

FIRST REGULAR SESSION

HOUSE BILL NO. 701

93RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE RICHARD.

Read 1st time March 3, 2005 and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

1857L.011

AN ACT

To repeal sections 99.960 and 135.284, RSMo, section 99.845, as enacted by conference committee substitute for senate substitute for senate committee substitute for house committee substitute for house bill no. 289, ninety-second general assembly, first regular session and senate bill no. 235, ninety-second general assembly, first regular session, and section 99.845 as enacted by senate committee substitute for senate bill no. 620, ninety-second general assembly, first regular session, and to enact in lieu thereof three new sections relating to state tax increment financing.

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

Section A. Sections 99.960 and 135.284, RSMo, section 99.845, as enacted by
2 conference committee substitute for senate substitute for senate committee substitute for house
3 committee substitute for house bill no. 289, ninety-second general assembly, first regular session
4 and senate bill no. 235, ninety-second general assembly, first regular session, and section 99.845
5 as enacted by senate committee substitute for senate bill no. 620, ninety-second general
6 assembly, first regular session, are repealed and three new sections enacted in lieu thereof, to be
7 known as sections 99.845, 99.960, and 135.284, to read as follows:

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

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

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) (a) Payments in lieu of taxes attributable to the increase in the current equalized
20 assessed valuation of each taxable lot, block, tract, or parcel of real property in the area selected
21 for the 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 (b) Notwithstanding any provisions of this section to the contrary, for purposes of
39 determining the limitation on indebtedness of local government pursuant to article VI, section
40 26(b) of the Missouri Constitution, the current equalized assessed value of the property in an area
41 selected for redevelopment attributable to the increase above the total initial equalized assessed
42 valuation shall be included in the value of taxable tangible property as shown on the last

43 completed assessment for state or county purposes;

44 (c) The county assessor shall include the current assessed value of all property within
45 the taxing district in the aggregate valuation of assessed property entered upon the assessor's
46 book and verified pursuant to section 137.245, RSMo, and such value shall be utilized for the
47 purpose of the debt limitation on local government pursuant to article VI, section 26(b) of the
48 Missouri Constitution;

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

56 2. In addition to the payments in lieu of taxes described in subdivision (2) of subsection
57 1 of this section, for redevelopment plans and projects adopted or redevelopment projects
58 approved by ordinance after July 12, 1990, and prior to August 31, 1991, fifty percent of the total
59 additional revenue from taxes, penalties and interest imposed by the municipality, or other taxing
60 districts, which are generated by economic activities within the area of the redevelopment project
61 over the amount of such taxes generated by economic activities within the area of the
62 redevelopment project in the calendar year prior to the adoption of the redevelopment project by
63 ordinance, while tax increment financing remains in effect, but excluding taxes imposed on sales
64 or charges for sleeping rooms paid by transient guests of hotels and motels, taxes levied pursuant
65 to section 70.500, RSMo, licenses, fees or special assessments other than payments in lieu of
66 taxes and any penalty and interest thereon, or, effective January 1, 1998, taxes levied pursuant
67 to section 94.660, RSMo, for the purpose of public transportation, shall be allocated to, and paid
68 by the local political subdivision collecting officer to the treasurer or other designated financial
69 officer of the municipality, who shall deposit such funds in a separate segregated account within
70 the special allocation fund. Any provision of an agreement, contract or covenant entered into
71 prior to July 12, 1990, between a municipality and any other political subdivision which provides
72 for an appropriation of other municipal revenues to the special allocation fund shall be and
73 remain enforceable.

74 3. In addition to the payments in lieu of taxes described in subdivision (2) of subsection
75 1 of this section, for redevelopment plans and projects adopted or redevelopment projects
76 approved by ordinance after August 31, 1991, fifty percent of the total additional revenue from
77 taxes, penalties and interest which are imposed by the municipality or other taxing districts, and
78 which are generated by economic activities within the area of the redevelopment project over the

79 amount of such taxes generated by economic activities within the area of the redevelopment
80 project in the calendar year prior to the adoption of the redevelopment project by ordinance,
81 while tax increment financing remains in effect, but excluding personal property taxes, taxes
82 imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels,
83 taxes levied pursuant to section 70.500, RSMo, or effective January 1, 1998, taxes levied for the
84 purpose of public transportation pursuant to section 94.660, RSMo, licenses, fees or special
85 assessments other than payments in lieu of taxes and penalties and interest thereon, shall be
86 allocated to, and paid by the local political subdivision collecting officer to the treasurer or other
87 designated financial officer of the municipality, who shall deposit such funds in a separate
88 segregated account within the special allocation fund.

