

FIRST REGULAR SESSION
[TRULY AGREED TO AND FINALLY PASSED]

HOUSE BILL NO. 431

93RD GENERAL ASSEMBLY

1168L.01T

2005

AN ACT

To repeal section 99.918, RSMo, and to enact in lieu thereof one new section relating to economic stimulus.

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Section A. Section 99.918, RSMo, is repealed and one new one section enacted in lieu thereof, to be known as section 99.918, to read as follows: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

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.

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

71 **This subdivision shall not apply to property within the one hundred year flood plain if the**
72 **buildings on the property have been or will be flood proofed in accordance with the**
73 **Federal Emergency Management Agency's standards for flood proofing and the property**
74 **is located in a home rule city with more than one hundred fifty-one thousand five hundred**
75 **but fewer than one hundred fifty-one thousand six hundred inhabitants. Only those**
76 **buildings certified as being flood proofed in accordance with the Federal Emergency**
77 **Management Agency's standards for flood proofing by the authority shall be eligible for**
78 **the state sales tax increment and the state income tax increment.**

79

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

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

89 (9) "Development project", any development project within a development area which
90 constitutes a major initiative in furtherance of the objectives of the development plan, and any
91 such development project shall include a legal description of the area selected for such
92 development project;

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

95 (11) "Development project costs" include such costs to the development plan or a
96 development project, as applicable, which are expended on public property, buildings, or
97 rights-of-ways for public purposes to provide infrastructure to support for a development project.
98 Such costs shall only be allowed as an initial expense which, to be recoverable, must be included
99 in the costs of a development plan or development project, except in circumstances of plan
100 amendments approved by the Missouri development finance board and the department of
101 economic development. Such infrastructure costs include, but are not limited to, the following:

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

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

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

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

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

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

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

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

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

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

128

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

132 (12) "Economic activity taxes", the total additional revenue from taxes which are
133 imposed by the municipality and other taxing districts, and which are generated by economic
134 activities within each development project area, which are not related to the relocation of any
135 out-of-state business into the development project area, which exceed the amount of such taxes
136 generated by economic activities within such development project area in the baseline year plus,
137 in development project areas where the baseline year is the year following the year in which the
138 development project is approved by the municipality pursuant to subdivision (2) of this section,
139 the total revenue from taxes which are imposed by the municipality and other taxing districts
140 which is generated by economic activities within the development project area resulting from the
141 relocation of an out-of-state business or out-of-state businesses to the development project area
142 pursuant to section 99.919; but excluding personal property taxes, taxes imposed on sales or
143 charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees, or special
144 assessments. If a retail establishment relocates within one year from one facility to another
145 facility within the same county and the municipality or authority finds that the retail
146 establishment is a direct beneficiary of development financing, then for purposes of this
147 definition, the economic activity taxes generated by the retail establishment shall equal the total
148 additional revenues from taxes which are imposed by the municipality and other taxing districts
149 which are generated by the economic activities within the development project area which
150 exceed the amount of taxes which are imposed by the municipality and other taxing districts
151 which are generated by economic activities within the development project area generated by the
152 retail establishment in the baseline year;

153 (13) "Gambling establishment", an excursion gambling boat as defined in section
154 313.800, RSMo, and any related business facility including any real property improvements
155 which are directly and solely related to such business facility, whose sole purpose is to provide
156 goods or services to an excursion gambling boat and whose majority ownership interest is held
157 by a person licensed to conduct gambling games on an excursion gambling boat or licensed to
158 operate an excursion gambling boat as provided in sections 313.800 to 313.850, RSMo;

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

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

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

| 166 Population of | Estimated | New Jobs |
|------------------------|--------------|--------------|
| 167 Municipality | Project Cost | Created |
| 168 300,000 or more | \$10,000,000 | at least 100 |
| 169 100,000 to 299,999 | \$5,000,000 | at least 50 |
| 170 50,001 to 99,999 | \$1,000,000 | at least 10 |
| 171 50,000 or less | \$500,000 | at least 5; |

172 (15) "Municipality", any city, village, incorporated town, or any county of this state
 173 established on or prior to January 1, 2001, or a census-designated place in any county designated
 174 by the county for purposes of sections 99.915 to 99.1060;

175 (16) "New job", any job defined as a new job pursuant to subdivision (11) of section
 176 100.710, RSMo;

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

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

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

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

189 (21) "Payment in lieu of taxes", those revenues from real property in each development
 190 project area, which taxing districts would have received had the municipality not adopted a
 191 development plan and the municipality not adopted development financing, and which would
 192 result from levies made after the time of the adoption of development financing during the time
 193 the current equalized value of real property in such development project area exceeds the total
 194 equalized value of real property in such development project area during the baseline year until

195 development financing for such development project area expires or is terminated pursuant to
196 sections 99.915 to 99.980;

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

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

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

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

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

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