

SECOND REGULAR SESSION

SENATE BILL NO. 774

97TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR DEMPSEY.

Read 1st time January 23, 2014, and ordered printed.

TERRY L. SPIELER, Secretary.

5385S.02I

AN ACT

To repeal sections 99.805 and 99.825, RSMo, and to enact in lieu thereof two 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Section A. Sections 99.805 and 99.825, RSMo, are repealed and two new sections enacted in lieu thereof, to be known as sections 99.805 and 99.825, to read as follows: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, 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) "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; deterioration;

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

19 illegal use of individual structures; presence of structures below minimum code
20 standards; abandonment; excessive vacancies; overcrowding of structures and
21 community facilities; lack of ventilation, light or sanitary facilities; inadequate
22 utilities; excessive land coverage; deleterious land use or layout; depreciation of
23 physical maintenance; and lack of community planning. A conservation area
24 shall meet at least three of the factors provided in this subdivision for projects
25 approved on or after December 23, 1997;

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

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

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

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

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

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

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

70 (8) "Municipality", a city, village, or incorporated town or any county of
71 this state. For redevelopment areas or projects approved on or after December
72 23, 1997, "municipality" applies only to cities, villages, incorporated towns or
73 counties established for at least one year prior to such date;

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

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

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

90 (12) "Redevelopment area", an area designated by a municipality, in

91 respect to which the municipality has made a finding that there exist conditions
92 which cause the area to be classified as a blighted area, a conservation area, an
93 economic development area, an enterprise zone pursuant to sections 135.200 to
94 135.256, or a combination thereof, which area includes only those parcels of real
95 property directly and substantially benefitted by the proposed redevelopment
96 project;

97 (13) "Redevelopment plan", the comprehensive program of a municipality
98 for redevelopment intended by the payment of redevelopment costs to reduce or
99 eliminate those conditions, the existence of which qualified the redevelopment
100 area as a blighted area, conservation area, economic development area, or
101 combination thereof, and to thereby enhance the tax bases of the taxing districts
102 which extend into the redevelopment area. Each redevelopment plan shall
103 conform to the requirements of section 99.810;

104 (14) "Redevelopment project", any development project within a
105 redevelopment area in furtherance of the objectives of the redevelopment plan;
106 any such redevelopment project shall include a legal description of the area
107 selected for the redevelopment project;

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

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

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

119 (c) Property assembly costs, including, but not limited to[.]:

120 **a.** Acquisition of land and other property, real or personal, or rights or
121 interests therein[.]; **and**

122 **b.** Demolition of buildings, and the clearing and grading of land;

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

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

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

127 (g) Financing costs, including, but not limited to, all necessary and
128 incidental expenses related to the issuance of obligations, and which may include
129 payment of interest on any obligations issued pursuant to sections 99.800 to
130 99.865 accruing during the estimated period of construction of any redevelopment
131 project for which such obligations are issued and for not more than eighteen
132 months thereafter, and including reasonable reserves related thereto;

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

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

139 (j) Payments in lieu of taxes;

140 (16) "Special allocation fund", the fund of a municipality or its commission
141 which contains at least two separate segregated accounts for each redevelopment
142 plan, maintained by the treasurer of the municipality or the treasurer of the
143 commission into which payments in lieu of taxes are deposited in one account,
144 and economic activity taxes and other revenues are deposited in the other
145 account;

146 (17) "Taxing districts", any political subdivision of this state having the
147 power to levy taxes;

148 (18) "Taxing districts' capital costs", those costs of taxing districts for
149 capital improvements that are found by the municipal governing bodies to be
150 necessary and to directly result from the redevelopment project; and

151 (19) "Vacant land", any parcel or combination of parcels of real property
152 not used for industrial, commercial, or residential buildings.

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

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

39 2. [Effective January 1, 2008,] **No municipality shall approve a**
40 **proposed redevelopment plan, redevelopment project, or designation**
41 **of a redevelopment area, or any amendments thereto**, if, after concluding
42 the hearing required under this section, the commission **formed under**
43 **subsection 3 of section 99.820** makes a recommendation under section 99.820
44 in opposition to [a proposed redevelopment plan, redevelopment project, or
45 designation of a redevelopment area, or any amendments thereto, a municipality
46 desiring to approve] such project, plan, designation, or amendments [shall do so

47 only upon a two-thirds majority vote of the governing body of such municipality]
48 **provided, however, that a municipality may approve such project, plan,**
49 **designation, or amendment if such municipality places the question**
50 **before the qualified voters residing within such municipality and such**
51 **question is approved by no less than two-thirds of the voters voting**
52 **thereon. For redevelopment plans, redevelopment projects, or**
53 **designations of redevelopment areas approved by the voters over the**
54 **recommendation in opposition by a commission formed under**
55 **subsection 3 of section 99.820, the economic activity taxes generated by**
56 **such plan, project, or designation shall not exceed the costs associated**
57 **with those contained in subparagraph b. of paragraph (c) of subdivision**
58 **(15) of section 99.805 per redevelopment project.**

59 3. Tax incremental financing projects within an economic development
60 area shall apply to and fund only the following infrastructure projects: highways,
61 roads, streets, bridges, sewers, traffic control systems and devices, water
62 distribution and supply systems, curbing, sidewalks and any other similar public
63 improvements, but in no case shall it include buildings.

Bill ✓

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