

HB 1957 -- DUTY FREE ZONES ACT (Hughes)

COMMITTEE OF ORIGIN: Special Committee on Urban Issues

This bill establishes the Duty Free Zones Act which will only go into effect upon voter approval of a constitutional amendment authorizing the creation of tax-free or reduced-tax zones.

The governing body of any city may designate a portion of the city as a duty-free zone and grant the district tax-favored status for up to 23 years by adopting an ordinance. The ordinance must contain:

- (1) A statement that the proposed duty-free zone is a blighted area located within a qualified census tract;
- (2) The reduced tax rate or tax-favored status granted to the zone;
- (3) The term and conditions of the tax-favored status;
- (4) The general boundaries of the proposed duty-free zone by street location; and
- (5) The name of the duty-free zone, which must represent the zone's historical significance to the city.

Prior to the adoption of the ordinance, the city must hold a public hearing. The bill specifies the requirements for the hearing including the public's notification.

The city cannot provide a duty-free zone with tax-favored status unless the ordinance adopted by the city's governing body is approved by the Missouri Development Finance Board within the Department of Economic Development. Upon adoption of the ordinance, the city must submit an application to the department for review. The department will submit an analysis and recommendation to the board, which will determine whether or not the zone's designation should be approved. The bill specifies the requirements of the application, which must include an affidavit attesting to the fact that the proposed zone is a blighted area. The department must make all reasonable efforts to process applications within 60 days of receipt.

Upon approval of tax-favored status for a duty-free zone, a certificate of approval will be issued by the department containing the reduced tax rate or tax-favored status and the term. Any business located within the duty-free zone may receive tax-favored status for up to 15 years.

No city may have more than one duty-free zone at any given time.

FISCAL NOTE: Estimated Cost on General Revenue Fund of \$0 in FY 2009, \$0 or Unknown in FY 2010, and \$0 or Unknown in FY 2011. Estimated Cost on Other State Funds of \$0 in FY 2009, \$0 or Unknown in FY 2010, and \$0 or Unknown in FY 2011.