

SECOND REGULAR SESSION  
[TRULY AGREED TO AND FINALLY PASSED]

# HOUSE BILL NO. 1688

## 93RD GENERAL ASSEMBLY

4934L.01T

2006

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### AN ACT

To repeal section 99.845, RSMo, and to enact in lieu thereof one new section relating to the sole purpose of excluding a sales tax imposed by Jackson County for sports stadium improvement from economic activity tax revenues for tax increment finance projects.

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

Section A. Section 99.845, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 99.845, to read as follows:

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

(1) That portion of taxes, penalties and interest levied upon each taxable lot, block, tract, or parcel of real property which is attributable to the initial equalized assessed value of each such taxable lot, block, tract, or parcel of real property in the area selected for the redevelopment project shall be allocated to and, when collected, shall be paid by the county collector to 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.

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  
84 the 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, **or any sales**  
86 **tax imposed by a county with a charter form of government and with more than six**  
87 **hundred thousand but fewer than seven hundred thousand inhabitants, for the purpose**  
88 **of sports stadium improvement,** shall be allocated to, and paid by the local political

89 subdivision collecting officer to the treasurer or other designated financial officer of the  
90 municipality, who shall deposit such funds in a separate segregated account within the special  
91 allocation fund.

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

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

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

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

124 submitted prior to the redevelopment plan's or project's adoption or the redevelopment plan's or  
125 project's approval by ordinance.

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

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

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

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

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

153 (2) Was a historic hotel located in a county of the first classification without a charter  
154 form of government with a population according to the most recent federal decennial census in  
155 excess of one hundred fifty thousand and containing a portion of a city with a population  
156 according to the most recent federal decennial census in excess of three hundred fifty thousand.

157 10. The initial appropriation of up to fifty percent of the new state revenues authorized  
158 pursuant to subsections 4 and 5 of this section shall not be made to or distributed by the

159 department of economic development to a municipality until all of the following conditions have  
160 been satisfied:

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

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

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

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

174 (d) The official statement of any bond issue pursuant to this subsection after December  
175 23, 1997;

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

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

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

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

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

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

190 (k) The estimated development project costs;

191 (l) The anticipated sources of funds to pay such development project costs;

192 (m) Evidence of the commitments to finance such development project costs;

193 (n) The anticipated type and term of the sources of funds to pay such development  
194 project costs;

- 195 (o) The anticipated type and terms of the obligations to be issued;
- 196 (p) The most recent equalized assessed valuation of the property within the development  
197 project area;
- 198 (q) An estimate as to the equalized assessed valuation after the development project area  
199 is developed in accordance with a development plan;
- 200 (r) The general land uses to apply in the development area;
- 201 (s) The total number of individuals employed in the development area, broken down by  
202 full-time, part-time, and temporary positions;
- 203 (t) The total number of full-time equivalent positions in the development area;
- 204 (u) The current gross wages, state income tax withholdings, and federal income tax  
205 withholdings for individuals employed in the development area;
- 206 (v) The total number of individuals employed in this state by the corporate parent of any  
207 business benefiting from public expenditures in the development area, and all subsidiaries  
208 thereof, as of December thirty-first of the prior fiscal year, broken down by full-time, part-time,  
209 and temporary positions;
- 210 (w) The number of new jobs to be created by any business benefiting from public  
211 expenditures in the development area, broken down by full-time, part-time, and temporary  
212 positions;
- 213 (x) The average hourly wage to be paid to all current and new employees at the project  
214 site, broken down by full-time, part-time, and temporary positions;
- 215 (y) For project sites located in a metropolitan statistical area, as defined by the federal  
216 Office of Management and Budget, the average hourly wage paid to nonmanagerial employees  
217 in this state for the industries involved at the project, as established by the United States Bureau  
218 of Labor Statistics;
- 219 (z) For project sites located outside of metropolitan statistical areas, the average weekly  
220 wage paid to nonmanagerial employees in the county for industries involved at the project, as  
221 established by the United States Department of Commerce;
- 222 (aa) A list of other community and economic benefits to result from the project;
- 223 (bb) A list of all development subsidies that any business benefiting from public  
224 expenditures in the development area has previously received for the project, and the name of  
225 any other granting body from which such subsidies are sought;
- 226 (cc) A list of all other public investments made or to be made by this state or units of  
227 local government to support infrastructure or other needs generated by the project for which the  
228 funding pursuant to this section is being sought;

229 (dd) A statement as to whether the development project may reduce employment at any  
230 other site, within or without the state, resulting from automation, merger, acquisition, corporate  
231 restructuring, relocation, or other business activity;

232 (ee) A statement as to whether or not the project involves the relocation of work from  
233 another address and if so, the number of jobs to be relocated and the address from which they  
234 are to be relocated;

235 (ff) A list of competing businesses in the county containing the development area and  
236 in each contiguous county;

237 (gg) A market study for the development area;

238 (hh) A certification by the chief officer of the applicant as to the accuracy of the  
239 development plan;

240 (2) The methodologies used in the application for determining the base year and  
241 determining the estimate of the incremental increase in the general revenue portion of the state  
242 sales tax revenues or the state income tax withheld by employers on behalf of new employees  
243 who fill new jobs created in the redevelopment area shall be approved by the director of the  
244 department of economic development or his or her designee and the commissioner of the office  
245 of administration or his or her designee. Upon approval of the application, the director of the  
246 department of economic development or his or her designee and the commissioner of the office  
247 of administration or his or her designee shall issue a certificate of approval. The department of  
248 economic development may request the appropriation following application approval;

249 (3) The appropriation shall be either a portion of the estimate of the incremental increase  
250 in the general revenue portion of state sales tax revenues in the redevelopment area or a portion  
251 of the estimate of the state income tax withheld by the employer on behalf of new employees  
252 who fill new jobs created in the redevelopment area as indicated in the municipality's application,  
253 approved by the director of the department of economic development or his or her designee and  
254 the commissioner of the office of administration or his or her designee. At no time shall the  
255 annual amount of the new state revenues approved for disbursements from the Missouri  
256 supplemental tax increment financing fund exceed thirty-two 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. Redevelopment project costs may include, at the prerogative of the state, the portion  
278 of salaries and expenses of the department of economic development and the department of  
279 revenue reasonably allocable to each redevelopment project approved for disbursements from  
280 the Missouri supplemental tax increment financing fund for the ongoing administrative functions  
281 associated with such redevelopment project. Such amounts shall be recovered from new state  
282 revenues deposited into the Missouri supplemental tax increment financing fund created under  
283 this section.

284 14. For redevelopment plans or projects approved by ordinance that result in net new  
285 jobs from the relocation of a national headquarters from another state to the area of the  
286 redevelopment project, the economic activity taxes and new state tax revenues shall not be based  
287 on a calculation of the incremental increase in taxes as compared to the base year or prior  
288 calendar year for such redevelopment project, rather the incremental increase shall be the amount  
289 of total taxes generated from the net new jobs brought in by the national headquarters from  
290 another state. In no event shall this subsection be construed to allow a redevelopment project  
291 to receive an appropriation in excess of up to fifty percent of the new state revenues.

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