

HB 213 -- COMMUNITY IMPROVEMENT DISTRICTS

SPONSOR: Hill

COMMITTEE ACTION: Voted "Do Pass" by the Standing Committee on Downsizing State Government by a vote of 11 to 0. Voted "Do Pass" by the Standing Committee on Rules- Administrative Oversight by a vote of 11 to 1.

This bill makes changes to the community improvement district laws. In its main provisions, the bill:

(1) Adds the anticipated source of funds to pay improvement costs, and the anticipated term of the source of funds to the list of items that must be included in the five-year plan that is required to be included in a petition to establish a community improvement district;

(2) Limits the duration of the district to 21 years unless the municipality extends the time pursuant to statute;

(3) Requires a municipal clerk to report in writing the creation of a community improvement district to the state auditor;

(4) Sets out the qualifications for a district director if there are no registered voters in the district;

(5) Provides that even if the board of directors is to be elected pursuant to the petition to establish the district, a least one member must be appointed for a four-year term by the governing body of the municipality.

Contracts for construction or professional services must be submitted to competitive bidding and must be awarded to the lowest or best bidder. Notice of letting of the contract must be given in the manner provided in Section 8.250, RSMo.

Currently, community improvement districts are required, within 120 days after the end of the fiscal year, to submit a report to the municipal clerk and the Department of Economic Development stating the services provided, revenues collected, and expenditures made by the district during the fiscal year. The bill requires that the report include the dates the district adopted its annual budget, submitted its proposed annual budget to the municipality, and submitted its annual report to the municipal clerk.

If a district fails to timely submit a proposed annual budget to the municipality, adopt an annual budget, or submit an annual report to the municipal clerk or the Department, it will be subject

to a fine of \$100 per day, which will be imposed and collected by the Department and paid into the public school fund of the municipality in which the district is located.

When a district expires or terminates, the real and personal property, machinery, equipment, materials, and supplies of the district must be sold or transferred according to the plan for dissolution approved by ordinance, and all proceeds of the sold property and district funds must be distributed to the public school fund of the municipality in which the district is located.

If a sales tax is imposed by a district, a sign must be posted outdoors by each customer entry of each retail establishment in the district. The sign cannot be smaller than one foot by two feet, and the writing on the sign must be clearly legible and no smaller than three-quarters inch in height. A sign must also be posted at the point of sale area. The sign must state that the Community Improvement District board of directors charges a sales tax of a given percent, in addition to the state and local sales tax rates.

This bill is the same as HB 2235 (2020).

PROPONENTS: Supporters say that the bill will create more structure to community improvement district programs. The bill will make it more difficult for these programs from getting taken advantage of.

Testifying for the bill were Representative Hill; and Arnie Dienoff.

OPPONENTS: Those who oppose the bill say that the bill will redistribute funds to school districts which may cause tension with cities and school districts. Also, the 21-year expiration may harm the work getting completed in these programs.

Testifying against the bill were Missouri Municipal League; City of Springfield - Department Of Economic Development.

Written testimony has been submitted for this bill. The full written testimony can be found under Testimony on the bill page on the House website.