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

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

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

115 from the account into which economic activity taxes are deposited.

116 7. In order for the redevelopment plan or project to be eligible to receive the revenue
117 described in subsection 4 of this section, the municipality shall comply with the requirements of
118 subsection 10 of this section prior to the time the project or plan is adopted or approved by
119 ordinance. The director of the department of economic development and the commissioner of
120 the office of administration may waive the requirement that the municipality's application be
121 submitted prior to the redevelopment plan's or project's adoption or the redevelopment plan's or
122 project's approval by ordinance.

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

124 (1) The incremental increase in the general revenue portion of state sales tax revenues
125 received pursuant to section 144.020, RSMo, excluding sales taxes that are constitutionally
126 dedicated, taxes deposited to the school district trust fund in accordance with section 144.701,
127 RSMo, sales and use taxes on motor vehicles, trailers, boats and outboard motors and future sales
128 taxes earmarked by law. In no event shall the incremental increase include any amounts
129 attributable to retail sales unless the municipality or authority has proven to the Missouri
130 development finance board and the department of economic development and such entities have
131 made a finding that the sales tax increment attributable to retail sales is from new sources which
132 did not exist in the state during the baseline year. The incremental increase in the general
133 revenue portion of state sales tax revenues for an existing or relocated facility shall be the
134 amount that current state sales tax revenue exceeds the state sales tax revenue in the base year
135 as stated in the redevelopment plan as provided in subsection 10 of this section; or

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

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

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

150 (2) Was a historic hotel located in a county of the first classification without a charter

151 form of government with a population according to the most recent federal decennial census in
152 excess of one hundred fifty thousand and containing a portion of a city with a population
153 according to the most recent federal decennial census in excess of three hundred fifty thousand.

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

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

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

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

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

171 (d) The official statement of any bond issue pursuant to this subsection after December
172 23, 1997;

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

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

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

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

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

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

- 187 (k) The estimated development project costs;
- 188 (l) The anticipated sources of funds to pay such development project costs;
- 189 (m) Evidence of the commitments to finance such development project costs;
- 190 (n) The anticipated type and term of the sources of funds to pay such development
- 191 project costs;
- 192 (o) The anticipated type and terms of the obligations to be issued;
- 193 (p) The most recent equalized assessed valuation of the property within the development
- 194 project area;
- 195 (q) An estimate as to the equalized assessed valuation after the development project area
- 196 is developed in accordance with a development plan;
- 197 (r) The general land uses to apply in the development area;
- 198 (s) The total number of individuals employed in the development area, broken down by
- 199 full-time, part-time, and temporary positions;
- 200 (t) The total number of full-time equivalent positions in the development area;
- 201 (u) The current gross wages, state income tax withholdings, and federal income tax
- 202 withholdings for individuals employed in the development area;
- 203 (v) The total number of individuals employed in this state by the corporate parent of any
- 204 business benefitting from public expenditures in the development area, and all subsidiaries
- 205 thereof, as of December thirty-first of the prior fiscal year, broken down by full-time, part-time,
- 206 and temporary positions;
- 207 (w) The number of new jobs to be created by any business benefitting from public
- 208 expenditures in the development area, broken down by full-time, part-time, and temporary
- 209 positions;
- 210 (x) The average hourly wage to be paid to all current and new employees at the project
- 211 site, broken down by full-time, part-time, and temporary positions;
- 212 (y) For project sites located in a metropolitan statistical area, as defined by the federal
- 213 Office of Management and Budget, the average hourly wage paid to nonmanagerial employees
- 214 in this state for the industries involved at the project, as established by the United States Bureau
- 215 of Labor Statistics;
- 216 (z) For project sites located outside of metropolitan statistical areas, the average weekly
- 217 wage paid to nonmanagerial employees in the county for industries involved at the project, as
- 218 established by the United States Department of Commerce;
- 219 (aa) A list of other community and economic benefits to result from the project;
- 220 (bb) A list of all development subsidies that any business benefitting from public
- 221 expenditures in the development area has previously received for the project, and the name of
- 222 any other granting body from which such subsidies are sought;

