

SECOND REGULAR SESSION

[CORRECTED]

[PERFECTED]

HOUSE SUBSTITUTE FOR

HOUSE BILL NO. 1496

91ST GENERAL ASSEMBLY

Taken up for Perfection March 18, 2002.

House Substitute for House Bill No. 1496 ordered Perfected and printed, as amended.

TED WEDEL, Chief Clerk

3817L.02P

AN ACT

To repeal sections 99.805, 99.810, and 99.845, RSMo, and to enact in lieu thereof ten new sections relating to tax increment financing, with an effective date.

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

Section A. Sections 99.805, 99.810, and 99.845, RSMo, are repealed and ten new sections enacted in lieu thereof, to be known as sections 99.805, 99.810, 99.845, 99.866, 99.867, 99.870, 99.871, 99.872, 99.873, and 99.874, to read as follows:

99.805. As used in sections 99.800 to [99.865] **99.873**, 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

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

13 area located within the territorial limits of a municipality in which fifty percent or more of the
14 structures in the area have an age of thirty-five years or more. Such an area is not yet a blighted
15 area but is detrimental to the public health, safety, morals, or welfare and may become a blighted
16 area because of any one or more of the following factors: dilapidation; obsolescence;
17 deterioration; illegal use of individual structures; presence of structures below minimum code
18 standards; abandonment; excessive vacancies; overcrowding of structures and community
19 facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land
20 coverage; deleterious land use or layout; depreciation of physical maintenance; and lack of
21 community planning. A conservation area shall meet at least three of the factors provided in this
22 subdivision for projects approved on or after December 23, 1997;

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

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

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

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

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

47 (6) **"Eligible employee", a person employed on a full-time basis in a new job at the**
48 **redevelopment project averaging at least thirty-five hours per week who was not employed**

49 **by the same industry or a related taxpayer in the area at any time during the twelve-month**
50 **period immediately prior to being employed at the redevelopment project;**

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

59 (8) "High unemployment", unemployment in the proposed redevelopment area of
60 at least one and one-half times that of the metropolitan statistical area in which the area
61 is located or, one and one-half times the unemployment rate of nonmetropolitan counties
62 if the area is not located in a metropolitan statistical area;

63 (9) "Low fiscal capacity", per capita assessed valuation of property in the
64 municipality of less than sixty percent of the entire county in which it is located, or, in
65 unincorporated areas, when the per capita assessed valuation of property in the school
66 district is less than sixty percent of the entire county in which it is located;

67 (10) "Moderate income", either a Missouri municipality within a metropolitan
68 statistical area which has a population of at least one thousand five hundred and median
69 household income of under ninety percent of the median household income for the
70 metropolitan statistical area, according to the last decennial census, or a United States
71 census block group or contiguous group of block groups within a metropolitan statistical
72 area which has a population of at least one thousand five hundred, and each block group
73 having a median household income of under eighty percent of the median household
74 income for the metropolitan area in Missouri, according to the last decennial census. In
75 addition, the definition shall include municipalities not within a metropolitan statistical
76 area, with a median household income of under ninety percent of the median household
77 income for the nonmetropolitan areas in Missouri according to the last decennial census
78 or a census block group or contiguous group of block groups which has a population of at
79 least one thousand five hundred, and each block group having a median household income
80 of under ninety percent of the median household income for the nonmetropolitan areas of
81 Missouri, according to the last decennial census;

82 [(7)] (11) "Municipality", a city, village, or incorporated town or any county of this
83 state. For redevelopment areas or projects approved on or after December 23, 1997,
84 "municipality" applies only to cities, villages, incorporated towns or counties established for at

85 least one year prior to such date;

86 **(12) "New job", a job in a new or expanding redevelopment project not including**
87 **jobs of recalled workers, replacement jobs or jobs that formerly existed in the same**
88 **industry in the area;**

89 [(8)] **(13) "Obligations", bonds, loans, debentures, notes, special certificates, or other**
90 **evidences of indebtedness issued by a municipality to carry out a redevelopment project or to**
91 **refund outstanding obligations;**

92 [(9)] **(14) "Ordinance", an ordinance enacted by the governing body of a city, town, or**
93 **village or a county or an order of the governing body of a county whose governing body is not**
94 **authorized to enact ordinances;**

