

FIRST REGULAR SESSION

# HOUSE BILL NO. 1256

## 94TH GENERAL ASSEMBLY

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INTRODUCED BY REPRESENTATIVE FLOOK.

Read 1st time March 29, 2007 and copies ordered printed.

D. ADAM CRUMBLISS, Chief Clerk

1461L.01I

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### AN ACT

To repeal section 99.845, RSMo, and to enact in lieu thereof one new section relating to tax increment financing.

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*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Section A. Section 99.845, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 99.845, to read as follows: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 in the redevelopment project, the ad valorem taxes, and payments in lieu of taxes, if any, arising from the levies upon taxable real property in such redevelopment project by taxing districts and tax rates determined in the manner provided in subsection 2 of section 99.855 each year after the effective date of the ordinance until redevelopment costs have been paid shall be divided as follows:

(1) That portion of taxes, penalties and interest levied upon each taxable lot, block, tract, or parcel of real property which is attributable to the initial equalized assessed value of each such taxable lot, block, tract, or parcel of real property in the area selected for the redevelopment

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

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) (a) Payments in lieu of taxes attributable to the increase in the current equalized  
20 assessed valuation of each taxable lot, block, tract, or parcel of real property in the area selected  
21 for the 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 (b) Notwithstanding any provisions of this section to the contrary, for purposes of  
39 determining the limitation on indebtedness of local government pursuant to article VI, section  
40 26(b) of the Missouri Constitution, the current equalized assessed value of the property in an area  
41 selected for redevelopment attributable to the increase above the total initial equalized assessed  
42 valuation shall be included in the value of taxable tangible property as shown on the last  
43 completed assessment for state or county purposes;

44 (c) The county assessor shall include the current assessed value of all property within  
45 the taxing district in the aggregate valuation of assessed property entered upon the assessor's  
46 book and verified pursuant to section 137.245, RSMo, and such value shall be utilized for the  
47 purpose of the debt limitation on local government pursuant to article VI, section 26(b) of the  
48 Missouri Constitution;

49 (3) For purposes of this section, "levies upon taxable real property in such redevelopment  
50 project by taxing districts" shall not include the blind pension fund tax levied under the authority  
51 of article III, section 38(b) of the Missouri Constitution, or the merchants' and manufacturers'

52 inventory replacement tax levied under the authority of subsection 2 of section 6 of article X of  
53 the Missouri Constitution, except in redevelopment project areas in which tax increment  
54 financing has been adopted by ordinance pursuant to a plan approved by vote of the governing  
55 body of the municipality taken after August 13, 1982, and before January 1, 1998.

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

74         3. In addition to the payments in lieu of taxes described in subdivision (2) of subsection  
75 1 of this section, for redevelopment plans and projects adopted or redevelopment projects  
76 approved by ordinance after August 31, 1991, fifty percent of the total additional revenue from  
77 taxes, penalties and interest which are imposed by the municipality or other taxing districts, and  
78 which are generated by economic activities within the area of the redevelopment project over the  
79 amount of such taxes generated by economic activities within the area of the redevelopment  
80 project in the calendar year prior to the adoption of the redevelopment project by ordinance,  
81 while tax increment financing remains in effect, but excluding personal property taxes, taxes  
82 imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels,  
83 taxes levied pursuant to section 70.500, RSMo, taxes levied for the purpose of public  
84 transportation pursuant to section 94.660, RSMo, licenses, fees or special assessments other than  
85 payments in lieu of taxes and penalties and interest thereon, or any sales tax imposed by a county  
86 with a charter form of government and with more than six hundred thousand but fewer than  
87 seven hundred thousand inhabitants, for the purpose of sports stadium improvement, shall be

88 allocated to, and paid by the local political subdivision collecting officer to the treasurer or other  
89 designated financial officer of the municipality, who shall deposit such funds in a separate  
90 segregated account within the special allocation fund.

