

FIRST REGULAR SESSION  
[PERFECTED]  
HOUSE COMMITTEE SUBSTITUTE FOR  
**HOUSE BILL NO. 91**  
**93RD GENERAL ASSEMBLY**

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Reported from the Committee on Local Government March 31, 2005 with recommendation that House Committee Substitute for House Bill No. 91 Do Pass. Referred to the Committee on Rules pursuant to Rule 25(26)(f).

Reported from the Committee on Rules April 15, 2005 with recommendation that House Committee Substitute for House Bill No. 91 Do Pass with no time limit for debate.

Taken up for Perfection April 25, 2005. House Committee Substitute for House Bill No. 91 ordered Perfected and printed, as amended.

STEPHEN S. DAVIS, Chief Clerk

0587L.02P

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**AN ACT**

To repeal section 99.805, RSMo, and to enact in lieu thereof two new sections relating to tax increment financing.

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

Section A. Section 99.805, RSMo, is repealed and two new sections enacted in lieu thereof, to be known as sections 99.805, and 99.866, to read as follows:

99.805. As used in sections 99.800 to 99.865, unless the context clearly requires otherwise, the following terms shall mean:

- (1) "Blighted area", an area which, by reason of the predominance of defective or inadequate street layout, unsanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals, or welfare in its present condition and use;
- (2) "Collecting officer", the officer of the municipality responsible for receiving and processing payments in lieu of taxes or economic activity taxes from taxpayers or the department of revenue;

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.

12           (3) "Conservation area", any improved area within the boundaries of a redevelopment  
13 area located within the territorial limits of a municipality in which fifty percent or more of the  
14 structures in the area have an age of thirty-five years or more. Such an area is not yet a blighted  
15 area but is detrimental to the public health, safety, morals, or welfare and may become a blighted  
16 area because of any one or more of the following factors: dilapidation; obsolescence;  
17 deterioration; illegal use of individual structures; presence of structures below minimum code  
18 standards; abandonment; excessive vacancies; overcrowding of structures and community  
19 facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land  
20 coverage; deleterious land use or layout; depreciation of physical maintenance; and lack of  
21 community planning. A conservation area shall meet at least three of the factors provided in this  
22 subdivision for projects approved on or after December 23, 1997;

23           (4) "Economic activity taxes", the total additional revenue from taxes which are imposed  
24 by a municipality and other taxing districts, and which are generated by economic activities  
25 within a redevelopment area over the amount of such taxes generated by economic activities  
26 within such redevelopment area in the calendar year prior to the adoption of the ordinance  
27 designating such a redevelopment area, while tax increment financing remains in effect, but  
28 excluding personal property taxes, taxes imposed on sales or charges for sleeping rooms paid by  
29 transient guests of hotels and motels, licenses, fees or special assessments. For redevelopment  
30 projects or redevelopment plans approved after December 23, 1997, if a retail establishment  
31 relocates within one year from one facility to another facility within the same county and the  
32 governing body of the municipality finds that the relocation is a direct beneficiary of tax  
33 increment financing, then for purposes of this definition, the economic activity taxes generated  
34 by the retail establishment shall equal the total additional revenues from economic activity taxes  
35 which are imposed by a municipality or other taxing district over the amount of economic  
36 activity taxes generated by the retail establishment in the calendar year prior to its relocation to  
37 the redevelopment area;

38           (5) "Economic development area", any area or portion of an area located within the  
39 territorial limits of a municipality, which does not meet the requirements of subdivisions (1) and  
40 (3) of this section, and in which the governing body of the municipality finds that redevelopment  
41 will not be solely used for development of commercial businesses which unfairly compete in the  
42 local economy and is in the public interest because it will:

43           (a) Discourage commerce, industry or manufacturing from moving their operations to  
44 another state; or

45           (b) Result in increased employment in the municipality; or

46           (c) Result in preservation or enhancement of the tax base of the municipality;

47 (6) "Gambling establishment", an excursion gambling boat as defined in section 313.800,  
48 RSMo, and any related business facility including any real property improvements which are  
49 directly and solely related to such business facility, whose sole purpose is to provide goods or  
50 services to an excursion gambling boat and whose majority ownership interest is held by a person  
51 licensed to conduct gambling games on an excursion gambling boat or licensed to operate an  
52 excursion gambling boat as provided in sections 313.800 to 313.850, RSMo. This subdivision  
53 shall be applicable only to a redevelopment area designated by ordinance adopted after December  
54 23, 1997;

55 (7) "Municipality", a city, village, or incorporated town or any county of this state. For  
56 redevelopment areas or projects approved on or after December 23, 1997, "municipality" applies  
57 only to cities, villages, incorporated towns or counties established for at least one year prior to  
58 such date;

59 (8) "Obligations", bonds, loans, debentures, notes, special certificates, or other evidences  
60 of indebtedness issued by a municipality to carry out a redevelopment project or to refund  
61 outstanding obligations;

62 (9) "Ordinance", an ordinance enacted by the governing body of a city, town, or village  
63 or a county or an order of the governing body of a county whose governing body is not  
64 authorized to enact ordinances;

65 (10) "Payment in lieu of taxes", those estimated revenues from real property in the area  
66 selected for a redevelopment project, which revenues according to the redevelopment project or  
67 plan are to be used for a private use, which taxing districts would have received had a  
68 municipality not adopted tax increment allocation financing, and which would result from levies  
69 made after the time of the adoption of tax increment allocation financing during the time the  
70 current equalized value of real property in the area selected for the redevelopment project  
71 exceeds the total initial equalized value of real property in such area until the designation is  
72 terminated pursuant to subsection 2 of section 99.850;

