

FIRST REGULAR SESSION

# HOUSE BILL NO. 981

101ST GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE ALDRIDGE.

1926H.011

DANA RADEMAN MILLER, Chief Clerk

## AN ACT

To repeal sections 99.805, 99.810, 99.825, and 99.843, RSMo, and to enact in lieu thereof four new sections relating to tax increment financing.

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

Section A. Sections 99.805, 99.810, 99.825, and 99.843, RSMo, are repealed and four new sections enacted in lieu thereof, to be known as sections 99.805, 99.810, 99.825, and 99.843, to read as follows: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 which, by reason of the predominance of [~~defective or inadequate street layout,~~] insanitary 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, [~~moral,~~] or welfare in its present condition and use, **and, for redevelopment areas located in a city not within a county, which has a median household income less than or equal to two hundred percent of the federal poverty level, as determined by the most current five-year figures published by the American Community Survey conducted by the United States Census Bureau;**

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

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

27 ~~——(4)] "Economic activity taxes", the total additional revenue from taxes which are imposed~~  
28 ~~by a municipality and other taxing districts, and which are generated by economic activities~~  
29 ~~within a redevelopment area over the amount of such taxes generated by economic activities~~  
30 ~~within such redevelopment area in the calendar year prior to the adoption of the ordinance~~  
31 ~~designating such a redevelopment area, while tax increment financing remains in effect, but~~  
32 ~~excluding personal property taxes, taxes imposed on sales or charges for sleeping rooms paid by~~  
33 ~~transient guests of hotels and motels, licenses, fees or special assessments. For redevelopment~~  
34 ~~projects or redevelopment plans approved after December 23, 1997, if a retail establishment~~  
35 ~~relocates within one year from one facility to another facility within the same county and the~~  
36 ~~governing body of the municipality finds that the relocation is a direct beneficiary of tax~~  
37 ~~increment financing, then for purposes of this definition, the economic activity taxes generated~~  
38 ~~by the retail establishment shall equal the total additional revenues from economic activity taxes~~  
39 ~~which are imposed by a municipality or other taxing district over the amount of economic~~  
40 ~~activity taxes generated by the retail establishment in the calendar year prior to its relocation to~~  
41 ~~the redevelopment area;~~

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

47 ~~——(a) Discourage commerce, industry or manufacturing from moving their operations to~~  
48 ~~another state; or~~

49 ~~——(b) Result in increased employment in the municipality; or~~

50 ~~——(c) Result in preservation or enhancement of the tax base of the municipality;~~

51 ~~——(6)~~ (4) "Gambling establishment", an excursion gambling boat as defined in section  
52 313.800 and any related business facility including any real property improvements which are  
53 directly and solely related to such business facility, whose sole purpose is to provide goods or  
54 services to an excursion gambling boat and whose majority ownership interest is held by a person  
55 licensed to conduct gambling games on an excursion gambling boat or licensed to operate an  
56 excursion gambling boat as provided in sections 313.800 to 313.850. This subdivision shall be  
57 applicable only to a redevelopment area designated by ordinance adopted after December 23,  
58 1997;

59 [(7)] (5) "Greenfield area", any vacant, unimproved, or agricultural property that is  
60 located wholly outside the incorporated limits of a city, town, or village, or that is substantially  
61 surrounded by contiguous properties with agricultural zoning classifications or uses unless said  
62 property was annexed into the incorporated limits of a city, town, or village ten years prior to the  
63 adoption of the ordinance approving the redevelopment plan for such greenfield area;

64 [(8)] (6) "Municipality", a city, village, or incorporated town or any county of this state.  
65 For redevelopment areas or projects approved on or after December 23, 1997, municipality  
66 applies only to cities, villages, incorporated towns or counties established for at least one year  
67 prior to such date;

68 [(9)] (7) "Obligations", bonds, loans, debentures, notes, special certificates, or other  
69 evidences of indebtedness issued by a municipality to carry out a redevelopment project or to  
70 refund outstanding obligations;

