

SECOND REGULAR SESSION

# SENATE BILL NO. 859

99TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR KOENIG.

Read 1st time January 4, 2018, and ordered printed.

ADRIANE D. CROUSE, Secretary.

5187S.03I

## 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  
2 repealed and four new sections enacted in lieu thereof, to be known as sections  
3 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  
2 requires otherwise, the following terms shall mean:

3 (1) "Blighted area", an area which, by reason of the predominance of  
4 [defective or inadequate street layout,] insanitary or unsafe conditions,  
5 [deterioration of site improvements, improper subdivision or obsolete platting,]  
6 or the existence of conditions which endanger life or property by fire and other  
7 causes, or any combination of such factors, retards the provision of housing  
8 accommodations or constitutes an economic or social liability or a menace to the  
9 public health, safety, [morals,] or welfare in its present condition and use;

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

13 (3) ["Conservation area", any improved area within the boundaries of a  
14 redevelopment area located within the territorial limits of a municipality in which  
15 fifty percent or more of the structures in the area have an age of thirty-five years  
16 or more. Such an area is not yet a blighted area but is detrimental to the public  
17 health, safety, morals, or welfare and may become a blighted area because of any

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

18 one or more of the following factors: dilapidation; obsolescence; deterioration;  
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) (4) "Gambling establishment", an excursion gambling boat as defined  
56 in 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)] (5) "Greenfield area", any vacant, unimproved, or agricultural  
65 property that is located wholly outside the incorporated limits of a city, town, or  
66 village, or that is substantially surrounded by contiguous properties with  
67 agricultural zoning classifications or uses unless said property was annexed into  
68 the incorporated limits of a city, town, or village ten years prior to the adoption  
69 of the ordinance approving the redevelopment plan for such greenfield area;

70           [(8)] (6) "Municipality", a city, village, or incorporated town or any  
71 county of this state. For redevelopment areas or projects approved on or after  
72 December 23, 1997, municipality applies only to cities, villages, incorporated  
73 towns or counties established for at least one year prior to such date;

74           [(9)] (7) "Obligations", bonds, loans, debentures, notes, special  
75 certificates, or other evidences of indebtedness issued by a municipality to carry  
76 out a redevelopment project or to refund outstanding obligations;

77           [(10)] (8) "Ordinance", an ordinance enacted by the governing body of a  
78 city, town, or village or a county or an order of the governing body of a county  
79 whose governing body is not authorized to enact ordinances;

80           [(11)] (9) "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)] **(10)** "Redevelopment area", an area designated by a municipality,  
91 in respect to which the municipality has made a finding that there exist  
92 conditions which cause the area to be classified as a blighted area, [a  
93 conservation area, an economic development area, an enterprise zone pursuant  
94 to sections 135.200 to 135.256, or a combination thereof,] which area includes  
95 only those parcels of real property directly and substantially benefitted by the  
96 proposed redevelopment project;

97            [(13)] **(11)** "Redevelopment plan", the comprehensive program of a  
98 municipality for redevelopment intended by the payment of redevelopment costs  
99 to reduce or eliminate those conditions, the existence of which qualified the  
100 redevelopment area as a blighted area, [conservation area, economic development  
101 area, or combination thereof,] and to thereby enhance the tax bases of the taxing  
102 districts which extend into the redevelopment area. Each redevelopment plan  
103 shall conform to the requirements of section 99.810;

104           [(14)] **(12)** "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)] **(13)** "Redevelopment project costs" include the sum total of all  
109 reasonable or necessary costs incurred or estimated to be incurred, and any such  
110 costs incidental to a redevelopment plan or redevelopment project, as  
111 applicable. Such 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;

122           b. Demolition of buildings; and

123           c. The clearing and grading of land;

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

- 126 (e) [Initial costs for an economic development area;
- 127 (f)] Costs of construction of public works or improvements;
- 128 [(g)] **(f)** Financing costs, including, but not limited to, all necessary and
- 129 incidental expenses related to the issuance of obligations, and which may include
- 130 payment of interest on any obligations issued pursuant to sections 99.800 to
- 131 99.865 accruing during the estimated period of construction of any redevelopment
- 132 project for which such obligations are issued and for not more than eighteen
- 133 months thereafter, and including reasonable reserves related thereto;
- 134 [(h)] **(g)** All or a portion of a taxing district's capital costs resulting from
- 135 the redevelopment project necessarily incurred or to be incurred in furtherance
- 136 of the objectives of the redevelopment plan and project, to the extent the
- 137 municipality by written agreement accepts and approves such costs;
- 138 [(i)] **(h)** Relocation costs to the extent that a municipality determines
- 139 that relocation costs shall be paid or are required to be paid by federal or state
- 140 law;
- 141 [(j)] **(i)** Payments in lieu of taxes;
- 142 [(16)] **(14)** "Special allocation fund", the fund of a municipality or its
- 143 commission which contains at least two separate segregated accounts for each
- 144 redevelopment plan, maintained by the treasurer of the municipality or the
- 145 treasurer of the commission into which payments in lieu of taxes are deposited
- 146 in one account, and economic activity taxes and other revenues are deposited in
- 147 the other account;
- 148 [(17)] **(15)** "Taxing districts", any political subdivision of this state
- 149 having the power to levy taxes;
- 150 [(18)] **(16)** "Taxing districts' capital costs", those costs of taxing districts
- 151 for capital improvements that are found by the municipal governing bodies to be
- 152 necessary and to directly result from the redevelopment project; and
- 153 [(19)] **(17)** "Vacant land", any parcel or combination of parcels of real
- 154 property not used for industrial, commercial, or residential buildings.

99.810. 1. Each redevelopment plan shall set forth in writing a general

2 description of the program to be undertaken to accomplish the objectives and

3 shall include, but need not be limited to, the estimated redevelopment project

4 costs, the anticipated sources of funds to pay the costs, evidence of the

5 commitments to finance the project costs, the anticipated type and term of the

6 sources of funds to pay costs, the anticipated type and terms of the obligations to

7 be issued, the most recent equalized assessed valuation of the property within the

8 redevelopment area which is to be subjected to payments in lieu of taxes and  
9 economic activity taxes pursuant to section 99.845, an estimate as to the  
10 equalized assessed valuation after redevelopment, and the general land uses to  
11 apply in the redevelopment area. No redevelopment plan shall be adopted by a  
12 municipality without findings that:

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

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

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

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

37 (5) A cost-benefit analysis showing the economic impact of the plan on  
38 each taxing district which is at least partially within the boundaries of the  
39 redevelopment area. The analysis shall show the impact on the economy if the  
40 project is not built, and is built pursuant to the redevelopment plan under  
41 consideration. The cost-benefit analysis shall include a fiscal impact study on  
42 every affected political subdivision, and sufficient information from the developer  
43 for the commission established in section 99.820 to evaluate whether the project

44 as proposed is financially feasible;

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

49 2. By the last day of February each year, each commission shall report to  
50 the director of economic development the name, address, phone number and  
51 primary line of business of any business which relocates to the district. The  
52 director of the department of economic development shall compile and report the  
53 same to the governor, the speaker of the house and the president pro tempore of  
54 the senate on the last day of April each year.

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

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

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



7 finance projects in greenfield areas].

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Bill

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