95 [(10)] **(15) "Payment in lieu of taxes", those estimated revenues from real property in the**
96 **area selected for a redevelopment project, which revenues according to the redevelopment**
97 **project or plan are to be used for a private use, which taxing districts would have received had**
98 **a municipality not adopted tax increment allocation financing, and which would result from**
99 **levies made after the time of the adoption of tax increment allocation financing during the time**
100 **the current equalized value of real property in the area selected for the redevelopment project**
101 **exceeds the total initial equalized value of real property in such area until the designation is**
102 **terminated pursuant to subsection 2 of section 99.850;**

103 **(16) "Public subsidy", any combination of public grants or loans, tax abatements,**
104 **tax credits, industrial revenue bonds, tax increment financing, or other instruments having**
105 **similar economic effect which are made available to the developer for the direct benefit of**
106 **the redevelopment project from actual or potential tax revenues from any taxing**
107 **district. Subsidies do not include fees for service generated from the redevelopment**
108 **project, such as parking receipts or incidental rental income generated from a public**
109 **works or public improvement project, or the revenue bonds supported in whole or in part**
110 **by such fees for services or incidental rental income;**

111 [(11)] **(17) "Redevelopment area", an area designated by a municipality, in respect to**
112 **which the municipality has made a finding that there exist conditions which cause the area to be**
113 **classified as a blighted area, a conservation area, an economic development area, an enterprise**
114 **zone pursuant to sections 135.200 to 135.256, RSMo, or a combination thereof, which area**
115 **includes only those parcels of real property directly and substantially benefitted by the proposed**
116 **redemption project;**

117 [(12)] **(18) "Redevelopment plan", the comprehensive program of a municipality for**
118 **redemption intended by the payment of redevelopment costs to reduce or eliminate those**
119 **conditions, the existence of which qualified the redevelopment area as a blighted area,**
120 **conservation area, economic development area, or combination thereof, and to thereby enhance**

121 the tax bases of the taxing districts which extend into the redevelopment area. Each
122 redevelopment plan shall conform to the requirements of section 99.810;

123 [(13)] (19) "Redevelopment project", any development project within a redevelopment
124 area in furtherance of the objectives of the redevelopment plan; any such redevelopment project
125 shall include a legal description of the area selected for the redevelopment project;

126 [(14)] (20) "Redevelopment project costs" include the sum total of all reasonable or
127 necessary costs incurred or estimated to be incurred, and any such costs incidental to a
128 redevelopment plan or redevelopment project, as applicable. Such costs include, but are not
129 limited to, the following:

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

131 (b) Professional service costs, including, but not limited to, architectural, engineering,
132 legal, marketing, financial, planning or special services. Except the reasonable costs incurred
133 by the commission established in section 99.820 for the administration of sections 99.800 to
134 99.865, such costs shall be allowed only as an initial expense which, to be recoverable, shall be
135 included in the costs of a redevelopment plan or project;

136 (c) Property assembly costs, including, but not limited to, acquisition of land and other
137 property, real or personal, or rights or interests therein, demolition of buildings, and the clearing
138 and grading of land;

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

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

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

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

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

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

154 (j) Payments in lieu of taxes;

155 (21) "Redevelopment project of regional significance", a business located within
156 the contiguous area comprised of the cities and counties defined in subsection 1 of section

157 **99.866 which is engaged in interstate or intrastate commerce for the purpose of**
158 **manufacturing, processing, or assembling products, conducting research and development,**
159 **or providing services in interstate commerce, office industries, or agricultural processing,**
160 **but excluding retail, health, or professional services. Redevelopment project of regional**
161 **significance does not include a business which closes or substantially reduces its operation**
162 **at one location in the area and relocates substantially the same operation to another**
163 **location in the area. This does not prohibit a business from expanding its operations at**
164 **another location in the area provided that existing operations of a similar nature located**
165 **within the area are not closed or substantially reduced. This also does not prohibit a**
166 **business from moving its operations from one location in the area to another location in**
167 **the area for the purpose of expanding such operation provided that the regional tax**
168 **increment financing review authority, defined in subsection 1 of section 99.871, determines**
169 **that such expansion cannot reasonably be accommodated within the municipality in which**
170 **such business is located, or in the case of a business located in an incorporated area of the**
171 **county, within the county in which such business is located, after conferring with the chief**
172 **elected official of such municipality or county and taking into consideration any evidence**
173 **offered by such municipality or county regarding the ability to accommodate such**
174 **expansion within such municipality or county. The developer or business must:**