- 223 (cc) A list of all other public investments made or to be made by this state or units of
224 local government to support infrastructure or other needs generated by the project for which the
225 funding pursuant to this [act] **section** is being sought;
- 226 (dd) A statement as to whether the development project may reduce employment at any
227 other site, within or without the state, resulting from automation, merger, acquisition, corporate
228 restructuring, relocation, or other business activity;
- 229 (ee) A statement as to whether or not the project involves the relocation of work from
230 another address and if so, the number of jobs to be relocated and the address from which they
231 are to be relocated;
- 232 (ff) A list of competing businesses in the county containing the development area and
233 in each contiguous county;
- 234 (gg) A market study for the development area;
- 235 (hh) A certification by the chief officer of the applicant as to the accuracy of the
236 development plan;
- 237 (2) The methodologies used in the application for determining the base year and
238 determining the estimate of the incremental increase in the general revenue portion of the state
239 sales tax revenues or the state income tax withheld by employers on behalf of new employees
240 who fill new jobs created in the redevelopment area shall be approved by the director of the
241 department of economic development or his or her designee and the commissioner of the office
242 of administration or his or her designee. Upon approval of the application, the director of the
243 department of economic development or his or her designee and the commissioner of the office
244 of administration or his or her designee shall issue a certificate of approval. The department of
245 economic development may request the appropriation following application approval;
- 246 (3) The appropriation shall be either a portion of the estimate of the incremental increase
247 in the general revenue portion of state sales tax revenues in the redevelopment area or a portion
248 of the estimate of the state income tax withheld by the employer on behalf of new employees
249 who fill new jobs created in the redevelopment area as indicated in the municipality's application,
250 approved by the director of the department of economic development or his or her designee and
251 the commissioner of the office of administration or his or her designee. At no time shall the
252 [aggregate] annual [appropriation] **amount** of the new state revenues [for redevelopment areas]
253 **approved for disbursements from the Missouri supplemental tax increment financing fund,**
254 **in combination with the annual amount of other net new revenues approved for**
255 **disbursements from the state supplemental downtown development fund under section**
256 **99.960,** exceed [fifteen] **one hundred fifty** million dollars;
- 257 (4) Redevelopment plans and projects receiving new state revenues shall have a duration
258 of up to fifteen years, unless prior approval for a longer term is given by the director of the

259 department of economic development or his or her designee and the commissioner of the office
260 of administration or his or her designee; except that, in no case shall the duration exceed
261 twenty-three years.

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

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

277 13. [All personnel and other costs incurred by the department of economic development
278 for the administration and operation of subsections 4 to 12 of this section shall be paid from the
279 state general revenue fund. On an annual basis, the general revenue fund shall be reimbursed for
280 the full amount of such costs by the developer or developers of the project or projects for which
281 municipalities have made tax increment financing applications for the appropriation of new state
282 revenues, as provided for in subdivision (1) of subsection 10 of this section. The amount of costs
283 charged to each developer shall be based upon the percentage arrived at by dividing the monetary
284 amount of the application made by each municipality for a particular project by the total
285 monetary amount of all applications received by the department of economic development]
286 **Redevelopment project costs may include, at the prerogative of the state, the portion of**
287 **salaries and expenses of the department of economic development and the department of**
288 **revenue reasonably allocable to each redevelopment project approved for disbursements**
289 **from the Missouri supplemental tax increment financing fund for the ongoing**
290 **administrative functions associated with such redevelopment project. Such amounts shall**
291 **be recovered from new state revenues deposited into the Missouri supplemental tax**
292 **increment financing fund created under this section.**

293 14. For redevelopment plans or projects approved by ordinance that result in net new
294 jobs from the relocation of a national headquarters from another state to the area of the

295 redevelopment project, the economic activity taxes and new state tax revenues shall not be based
296 on a calculation of the incremental increase in taxes as compared to the base year or prior
297 calendar year for such redevelopment project, rather the incremental increase shall be the amount
298 of total taxes generated from the net new jobs brought in by the national headquarters from
299 another state. In no event shall this subsection be construed to allow a redevelopment project
300 to receive an appropriation in excess of up to fifty percent of the new state revenues.

