

SECOND REGULAR SESSION

# HOUSE BILL NO. 1731

## 93RD GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVES LEMBKE (Sponsor), AVERY, NANCE, KRAUS, SILVEY, NIEVES, PORTWOOD, FAITH, FLOOK, WRIGHT (137), McGHEE, BIVINS, SCHNEIDER, DAVIS, SMITH (14) AND STEVENSON (Co-sponsors).

Read 1st time February 9, 2006 and copies ordered printed.

STEPHEN S. DAVIS, Chief Clerk

5103L.01I

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### AN ACT

To repeal section 99.805, RSMo, and to enact in lieu thereof one new section 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Section A. Section 99.805, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 99.805, to read as follows: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 **in** 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]

(a) **Buildings are:**

a. **Unsanitary or unsafe or living or working;**

b. **Substantially vacant; or**

c. **Subject to a crime rate significantly higher than other surrounding neighborhoods; and**

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           **(b) In general, is characterized by:**

15           **a. Pervasive poverty, unemployment, and general distress, as evidenced by:**

16           **(i) At least seventy-five percent of the residents living in the area have incomes**  
17 **below eighty percent of the median income of all residents within the state of Missouri; and**

18           **(ii) The level of unemployment of persons within the area exceeds one and one-half**  
19 **times the average rate of unemployment for the state of Missouri over the previous twelve**  
20 **months; and**

21           **b. Performance of a cost-benefit analysis by an independent contractor which**  
22 **enumerates the effect of the project on tax revenues if the project is built both with the**  
23 **proposed tax increment financing and without the tax increment financing, including a**  
24 **showing of substantial and certain long-term economic feasibility and benefit to the**  
25 **affected taxing districts for proposed plan approval;**

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

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

40           (4) "Economic activity taxes", the total additional revenue from taxes which are imposed  
41 by a municipality and other taxing districts, and which are generated by economic activities  
42 within a redevelopment area over the amount of such taxes generated by economic activities  
43 within such redevelopment area in the calendar year prior to the adoption of the ordinance  
44 designating such a redevelopment area, while tax increment financing remains in effect, but  
45 excluding personal property taxes, taxes imposed on sales or charges for sleeping rooms paid by  
46 transient guests of hotels and motels, licenses, fees or special assessments. For redevelopment  
47 projects or redevelopment plans approved after December 23, 1997, if a retail establishment  
48 relocates within one year from one facility to another facility within the same county and the  
49 governing body of the municipality finds that the relocation is a direct beneficiary of tax

50 increment financing, then for purposes of this definition, the economic activity taxes generated  
51 by the retail establishment shall equal the total additional revenues from economic activity taxes  
52 which are imposed by a municipality or other taxing district over the amount of economic  
53 activity taxes generated by the retail establishment in the calendar year prior to its relocation to  
54 the redevelopment area;

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

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

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

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

64 (6) "Gambling establishment", an excursion gambling boat as defined in section 313.800,  
65 RSMo, and any related business facility including any real property improvements which are  
66 directly and solely related to such business facility, whose sole purpose is to provide goods or  
67 services to an excursion gambling boat and whose majority ownership interest is held by a person  
68 licensed to conduct gambling games on an excursion gambling boat or licensed to operate an  
69 excursion gambling boat as provided in sections 313.800 to 313.850, RSMo. This subdivision  
70 shall be applicable only to a redevelopment area designated by ordinance adopted after December  
71 23, 1997;

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

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

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

82 (10) "Payment in lieu of taxes", those estimated revenues from real property in the area  
83 selected for a redevelopment project, which revenues according to the redevelopment project or  
84 plan are to be used for a private use, which taxing districts would have received had a  
85 municipality not adopted tax increment allocation financing, and which would result from levies

86 made after the time of the adoption of tax increment allocation financing during the time the  
87 current equalized value of real property in the area selected for the redevelopment project  
88 exceeds the total initial equalized value of real property in such area until the designation is  
89 terminated pursuant to subsection 2 of section 99.850;

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

96 (12) "Redevelopment plan", the comprehensive program of a municipality for  
97 redevelopment intended by the payment of redevelopment costs to reduce or eliminate those  
98 conditions, the existence of which qualified the redevelopment area as a blighted area,  
99 conservation area, economic development area, or combination thereof, and to thereby enhance  
100 the tax bases of the taxing districts which extend into the redevelopment area. Each  
101 redevelopment plan shall conform to the requirements of section 99.810;

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

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

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

109 (b) Professional service costs, including, but not limited to, architectural, engineering,  
110 legal, marketing, financial, planning or special services. Except the reasonable costs incurred  
111 by the commission established in section 99.820 for the administration of sections 99.800 to  
112 99.865, such costs shall be allowed only as an initial expense which, to be recoverable, shall be  
113 included in the costs of a redevelopment plan or project;

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

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

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

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

- 121 (g) Financing costs, including, but not limited to, all necessary and incidental expenses  
122 related to the issuance of obligations, and which may include payment of interest on any  
123 obligations issued pursuant to sections 99.800 to 99.865 accruing during the estimated period  
124 of construction of any redevelopment project for which such obligations are issued and for not  
125 more than eighteen months thereafter, and including reasonable reserves related thereto;
- 126 (h) All or a portion of a taxing district's capital costs resulting from the redevelopment  
127 project necessarily incurred or to be incurred in furtherance of the objectives of the  
128 redevelopment plan and project, to the extent the municipality by written agreement accepts and  
129 approves such costs;
- 130 (i) Relocation costs to the extent that a municipality determines that relocation costs shall  
131 be paid or are required to be paid by federal or state law;
- 132 (j) Payments in lieu of taxes;
- 133 (15) "Special allocation fund", the fund of a municipality or its commission which  
134 contains at least two separate segregated accounts for each redevelopment plan, maintained by  
135 the treasurer of the municipality or the treasurer of the commission into which payments in lieu  
136 of taxes are deposited in one account, and economic activity taxes and other revenues are  
137 deposited in the other account;
- 138 (16) "Taxing districts", any political subdivision of this state having the power to levy  
139 taxes;
- 140 (17) "Taxing districts' capital costs", those costs of taxing districts for capital  
141 improvements that are found by the municipal governing bodies to be necessary and to directly  
142 result from the redevelopment project; and
- 143 (18) "Vacant land", any parcel or combination of parcels of real property not used for  
144 industrial, commercial, or residential buildings.

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