175 **(a) Invest a minimum of fifteen million dollars, or ten million dollars for an office**
176 **industry, in the redevelopment project; and**

177 **(b) Create a minimum of one hundred new jobs for eligible employees at the**
178 **redemption project or a minimum of five hundred jobs if the redevelopment project is**
179 **an office industry or a minimum of two hundred new jobs if the redevelopment project is**
180 **an office industry located within a distressed community as defined in section 135.530,**
181 **RSMo;**

182 **[(15)] (22) "Special allocation fund", the fund of a municipality or its commission which**
183 **contains at least two separate segregated accounts for each redevelopment plan, maintained by**
184 **the treasurer of the municipality or the treasurer of the commission into which payments in lieu**
185 **of taxes are deposited in one account, and economic activity taxes and other revenues are**
186 **deposited in the other account;**

187 **[(16)] (23) "Taxing districts", any political subdivision of this state having the power to**
188 **levy taxes;**

189 **[(17)] (24) "Taxing districts' capital costs", those costs of taxing districts for capital**
190 **improvements that are found by the municipal governing bodies to be necessary and to directly**
191 **result from the redevelopment project; [and]**

192 **(25) "Unfair competition", using a public subsidy as an incentive to attract a new**

193 **business to a market area where a similar business already exists, with the effect of a**
194 **negative economic impact to the existing business, or to recruit or attract a business to a**
195 **new location within the same market area; and**

196 [(18)] **(26)** "Vacant land", any parcel or combination of parcels of real property not used
197 for industrial, commercial, or residential buildings.

99.810. 1. Each redevelopment plan shall set forth in writing a general description of
2 the program to be undertaken to accomplish the objectives and shall include, but need not be
3 limited to, the estimated redevelopment project costs, the anticipated sources of funds to pay the
4 costs, evidence of the commitments to finance the project costs, the anticipated type and term
5 of the sources of funds to pay costs, the anticipated type and terms of the obligations to be issued,
6 the most recent equalized assessed valuation of the property within the redevelopment area
7 which is to be subjected to payments in lieu of taxes and economic activity taxes pursuant to
8 section 99.845, an estimate as to the equalized assessed valuation after redevelopment, and the
9 general land uses to apply in the redevelopment area. **No redevelopment plan that requires**
10 **the relocation of any homeowners from the proposed redevelopment area shall be adopted**
11 **by a municipality until the plan has been submitted to the qualified voters of the**
12 **municipality and a majority of the qualified voters voting on the question approve the**
13 **redevelopment plan.** No redevelopment plan shall be adopted by a municipality without
14 findings that:

15 (1) The redevelopment area on the whole is a blighted area, a conservation area, or an
16 economic development area, and has not been subject to growth and development through
17 investment by private enterprise and would not reasonably be anticipated to be developed
18 without the adoption of tax increment financing. Such a finding shall include, but not be limited
19 to, a detailed description of the factors that qualify the redevelopment area or project pursuant
20 to this subdivision [and], an affidavit, signed by the developer or developers and submitted with
21 the redevelopment plan, attesting that the provisions of this subdivision have been met, **and a**
22 **study stating that records were reviewed, inspections were made, comparisons were made,**
23 **or tasks undertaken demonstrating that the property has not been developed through**
24 **private enterprise over a period of time. Such a study should be signed by a responsible**
25 **party or some party should otherwise be designated as being responsible for the study's**
26 **representations. The study shall be of sufficient specificity to allow representatives of the**
27 **tax increment financing commission or the municipality, or both, to conduct investigations**
28 **deemed necessary in order to confirm its findings;**

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

31 (3) The estimated dates, which shall not be more than twenty-three years from the

32 adoption of the ordinance approving a redevelopment project within a redevelopment area, of
33 completion of any redevelopment project and retirement of obligations incurred to finance
34 redevelopment project costs have been stated, provided that no ordinance approving a
35 redevelopment project shall be adopted later than ten years from the adoption of the ordinance
36 approving the redevelopment plan under which such project is authorized and provided that no
37 property for a redevelopment project shall be acquired by eminent domain later than five years
38 from the adoption of the ordinance approving such redevelopment project;

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

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

47 (6) A finding that the plan does not include the initial development or redevelopment of
48 any gambling establishment, provided however, that this subdivision shall be applicable only to
49 a redevelopment plan adopted for a redevelopment area designated by ordinance after December
50 23, 1997;