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

16 (1) That portion of taxes, penalties and interest levied upon each taxable
17 lot, block, tract, or parcel of real property which is attributable to the initial
18 equalized assessed value of each such taxable lot, block, tract, or parcel of real
19 property in the area selected for the redevelopment project shall be allocated to
20 and, when collected, shall be paid by the county collector to the respective
21 affected taxing districts in the manner required by law in the absence of the
22 adoption of tax increment allocation financing;

23 (2) Payments in lieu of taxes attributable to the increase in the current
24 equalized assessed valuation of each taxable lot, block, tract, or parcel of real
25 property in the area selected for the redevelopment project and any applicable
26 penalty and interest over and above the initial equalized assessed value of each
27 such unit of property in the area selected for the redevelopment project shall be
28 allocated to and, when collected, shall be paid to the municipal treasurer who
29 shall deposit such payment in lieu of taxes into a special fund called the "Special
30 Allocation Fund" of the municipality for the purpose of paying redevelopment
31 costs and obligations incurred in the payment thereof. Payments in lieu of taxes
32 which are due and owing shall constitute a lien against the real estate of the
33 redevelopment project from which they are derived and shall be collected in the
34 same manner as the real property tax, including the assessment of penalties and
35 interest where applicable. The municipality may, in the ordinance, pledge the
funds in the special allocation fund for the payment of such costs and obligations

and provide for the collection of payments in lieu of taxes, the lien of which may be foreclosed in the same manner as a special assessment lien as provided in section 88.861, RSMo. No part of the current equalized assessed valuation of each lot, block, tract, or parcel of property in the area selected for the redevelopment project attributable to any increase above the total initial equalized assessed value of such properties shall be used in calculating the general state school aid formula provided for in section 163.031, RSMo, until such time as all redevelopment costs have been paid as provided for in this section and section 99.850;

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

2. In addition to the payments in lieu of taxes described in subdivision (2) of subsection 1 of this section, for redevelopment plans and projects adopted or redevelopment projects approved by ordinance after July 12, 1990, and prior to August 31, 1991, fifty percent of the total additional revenue from taxes, penalties and interest imposed by the municipality, or other taxing districts, which are generated by economic activities within the area of the redevelopment project over the amount of such taxes generated by economic activities within the area of the redevelopment project in the calendar year prior to the adoption of the redevelopment project by ordinance, while tax increment financing remains in effect, but excluding taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, taxes levied pursuant to section 70.500, RSMo, licenses, fees or special assessments other than payments in lieu of taxes and any penalty and interest thereon, or, effective January 1, 1998, taxes levied pursuant to section 94.660, RSMo, for the purpose of public transportation, shall be allocated to, and paid by the local political subdivision collecting officer to the treasurer or other designated financial officer of the municipality, who shall deposit such funds in a separate segregated account within the special allocation fund. Any provision of an agreement, contract or covenant entered into prior to July 12, 1990, between a municipality and any other political subdivision which provides for an appropriation of other municipal revenues to the special allocation fund shall be and remain enforceable.

3. In addition to the payments in lieu of taxes described in subdivision (2) of subsection 1 of this section, for redevelopment plans and projects adopted or redevelopment projects approved by ordinance after August 31, 1991, fifty percent of the total additional revenue from taxes, penalties and interest which

are imposed by the municipality or other taxing districts, and which are generated by economic activities within the area of the redevelopment project over the amount of such taxes generated by economic activities within the area of the redevelopment project in the calendar year prior to the adoption of the redevelopment project by ordinance, while tax increment financing remains in effect, but excluding personal property taxes, taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, taxes levied pursuant to section 70.500, RSMo, or effective January 1, 1998, taxes levied for the purpose of public transportation pursuant to section 94.660, RSMo, licenses, fees or special assessments other than payments in lieu of taxes and penalties and interest thereon, shall be allocated to, and paid by the local political subdivision collecting officer to the treasurer or other designated financial officer of the municipality, who shall deposit such funds in a separate segregated account within the special allocation fund.

