

SECOND REGULAR SESSION

HOUSE BILL NO. 1483

95TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE HUGHES.

4064L.01I

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To amend chapter 99, RSMo, by adding thereto eight new sections relating to duty free zones.

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

Section A. Chapter 99, RSMo, is amended by adding thereto eight new sections, to be known as sections 99.1150, 99.1153, 99.1156, 99.1159, 99.1162, 99.1165, 99.1168, and 99.1171, to read as follows:

99.1150. Sections 99.1150 to 99.1171 shall be known and may be cited as the "Duty Free Zones Act".

99.1153. As used in sections 99.1150 to 99.1171, unless the context clearly requires otherwise, the following terms shall mean:

- (1) "Blighted area", an area 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;**
- (2) "Department", the Missouri department of economic development;**
- (3) "Municipality", any city located within this state;**
- (4) "Qualified census tract", any tract, designated as having low to moderate income levels, as defined under 24 CFR 570.208(a)(1)(i);**
- (5) "Tax favored status", a reduction to or elimination of the rate of tax on transactions subject to taxes imposed under chapter 144;**

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.

16 (6) "Taxing districts", any political subdivision of this state having the power to
17 levy taxes.

 99.1156. The governing body of a municipality may, through the adoption of an
2 ordinance in compliance with the provisions of sections 99.1150 to 99.1171, designate a
3 portion of such municipality as a duty free zone and grant such district tax favored status
4 for a term of years not to exceed twenty-three years. In adopting an ordinance designating
5 a duty free zone, a municipality shall create a name for such zone which represents the
6 zone's historical significance to the municipality. An ordinance designating a duty free zone
7 shall contain:

8 (1) A statement that the proposed duty free zone is a blighted area located within
9 a qualified census tract;

10 (2) The reduced tax rate or tax favored status granted to the zone;

11 (3) The term and conditions of tax favored status;

12 (4) The general boundaries of the proposed duty free zone by street location; and

13 (5) The name of the duty free zone.

 99.1159. Prior to the adoption of an ordinance proposing the designation of a duty
2 free zone, the governing body of the municipality shall fix a time and place for a public
3 hearing and notify each taxing district located wholly or partially within the boundaries
4 of the proposed duty free zone. At the public hearing any interested person or affected
5 taxing district may file with the governing body of the municipality written objections to,
6 or comments on, and may be heard orally in respect to, any issues embodied in the notice.
7 The governing body of the municipality shall hear and consider all protests, objections,
8 comments, and other evidence presented at the hearing. The hearing may be continued to
9 another date without further notice other than a motion to be entered upon the minutes
10 fixing the time and place of the subsequent hearing. Prior to the conclusion of the hearing,
11 changes may be made to the boundaries of the proposed duty free zone, the tax rates to be
12 imposed, or the term and conditions of tax favored status, provided that each affected
13 taxing district is given written notice of such changes at least seven days prior to the
14 conclusion of the hearing. After the adoption of an ordinance approving the designation
15 of a duty free zone, no ordinance shall be adopted altering the exterior boundaries,
16 modifying the tax rates, or the term and conditions of tax favored status without complying
17 with the procedures provided in this section pertaining to the initial approval of a duty free
18 zone.

 99.1162. 1. Notice of the public hearing required by section 99.1159 shall be given
2 by publication and mailing. Notice by publication shall be given by publication at least
3 twice, the first publication to be not more than thirty days and the second publication to

4 be not more than ten days prior to the hearing, in a newspaper of general circulation in the
5 area of the proposed duty free zone. Notice by mailing shall be given by depositing such
6 notice in the United States mail by certified mail addressed to the person or persons in
7 whose name the general taxes for the last preceding year were paid on each lot, block,
8 tract, or parcel of land lying within the duty free zone which is to be subjected to the tax
9 favored status under section 99.1153. Such notice shall be mailed not less than ten days
10 prior to the date set for the public hearing. In the event taxes for the last preceding year
11 were not paid, the notice shall also be sent to the persons last listed on the tax rolls within
12 the preceding three years as the owners of such property.

13 2. The notices issued under this section shall include the following:

14 (1) The time and place of the public hearing;

15 (2) The general boundaries of the proposed duty free zone by street location, where
16 possible;

17 (3) A statement that all interested persons shall be given an opportunity to be heard
18 at the public hearing;

19 (4) A description of the proposed duty free zone, the proposed tax rates or tax
20 favored status, the term and conditions of such tax favored status, and a location and time
21 where the proposal may be reviewed by any interested party; and

22 (5) Such other matters as the governing body of the municipality may deem
23 appropriate.