51 **(7) An economic feasibility analysis including a pro forma financial statement**
52 **indicating a return on investment that may be expected without public assistance. The**
53 **financial statement shall detail any assumptions made, a pro forma statement analysis**
54 **demonstrating the amount of assistance required to bring the return into a range deemed**
55 **attractive to private investors, which amount shall be equal to the estimated reimbursable**
56 **project costs.**

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

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

7 property in a redevelopment project exceeds the certified total initial equalized assessed
8 valuation of the taxable real property in the redevelopment project, the ad valorem taxes, and
9 payments in lieu of taxes, if any, arising from the levies upon taxable real property in such
10 redevelopment project by taxing districts and tax rates determined in the manner provided in
11 subsection 2 of section 99.855 each year after the effective date of the ordinance until
12 redevelopment costs have been paid shall be divided as follows:

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

19 (2) Payments in lieu of taxes attributable to the increase in the current equalized assessed
20 valuation of each taxable lot, block, tract, or parcel of real property in the area selected for the
21 redevelopment project and any applicable penalty and interest over and above the initial
22 equalized assessed value of each such unit of property in the area selected for the redevelopment
23 project shall be allocated to and, when collected, shall be paid to the municipal treasurer who
24 shall deposit such payment in lieu of taxes into a special fund called the "Special Allocation
25 Fund" of the municipality for the purpose of paying redevelopment costs and obligations incurred
26 in the payment thereof. Payments in lieu of taxes which are due and owing shall constitute a lien
27 against the real estate of the redevelopment project from which they are derived and shall be
28 collected in the same manner as the real property tax, including the assessment of penalties and
29 interest where applicable. The municipality may, in the ordinance, pledge the funds in the
30 special allocation fund for the payment of such costs and obligations and provide for the
31 collection of payments in lieu of taxes, the lien of which may be foreclosed in the same manner
32 as a special assessment lien as provided in section 88.861, RSMo. No part of the current
33 equalized assessed valuation of each lot, block, tract, or parcel of property in the area selected
34 for the redevelopment project attributable to any increase above the total initial equalized
35 assessed value of such properties shall be used in calculating the general state school aid formula
36 provided for in section 163.031, RSMo, until such time as all redevelopment costs have been
37 paid as provided for in this section and section 99.850;

38 (3) For purposes of this section, "levies upon taxable real property in such redevelopment
39 project by taxing districts" shall not include the blind pension fund tax levied under the authority
40 of article III, section 38(b) of the Missouri Constitution, or the merchants' and manufacturers'
41 inventory replacement tax levied under the authority of subsection 2 of section 6 of article X, of
42 the Missouri Constitution, except in redevelopment project areas in which tax increment

43 financing has been adopted by ordinance pursuant to a plan approved by vote of the governing
44 body of the municipality taken after August 13, 1982, and before January 1, 1998.

45 2. In addition to the payments in lieu of taxes described in subdivision (2) of subsection
46 1 of this section, for redevelopment plans and projects adopted or redevelopment projects
47 approved by ordinance after July 12, 1990, and prior to August 31, 1991, fifty percent of the total
48 additional revenue from taxes, penalties and interest imposed by the municipality, or other taxing
49 districts, which are generated by economic activities within the area of the redevelopment project
50 over the amount of such taxes generated by economic activities within the area of the
51 redevelopment project in the calendar year prior to the adoption of the redevelopment project by
52 ordinance, while tax increment financing remains in effect, but excluding taxes imposed on sales
53 or charges for sleeping rooms paid by transient guests of hotels and motels, taxes levied pursuant
54 to section 70.500, RSMo, licenses, fees or special assessments other than payments in lieu of
55 taxes and any penalty and interest thereon, or, effective January 1, 1998, taxes levied pursuant
56 to section 94.660, RSMo, for the purpose of public transportation, shall be allocated to, and paid
57 by the local political subdivision collecting officer to the treasurer or other designated financial
58 officer of the municipality, who shall deposit such funds in a separate segregated account within
59 the special allocation fund. Any provision of an agreement, contract or covenant entered into
60 prior to July 12, 1990, between a municipality and any other political subdivision which provides
61 for an appropriation of other municipal revenues to the special allocation fund shall be and
62 remain enforceable.