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

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

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

be separate from the account into which payments in lieu of taxes are deposited, and separate from the account into which economic activity taxes are deposited.

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

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

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

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

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

(2) The methodologies used in the application for determining the base year and determining the estimate of the incremental increase in the general revenue portion of the state sales tax revenues or the state income tax withheld by employers on behalf of new employees who fill new jobs created in the redevelopment area shall be approved by 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. Upon approval of the application, 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 shall issue a certificate of approval. The department of economic development may request the appropriation following application approval;

(3) The appropriation shall be either a portion of the estimate of the incremental increase in the general revenue portion of state sales tax revenues in

the redevelopment area or a portion of the estimate of the state income tax withheld by the employer on behalf of new employees who fill new jobs created in the redevelopment area as indicated in the municipality's application, approved by 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. At no time shall the aggregate annual appropriation of the new state revenues for redevelopment areas exceed fifteen million dollars;

(4) Redevelopment plans and projects receiving new state revenues shall have a duration of up to fifteen years, unless prior approval for a longer term is given by 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; except that, in no case shall the duration exceed twenty-three years.

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

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

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

14. For redevelopment plans or projects approved by ordinance that result in net new jobs from the relocation of a national headquarters from another

251 state to the area of the redevelopment project, the economic activity taxes and
252 new state tax revenues shall not be based on a calculation of the incremental
253 increase in taxes as compared to the base year or prior calendar year for such
254 redevelopment project, rather the incremental increase shall be the amount of
255 total taxes generated from the net new jobs brought in by the national
256 headquarters from another state. In no event shall this subsection be construed
257 to allow a redevelopment project to receive an appropriation in excess of up to
258 fifty percent of the new state revenues.]
259

99.960. 1. A municipality shall submit an application to the department of economic
2 development for review and submission of an analysis and recommendation to the Missouri
3 development finance board for a determination as to approval of the disbursement of the project
4 costs of one or more development projects from the state supplemental downtown development
5 fund. The department of economic development shall forward the application to the Missouri
6 development finance board with the analysis and recommendation. In no event shall any
7 approval authorize a disbursement of one or more development projects from the state
8 supplemental downtown development fund which exceeds the allowable amount of other net
9 new revenues derived from the development area. An application submitted to the department
10 of economic development shall contain the following, in addition to the items set forth in section
11 99.942:

12 (1) An estimate that one hundred percent of the payments in lieu of taxes and economic
13 activity taxes deposited to the special allocation fund must and will be used to pay development
14 project costs or obligations issued to finance development project costs to achieve the objectives
15 of the development plan. Contributions to the development project from any private
16 not-for-profit organization or local contributions from tax abatement or other sources may be
17 substituted on a dollar-for-dollar basis for the local match of one hundred percent of payments
18 in lieu of taxes and economic activity taxes from the fund;

19 (2) Identification of the existing businesses located within the development project area
20 and the development area;

21 (3) The aggregate baseline year amount of state sales tax revenues and the aggregate
22 baseline year amount of state income tax withheld on behalf of existing employees, reported by
23 existing businesses within the development project area. Provisions of section 32.057, RSMo,
24 notwithstanding, municipalities will provide this information to the department of revenue for
25 verification. The department of revenue will verify the information provided by the
26 municipalities within forty-five days of receiving a request for such verification from a
27 municipality;

28 (4) An estimate of the state sales tax increment and state income tax increment within
29 the development project area after redevelopment;

30 (5) An affidavit that is signed by the developer or developers attesting that the provision
31 of subdivision (2) of subsection 3 of section 99.942 has been met and specifying that the
32 development area would not be reasonably anticipated to be developed without the appropriation
33 of the other net new revenues;

34 (6) The amounts and types of other net new revenues sought by the applicant to be
35 disbursed from state supplemental downtown development fund over the term of the
36 development plan;

37 (7) The methodologies and underlying assumptions used in determining the estimate of
38 the state sales tax increment and the state income tax increment; and

39 (8) Any other information reasonably requested by the department of economic
40 development and the Missouri development finance board.