71 [(10)] (8) "Ordinance", an ordinance enacted by the governing body of a city, town, or  
72 village or a county or an order of the governing body of a county whose governing body is not  
73 authorized to enact ordinances;

74 [(11)] (9) "Payment in lieu of taxes", those estimated revenues from real property in the  
75 area selected for a redevelopment project, which revenues according to the redevelopment  
76 project or plan are to be used for a private use, which taxing districts would have received had  
77 a municipality not adopted tax increment allocation financing, and which would result from  
78 levies made after the time of the adoption of tax increment allocation financing during the time  
79 the current equalized value of real property in the area selected for the redevelopment project  
80 exceeds the total initial equalized value of real property in such area until the designation is  
81 terminated pursuant to subsection 2 of section 99.850;

82 [(12)] (10) "Redevelopment area", an area designated by a municipality, in respect to  
83 which the municipality has made a finding that there exist conditions which cause the area to be  
84 classified as a blighted area, ~~[a conservation area, an economic development area, an enterprise~~  
85 ~~zone pursuant to sections 135.200 to 135.256, or a combination thereof.]~~ which area includes

86 only those parcels of real property directly and substantially benefitted by the proposed  
87 redevelopment project;

88 ~~[(13)]~~ **(11)** "Redevelopment plan", the comprehensive program of a municipality for  
89 redevelopment intended by the payment of redevelopment costs to reduce or eliminate those  
90 conditions, the existence of which qualified the redevelopment area as a blighted area,  
91 ~~[conservation area, economic development area, or combination thereof,]~~ and to thereby enhance  
92 the tax bases of the taxing districts which extend into the redevelopment area. Each  
93 redevelopment plan shall conform to the requirements of section 99.810;

94 ~~[(14)]~~ **(12)** "Redevelopment project", any development project within a redevelopment  
95 area in furtherance of the objectives of the redevelopment plan; any such redevelopment project  
96 shall include a legal description of the area selected for the redevelopment project;

97 ~~[(15)]~~ **(13)** "Redevelopment project costs" include the sum total of all reasonable or  
98 necessary costs incurred or estimated to be incurred, and any such costs incidental to a  
99 redevelopment plan or redevelopment project, as applicable. Such costs include, but are not  
100 limited to, the following:

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

102 (b) Professional service costs, including, but not limited to, architectural, engineering,  
103 legal, marketing, financial, planning or special services. Except the reasonable costs incurred  
104 by the commission established in section 99.820 for the administration of sections 99.800 to  
105 99.865, such costs shall be allowed only as an initial expense which, to be recoverable, shall be  
106 included in the costs of a redevelopment plan or project;

107 (c) Property assembly costs, including, but not limited to:

108 a. Acquisition of land and other property, real or personal, or rights or interests therein;

109 b. Demolition of buildings; and

110 c. The clearing and grading of land;

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

113 (e) ~~Initial costs for an economic development area;~~

114 ~~—(f)~~ Costs of construction of public works or improvements;

115 ~~[(g)]~~ **(f)** Financing costs, including, but not limited to, all necessary and incidental  
116 expenses related to the issuance of obligations, and which may include payment of interest on  
117 any obligations issued pursuant to sections 99.800 to 99.865 accruing during the estimated period  
118 of construction of any redevelopment project for which such obligations are issued and for not  
119 more than eighteen months thereafter, and including reasonable reserves related thereto;

120 ~~[(h)]~~ **(g)** All or a portion of a taxing district's capital costs resulting from the  
121 redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of

122 the redevelopment plan and project, to the extent the municipality by written agreement accepts  
123 and approves such costs;

124        ~~[(h)]~~ (h) Relocation costs to the extent that a municipality determines that relocation costs  
125 shall be paid or are required to be paid by federal or state law;

126        ~~[(i)]~~ (i) Payments in lieu of taxes;

