

CONFERENCE COMMITTEE SUBSTITUTE

FOR

SENATE SUBSTITUTE

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FOR

HOUSE BILL NO. 1504

AN ACT

To repeal section 99.845, 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Section A. Section 99.845, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 99.845, to read as follows:

99.845. 1. A municipality, either at the time a redevelopment project is approved or, in the event a municipality has undertaken acts establishing a redevelopment plan and redevelopment project and has designated a redevelopment area after the passage and approval of sections 99.800 to 99.865 but prior to August 13, 1982, which acts are in conformance with the procedures of sections 99.800 to 99.865, may adopt tax increment allocation financing by passing an ordinance providing that after the total equalized assessed valuation of the taxable real property in a redevelopment project exceeds the certified total initial equalized assessed valuation of the taxable real property

1 in the redevelopment project, the ad valorem taxes, and payments
2 in lieu of taxes, if any, arising from the levies upon taxable
3 real property in such redevelopment project by taxing districts
4 and tax rates determined in the manner provided in subsection 2
5 of section 99.855 each year after the effective date of the
6 ordinance until redevelopment costs have been paid shall be
7 divided as follows:

8 (1) That portion of taxes, penalties and interest levied
9 upon each taxable lot, block, tract, or parcel of real property
10 which is attributable to the initial equalized assessed value of
11 each such taxable lot, block, tract, or parcel of real property
12 in the area selected for the redevelopment project shall be
13 allocated to and, when collected, shall be paid by the county
14 collector to the respective affected taxing districts in the
15 manner required by law in the absence of the adoption of tax
16 increment allocation financing;

17 (2) (a) Payments in lieu of taxes attributable to the
18 increase in the current equalized assessed valuation of each
19 taxable lot, block, tract, or parcel of real property in the area
20 selected for the redevelopment project and any applicable penalty
21 and interest over and above the initial equalized assessed value
22 of each such unit of property in the area selected for the
23 redevelopment project shall be allocated to and, when collected,
24 shall be paid to the municipal treasurer who shall deposit such
25 payment in lieu of taxes into a special fund called the "Special
26 Allocation Fund" of the municipality for the purpose of paying
27 redevelopment costs and obligations incurred in the payment
28 thereof. Beginning August 28, 2014, if the voters in a taxing

1 district vote to approve an increase in such taxing district's
2 levy rate for ad valorem tax on real property, any additional
3 revenues generated within an existing redevelopment project area
4 that are directly attributable to the newly voter-approved
5 incremental increase in such taxing district's levy rate shall
6 not be considered payments in lieu of taxes subject to deposit
7 into a special allocation fund without the consent of such taxing
8 district. Revenues will be considered directly attributable to
9 the newly voter-approved incremental increase to the extent that
10 they are generated from the difference between the taxing
11 district's actual levy rate currently imposed and the maximum
12 voter approved levy rate at the time that the redevelopment
13 project was adopted. Payments in lieu of taxes which are due and
14 owing shall constitute a lien against the real estate of the
15 redevelopment project from which they are derived and shall be
16 collected in the same manner as the real property tax, including
17 the assessment of penalties and interest where applicable. The
18 municipality may, in the ordinance, pledge the funds in the
19 special allocation fund for the payment of such costs and
20 obligations and provide for the collection of payments in lieu of
21 taxes, the lien of which may be foreclosed in the same manner as
22 a special assessment lien as provided in section 88.861. No part
23 of the current equalized assessed valuation of each lot, block,
24 tract, or parcel of property in the area selected for the
25 redevelopment project attributable to any increase above the
26 total initial equalized assessed value of such properties shall
27 be used in calculating the general state school aid formula
28 provided for in section 163.031 until such time as all

1 redevelopment costs have been paid as provided for in this
2 section and section 99.850;

3 (b) Notwithstanding any provisions of this section to the
4 contrary, for purposes of determining the limitation on
5 indebtedness of local government pursuant to Article VI, Section
6 26(b) of the Missouri Constitution, the current equalized
7 assessed value of the property in an area selected for
8 redevelopment attributable to the increase above the total
9 initial equalized assessed valuation shall be included in the
10 value of taxable tangible property as shown on the last completed
11 assessment for state or county purposes;

12 (c) The county assessor shall include the current assessed
13 value of all property within the taxing district in the aggregate
14 valuation of assessed property entered upon the assessor's book
15 and verified pursuant to section 137.245, and such value shall be
16 utilized for the purpose of the debt limitation on local
17 government pursuant to Article VI, Section 26(b) of the Missouri
18 Constitution;