91         4. Beginning January 1, 1998, for redevelopment plans and projects adopted or  
92 redevelopment projects approved by ordinance and which have complied with subsections 4 to  
93 12 of this section, in addition to the payments in lieu of taxes and economic activity taxes  
94 described in subsections 1, 2 and 3 of this section, up to fifty percent of the new state revenues,  
95 as defined in subsection 8 of this section, estimated for the businesses within the project area and  
96 identified by the municipality in the application required by subsection 10 of this section, over  
97 and above the amount of such taxes reported by businesses within the project area as identified  
98 by the municipality in their application prior to the approval of the redevelopment project by  
99 ordinance, while tax increment financing remains in effect, may be available for appropriation  
100 by the general assembly as provided in subsection 10 of this section to the department of  
101 economic development supplemental tax increment financing fund, from the general revenue  
102 fund, for distribution to the treasurer or other designated financial officer of the municipality  
103 with approved plans or projects.

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

107         6. No transfer from the general revenue fund to the Missouri supplemental tax increment  
108 financing fund shall be made unless an appropriation is made from the general revenue fund for  
109 that purpose. No municipality shall commit any state revenues prior to an appropriation being  
110 made for that project. For all redevelopment plans or projects adopted or approved after  
111 December 23, 1997, appropriations from the new state revenues shall not be distributed from the  
112 Missouri supplemental tax increment financing fund into the special allocation fund unless the  
113 municipality's redevelopment plan ensures that one hundred percent of payments in lieu of taxes  
114 and fifty percent of economic activity taxes generated by the project shall be used for eligible  
115 redevelopment project costs while tax increment financing remains in effect. This account shall  
116 be separate from the account into which payments in lieu of taxes are deposited, and separate  
117 from the account into which economic activity taxes are deposited.

118         7. In order for the redevelopment plan or project to be eligible to receive the revenue  
119 described in subsection 4 of this section, the municipality shall comply with the requirements of  
120 subsection 10 of this section prior to the time the project or plan is adopted or approved by  
121 ordinance. The director of the department of economic development and the commissioner of  
122 the office of administration may waive the requirement that the municipality's application be

123 submitted prior to the redevelopment plan's or project's adoption or the redevelopment plan's or  
124 project's approval by ordinance.

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

126 (1) The incremental increase in the general revenue portion of state sales tax revenues  
127 [received pursuant to section 144.020, RSMo] **in the redevelopment project area**, excluding  
128 sales taxes that are constitutionally dedicated, taxes deposited to the school district trust fund in  
129 accordance with section 144.701, RSMo, sales and use taxes on motor vehicles, trailers, boats  
130 and outboard motors and future sales taxes earmarked by law. **The incremental increase shall**  
131 **be calculated by first adding the state sales tax revenues generated in the redevelopment**  
132 **project area in the calendar year prior to the adoption of an ordinance by the municipality**  
133 **approving a redevelopment project and the state sales tax revenue generated by businesses**  
134 **that have relocated into the project area from within the state in the calendar year prior**  
135 **to their relocation. The resulting sum shall be subtracted from the current year's state**  
136 **sales tax revenue generated in the redevelopment project area.** In no event shall the  
137 incremental increase include any amounts attributable to retail sales **generated by businesses**  
138 **that were not located in the project area in the calendar year prior to the adoption of an**  
139 **ordinance by the municipality approving a redevelopment project**, unless the municipality  
140 or authority has proven to the [Missouri development finance board and the] department of  
141 economic development and [such entities have made a finding that the sales tax increment  
142 attributable to retail sales is from new sources which did not exist in the state during the baseline  
143 year. The incremental increase in the general revenue portion of state sales tax revenues for an  
144 existing or relocated facility shall be the amount that current state sales tax revenue exceeds the  
145 state sales tax revenue in the base year as stated in the redevelopment plan as provided in  
146 subsection 10 of this section] **the department has made a finding that the retail sales do not**  
147 **consist of retail sales displaced from existing businesses within the state;** or

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

154 9. Subsection 4 of this section shall apply only to blighted areas located in enterprise  
155 zones, pursuant to sections 135.200 to 135.256, RSMo, blighted areas located in federal  
156 empowerment zones, or to blighted areas located in central business districts or urban core areas  
157 of cities which districts or urban core areas at the time of approval of the project by ordinance,

