118 In addition, economic activity taxes and payment in lieu of taxes may be expended on or used  
119 to reimburse any reasonable or necessary costs incurred or estimated to be incurred in furtherance  
120 of a development plan or a development project;

121 (12) "Economic activity taxes", the total additional revenue from taxes which are  
122 imposed by the municipality and other taxing districts, and which are generated by economic  
123 activities within each development project area, which are not related to the relocation of any  
124 out-of-state business into the development project area, which exceed the amount of such taxes  
125 generated by economic activities within such development project area in the baseline year plus,  
126 in development project areas where the baseline year is the year following the year in which the

development project is approved by the municipality pursuant to subdivision (2) of this section, the total revenue from taxes which are imposed by the municipality and other taxing districts which is generated by economic activities within the development project area resulting from the relocation of an out-of-state business or out-of-state businesses to the development project area pursuant to section 99.919; but excluding personal property taxes, taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees, or special assessments. If a retail establishment relocates within one year from one facility to another facility within the same county and the municipality or authority finds that the retail establishment is a direct beneficiary of development financing, then for purposes of this definition, the economic activity taxes generated by the retail establishment shall equal the total additional revenues from taxes which are imposed by the municipality and other taxing districts which are generated by the economic activities within the development project area which exceed the amount of taxes which are imposed by the municipality and other taxing districts which are generated by economic activities within the development project area generated by the retail establishment in the baseline year;

(13) "Gambling establishment", an excursion gambling boat as defined in section 313.800, RSMo, and any related business facility including any real property improvements which are directly and solely related to such business facility, whose sole purpose is to provide goods or services to an excursion gambling boat and whose majority ownership interest is held by a person licensed to conduct gambling games on an excursion gambling boat or licensed to operate an excursion gambling boat as provided in sections 313.800 to 313.850, RSMo;

(14) "Major initiative", a development project within a central business district that:

(a) Promotes tourism, cultural activities, arts, entertainment, education, research, arenas, multipurpose facilities, libraries, ports, mass transit, museums, or conventions, the estimated cost of which is in excess of the amount set forth below for the municipality, as applicable; or

(b) Promotes business location or expansion, the estimated cost of which is in excess of the amount set forth below for the municipality, and is estimated to create at least as many new jobs as set forth below within three years of such location or expansion:

Population of Municipality	Estimated Project Cost	New Jobs Created
300,000 or more	\$10,000,000	at least 100
100,000 to 299,999	\$5,000,000	at least 50
50,001 to 99,999	\$1,000,000	at least 10
50,000 or less	\$500,000	at least 5;

(15) "Municipality", any city, village, incorporated town, or any county of this state established on or prior to January 1, 2001, **or such portion of any said county designated by**

163 **the county as a development project area for purposes of sections 99.915 to 99.1060;**

164 (16) "New job", any job defined as a new job pursuant to subdivision (10) of section  
165 100.710, RSMo;

166 (17) "Obligations", bonds, loans, debentures, notes, special certificates, or other  
167 evidences of indebtedness issued by the municipality or authority, or other public entity  
168 authorized to issue such obligations pursuant to sections 99.915 to 99.980 to carry out a  
169 development project or to refund outstanding obligations;

170 (18) "Ordinance", an ordinance enacted by the governing body of any municipality or  
171 an order of the governing body of such a municipal entity whose governing body is not  
172 authorized to enact ordinances;

173 (19) "Other net new revenues", the amount of state sales tax increment or state income  
174 tax increment or the combination of the amount of each such increment as determined under  
175 section 99.960;

176 (20) "Out-of-state business", a business entity or operation that has been located outside  
177 of the state of Missouri prior to the time it relocates to a development project area;

178 (21) "Payment in lieu of taxes", those revenues from real property in each development  
179 project area, which taxing districts would have received had the municipality not adopted a  
180 development plan and the municipality not adopted development financing, and which would  
181 result from levies made after the time of the adoption of development financing during the time  
182 the current equalized value of real property in such development project area exceeds the total  
183 equalized value of real property in such development project area during the baseline year until  
184 development financing for such development project area expires or is terminated pursuant to  
185 sections 99.915 to 99.980;

186 (22) "Special allocation fund", the fund of the municipality or its authority required to  
187 be established pursuant to section 99.957 which special allocation fund shall contain at least four  
188 separate segregated accounts into which payments in lieu of taxes are deposited in one account,  
189 economic activity taxes are deposited in a second account, other net new revenues are deposited  
190 in a third account, and other revenues, if any, received by the authority or the municipality for  
191 the purpose of implementing a development plan or a development project are deposited in a  
192 fourth account;

193 (23) "State income tax increment", up to fifty percent of the estimate of the income tax  
194 due the state for salaries or wages paid to new employees in new jobs at a business located in the  
195 development project area and created by the development project. The estimate shall be a  
196 percentage of the gross payroll which percentage shall be based upon an analysis by the  
197 department of revenue of the practical tax rate on gross payroll as a factor in overall taxable  
198 income;

199           (24) "State sales tax increment", up to one-half of the incremental increase in the state  
200 sales tax revenue in the development project area. In no event shall the incremental increase  
201 include any amounts attributable to retail sales unless the Missouri development finance board  
202 and the department of economic development are satisfied based on information provided by the  
203 municipality or authority, and such entities have made a finding that a substantial portion of all  
204 but a de minimus portion of the sales tax increment attributable to retail sales is from new  
205 sources which did not exist in the state during the baseline year. The incremental increase for  
206 an existing facility shall be the amount by which the state sales tax revenue generated at the  
207 facility exceeds the state sales tax revenue generated at the facility in the baseline year. The  
208 incremental increase in development project areas where the baseline year is the year following  
209 the year in which the development project is approved by the municipality pursuant to  
210 subdivision (2) of this section shall be the state sales tax revenue generated by out-of-state  
211 businesses relocating into a development project area. The incremental increase for a Missouri  
212 facility which relocates to a development project area shall be the amount by which the state  
213 sales tax revenue of the facility exceeds the state sales tax revenue for the facility in the calendar  
214 year prior to relocation;

215           (25) "State sales tax revenues", the general revenue portion of state sales tax revenues  
216 received pursuant to section 144.020, RSMo, excluding sales taxes that are constitutionally  
217 dedicated, taxes deposited to the school district trust fund in accordance with section 144.701,  
218 RSMo, sales and use taxes on motor vehicles, trailers, boats and outboard motors and future sales  
219 taxes earmarked by law;

220           (26) "Taxing districts", any political subdivision of this state having the power to levy  
221 taxes; and

222           (27) "Taxing district's capital costs", those costs of taxing districts for capital  
223 improvements that are found by the municipal governing bodies to be necessary and to directly  
224 result from a development project.