

HB 1416 -- COMMUNITY IMPROVEMENT DISTRICTS

SPONSOR: Seitz

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Local Government by a vote of 13 to 0.

This bill requires a community improvement district to provide notice to the governing body of the municipality in which the district is located of planned meetings and any associated meeting agendas at least 10 calendar days prior to the meeting. If a district calls an emergency meeting it must provide notice as soon as possible.

The bill adds the list of dates and locations of each meeting of a community improvement district board to the list of items contained in a report that a district is required to provide to the municipal clerk, Department of Revenue, the State Auditor, and the Department of Economic Development. The report must include an affidavit signed by a board member under penalty of perjury that the information is accurate.

This bill requires the State Auditor to calculate a compliance grade for community improvement district reporting compliance. The Auditor's office will post the grade on its website no later than 30 days after the reporting deadline.

If a community improvement district fails to achieve a compliance grade of at least 80% it can be terminated or its board may be dissolved. A terminated district must immediately cease collecting any tax it is authorized to impose, settle its debts, and return all remaining money.

The governing body of a municipality will not be obligated or liable for any terminated district's remaining indebtedness, inaction, failure of fiduciary responsibility, fraudulent activity, or other encumbrance of such terminated district.

PROPONENTS: Supporters say that this bill gives necessary authority to local governments to disband "ghost" CIDs and return to taxpayers money that isn't being utilized the way it is intended to be. This bill has enough teeth to enforce compliance from bad actors while posing little to no burden on good actors. Supporters also say waste, fraud, and abuse are common in CIDs. They are a form of taxation without representation, transferring public money to private coffers.

Testifying in person for the bill were Representative Seitz and Arnie C. Dienoff.

OPPONENTS: There was no opposition voiced to the committee.

OTHERS: Others testifying on the bill answered questions about the role of the Auditor's office in implementing the provisions of this bill, should it pass, and answered general questions about community improvement district functioning and finances.

Testifying in person on the bill was Brandon Alexander, Missouri State Auditors Office.

Written testimony has been submitted for this bill. The full written testimony and witnesses testifying online can be found under Testimony on the bill page on the House website.