63 3. In addition to the payments in lieu of taxes described in subdivision (2) of subsection
64 1 of this section, for redevelopment plans and projects adopted or redevelopment projects
65 approved by ordinance after August 31, 1991, fifty percent of the total additional revenue from
66 taxes, penalties and interest which are imposed by the municipality or other taxing districts, and
67 which are generated by economic activities within the area of the redevelopment project over the
68 amount of such taxes generated by economic activities within the area of the redevelopment
69 project in the calendar year prior to the adoption of the redevelopment project by ordinance,
70 while tax increment financing remains in effect, but excluding personal property taxes, taxes
71 imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels,
72 taxes levied pursuant to section 70.500, RSMo, or effective January 1, 1998, taxes levied for the
73 purpose of public transportation pursuant to section 94.660, RSMo, licenses, fees or special
74 assessments other than payments in lieu of taxes and penalties and interest thereon, shall be
75 allocated to, and paid by the local political subdivision collecting officer to the treasurer or other
76 designated financial officer of the municipality, who shall deposit such funds in a separate
77 segregated account within the special allocation fund.

78 4. Beginning January 1, 1998, for redevelopment plans and projects adopted or

79 redevelopment projects approved by ordinance and which have complied with subsections 4 to
80 12 of this section, in addition to the payments in lieu of taxes and economic activity taxes
81 described in subsections 1, 2 and 3 of this section, up to fifty percent of the new state revenues,
82 as defined in subsection 8 of this section, estimated for the businesses within the project area and
83 identified by the municipality in the application required by subsection 10 of this section, over
84 and above the amount of such taxes reported by businesses within the project area as identified
85 by the municipality in their application prior to the approval of the redevelopment project by
86 ordinance, while tax increment financing remains in effect, may be available for appropriation
87 by the general assembly as provided in subsection 10 of this section to the department of
88 economic development supplemental tax increment financing fund, from the general revenue
89 fund, for distribution to the treasurer or other designated financial officer of the municipality
90 with approved plans or projects.

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

94 6. No transfer from the general revenue fund to the Missouri supplemental tax increment
95 financing fund shall be made unless an appropriation is made from the general revenue fund for
96 that purpose. No municipality shall commit any state revenues prior to an appropriation being
97 made for that project. For all redevelopment plans or projects adopted or approved after
98 December 23, 1997, appropriations from the new state revenues shall not be distributed from the
99 Missouri supplemental tax increment financing fund into the special allocation fund unless the
100 municipality's redevelopment plan ensures that one hundred percent of payments in lieu of taxes
101 and fifty percent of economic activity taxes generated by the project shall be used for eligible
102 redevelopment project costs while tax increment financing remains in effect. This account shall
103 be separate from the account into which payments in lieu of taxes are deposited, and separate
104 from the account into which economic activity taxes are deposited.

105 7. In order for the redevelopment plan or project to be eligible to receive the revenue
106 described in subsection 4 of this section, the municipality shall comply with the requirements of
107 subsection 10 of this section prior to the time the project or plan is adopted or approved by
108 ordinance. The director of the department of economic development and the commissioner of
109 the office of administration may waive the requirement that the municipality's application be
110 submitted prior to the redevelopment plan's or project's adoption or the redevelopment plan's or
111 project's approval by ordinance.

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

113 (1) The incremental increase in the general revenue portion of state sales tax revenues
114 received pursuant to section 144.020, RSMo, excluding sales taxes that are constitutionally

dedicated, taxes deposited to the school district trust fund in accordance with section 144.701, RSMo, sales and use taxes on motor vehicles, trailers, boats and outboard motors and future sales taxes earmarked by law. The incremental increase in the general revenue portion of state sales tax revenues for an existing or relocated facility shall be the amount that current state sales tax revenue exceeds the state sales tax revenue in the base year as stated in the redevelopment plan as provided in subsection 10 of this section; or

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

9. Subsection 4 of this section shall apply only to **blighted areas located in distressed communities pursuant to section 135.530, RSMo**, blighted areas located in enterprise zones, pursuant to sections 135.200 to 135.256, RSMo, blighted areas located in federal empowerment zones, or to blighted areas located in central business districts or urban core areas of cities which districts or urban core areas at the time of approval of the project by ordinance, provided that the enterprise zones, federal empowerment zones or blighted areas contained one or more buildings at least fifty years old; and

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

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

10. The initial appropriation of up to fifty percent of the new state revenues authorized pursuant to subsections 4 and 5 of this section shall not be made to or distributed by the department of economic development to a municipality until all of the following conditions have been satisfied:

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

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

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

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

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

(e) An affidavit that is signed by the developer or developers attesting that the provisions of subdivision (1) of section 99.810 have been met and specifying that the redevelopment area would not be reasonably anticipated to be developed without the appropriation of the new state revenues;

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

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

(2) The methodologies used in the application for determining the base year and determining the estimate of the incremental increase in the general revenue portion of the state sales tax revenues or the state income tax withheld by employers on behalf of new employees who fill new jobs created in the redevelopment area shall be approved by the director of the department of economic development or his or her designee and the commissioner of the office of administration or his or her designee. Upon approval of the application, the director of the department of economic development or his or her designee and the commissioner of the office of administration or his or her designee shall issue a certificate of approval. The department of economic development may request the appropriation following application approval;

(3) The appropriation shall be either a portion of the estimate of the incremental increase in the general revenue portion of state sales tax revenues in the redevelopment area or a portion of the estimate of the state income tax withheld by the employer on behalf of new employees who fill new jobs created in the redevelopment area as indicated in the municipality's application, approved by the director of the department of economic development or his or her designee and the commissioner of the office of administration or his or her designee. At no time shall the aggregate annual appropriation of the new state revenues for redevelopment areas exceed fifteen million dollars;

(4) Redevelopment plans and projects receiving new state revenues shall have a duration of up to fifteen years, unless prior approval for a longer term is given by the director of the

187 department of economic development or his or her designee and the commissioner of the office
188 of administration or his or her designee; except that, in no case shall the duration exceed
189 twenty-three years.

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

196 12. There is hereby established within the state treasury a special fund to be known as
197 the "Missouri Supplemental Tax Increment Financing Fund", to be administered by the
198 department of economic development. The department shall annually distribute from the
199 Missouri supplemental tax increment financing fund the amount of the new state revenues as
200 appropriated as provided in the provisions of subsections 4 and 5 of this section if and only if the
201 conditions of subsection 10 of this section are met. The fund shall also consist of any gifts,
202 contributions, grants or bequests received from federal, private or other sources. Moneys in the
203 Missouri supplemental tax increment financing fund shall be disbursed per project pursuant to
204 state appropriations.

205 13. All personnel and other costs incurred by the department of economic development
206 for the administration and operation of subsections 4 to 12 of this section shall be paid from the
207 state general revenue fund. On an annual basis, the general revenue fund shall be reimbursed for
208 the full amount of such costs by the developer or developers of the project or projects for which
209 municipalities have made tax increment financing applications for the appropriation of new state
210 revenues, as provided for in subdivision (1) of subsection 10 of this section. The amount of costs
211 charged to each developer shall be based upon the percentage arrived at by dividing the monetary
212 amount of the application made by each municipality for a particular project by the total
213 monetary amount of all applications received by the department of economic development.

**99.866. 1. Except as provided in subsection 2 of this section, sections 99.866 to
2 99.872 shall apply to any city not within a county, any county with a charter form of
3 government and with more than one million inhabitants, any county of the first
4 classification without a charter form of government and with more than one hundred
5 ninety-eight thousand but less than one hundred ninety-nine thousand two hundred
6 inhabitants, any county of the third classification without a township form of government
7 and with more than twenty-four thousand five hundred but less than twenty-four thousand
8 six hundred inhabitants, any county with a charter form of government and with more
9 than two hundred fifty thousand but less than three hundred fifty thousand inhabitants,**

10 any county of the first classification without a charter form of government and with more
11 than ninety-three thousand eight hundred but less than ninety-three thousand nine
12 hundred inhabitants, any county of the third classification without a township form of
13 government and with more than thirty-eight thousand nine hundred but less than
14 thirty-nine thousand inhabitants, any county of the fourth classification with more than
15 fifty-five thousand six hundred but less than fifty-five thousand seven hundred inhabitants,
16 and any county of the third classification without a township form of government and with
17 more than seventeen thousand eight hundred but less than seventeen thousand nine
18 hundred inhabitants.

19 2. Any redevelopment project consisting solely of public infrastructure
20 improvements on public land requiring two million dollars or less in tax increment
21 financing, wherein the bonds for such project will be paid off in seven years or less, shall
22 be exempt from the provisions of sections 99.866 to 99.872.

23 3. Any redevelopment project for which eligible project redevelopment costs are
24 to be paid from that portion of the total economic activity taxes and payments in lieu of
25 taxes imposed by the municipality only, and real or potential revenues from no other taxing
26 jurisdictions are involved, are exempt from the provisions of sections 99.866 to 99.872.

