

HB 2736 -- TAX INCREMENT FINANCING

SPONSOR: Washington

This bill alters the definition of a blighted area where tax increment financing (TIF) projects are possible to be areas where buildings are unsafe or unsanitary provided the area also qualifies as a distressed community, where the level of unemployment is one and one-half times greater than the state average unemployment rate, or where the average household income is less than 50% of the average household income of the surrounding metropolitan statistical area (Section 99.805, RSMo).

The bill also provides that tax credits, reduced tax rates, and any other measurable contributions such as donations or discounts shall be considered funding sources for the purposes of assessing the property proposed in a TIF redevelopment plan. A study that the proposed property was not previously developed using private funds, and a study as to whether or not development would occur without public assistance are added to the requisite findings a municipality must make before a redevelopment plan is adopted (Section 99.810).

The bill exempts certain redevelopment projects from the funding limits for TIF projects associated with a geospatial intelligence federal employer in St. Louis City. Redevelopment projects so exempted include those consisting solely of public infrastructure improvements on public land and that will pay off its bonds within seven years, and those projects where only a municipality's economic activity taxes and payment in lieu of taxes (PILOTs), but not any charges levied by other taxing jurisdictions, are used to finance the project (Section 99.811).

The bill additionally requires that 25% of all PILOTs associated with a TIF project shall be distributed by a municipality to all other taxing entities that would be entitled to tax revenue but for the TIF. Municipalities and developers are then required to annually report to the Department of Economic Development regarding the status of any TIF, and the department shall subsequently, and annually thereafter, create a report for the General Assembly on the TIF projects statewide (Sections 99.812 and 99.813).

Redevelopment districts that provide emergency services shall be reimbursed through disbursements from a municipality's special allocation fund, provided that no reimbursement shall be less 25% or more than 100% of the district's TIF revenue. Reimbursements are further limited by only applying to districts in certain counties and municipalities (Section 99.814).

Finally, the bill qualifies projects in blighted areas that are also in distressed communities for disbursements from the state Supplemental Tax Increment Fund. However, the bill prohibits TIF redevelopment projects unless all school districts in the redevelopment area have low fiscal capacity, all associated census blocks or census block groups have high unemployment, or all associated municipalities, census blocks, or census block groups are moderate income areas (Section 99.845).