19 (3) For purposes of this section, "levies upon taxable real
20 property in such redevelopment project by taxing districts" shall
21 not include the blind pension fund tax levied under the authority
22 of Article III, Section 38(b) of the Missouri Constitution, or
23 the merchants' and manufacturers' inventory replacement tax
24 levied under the authority of subsection 2 of Section 6 of
25 Article X of the Missouri Constitution, except in redevelopment
26 project areas in which tax increment financing has been adopted
27 by ordinance pursuant to a plan approved by vote of the governing
28 body of the municipality taken after August 13, 1982, and before

1 January 1, 1998.

2 2. In addition to the payments in lieu of taxes described
3 in subdivision (2) of subsection 1 of this section, for
4 redevelopment plans and projects adopted or redevelopment
5 projects approved by ordinance after July 12, 1990, and prior to
6 August 31, 1991, fifty percent of the total additional revenue
7 from taxes, penalties and interest imposed by the municipality,
8 or other taxing districts, which are generated by economic
9 activities within the area of the redevelopment project over the
10 amount of such taxes generated by economic activities within the
11 area of the redevelopment project in the calendar year prior to
12 the adoption of the redevelopment project by ordinance, while tax
13 increment financing remains in effect, but excluding taxes
14 imposed on sales or charges for sleeping rooms paid by transient
15 guests of hotels and motels, taxes levied pursuant to section
16 70.500, licenses, fees or special assessments other than payments
17 in lieu of taxes and any penalty and interest thereon, or,
18 effective January 1, 1998, taxes levied pursuant to section
19 94.660, for the purpose of public transportation, shall be
20 allocated to, and paid by the local political subdivision
21 collecting officer to the treasurer or other designated financial
22 officer of the municipality, who shall deposit such funds in a
23 separate segregated account within the special allocation fund.
24 Any provision of an agreement, contract or covenant entered into
25 prior to July 12, 1990, between a municipality and any other
26 political subdivision which provides for an appropriation of
27 other municipal revenues to the special allocation fund shall be
28 and remain enforceable.

1 3. In addition to the payments in lieu of taxes described
2 in subdivision (2) of subsection 1 of this section, for
3 redevelopment plans and projects adopted or redevelopment
4 projects approved by ordinance after August 31, 1991, fifty
5 percent of the total additional revenue from taxes, penalties and
6 interest which are imposed by the municipality or other taxing
7 districts, and which are generated by economic activities within
8 the area of the redevelopment project over the amount of such
9 taxes generated by economic activities within the area of the
10 redevelopment project in the calendar year prior to the adoption
11 of the redevelopment project by ordinance, while tax increment
12 financing remains in effect, but excluding personal property
13 taxes, taxes imposed on sales or charges for sleeping rooms paid
14 by transient guests of hotels and motels, taxes levied pursuant
15 to section 70.500, taxes levied for the purpose of public
16 transportation pursuant to section 94.660, taxes imposed on sales
17 pursuant to subsection 2 of section 67.1712 for the purpose of
18 operating and maintaining a metropolitan park and recreation
19 district, licenses, fees or special assessments other than
20 payments in lieu of taxes and penalties and interest thereon, any
21 sales tax imposed by a county with a charter form of government
22 and with more than six hundred thousand but fewer than seven
23 hundred thousand inhabitants, for the purpose of sports stadium
24 improvement or levied by such county under section 238.410 for
25 the purpose of the county transit authority operating
26 transportation facilities, or for redevelopment plans and
27 projects adopted or redevelopment projects approved by ordinance
28 after August 28, 2013, taxes imposed on sales under and pursuant

1 to section 67.700 or 650.399 for the purpose of emergency
2 communication systems, shall be allocated to, and paid by the
3 local political subdivision collecting officer to the treasurer
4 or other designated financial officer of the municipality, who
5 shall deposit such funds in a separate segregated account within
6 the special allocation fund. Beginning August 28, 2014, if the
7 voters in a taxing district vote to approve an increase in such
8 taxing district's sales tax or use tax, other than the renewal of
9 an expiring sales or use tax, any additional revenues generated
10 within an existing redevelopment project area that are directly
11 attributable to the newly voter-approved incremental increase in
12 such taxing district's levy rate shall not be considered economic
13 activity taxes subject to deposit into a special allocation fund
14 without the consent of such taxing district.