127        ~~[(14)]~~ (14) "Special allocation fund", the fund of a municipality or its commission which  
128 contains at least two separate segregated accounts for each redevelopment plan, maintained by  
129 the treasurer of the municipality or the treasurer of the commission into which payments in lieu  
130 of taxes are deposited in one account, and economic activity taxes and other revenues are  
131 deposited in the other account;

132        ~~[(17)]~~ (15) "Taxing districts", any political subdivision of this state having the power to  
133 levy taxes;

134        ~~[(18)]~~ (16) "Taxing districts' capital costs", those costs of taxing districts for capital  
135 improvements that are found by the municipal governing bodies to be necessary and to directly  
136 result from the redevelopment project; and

137        ~~[(19)]~~ (17) "Vacant land", any parcel or combination of parcels of real property not used  
138 for industrial, commercial, or residential buildings.

99.810. 1. Each redevelopment plan shall set forth in writing a general description of  
2 the program to be undertaken to accomplish the objectives and shall include, but need not be  
3 limited to, the estimated redevelopment project costs, the anticipated sources of funds to pay the  
4 costs, evidence of the commitments to finance the project costs, the anticipated type and term  
5 of the sources of funds to pay costs, the anticipated type and terms of the obligations to be issued,  
6 the most recent equalized assessed valuation of the property within the redevelopment area  
7 which is to be subjected to payments in lieu of taxes and economic activity taxes pursuant to  
8 section 99.845, an estimate as to the equalized assessed valuation after redevelopment, and the  
9 general land uses to apply in the redevelopment area. No redevelopment plan shall be adopted  
10 by a municipality without findings that:

11        (1) The redevelopment area on the whole is a blighted area~~[- a conservation area, or an~~  
12 ~~economic development area,]~~ and has not been subject to growth and development through  
13 investment by private enterprise and would not reasonably be anticipated to be developed  
14 without the adoption of tax increment financing. Such a finding shall include, but not be limited  
15 to, a **study conducted by a third party which includes a** detailed description of the factors that  
16 qualify the redevelopment area or project pursuant to this subdivision and an affidavit, signed  
17 by the developer or developers and submitted with the redevelopment plan, attesting that the  
18 provisions of this subdivision have been met;

19 (2) The redevelopment plan conforms to the comprehensive plan for the development  
20 of the municipality as a whole;

21 (3) The estimated dates, which shall not be more than twenty-three years from the  
22 adoption of the ordinance approving a redevelopment project within a redevelopment area, of  
23 completion of any redevelopment project and retirement of obligations incurred to finance  
24 redevelopment project costs have been stated, provided that no ordinance approving a  
25 redevelopment project shall be adopted later than ten years from the adoption of the ordinance  
26 approving the redevelopment plan under which such project is authorized and provided that no  
27 property for a redevelopment project shall be acquired by eminent domain later than five years  
28 from the adoption of the ordinance approving such redevelopment project;

29 (4) A plan has been developed for relocation assistance for businesses and residences;

30 (5) A cost-benefit analysis showing the economic impact of the plan on each taxing  
31 district which is at least partially within the boundaries of the redevelopment area. The analysis  
32 shall show the impact on the economy if the project is not built, and is built pursuant to the  
33 redevelopment plan under consideration. The cost-benefit analysis shall include a fiscal impact  
34 study on every affected political subdivision, and sufficient information from the developer for  
35 the commission established in section 99.820 to evaluate whether the project as proposed is  
36 financially feasible;

37 (6) A finding that the plan does not include the initial development or redevelopment of  
38 any gambling establishment, provided however, that this subdivision shall be applicable only to  
39 a redevelopment plan adopted for a redevelopment area designated by ordinance after December  
40 23, 1997.

41 2. By the last day of February each year, each commission shall report to the director of  
42 economic development the name, address, phone number and primary line of business of any  
43 business which relocates to the district. The director of the department of economic development  
44 shall compile and report the same to the governor, the speaker of the house and the president pro  
45 tempore of the senate on the last day of April each year.

