

SECOND REGULAR SESSION

# SENATE BILL NO. 840

100TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR ARTHUR.

Read 1st time January 9, 2020, and ordered printed.

ADRIANE D. CROUSE, Secretary.

4400S.011

## AN ACT

To repeal section 99.805, RSMo, and to enact in lieu thereof one new section relating to tax increment financing.

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

Section A. Section 99.805, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 99.805, to read as follows: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; deterioration; illegal use of individual structures; presence of structures below minimum code 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. **No taxable real property shall be included in a redevelopment**  
97 **area if the school district levying taxes on such property determines by**  
98 **resolution adopted within thirty days following the conclusion of a**  
99 **hearing conducted pursuant to section 99.825 that the proposed**  
100 **redevelopment area will have an adverse effect on such school**  
101 **district. The school district shall deliver a copy of such resolution to**  
102 **the municipality establishing the redevelopment area. The**  
103 **municipality shall within thirty days of receipt of such resolution pass**  
104 **an ordinance removing such property from the redevelopment area or**  
105 **terminating the redevelopment area;**

106 (13) "Redevelopment plan", the comprehensive program of a municipality  
107 for redevelopment intended by the payment of redevelopment costs to reduce or  
108 eliminate those conditions, the existence of which qualified the redevelopment  
109 area as a blighted area, conservation area, economic development area, or  
110 combination thereof, and to thereby enhance the tax bases of the taxing districts  
111 which extend into the redevelopment area. Each redevelopment plan shall  
112 conform to the requirements of section 99.810;

113 (14) "Redevelopment project", any development project within a  
114 redevelopment area in furtherance of the objectives of the redevelopment plan;  
115 any such redevelopment project shall include a legal description of the area  
116 selected for the redevelopment project;

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

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

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

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

- 129           a. Acquisition of land and other property, real or personal, or rights or  
130 interests therein;
- 131           b. Demolition of buildings; and
- 132           c. The clearing and grading of land;
- 133           (d) Costs of rehabilitation, reconstruction, or repair or remodeling of  
134 existing buildings and fixtures;
- 135           (e) Initial costs for an economic development area;
- 136           (f) Costs of construction of public works or improvements;
- 137           (g) Financing costs, including, but not limited to, all necessary and  
138 incidental expenses related to the issuance of obligations, and which may include  
139 payment of interest on any obligations issued pursuant to sections 99.800 to  
140 99.865 accruing during the estimated period of construction of any redevelopment  
141 project for which such obligations are issued and for not more than eighteen  
142 months thereafter, and including reasonable reserves related thereto;
- 143           (h) All or a portion of a taxing district's capital costs resulting from the  
144 redevelopment project necessarily incurred or to be incurred in furtherance of the  
145 objectives of the redevelopment plan and project, to the extent the municipality  
146 by written agreement accepts and approves such costs;
- 147           (i) Relocation costs to the extent that a municipality determines that  
148 relocation costs shall be paid or are required to be paid by federal or state law;
- 149           (j) Payments in lieu of taxes;
- 150           (16) "Special allocation fund", the fund of a municipality or its commission  
151 which contains at least two separate segregated accounts for each redevelopment  
152 plan, maintained by the treasurer of the municipality or the treasurer of the  
153 commission into which payments in lieu of taxes are deposited in one account,  
154 and economic activity taxes and other revenues are deposited in the other  
155 account;
- 156           (17) "Taxing districts", any political subdivision of this state having the  
157 power to levy taxes;
- 158           (18) "Taxing districts' capital costs", those costs of taxing districts for  
159 capital improvements that are found by the municipal governing bodies to be  
160 necessary and to directly result from the redevelopment project; and
- 161           (19) "Vacant land", any parcel or combination of parcels of real property  
162 not used for industrial, commercial, or residential buildings.