15 4. Beginning January 1, 1998, for redevelopment plans and
16 projects adopted or redevelopment projects approved by ordinance
17 and which have complied with subsections 4 to 12 of this section,
18 in addition to the payments in lieu of taxes and economic
19 activity taxes described in subsections 1, 2 and 3 of this
20 section, up to fifty percent of the new state revenues, as
21 defined in subsection 8 of this section, estimated for the
22 businesses within the project area and identified by the
23 municipality in the application required by subsection 10 of this
24 section, over and above the amount of such taxes reported by
25 businesses within the project area as identified by the
26 municipality in their application prior to the approval of the
27 redevelopment project by ordinance, while tax increment financing
28 remains in effect, may be available for appropriation by the

1 general assembly as provided in subsection 10 of this section to
2 the department of economic development supplemental tax increment
3 financing fund, from the general revenue fund, for distribution
4 to the treasurer or other designated financial officer of the
5 municipality with approved plans or projects.

6 5. The treasurer or other designated financial officer of
7 the municipality with approved plans or projects shall deposit
8 such funds in a separate segregated account within the special
9 allocation fund established pursuant to section 99.805.

10 6. No transfer from the general revenue fund to the
11 Missouri supplemental tax increment financing fund shall be made
12 unless an appropriation is made from the general revenue fund for
13 that purpose. No municipality shall commit any state revenues
14 prior to an appropriation being made for that project. For all
15 redevelopment plans or projects adopted or approved after
16 December 23, 1997, appropriations from the new state revenues
17 shall not be distributed from the Missouri supplemental tax
18 increment financing fund into the special allocation fund unless
19 the municipality's redevelopment plan ensures that one hundred
20 percent of payments in lieu of taxes and fifty percent of
21 economic activity taxes generated by the project shall be used
22 for eligible redevelopment project costs while tax increment
23 financing remains in effect. This account shall be separate from
24 the account into which payments in lieu of taxes are deposited,
25 and separate from the account into which economic activity taxes
26 are deposited.

27 7. In order for the redevelopment plan or project to be
28 eligible to receive the revenue described in subsection 4 of this

1 section, the municipality shall comply with the requirements of
2 subsection 10 of this section prior to the time the project or
3 plan is adopted or approved by ordinance. The director of the
4 department of economic development and the commissioner of the
5 office of administration may waive the requirement that the
6 municipality's application be submitted prior to the
7 redevelopment plan's or project's adoption or the redevelopment
8 plan's or project's approval by ordinance.

9 8. For purposes of this section, "new state revenues"
10 means:

11 (1) The incremental increase in the general revenue portion
12 of state sales tax revenues received pursuant to section 144.020,
13 excluding sales taxes that are constitutionally dedicated, taxes
14 deposited to the school district trust fund in accordance with
15 section 144.701, sales and use taxes on motor vehicles, trailers,
16 boats and outboard motors and future sales taxes earmarked by
17 law. In no event shall the incremental increase include any
18 amounts attributable to retail sales unless the municipality or
19 authority has proven to the Missouri development finance board
20 and the department of economic development and such entities have
21 made a finding that the sales tax increment attributable to
22 retail sales is from new sources which did not exist in the state
23 during the baseline year. The incremental increase in the
24 general revenue portion of state sales tax revenues for an
25 existing or relocated facility shall be the amount that current
26 state sales tax revenue exceeds the state sales tax revenue in
27 the base year as stated in the redevelopment plan as provided in
28 subsection 10 of this section; or

1 (2) The state income tax withheld on behalf of new
2 employees by the employer pursuant to section 143.221 at the
3 business located within the project as identified by the
4 municipality. The state income tax withholding allowed by this
5 section shall be the municipality's estimate of the amount of
6 state income tax withheld by the employer within the
7 redevelopment area for new employees who fill new jobs directly
8 created by the tax increment financing project.

9 9. Subsection 4 of this section shall apply only to
10 blighted areas located in enterprise zones, pursuant to sections
11 135.200 to 135.256, blighted areas located in federal empowerment
12 zones, or to blighted areas located in central business districts
13 or urban core areas of cities which districts or urban core areas
14 at the time of approval of the project by ordinance, provided
15 that the enterprise zones, federal empowerment zones or blighted
16 areas contained one or more buildings at least fifty years old;
17 and

18 (1) Suffered from generally declining population or
19 property taxes over the twenty-year period immediately preceding
20 the area's designation as a project area by ordinance; or

21 (2) Was a historic hotel located in a county of the first
22 classification without a charter form of government with a
23 population according to the most recent federal decennial census
24 in excess of one hundred fifty thousand and containing a portion
25 of a city with a population according to the most recent federal
26 decennial census in excess of three hundred fifty thousand.