99.867. 1. The municipality and any proposed redevelopment area shall meet the
2 requirements of section 99.810 and this section. An area can qualify if:

3 (1) The proposed redevelopment project is primarily a retail project; and

4 (2) The host municipality or, for unincorporated areas, the host school district has
5 low fiscal capacity; or

6 (3) The census block group or groups, as defined in the most recent decennial
7 census, containing the proposed redevelopment area have high unemployment; or

8 (4) The municipality, census block group or groups, as defined in the most recent
9 decennial census, containing the proposed redevelopment area are characterized by
10 moderate income.

11 2. Tax increment financing shall not be used for more than thirty percent of the
12 total estimated redevelopment costs of a project unless the redevelopment is in a
13 municipality, census block group or group of block groups with a median household
14 income less than seventy percent of that of the metropolitan area, a distressed community
15 as defined in section 135.530, RSMo, a federal enterprise zone or a federal empowerment
16 zone. Tax increment financing shall not be used to develop sites in which twenty-five
17 percent or more of the area is vacant and has not previously been developed or qualifies
18 as "open space" pursuant to section 67.900, RSMo, or is presently being used for
19 agricultural or horticultural purposes, except where the qualifying project is a project of

20 regional significance, as defined in section 99.805.

21 3. If the majority of the proposed redevelopment project is located in an area
22 meeting the requirements of low fiscal capacity, high unemployment, and moderate income
23 set forth in this section, and if such conditions are documented in an area which is
24 contiguous to but outside of the qualifying area, and is smaller than a census block group,
25 the contiguous area shall be added to the qualifying area.

 99.870. Commencing with the first fiscal year in which any municipality receives
2 any payments in lieu of taxes from a redevelopment project and continuing through the
3 last fiscal year in which the municipality receives such payments, the municipality shall pay
4 to any other taxing entities entitled to receive revenue from levies on real property in such
5 municipality, an amount equal to twenty-five percent of the payments in lieu of taxes
6 received by the municipality. This amount shall be divided among the other affected
7 taxing entities on a basis that is proportional to the collections of revenue from real
8 property in the development area to which each such taxing district is entitled during that
9 tax year.

 99.871. 1. In addition to the provisions of section 99.867 and 99.868, any
2 municipality or group of adjacent municipalities may use tax increment financing for a
3 redevelopment project of regional significance, as defined in section 99.805, only if such
4 municipality or group of adjacent municipalities agrees to participate in and abide by any
5 decision rendered by the appropriate regional tax increment finance review authority.
6 Such authority may qualify projects which are located in a blighted area, conservation
7 area, or economic development area, as defined in section 99.805.

8 2. Each county or city not within a county specified in section 99.866 shall establish
9 a regional tax increment finance review authority in accordance with the following
10 specifications:

11 (1) In any city not within a county, the regional tax increment finance review
12 authority shall be composed of six members appointed by and from the board of aldermen,
13 three members appointed by the school board, and three members appointed by the board
14 of equalization and adjustment of such city. The term of office for each member of the
15 authority shall be at the discretion of the appointing authority. The members appointed
16 from the board of aldermen shall accurately represent the balance of political parties on
17 the board of aldermen;

18 (2) In any county with a charter form of government and with more than one
19 million inhabitants, the regional tax increment finance review authority shall be composed
20 of three members appointed by the county executive, three members appointed by the
21 county council to represent group A cities as defined in section 66.620, RSMo, three

22 members appointed by the county council to represent group B cities as defined in section
23 66.620, RSMo, and six members appointed by the county executive with the approval of
24 the county council, of which at least three shall represent school districts and the
25 remainder shall represent other political subdivisions levying ad valorem taxes in the
26 county. The term of office for each member of the authority shall be at the discretion of
27 the appointing jurisdictions. The members appointed from the county council shall
28 accurately reflect the balance of political parties on the county council in the county;

29 (3) In any county with a charter form of government and with more than two
30 hundred fifty thousand but less than three hundred fifty thousand, a regional tax
31 increment finance review authority shall be composed of three members appointed by the
32 county executive, three members appointed by the county council to represent the cities in
33 the county, and six members appointed by the county executive with the approval of the
34 county council, of which at least three shall represent school districts and the remainder
35 of which shall represent other political subdivisions levying ad valorem taxes in the county.
36 The term of office for each member of the authority shall be at the discretion of the
37 appointing jurisdictions; and