73 (11) "Redevelopment area", an area designated by a municipality, in respect to which the  
74 municipality has made a finding that there exist conditions which cause the area to be classified  
75 as a blighted area, a conservation area, an economic development area, an enterprise zone  
76 pursuant to sections 135.200 to 135.256, RSMo, or a combination thereof, which area includes  
77 only those parcels of real property directly and substantially benefited by the proposed  
78 redevelopment project;

79 (12) "Redevelopment plan", the comprehensive program of a municipality for  
80 redevelopment intended by the payment of redevelopment costs to reduce or eliminate those  
81 conditions, the existence of which qualified the redevelopment area as a blighted area,  
82 conservation area, economic development area, or combination thereof, and to thereby enhance

83 the tax bases of the taxing districts which extend into the redevelopment area. Each  
84 redevelopment plan shall conform to the requirements of section 99.810;

85 (13) "Redevelopment project", any development project within a redevelopment area in  
86 furtherance of the objectives of the redevelopment plan; any such redevelopment project shall  
87 include a legal description of the area selected for the redevelopment project;

88 (14) "Redevelopment project costs" include the sum total of all reasonable or necessary  
89 costs incurred or estimated to be incurred, and any such costs incidental to a redevelopment plan  
90 or redevelopment project, as applicable. Such costs include, but are not limited to, the following:

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

92 (b) Professional service costs, including, but not limited to, architectural, engineering,  
93 legal, marketing, financial, planning or special services. Except the reasonable costs incurred  
94 by the commission established in section 99.820 for the administration of sections 99.800 to  
95 99.865, such costs shall be allowed only as an initial expense which, to be recoverable, shall be  
96 included in the costs of a redevelopment plan or project;

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

100 (d) Costs of rehabilitation, reconstruction, or repair or remodeling of existing buildings  
101 and fixtures;

102 (e) Initial costs for an economic development area;

103 (f) Costs of construction of public works or improvements;

104 (g) Financing costs, including, but not limited to, all necessary and incidental expenses  
105 related to the issuance of obligations, and which may include payment of interest on any  
106 obligations issued pursuant to sections 99.800 to 99.865 accruing during the estimated period  
107 of construction of any redevelopment project for which such obligations are issued and for not  
108 more than eighteen months thereafter, and including reasonable reserves related thereto;

109 (h) All or a portion of a taxing district's capital costs resulting from the redevelopment  
110 project necessarily incurred or to be incurred in furtherance of the objectives of the  
111 redevelopment plan and project, to the extent the municipality by written agreement accepts and  
112 approves such costs;

113 (i) Relocation costs to the extent that a municipality determines that relocation costs shall  
114 be paid or are required to be paid by federal or state law;

115 (j) Payments in lieu of taxes;

116 (15) **"Retail project", any development project where more than fifty percent of the**  
117 **total estimated redevelopment project costs are devoted to the construction, reconstruction,**

118 or expansion of retail establishments or infrastructure or facilities ancillary to sales at  
119 retail;

120 (16) "Special allocation fund", the fund of a municipality or its commission which  
121 contains at least two separate segregated accounts for each redevelopment plan, maintained by  
122 the treasurer of the municipality or the treasurer of the commission into which payments in lieu  
123 of taxes are deposited in one account, and economic activity taxes and other revenues are  
124 deposited in the other account;

125 [(16)] (17) "Taxing districts", any political subdivision of this state having the power to  
126 levy taxes;

127 [(17)] (18) "Taxing districts' capital costs", those costs of taxing districts for capital  
128 improvements that are found by the municipal governing bodies to be necessary and to directly  
129 result from the redevelopment project; and

130 [(18)] (19) "Vacant land", any parcel or combination of parcels of real property not used  
131 for industrial, commercial, or residential buildings.

**99.866. 1. For all redevelopment areas, redevelopment plans, and redevelopment  
2 projects designated and approved after December 31, 2005, tax increment financing shall  
3 not be used for more than twenty percent of the total estimated redevelopment costs of a  
4 project that is primarily retail. Tax increment financing shall not be used to develop retail  
5 sites in which twenty-five percent or more of the area is vacant and has not previously been  
6 developed or qualifies as "open space" pursuant to section 67.900, RSMo, or is presently  
7 being used for agricultural or horticultural purposes, except where the redevelopment  
8 project is contained in the municipality's comprehensive plan which was adopted prior to  
9 January 1, 2002.**

10 **2. Commencing with the first fiscal year in which any municipality receives any  
11 payments in lieu of taxes from a redevelopment project and continuing through the last  
12 fiscal year in which the municipality receives such payments, the municipality shall pay to  
13 any other taxing entities entitled to receive revenue from levies on real property in such  
14 municipality, an amount equal to twenty-five percent of the payments in lieu of taxes  
15 received by the municipality. This amount shall be divided among the other affected  
16 taxing entities on a basis that is proportional to the collections of revenue from real  
17 property in the development area to which each such taxing district is entitled during that  
18 tax year. When a tax increment financing project includes residential uses except in  
19 central business districts as defined in section 99.918, absent a recommendation to the  
20 contrary from commission members representing the affected school board or boards, real  
21 property tax revenues attributable to the residential portion of the development shall pass  
22 through to the school district or districts.**