

SECOND REGULAR SESSION

HOUSE BILL NO. 1598

93RD GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVES DARROUGH (Sponsor),
CORCORAN AND ZWEIFEL (Co-sponsors).

Read 1st time January 31, 2006 and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

4192L.01I

AN ACT

To repeal sections 99.805, 99.810, and 99.855, RSMo, and to enact in lieu thereof three new sections relating to tax increment financing.

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

Section A. Sections 99.805, 99.810, and 99.855, RSMo, are repealed and three new
2 sections enacted in lieu thereof, to be known as sections 99.805, 99.810, and 99.855, to read as
3 follows:

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

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

9 (2) "Collecting officer", the officer of the municipality responsible for receiving and
10 processing payments in lieu of taxes or economic activity taxes from taxpayers or the department
11 of revenue;

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

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.

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

121 (16) "Taxing districts", any political subdivision of this state having the power to levy
122 taxes;

123 (17) "Taxing districts' capital costs", those costs of taxing districts for capital
124 improvements that are found by the municipal governing bodies to be necessary and to directly
125 result from the redevelopment project; and

126 (18) "Vacant land", any parcel or combination of parcels of real property not used for
127 industrial, commercial, or residential buildings.

99.810. 1. Each redevelopment plan shall set forth in writing a general description of
2 the program to be undertaken to accomplish the objectives and shall include, but need not be
3 limited to, the estimated redevelopment project costs, the anticipated sources of funds to pay the
4 costs, evidence of the commitments to finance the project costs, the anticipated type and term
5 of the sources of funds to pay costs, the anticipated type and terms of the obligations to be issued,
6 the most recent equalized assessed valuation of the property within the redevelopment area
7 which is to be subjected to payments in lieu of taxes and economic activity taxes pursuant to
8 section 99.845, an estimate as to the equalized assessed valuation after redevelopment, and the
9 general land uses to apply in the redevelopment area. No redevelopment plan shall be adopted
10 by a municipality without findings that:

11 (1) The redevelopment area on the whole is a blighted area, a conservation area, or an
12 economic development area, and has not been subject to growth and development through
13 investment by private enterprise and would not reasonably be anticipated to be developed
14 without the adoption of tax increment financing. Such a finding shall include, but not be limited
15 to, a detailed description of the factors that qualify the redevelopment area or project pursuant
16 to this subdivision and an affidavit, signed by the developer or developers and submitted with
17 the redevelopment plan, attesting that the provisions of this subdivision have been met;

18 (2) The redevelopment plan conforms to the comprehensive plan for the development
19 of the municipality as a whole;

20 (3) The estimated dates, which shall not be more than twenty-three years from the
21 adoption of the ordinance approving a redevelopment project within a redevelopment area, of
22 completion of any redevelopment project and retirement of obligations incurred to finance
23 redevelopment project costs have been stated, provided that no ordinance approving a
24 redevelopment project shall be adopted later than ten years from the adoption of the ordinance
25 approving the redevelopment plan under which such project is authorized and provided that no
26 property for a redevelopment project shall be acquired by eminent domain later than five years
27 from the adoption of the ordinance approving such redevelopment project;

28 (4) A plan has been developed for relocation assistance for businesses and residences;

29 (5) A cost-benefit analysis showing the economic impact of the plan on each taxing
30 district which is at least partially within the boundaries of the redevelopment area. The analysis
31 shall show the impact on the economy if the project is not built, and is built pursuant to the
32 redevelopment plan under consideration. The cost-benefit analysis shall include a fiscal impact
33 study on every affected political subdivision **based on existing tax rates at the time of the**
34 **fiscal impact study**, and sufficient information from the developer for the commission
35 established in section 99.820 to evaluate whether the project as proposed is financially feasible;

36 (6) A finding that the plan does not include the initial development or redevelopment of
37 any gambling establishment, provided however, that this subdivision shall be applicable only to
38 a redevelopment plan adopted for a redevelopment area designated by ordinance after December
39 23, 1997.

40 2. By the last day of February each year, each commission shall report to the director of
41 economic development the name, address, phone number and primary line of business of any
42 business which relocates to the district. The director of the department of economic development
43 shall compile and report the same to the governor, the speaker of the house and the president pro
44 tempore of the senate on the last day of April each year.

99.855. 1. If a municipality by ordinance provides for tax increment allocation financing
2 pursuant to sections 99.845 and 99.850, the county assessor shall immediately thereafter
3 determine total equalized assessed value of all taxable real property within such redevelopment
4 project by adding together the most recently ascertained equalized assessed value of each taxable
5 lot, block, tract, or parcel of real property within such project, and shall certify such amount as
6 the total initial equalized assessed value of the taxable real property within such project.

7 2. After the county assessor has certified the total initial equalized assessed value of the
8 taxable real property in such redevelopment project, then, in respect to every taxing district
9 containing a redevelopment project, the county clerk, or any other official required by law to
10 ascertain the amount of the equalized assessed value of all taxable property within such district
11 for the purpose of computing any debt service levies to be extended upon taxable property within
12 such district, shall in every year that tax increment allocation financing is in effect ascertain the
13 amount of value of taxable property in a redevelopment project by including in such amount the
14 certified total initial equalized assessed value of all taxable real property in such area in lieu of
15 the equalized assessed value of all taxable real property in such area. For the purpose of
16 measuring the size of payments in lieu of taxes under sections 99.800 to 99.865, [all] tax levies
17 [shall then be extended to the current equalized assessed value of all property] **among political**
18 **subdivisions at the time of the certified initial equalized assessed value of taxable real**
19 **property** in the redevelopment project [in the same manner as the tax rate percentage is
20 extended] **shall be applied to the current equalized assessed value of all property in the**

21 **same manner as the tax rate percentage extended to** all other taxable property in the taxing
22 district. [The method of extending taxes established under this section shall terminate when the
23 municipality adopts an ordinance dissolving the special allocation fund for the redevelopment
24 project.] **Tax levies approved by political subdivisions in the redevelopment area following**
25 **the initial equalized assessed value of taxable real property in the redevelopment project,**
26 **or in any future tax increment financing project, shall not be subject to the municipality**
27 **or a redevelopment commission's authority for use in any redevelopment project.**

✓