38 (4) In any county of the first classification without a charter form of government
39 and with more than one hundred ninety-eight thousand but less than one hundred
40 ninety-nine thousand two hundred inhabitants, any county of the third classification
41 without a township form of government and with more than twenty-four thousand five
42 hundred but less than twenty-four thousand six hundred inhabitants, any county of the
43 first classification without a charter form of government and with more than ninety-three
44 thousand eight hundred but less than ninety-three thousand nine hundred inhabitants, any
45 county of the third classification without a township form of government and with more
46 than thirty-eight thousand nine hundred but less than thirty-nine thousand inhabitants,
47 any county of the fourth classification with more than fifty-five thousand six hundred but
48 less than fifty-five thousand seven hundred inhabitants, and any county of the third
49 classification without a township form of government and with more than seventeen
50 thousand eight hundred but less than seventeen thousand nine hundred inhabitants, a
51 regional tax increment finance review authority shall be composed of three county
52 commissioners, three members appointed by the county commission to represent the cities
53 within the county, and six members appointed by the county commissioners, of which at
54 least three shall represent school districts and the remainder of which shall represent other
55 political subdivisions levying ad valorem taxes in the county. The term of office for each
56 member of the authority shall be at the discretion of the appointing jurisdiction.

57 3. Prior to adoption of any redevelopment plan for a project of regional significance

58 which will be funded in any part using tax increment financing, any municipality in any
59 city or county described in section 99.866 shall submit the redevelopment plan to the
60 regional tax increment finance authority in the city not within a county or county
61 containing the redevelopment project.

62 4. The regional tax increment finance authority shall review the project, which
63 shall be designed to address one or more of the three criteria of "blighted area",
64 "conservation area", or "economic development area", as those terms are defined in
65 section 99.805. Evidence of one or more of the criteria shall be provided to the authority
66 prior to approval. In addition to proof of such criterion or criteria, all analyses,
67 statements, and reports described in section 99.810 shall be provided. The regional tax
68 increment finance authority shall also determine that the project does not constitute unfair
69 competition, as defined in section 99.805, prior to approving any project.

70 5. If the regional tax increment finance authority considers and finds in favor of
71 project approval based on each of the criteria required in subsection 4 of this section, then
72 the authority shall approve the redevelopment project, and the submitting municipality
73 may proceed with its redevelopment project.

99.872. The municipality and the developer shall annually submit information to
2 the department regarding an approved plan for as long as the plan is in effect. The
3 department shall establish reporting requirements by rule promulgated pursuant to
4 chapter 536, RSMo. The department shall submit a report to the governor and the general
5 assembly by December thirty-first of each year. The report shall, at a minimum, identify
6 the number and location of redevelopment areas, quantify public investment in each, and
7 assess the public benefit derived from the redevelopment area using the criteria set out in
8 section 99.868.

99.873. Any district in any city not within a county, any county with a charter form
2 of government and with more than one million inhabitants, any county of the first
3 classification without a charter form of government and with more than one hundred
4 ninety-eight thousand but less than one hundred ninety-nine thousand two hundred
5 inhabitants, any county of the third classification without a township form of government
6 and with more than twenty-four thousand five hundred but less than twenty-four thousand
7 six hundred inhabitants, any county with a charter form of government and with more
8 than two hundred fifty thousand but less than three hundred fifty thousand inhabitants,
9 any county of the first classification without a charter form of government and with more
10 than ninety-three thousand eight hundred but less than ninety-three thousand nine
11 hundred inhabitants, any county of the third classification without a township form of
12 government and with more than thirty-eight thousand nine hundred but less than

13 **thirty-nine thousand inhabitants, any county of the fourth classification with more than**
14 **fifty-five thousand six hundred but less than fifty-five thousand seven hundred inhabitants,**
15 **and any county of the third classification without a township form of government and with**
16 **more than seventeen thousand eight hundred but less than seventeen thousand nine**
17 **hundred inhabitants, providing emergency services pursuant to chapter 190 or 321, RSMo,**
18 **shall be entitled to reimbursement from the special allocation fund for direct**
19 **costs. However, such reimbursement shall not be less than twenty-five percent nor more**
20 **than one hundred percent of the district's tax increment.**

99.874. No tax increment financing project shall be approved until all political
2 **subdivisions affected by the project approve the project by a majority vote of the political**
3 **subdivision's governing body.**

Section B. Section A of this act shall become effective July 1, 2003.