

HB 103 -- TAX INCREMENT FINANCING

SPONSOR: Portwood

COMMITTEE ACTION: Voted "do pass" by the Committee on Local Government by a vote of 12 to 0.

This bill changes the laws regarding tax increment financing (TIF). In its main provisions, the bill:

- (1) Prohibits the revenue from an increase in any tax within a TIF district from being used for anything other than the specified purpose of the tax increase;
- (2) Changes the definitions of "blighted area" and "conservation area";
- (3) Changes the definition of "redevelopment project costs" to include extraordinary professional service costs which are required under the Real Property Tax Increment Allocation Redevelopment Act;
- (4) Requires that conditions and contingencies of commitments to finance redevelopment project costs be included in the required general description of a redevelopment plan;
- (5) Requires redevelopment plans adopted by municipal and county governments to be re-adopted by two-thirds of all members of the governing body if a petition is submitted according to procedures established in the bill;
- (6) Requires redevelopment plans adopted by municipal and county governments to be re-adopted by two-thirds of all members of the governing body if the TIF Commission makes a negative recommendation;
- (7) Authorizes TIF projects within the 100-year flood plain in the City of St. Charles if the redevelopment area actually abuts a river or major waterway and is substantially surrounded by contiguous properties with residential, industrial, or commercial zoning classifications. Currently, no TIF projects are allowed in the flood plain in certain areas in St. Charles County;
- (8) Specifies that real property tax revenues attributable to the residential portion of the development will go directly to the affected school districts if a TIF project includes residential uses unless commission members representing the affected districts decide to forgo this revenue; and
- (9) Requires persons or entities who receive financing on a TIF

project in Kansas City or St. Louis to make good faith efforts to use minority or women's business enterprises on the project.

FISCAL NOTE: No impact on state funds in FY 2008, FY 2009, and FY 2010.

PROPONENTS: Supporters say that abuses of TIF need to be curtailed, especially when TIF gives some companies a competitive economic advantage over existing established local businesses. The bill establishes more specific guidelines for determining what constitutes "blight" in an attempt to refocus TIF on its original purpose of redevelopment, as opposed to development.

Testifying for the bill were Representative Portwood; Missouri School Boards' Association; and Cooperating School Districts of Greater Kansas City.

OPPONENTS: There was no opposition voiced to the committee.