99.825. 1. Prior to the adoption of an ordinance proposing the designation of a  
2 redevelopment area, or approving a redevelopment plan or redevelopment project, the  
3 commission shall fix a time and place for a public hearing as required in subsection 4 of section  
4 99.820 and notify each taxing district located wholly or partially within the boundaries of the  
5 proposed redevelopment area, plan or project. At the public hearing any interested person or  
6 affected taxing district may file with the commission written objections to, or comments on, and  
7 may be heard orally in respect to, any issues embodied in the notice. The commission shall hear  
8 and consider all protests, objections, comments and other evidence presented at the hearing. The  
9 hearing may be continued to another date without further notice other than a motion to be entered

10 upon the minutes fixing the time and place of the subsequent hearing; provided, if the  
11 commission is created under subsection 3 of section 99.820, the hearing shall not be continued  
12 for more than thirty days beyond the date on which it is originally opened unless such longer  
13 period is requested by the chief elected official of the municipality creating the commission and  
14 approved by a majority of the commission. Prior to the conclusion of the hearing, changes may  
15 be made in the redevelopment plan, redevelopment project, or redevelopment area, provided that  
16 each affected taxing district is given written notice of such changes at least seven days prior to  
17 the conclusion of the hearing. After the public hearing but prior to the adoption of an ordinance  
18 approving a redevelopment plan or redevelopment project, or designating a redevelopment area,  
19 changes may be made to the redevelopment plan, redevelopment projects or redevelopment areas  
20 without a further hearing, if such changes do not enlarge the exterior boundaries of the  
21 redevelopment area or areas, and do not substantially affect the general land uses established in  
22 the redevelopment plan or substantially change the nature of the redevelopment projects,  
23 provided that notice of such changes shall be given by mail to each affected taxing district and  
24 by publication in a newspaper of general circulation in the area of the proposed redevelopment  
25 not less than ten days prior to the adoption of the changes by ordinance. After the adoption of  
26 an ordinance approving a redevelopment plan or redevelopment project, or designating a  
27 redevelopment area, no ordinance shall be adopted altering the exterior boundaries, affecting the  
28 general land uses established pursuant to the redevelopment plan or changing the nature of the  
29 redevelopment project without complying with the procedures provided in this section pertaining  
30 to the initial approval of a redevelopment plan or redevelopment project and designation of a  
31 redevelopment area. Hearings with regard to a redevelopment project, redevelopment area, or  
32 redevelopment plan may be held simultaneously.

33         2. If, after concluding the hearing required under this section, the commission makes a  
34 recommendation under section 99.820 in opposition to a proposed redevelopment plan,  
35 redevelopment project, or designation of a redevelopment area, or any amendments thereto, a  
36 municipality desiring to approve such project, plan, designation, or amendments shall do so only  
37 upon a two-thirds majority vote of the governing body of such municipality. For plans, projects,  
38 designations, or amendments approved by a municipality over the recommendation in opposition  
39 by the commission formed under subsection 3 of section 99.820, the economic activity taxes and  
40 payments in lieu of taxes generated by such plan, project, designation, or amendment shall be  
41 restricted to paying only those redevelopment project costs contained in subparagraphs b. and  
42 c. of paragraph (c) of subdivision (15) of section 99.805 per redevelopment project.

43         ~~[3. Tax incremental financing projects within an economic development area shall apply~~  
44 ~~to and fund only the following infrastructure projects: highways, roads, streets, bridges, sewers,~~

45 ~~traffic control systems and devices, water distribution and supply systems, curbing, sidewalks~~  
46 ~~and any other similar public improvements, but in no case shall it include buildings.]~~

99.843. Notwithstanding the provisions of sections 99.800 to 99.865 to the contrary, no  
2 new tax increment financing project shall be authorized in any greenfield area, as such term is  
3 defined in section 99.805~~], that is located within a city not within a county or any county subject~~  
4 ~~to the authority of the East-West Gateway Council of Governments. Municipalities not subject~~  
5 ~~to the authority of the East-West Gateway Council of Governments may authorize tax increment~~  
6 ~~finance projects in greenfield areas].~~

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