27 10. The initial appropriation of up to fifty percent of the
28 new state revenues authorized pursuant to subsections 4 and 5 of

1 this section shall not be made to or distributed by the
2 department of economic development to a municipality until all of
3 the following conditions have been satisfied:

4 (1) The director of the department of economic development
5 or his or her designee and the commissioner of the office of
6 administration or his or her designee have approved a tax
7 increment financing application made by the municipality for the
8 appropriation of the new state revenues. The municipality shall
9 include in the application the following items in addition to the
10 items in section 99.810:

11 (a) The tax increment financing district or redevelopment
12 area, including the businesses identified within the
13 redevelopment area;

14 (b) The base year of state sales tax revenues or the base
15 year of state income tax withheld on behalf of existing
16 employees, reported by existing businesses within the project
17 area prior to approval of the redevelopment project;

18 (c) The estimate of the incremental increase in the general
19 revenue portion of state sales tax revenue or the estimate for
20 the state income tax withheld by the employer on behalf of new
21 employees expected to fill new jobs created within the
22 redevelopment area after redevelopment;

23 (d) The official statement of any bond issue pursuant to
24 this subsection after December 23, 1997;

25 (e) An affidavit that is signed by the developer or
26 developers attesting that the provisions of subdivision (1) of
27 subsection 1 of section 99.810 have been met and specifying that
28 the redevelopment area would not be reasonably anticipated to be

1 developed without the appropriation of the new state revenues;

2 (f) The cost-benefit analysis required by section 99.810
3 includes a study of the fiscal impact on the state of Missouri;
4 and

5 (g) The statement of election between the use of the
6 incremental increase of the general revenue portion of the state
7 sales tax revenues or the state income tax withheld by employers
8 on behalf of new employees who fill new jobs created in the
9 redevelopment area;

10 (h) The name, street and mailing address, and phone number
11 of the mayor or chief executive officer of the municipality;

12 (i) The street address of the development site;

13 (j) The three-digit North American Industry Classification
14 System number or numbers characterizing the development project;

15 (k) The estimated development project costs;

16 (l) The anticipated sources of funds to pay such
17 development project costs;

18 (m) Evidence of the commitments to finance such development
19 project costs;

20 (n) The anticipated type and term of the sources of funds
21 to pay such development project costs;

22 (o) The anticipated type and terms of the obligations to be
23 issued;

24 (p) The most recent equalized assessed valuation of the
25 property within the development project area;

26 (q) An estimate as to the equalized assessed valuation
27 after the development project area is developed in accordance
28 with a development plan;

- 1 (r) The general land uses to apply in the development area;
- 2 (s) The total number of individuals employed in the
3 development area, broken down by full-time, part-time, and
4 temporary positions;
- 5 (t) The total number of full-time equivalent positions in
6 the development area;
- 7 (u) The current gross wages, state income tax withholdings,
8 and federal income tax withholdings for individuals employed in
9 the development area;
- 10 (v) The total number of individuals employed in this state
11 by the corporate parent of any business benefitting from public
12 expenditures in the development area, and all subsidiaries
13 thereof, as of December thirty-first of the prior fiscal year,
14 broken down by full-time, part-time, and temporary positions;
- 15 (w) The number of new jobs to be created by any business
16 benefitting from public expenditures in the development area,
17 broken down by full-time, part-time, and temporary positions;
- 18 (x) The average hourly wage to be paid to all current and
19 new employees at the project site, broken down by full-time,
20 part-time, and temporary positions;
- 21 (y) For project sites located in a metropolitan statistical
22 area, as defined by the federal Office of Management and Budget,
23 the average hourly wage paid to nonmanagerial employees in this
24 state for the industries involved at the project, as established
25 by the United States Bureau of Labor Statistics;
- 26 (z) For project sites located outside of metropolitan
27 statistical areas, the average weekly wage paid to nonmanagerial
28 employees in the county for industries involved at the project,

1 as established by the United States Department of Commerce;

2 (aa) A list of other community and economic benefits to
3 result from the project;

4 (bb) A list of all development subsidies that any business
5 benefitting from public expenditures in the development area has
6 previously received for the project, and the name of any other
7 granting body from which such subsidies are sought;

