

FIRST REGULAR SESSION

HOUSE BILL NO. 698

100TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE COLEMAN (97).

1660H.011

DANA RADEMAN MILLER, Chief Clerk

AN ACT

To repeal sections 99.805, 99.810, and 99.843, RSMo, and to enact in lieu thereof three 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Section A. Sections 99.805, 99.810, and 99.843, RSMo, are repealed and three new sections enacted in lieu thereof, to be known as sections 99.805, 99.810, and 99.843, to read as follows: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, [~~morals,~~] or welfare in its present condition and use;

(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;

(3) "Conservation area", any improved area within the boundaries of a redevelopment area located within the territorial limits of a municipality in which fifty percent or more of the structures in the area have an age of thirty-five years or more. Such an area is not yet a blighted area but is detrimental to the public health, safety, morals, or welfare and may become a blighted area because of any one or more of the following factors: dilapidation; obsolescence;

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.

17 deterioration; illegal use of individual structures; presence of structures below minimum code
18 standards; abandonment; excessive vacancies; overcrowding of structures and community
19 facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land
20 coverage; deleterious land use or layout; depreciation of physical maintenance; and lack of
21 community planning. A conservation area shall meet at least three of the factors provided in this
22 subdivision for projects approved on or after December 23, 1997. **For all redevelopment plans
23 and projects approved on or after January 1, 2021, in retail areas, a conservation area shall
24 meet the dilapidation standard as one of the three factors required under this subdivision;**

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

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

45 (a) Discourage commerce, industry or manufacturing from moving their operations to
46 another state; or

47 (b) Result in increased employment in the municipality; or

48 (c) Result in preservation or enhancement of the tax base of the municipality;

49 (6) "Gambling establishment", an excursion gambling boat as defined in section 313.800
50 and any related business facility including any real property improvements which are directly and
51 solely related to such business facility, whose sole purpose is to provide goods or services to an
52 excursion gambling boat and whose majority ownership interest is held by a person licensed to

53 conduct gambling games on an excursion gambling boat or licensed to operate an excursion
54 gambling boat as provided in sections 313.800 to 313.850. This subdivision shall be applicable
55 only to a redevelopment area designated by ordinance adopted after December 23, 1997;

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

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

65 (9) "Obligations", bonds, loans, debentures, notes, special certificates, or other evidences
66 of indebtedness issued by a municipality to carry out a redevelopment project or to refund
67 outstanding obligations;

68 (10) "Ordinance", an ordinance enacted by the governing body of a city, town, or village
69 or a county or an order of the governing body of a county whose governing body is not
70 authorized to enact ordinances;

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

79 (12) "Redevelopment area", an area designated by a municipality, in respect to which the
80 municipality has made a finding that there exist conditions which cause the area to be classified
81 as a blighted area, a conservation area, an economic development area, an enterprise zone
82 pursuant to sections 135.200 to 135.256, or a combination thereof, which area includes only
83 those parcels of real property directly and substantially benefitted by the proposed redevelopment
84 project;

85 (13) "Redevelopment plan", the comprehensive program of a municipality for
86 redevelopment intended by the payment of redevelopment costs to reduce or eliminate those
87 conditions, the existence of which qualified the redevelopment area as a blighted area,
88 conservation area, economic development area, or combination thereof, and to thereby enhance

89 the tax bases of the taxing districts which extend into the redevelopment area. Each
90 redevelopment plan shall conform to the requirements of section 99.810;

91 (14) "Redevelopment project", any development project within a redevelopment area in
92 furtherance of the objectives of the redevelopment plan; any such redevelopment project shall
93 include a legal description of the area selected for the redevelopment project;

94 (15) "Redevelopment project costs" include the sum total of all reasonable or necessary
95 costs incurred or estimated to be incurred, and any such costs incidental to a redevelopment plan
96 or redevelopment project, as applicable. Such costs include, but are not limited to, the following:

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

98 (b) Professional service costs, including, but not limited to, architectural, engineering,
99 legal, marketing, financial, planning or special services. Except the reasonable costs incurred
100 by the commission established in section 99.820 for the administration of sections 99.800 to
101 99.865, such costs shall be allowed only as an initial expense which, to be recoverable, shall be
102 included in the costs of a redevelopment plan or project;

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

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

105 b. Demolition of buildings; and

106 c. The clearing and grading of land;

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

109 (e) Initial costs for an economic development area;

110 (f) Costs of construction of public works or improvements;

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

116 (h) All or a portion of a taxing district's capital costs resulting from the redevelopment
117 project necessarily incurred or to be incurred in furtherance of the objectives of the
118 redevelopment plan and project, to the extent the municipality by written agreement accepts and
119 approves such costs;

120 (i) Relocation costs to the extent that a municipality determines that relocation costs shall
121 be paid or are required to be paid by federal or state law;

122 (j) Payments in lieu of taxes;

123 (16) "**Retail area**", a proposed redevelopment area for which most of the projected
124 tax increment financing revenue will be generated from retail businesses, which shall be

125 **businesses that primarily sell or offer to sell goods to a buyer primarily for the buyer's**
126 **personal, family, or household use and not primarily for business, commercial, or**
127 **agricultural use;**

128 **(17) "Retail infrastructure projects", highways, roads, streets, bridges, sewers,**
129 **traffic control systems and devices, water distribution and supply systems, curbing,**
130 **sidewalks, storm water and drainage systems, and any other similar public improvements,**
131 **but in no case shall retail infrastructure projects include buildings;**

132 **(18) "Special allocation fund", the fund of a municipality or its commission which**
133 **contains at least two separate segregated accounts for each redevelopment plan, maintained by**
134 **the treasurer of the municipality or the treasurer of the commission into which payments in lieu**
135 **of taxes are deposited in one account, and economic activity taxes and other revenues are**
136 **deposited in the other account;**

137 ~~(17)~~ **(19) "Taxing districts", any political subdivision of this state having the power**
138 **to levy taxes;**

139 ~~(18)~~ **(20) "Taxing districts' capital costs", those costs of taxing districts for capital**
140 **improvements that are found by the municipal governing bodies to be necessary and to directly**
141 **result from the redevelopment project; and**

142 ~~(19)~~ **(21) "Vacant land", any parcel or combination of parcels of real property not used**
143 **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 party other than the proponent of a redevelopment plan, which**
16 **includes a** detailed description of the factors that qualify the redevelopment area or project
17 pursuant to this subdivision and an affidavit, signed by the developer or developers and

18 submitted with the redevelopment plan, attesting that the provisions of this subdivision have
19 been met;

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

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

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

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

38 (6) A finding that the plan does not include the initial development or redevelopment of
39 any gambling establishment, provided however, that this subdivision shall be applicable only to
40 a redevelopment plan adopted for a redevelopment area designated by ordinance after December
41 23, 1997.

42 **2. Tax increment allocation financing shall not be adopted under sections 99.800**
43 **to 99.866 in a retail area unless such financing is exclusively utilized to fund retail**
44 **infrastructure projects or unless such area is a blighted area or conservation area. The**
45 **provisions of this subsection shall not apply to any tax increment allocation financing**
46 **project or plan approved before August 28, 2019, nor to any amendment to tax increment**
47 **allocation financing projects and plans approved before August 28, 2019, provided that**
48 **such an amendment does not add buildings of new construction in excess of twenty-five**
49 **percent of the scope of the original redevelopment agreement.**

50 **3.** By the last day of February each year, each commission shall report to the director of
51 economic development the name, address, phone number and primary line of business of any
52 business which relocates to the district. The director of the department of economic development

53 shall compile and report the same to the governor, the speaker of the house and the president pro
54 tempore of the senate on the last day of April each year.

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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