41 2. The department of economic development shall make all reasonable efforts to process
42 applications within sixty days of receipt of the application.

43 3. The Missouri development finance board shall make a determination regarding the
44 application for a certificate allowing disbursements from the state supplemental downtown
45 development fund and shall forward such determination to the director of the department of
46 economic development. In no event shall the amount of disbursements from the state
47 supplemental downtown development fund approved for a project, in addition to any other state
48 economic development funding or other state incentives, exceed the projected state benefit of
49 the development project, as determined by the department of economic development through a
50 cost-benefit analysis. Any political subdivision located either wholly or partially within the
51 development area shall be permitted to submit information to the department of economic
52 development for consideration in its cost-benefit analysis. Upon approval of state supplemental
53 downtown development financing, a certificate of approval shall be issued by the department of
54 economic development containing the terms and limitations of the disbursement.

55 4. At no time shall the annual amount of other net new revenues approved for
56 disbursements from the state supplemental downtown development fund, **in combination with**
57 **the annual amount of new state revenues approved for disbursements from the Missouri**
58 **supplemental tax increment financing under section 99.845**, exceed one hundred fifty million
59 dollars.

60 5. Development projects receiving disbursements from the state supplemental downtown
61 development fund shall be limited to receiving such disbursements for fifteen years, unless
62 specific approval for a longer term is given by the director of the department of economic
63 development, as set forth in the certificate of approval; except that, in no case shall the duration
64 exceed twenty-five years. The approved term notwithstanding, state supplemental downtown
65 development financing shall terminate when development financing for a development project

66 is terminated by a municipality.

67 6. The municipality shall deposit payments received from the state supplemental
68 downtown development fund in a separate segregated account for other net new revenues within
69 the special allocation fund.

70 7. Development project costs may include, at the prerogative of the state, the portion of
71 salaries and expenses of the department of economic development, the Missouri development
72 finance board, and the department of revenue reasonably allocable to each development project
73 approved for disbursements from the state supplemental downtown development fund for the
74 ongoing administrative functions associated with such development project. Such amounts shall
75 be recovered from other net new revenues deposited into the state supplemental downtown
76 development fund created pursuant to section 99.963.

77 8. A development project approved for state supplemental downtown development
78 financing may not thereafter elect to receive tax increment financing pursuant to the real property
79 tax increment allocation redevelopment act, sections 99.800 to 99.865, and continue to receive
80 state supplemental downtown development financing pursuant to sections 99.915 to 99.980.

81 9. The department of economic development, in conjunction with the Missouri
82 development finance board, may establish the procedures and standards for the determination
83 and approval of applications by the promulgation of rules and regulations and publish forms to
84 implement the provisions of this section and section 99.963.

85 10. Any rule or portion of a rule, as that term is defined in section 536.010, RSMo, that
86 is created under the authority delegated in this section and section 99.963 shall become effective
87 only if it complies with and is subject to all of the provisions of chapter 536, RSMo, and, if
88 applicable, section 536.028, RSMo. This section, section 99.963, and chapter 536, RSMo, are
89 nonseverable and if any of the powers vested with the general assembly pursuant to chapter 536,
90 RSMo, to review, to delay the effective date, or to disapprove and annul a rule are subsequently
91 held unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted
92 after August 28, 2003, shall be invalid and void.

93 11. The Missouri development finance board shall consider parity based on population
94 and geography of the state among the regions of the state in making determinations on
95 applications pursuant to this section.

135.284. The repeal and reenactment of sections [99.845,] 100.710, 100.840, 100.850
2 and 178.892, and the enactment of sections 135.276, 135.277, 135.279, 135.281, and 135.283
3 shall expire on January 1, 2006, if no essential industry retention projects have been approved
4 by the department of economic development by December 31, 2005. If an essential industry
5 retention project has been approved by the department of economic development by December
6 31, 2005, the repeal and reenactment of sections [99.845,] 100.710, 100.840, 100.850 and

7 178.892, and the enactment of sections 135.276, 135.277, 135.279, 135.281, and 135.283 shall
8 expire on January 1, 2020.