24 3. Not less than forty-five days prior to the date set for the public hearing, the
25 governing body of the municipality shall give notice by mail as provided in subsection 1 of
26 this section to all taxing districts from which taxable property is included in the duty free
27 zone, and in addition to the other requirements under subsection 2 of this section, the
28 notice shall include an invitation to each taxing district to submit comments to the
29 governing body of the municipality concerning the subject matter of the hearing prior to
30 the date of the hearing.

31 4. A copy of any and all hearing notices required by section 99.1159 shall be
32 submitted by the governing body of the municipality to the director of the department of
33 revenue, the governing body of the county in which the municipality is located and the
34 department. Such submission of the copy of the hearing notice shall comply with the prior
35 notice requirements under subsection 3 of this section.

99.1165. 1. Upon adoption of an ordinance designating a duty free zone, a
2 municipality shall forward a copy of such ordinance to the governing body of the county
3 in which the municipality is located. No municipality may provide a duty free zone with
4 tax favored status unless the governing body of the county in which the municipality is

5 located adopts an ordinance or resolution authorizing tax favored status for such zone in
6 an amount and term equal to that which is provided for in the municipal ordinance and
7 such ordinance or resolution is approved by the Missouri development finance board.

8 2. Upon adoption of an ordinance or resolution by the governing body of the county
9 in which the municipality is located under the provisions of subsection 1 of this section, a
10 municipality shall submit an application to the department for review and submission of
11 an analysis and recommendation to the Missouri development finance board for a
12 determination as to approval of the designation of a duty free zone and grant of tax favored
13 status. The department shall forward the application to the Missouri development finance
14 board with the analysis and recommendation. An application submitted to the department
15 shall contain the following:

16 (1) The general boundaries of the proposed duty free zone by street location;

17 (2) Identification of the existing businesses located within the proposed duty free
18 zone;

19 (3) The previous year's aggregate amount of state sales tax revenues reported by
20 existing businesses within the proposed duty free zone. Provisions of section 32.057,
21 notwithstanding, municipalities shall provide this information to the department of
22 revenue for verification. The department of revenue shall verify the information provided
23 by the municipalities within forty-five days of receiving a request for such verification from
24 a municipality;

25 (4) An affidavit that is signed by the governing body of the municipality attesting
26 that the proposed duty free zone constitutes a blighted area and is located within a
27 qualified census tract; and

28 (5) Any other information reasonably requested by the department and the
29 Missouri development finance board.

30 3. The department shall make all reasonable efforts to process applications within
31 sixty days of receipt of the application.

32 4. The Missouri development finance board shall make a determination regarding
33 the application for a certificate authorizing tax favored status for a duty free zone. Upon
34 approval of tax favored status for a duty free zone, a certificate of approval shall be issued
35 by the department containing the reduced tax rate or tax favored status and the term.

36 5. Upon issuance of a certificate of approval, any business located within the duty
37 free zone may receive tax favored status for a term of years not to exceed fifteen years.
38 Any business receiving tax favored status shall report the amount of taxes deferred to the
39 governing body of the municipality on an availability basis for the duration of the term of
40 tax favored status.

41 **6. No municipality shall have more than one duty free zone in existence within the**
42 **jurisdiction of the municipality at any given time.**

99.1168. Any tax dollars collected under sections 99.1150 to 99.1171 shall be
2 **directed to the "Blighted Area Restoration Fund". Such fund shall be managed by a board**
3 **to be appointed by the mayor with the approval of the city council of the municipality**
4 **within the duty free zone. Such board shall consist of a member of the house of**
5 **representatives and a member of the senate, a member of the city council of such**
6 **municipality, three business persons within such municipality, and a person from the**
7 **community within such municipality. The members of the board first appointed by the**
8 **mayor shall be appointed to serve for terms of one, two, and three years, the term of each**
9 **member to be designated by the mayor. The successor of each member shall be appointed**
10 **for a term of four years or until their successors have been appointed, but any person**
11 **appointed to fill a vacancy shall be appointed to serve only for the unexpired term.**

99.1171. Any moneys collected under sections 99.1150 to 99.1171 located within a
2 **duty free zone shall be used to restore any blighted area within such zone.**

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