8 (cc) A list of all other public investments made or to be
9 made by this state or units of local government to support
10 infrastructure or other needs generated by the project for which
11 the funding pursuant to this section is being sought;

12 (dd) A statement as to whether the development project may
13 reduce employment at any other site, within or without the state,
14 resulting from automation, merger, acquisition, corporate
15 restructuring, relocation, or other business activity;

16 (ee) A statement as to whether or not the project involves
17 the relocation of work from another address and if so, the number
18 of jobs to be relocated and the address from which they are to be
19 relocated;

20 (ff) A list of competing businesses in the county
21 containing the development area and in each contiguous county;

22 (gg) A market study for the development area;

23 (hh) A certification by the chief officer of the applicant
24 as to the accuracy of the development plan;

25 (2) The methodologies used in the application for
26 determining the base year and determining the estimate of the
27 incremental increase in the general revenue portion of the state
28 sales tax revenues or the state income tax withheld by employers

1 on behalf of new employees who fill new jobs created in the
2 redevelopment area shall be approved by the director of the
3 department of economic development or his or her designee and the
4 commissioner of the office of administration or his or her
5 designee. Upon approval of the application, the director of the
6 department of economic development or his or her designee and the
7 commissioner of the office of administration or his or her
8 designee shall issue a certificate of approval. The department
9 of economic development may request the appropriation following
10 application approval;

11 (3) The appropriation shall be either a portion of the
12 estimate of the incremental increase in the general revenue
13 portion of state sales tax revenues in the redevelopment area or
14 a portion of the estimate of the state income tax withheld by the
15 employer on behalf of new employees who fill new jobs created in
16 the redevelopment area as indicated in the municipality's
17 application, approved by the director of the department of
18 economic development or his or her designee and the commissioner
19 of the office of administration or his or her designee. At no
20 time shall the annual amount of the new state revenues approved
21 for disbursements from the Missouri supplemental tax increment
22 financing fund exceed thirty-two million dollars;

23 (4) Redevelopment plans and projects receiving new state
24 revenues shall have a duration of up to fifteen years, unless
25 prior approval for a longer term is given by the director of the
26 department of economic development or his or her designee and the
27 commissioner of the office of administration or his or her
28 designee; except that, in no case shall the duration exceed

1 twenty-three years.

2 11. In addition to the areas authorized in subsection 9 of
3 this section, the funding authorized pursuant to subsection 4 of
4 this section shall also be available in a federally approved
5 levee district, where construction of a levee begins after
6 December 23, 1997, and which is contained within a county of the
7 first classification without a charter form of government with a
8 population between fifty thousand and one hundred thousand
9 inhabitants which contains all or part of a city with a
10 population in excess of four hundred thousand or more
11 inhabitants.

12 12. There is hereby established within the state treasury a
13 special fund to be known as the "Missouri Supplemental Tax
14 Increment Financing Fund", to be administered by the department
15 of economic development. The department shall annually
16 distribute from the Missouri supplemental tax increment financing
17 fund the amount of the new state revenues as appropriated as
18 provided in the provisions of subsections 4 and 5 of this section
19 if and only if the conditions of subsection 10 of this section
20 are met. The fund shall also consist of any gifts,
21 contributions, grants or bequests received from federal, private
22 or other sources. Moneys in the Missouri supplemental tax
23 increment financing fund shall be disbursed per project pursuant
24 to state appropriations.

25 13. Redevelopment project costs may include, at the
26 prerogative of the state, the portion of salaries and expenses of
27 the department of economic development and the department of
28 revenue reasonably allocable to each redevelopment project

1 approved for disbursements from the Missouri supplemental tax
2 increment financing fund for the ongoing administrative functions
3 associated with such redevelopment project. Such amounts shall
4 be recovered from new state revenues deposited into the Missouri
5 supplemental tax increment financing fund created under this
6 section.

7 14. For redevelopment plans or projects approved by
8 ordinance that result in net new jobs from the relocation of a
9 national headquarters from another state to the area of the
10 redevelopment project, the economic activity taxes and new state
11 tax revenues shall not be based on a calculation of the
12 incremental increase in taxes as compared to the base year or
13 prior calendar year for such redevelopment project, rather the
14 incremental increase shall be the amount of total taxes generated
15 from the net new jobs brought in by the national headquarters
16 from another state. In no event shall this subsection be
17 construed to allow a redevelopment project to receive an
18 appropriation in excess of up to fifty percent of the new state
19 revenues.

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21 _____
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