

HCS SB 884 -- TAX INCREMENT FINANCING

SPONSOR: Callahan (Johnson, 47)

COMMITTEE ACTION: Voted "do pass" by the Committee on Local Government by a vote of 13 to 0.

This substitute changes the laws regarding tax increment financing (TIF). In its main provisions, the substitute:

(1) Prohibits the revenue from any increase in any real or personal property tax within a TIF district from being used for anything other than the specified purpose of the tax increase (Section 67.112, RSMo);

(2) Changes the definitions of "blighted area" and "conservation area" (Section 99.805(1));

(3) Changes the definition of "redevelopment project costs" to include extraordinary professional service costs which are required under the Real Property Tax Increment Allocation Redevelopment Act (Section 99.805(14));

(4) Requires that conditions and contingencies of commitments to finance redevelopment project costs be included in the required general description of a redevelopment plan (Section 99.810.1);

(5) Requires redevelopment plans adopted by municipal and county governments to be re-adopted by two-thirds of all members of the governing body if a petition is submitted according to procedures established in the substitute (Section 99.810.2);

(6) Requires redevelopment plans adopted by municipal and county governments to be re-adopted by two-thirds of all members of the governing body if the TIF commission makes a negative recommendation (Section 99.820.4);

(7) Excludes any sales tax imposed by Jackson County for the purpose of sport stadium improvement from the additional economic activity revenue allocation (Section 99.845.3);

(8) Authorizes TIF projects within the 100-year flood plain in the City of St. Charles if the redevelopment area actually abuts a river or major waterway and is substantially surrounded by contiguous properties with residential, industrial, or commercial zoning classifications. Currently, no TIF projects are allowed in the flood plain in certain areas in St. Charles County (Section 99.847);

(9) Specifies that if a TIF project includes residential uses,

real property tax revenues attributable to the residential portion of the development will go directly to the affected school districts unless commission members representing the affected districts say they will forgo this revenue (Section 99.866); and

(10) Requires that those persons or entities receiving the financing on a TIF project in Kansas City or St. Louis must make good faith efforts to use minority or women's business enterprises on the project (Section 1).

FISCAL NOTE: No impact on state funds in FY 2007, FY 2008, and FY 2009.

PROPONENTS: Supporters say that the bill will protect the revenue from the sports stadium improvement tax, if it passes in Jackson County in April, from being reallocated to tax increment financing projects.

Testifying for the bill were Senator Callahan; and Kansas City Chiefs Football Club.

OPPONENTS: There was no opposition voiced to the committee.

Julie Jinkens McNitt, Legislative Analyst