

SECOND REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 859
99TH GENERAL ASSEMBLY

Reported from the Committee on Economic Development, April 5, 2018, with recommendation that the Senate Committee Substitute do pass.

5187S.05C

ADRIANE D. CROUSE, Secretary.

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Section A. Sections 99.805, 99.810, and 99.843, RSMo, are repealed and
2 three new sections enacted in lieu thereof, to be known as sections 99.805, 99.810,
3 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

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

17 health, safety, morals, or welfare and may become a blighted area because of any
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) "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) **"Infrastructure projects", highways, roads, streets, bridges,**
71 **sewers, traffic control systems and devices, water distribution and**
72 **supply systems, curbing, sidewalks, and any other similar public**
73 **improvements, but in no case shall infrastructure projects include**
74 **buildings;**

75 (9) "Municipality", a city, village, or incorporated town or any county of
76 this state. For redevelopment areas or projects approved on or after December
77 23, 1997, municipality applies only to cities, villages, incorporated towns or
78 counties established for at least one year prior to such date;

79 [(9)] (10) "Obligations", bonds, loans, debentures, notes, special
80 certificates, or other evidences of indebtedness issued by a municipality to carry
81 out a redevelopment project or to refund outstanding obligations;

82 [(10)] (11) "Ordinance", an ordinance enacted by the governing body of
83 a city, town, or village or a county or an order of the governing body of a county
84 whose governing body is not authorized to enact ordinances;

85 [(11)] (12) "Payment in lieu of taxes", those estimated revenues from real
86 property in the area selected for a redevelopment project, which revenues
87 according to the redevelopment project or plan are to be used for a private use,
88 which taxing districts would have received had a municipality not adopted tax

89 increment allocation financing, and which would result from levies made after the
90 time of the adoption of tax increment allocation financing during the time the
91 current equalized value of real property in the area selected for the
92 redevelopment project exceeds the total initial equalized value of real property
93 in such area until the designation is terminated pursuant to subsection 2 of
94 section 99.850;

95 [(12)] **(13)** "Redevelopment area", an area designated by a municipality,
96 in respect to which the municipality has made a finding that there exist
97 conditions which cause the area to be classified as a blighted area, a conservation
98 area, an economic development area, an enterprise zone pursuant to sections
99 135.200 to 135.256, or a combination thereof, which area includes only those
100 parcels of real property directly and substantially benefitted by the proposed
101 redevelopment project;

102 [(13)] **(14)** "Redevelopment plan", the comprehensive program of a
103 municipality for redevelopment intended by the payment of redevelopment costs
104 to reduce or eliminate those conditions, the existence of which qualified the
105 redevelopment area as a blighted area, conservation area, economic development
106 area, or combination thereof, and to thereby enhance the tax bases of the taxing
107 districts which extend into the redevelopment area. Each redevelopment plan
108 shall conform to the requirements of section 99.810;

109 [(14)] **(15)** "Redevelopment project", any development project within a
110 redevelopment area in furtherance of the objectives of the redevelopment plan;
111 any such redevelopment project shall include a legal description of the area
112 selected for the redevelopment project;

113 [(15)] **(16)** "Redevelopment project costs" include the sum total of all
114 reasonable or necessary costs incurred or estimated to be incurred, and any such
115 costs incidental to a redevelopment plan or redevelopment project, as
116 applicable. Such costs include, but are not limited to, the following:

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

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

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

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

127 b. Demolition of buildings; and

128 c. The clearing and grading of land;

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

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

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

133 (g) Financing costs, including, but not limited to, all necessary and
134 incidental expenses related to the issuance of obligations, and which may include
135 payment of interest on any obligations issued pursuant to sections 99.800 to
136 99.865 accruing during the estimated period of construction of any redevelopment
137 project for which such obligations are issued and for not more than eighteen
138 months thereafter, and including reasonable reserves related thereto;

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

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

145 (j) Payments in lieu of taxes;

146 **[(16)] (17) "Retail area", a proposed redevelopment area which is**
147 **or will be composed primarily of retail businesses, which shall be**
148 **businesses that regularly sell or offer to sell goods or services to a**
149 **buyer primarily for the buyer's personal, family, or household use and**
150 **not primarily for business, commercial, or agricultural use. For the**
151 **purposes of this subdivision, the term "services" shall include work,**
152 **labor and services of any kind furnished or agreed to be furnished by**
153 **the business, and shall also include professional services including, but**
154 **not limited to, services performed by an accountant, physician,**
155 **insurance agent, or lawyer;**

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

161 the other account;

162 [(17)] (19) "Taxing districts", any political subdivision of this state
163 having the power to levy taxes;

164 [(18)] (20) "Taxing districts' capital costs", those costs of taxing districts
165 for capital improvements that are found by the municipal governing bodies to be
166 necessary and to directly result from the redevelopment project; and

167 [(19)] (21) "Vacant land", any parcel or combination of parcels of real
168 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 conservation
14 area, or an economic development area, and has not been subject to growth and
15 development through investment by private enterprise and would not reasonably
16 be anticipated to be developed without the adoption of tax increment
17 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. Tax increment allocation financing shall not be adopted under**
50 **sections 99.800 to 99.866 in a retail area unless such financing is**
51 **adopted solely for infrastructure projects or unless such area is a**
52 **blighted area.**

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

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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