158 provided that the enterprise zones, federal empowerment zones or blighted areas contained one  
159 or more buildings at least fifty years old; and

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

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

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

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

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

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

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

183 (d) The official statement of any bond issue pursuant to this subsection after December  
184 23, 1997;

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

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

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

- 194 (h) The name, street and mailing address, and phone number of the mayor or chief  
195 executive officer of the municipality;
- 196 (i) The street address of the development site;
- 197 (j) The three-digit North American Industry Classification System number or numbers  
198 characterizing the development project;
- 199 (k) The estimated development project costs;
- 200 (l) The anticipated sources of funds to pay such development project costs;
- 201 (m) Evidence of the commitments to finance such development project costs;
- 202 (n) The anticipated type and term of the sources of funds to pay such development  
203 project costs;
- 204 (o) The anticipated type and terms of the obligations to be issued;
- 205 (p) The most recent equalized assessed valuation of the property within the development  
206 project area;
- 207 (q) An estimate as to the equalized assessed valuation after the development project area  
208 is developed in accordance with a development plan;
- 209 (r) The general land uses to apply in the development area;
- 210 (s) The total number of individuals employed in the development area, broken down by  
211 full-time, part-time, and temporary positions;
- 212 (t) The total number of full-time equivalent positions in the development area;
- 213 (u) The current gross wages, state income tax withholdings, and federal income tax  
214 withholdings for individuals employed in the development area;
- 215 (v) The total number of individuals employed in this state by the corporate parent of any  
216 business benefiting from public expenditures in the development area, and all subsidiaries  
217 thereof, as of December thirty-first of the prior fiscal year, broken down by full-time, part-time,  
218 and temporary positions;
- 219 (w) The number of new jobs to be created by any business benefiting from public  
220 expenditures in the development area, broken down by full-time, part-time, and temporary  
221 positions;
- 222 (x) The average hourly wage to be paid to all current and new employees at the project  
223 site, broken down by full-time, part-time, and temporary positions;
- 224 (y) For project sites located in a metropolitan statistical area, as defined by the federal  
225 Office of Management and Budget, the average hourly wage paid to nonmanagerial employees  
226 in this state for the industries involved at the project, as established by the United States Bureau  
227 of Labor Statistics;

228 (z) For project sites located outside of metropolitan statistical areas, the average weekly  
229 wage paid to nonmanagerial employees in the county for industries involved at the project, as  
230 established by the United States Department of Commerce;

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

232 (bb) A list of all development subsidies that any business benefiting from public  
233 expenditures in the development area has previously received for the project, and the name of  
234 any other granting body from which such subsidies are sought;

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

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

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

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

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

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

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

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



264 annual amount of the new state revenues approved for disbursements from the Missouri  
265 supplemental tax increment financing fund exceed [thirty-two] **fifty** million dollars;

266 (4) Redevelopment plans and projects receiving new state revenues shall have a duration  
267 of up to fifteen years, unless prior approval for a longer term is given by the director of the  
268 department of economic development or his or her designee and the commissioner of the office  
269 of administration or his or her designee; except that, in no case shall the duration exceed  
270 twenty-three years.

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

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

286 13. Redevelopment project costs may include, at the prerogative of the state, the portion  
287 of salaries and expenses of the department of economic development and the department of  
288 revenue reasonably allocable to each redevelopment project approved for disbursements from  
289 the Missouri supplemental tax increment financing fund for the ongoing administrative functions  
290 associated with such redevelopment project. Such amounts shall be recovered from new state  
291 revenues deposited into the Missouri supplemental tax increment financing fund created under  
292 this section.

293 14. For redevelopment plans or projects approved by ordinance that result in net new  
294 jobs from the relocation of a national headquarters from another state to the area of the  
295 redevelopment project, the economic activity taxes and new state tax revenues shall not be based  
296 on a calculation of the incremental increase in taxes as compared to the base year or prior  
297 calendar year for such redevelopment project, rather the incremental increase shall be the amount  
298 of total taxes generated from the net new jobs brought in by the national headquarters from

299 another state. In no event shall this subsection be construed to allow a redevelopment project  
300 to receive an appropriation in excess of up to fifty percent of the new state revenues.

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