

FIRST REGULAR SESSION

HOUSE BILL NO. 941

98TH GENERAL ASSEMBLY

INTRODUCED BY REPRESENTATIVE GREEN.

0751H.011

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 99.805, 99.810, and 99.845, RSMo, and to enact in lieu thereof eight new sections relating to tax increment financing.

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Section A. Sections 99.805, 99.810, and 99.845, RSMo, are repealed and eight new sections enacted in lieu thereof, to be known as sections 99.805, 99.810, 99.845, 99.866, 99.867, 99.870, 99.872, and 99.873, to read as follows:

99.805. As used in sections 99.800 to 99.865, 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) "**Central business district**", the area at or near the historic core of a city, village, or town that is locally known as the "downtown", with eighty percent or more of the land use being dedicated to a combination of business, commercial, financial, transportation, and government purposes, with the majority of the buildings built more than fifty years prior to the redevelopment;

(3) "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;

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.

17 [(3)] (4) "Conservation area", any improved area within the boundaries of a
18 redevelopment area located within the territorial limits of a municipality in which fifty percent
19 or more of the structures in the area have an age of thirty-five years or more. Such an area is not
20 yet a blighted area but is detrimental to the public health, safety, morals, or welfare and may
21 become a blighted area because of any one or more of the following factors: dilapidation;
22 obsolescence; deterioration; illegal use of individual structures; presence of structures below
23 minimum code standards; abandonment; excessive vacancies; overcrowding of structures and
24 community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities;
25 excessive land coverage; deleterious land use or layout; depreciation of physical maintenance;
26 and lack of community planning. A conservation area shall meet at least three of the factors
27 provided in this subdivision for projects approved on or after December 23, 1997;

28 [(4)] (5) "Economic activity taxes", the total additional revenue from taxes which are
29 imposed by a municipality and other taxing districts, and which are generated by economic
30 activities within a redevelopment area over the amount of such taxes generated by economic
31 activities within such redevelopment area in the calendar year prior to the adoption of the
32 ordinance designating such a redevelopment area, while tax increment financing remains in
33 effect, but excluding personal property taxes, taxes imposed on sales or charges for sleeping
34 rooms paid by transient guests of hotels and motels, licenses, fees or special assessments, **or**
35 **sales taxes dedicated by a vote of the people to specific purposes or projects.** For
36 redevelopment projects or redevelopment plans approved after December 23, 1997, if a retail
37 establishment relocates within one year from one facility to another facility within the same
38 county and the governing body of the municipality finds that the relocation is a direct beneficiary
39 of tax increment financing, then for purposes of this definition, the economic activity taxes
40 generated by the retail establishment shall equal the total additional revenues from economic
41 activity taxes which are imposed by a municipality or other taxing district over the amount of
42 economic activity taxes generated by the retail establishment in the calendar year prior to its
43 relocation to the redevelopment area;

44 [(5)] (6) "Economic development area", any area or portion of an area located within the
45 territorial limits of a municipality, which does not meet the requirements of subdivisions (1) and
46 [(3)] (4) of this section, and in which the governing body of the municipality finds that
47 redevelopment will not be solely used for development of commercial businesses which unfairly
48 compete in the local economy and is in the public interest because it will[:

49 (a)] discourage commerce, industry or manufacturing from moving their operations to
50 another state[; or

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

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

53 [(6)] (7) "Gambling establishment", an excursion gambling boat as defined in section
54 313.800 and any related business facility including any real property improvements which are
55 directly and solely related to such business facility, whose sole purpose is to provide goods or
56 services to an excursion gambling boat and whose majority ownership interest is held by a
57 person licensed to conduct gambling games on an excursion gambling boat or licensed to operate
58 an excursion gambling boat as provided in sections 313.800 to 313.850. This subdivision shall
59 be applicable only to a redevelopment area designated by ordinance adopted after December 23,
60 1997;

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

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

69 (10) **"Moderate income", either a Missouri municipality which has a population of**
70 **at least one thousand five hundred within a metropolitan statistical area and a median**
71 **household income of under eighty percent of the median household income for the**
72 **metropolitan statistical area according to the last decennial census, or a United States**
73 **census block group or contiguous group of block groups within a metropolitan statistical**
74 **area which has a population of at least one thousand five hundred, and each block group**
75 **having a median household income for the metropolitan area in Missouri according to the**
76 **last decennial census;**

77 [(7)] (11) "Greenfield area", any vacant, unimproved, or agricultural property that is
78 located wholly outside the incorporated limits of a city, town, or village, or that is substantially
79 surrounded by contiguous properties with agricultural zoning classifications or uses unless said
80 property was annexed into the incorporated limits of a city, town, or village ten years prior to the
81 adoption of the ordinance approving the redevelopment plan for such greenfield area;

82 [(8)] (12) "Municipality", a city, village, or incorporated town or any county of this state.
83 For redevelopment areas or projects approved on or after December 23, 1997, "municipality"
84 applies only to cities, villages, incorporated towns or counties established for at least one year
85 prior to such date;

86 (13) **"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 [(9)] (14) "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 [(10)] (15) "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 [(11)] (16) "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 [(12)] (17) "Redevelopment area", an area designated by a municipality, in respect to
104 which the municipality has made a finding that there exist conditions which cause the area to be
105 classified as a blighted area, a conservation area, an economic development area, an enterprise
106 zone pursuant to sections 135.200 to 135.256, or a combination thereof, which area includes only
107 those parcels of real property directly and substantially benefitted by the proposed redevelopment
108 project;

109 [(13)] (18) "Redevelopment plan", the comprehensive program of a municipality for
110 redevelopment intended by the payment of redevelopment costs to reduce or eliminate those
111 conditions, the existence of which qualified the redevelopment area as a blighted area,
112 conservation area, economic development area, or combination thereof, and to thereby enhance
113 the tax bases of the taxing districts which extend into the redevelopment area. Each
114 redevelopment plan shall conform to the requirements of section 99.810;

115 [(14)] (19) "Redevelopment project", any development project within a redevelopment
116 area in furtherance of the objectives of the redevelopment plan; any such redevelopment project
117 shall include a legal description of the area selected for the redevelopment project;

118 [(15)] (20) "Redevelopment project costs" include the sum total of all reasonable or
119 necessary costs incurred or estimated to be incurred, and any such costs incidental to a
120 redevelopment plan or redevelopment project, as applicable. Such costs include, but are not
121 limited to, the following:

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

123 (b) Professional service costs, including, but not limited to, architectural, engineering,
124 legal, marketing, financial, planning or special services. Except the reasonable costs incurred

125 by the commission established in section 99.820 for the administration of sections 99.800 to
126 99.865, such costs shall be allowed only as an initial expense which, to be recoverable, shall be
127 included in the costs of a redevelopment plan or project;

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

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

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

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

135 (g) Financing costs, including, but not limited to, all necessary and incidental expenses
136 related to the issuance of obligations, and which may include payment of interest on any
137 obligations issued pursuant to sections 99.800 to [99.865] **99.873** accruing during the estimated
138 period of construction of any redevelopment project for which such obligations are issued and
139 for not more than eighteen months thereafter, and including reasonable reserves related thereto;

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

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

146 (j) Payments in lieu of taxes;

147 **(21) "Retail project", any development project where more than fifty percent of the**
148 **total estimated redevelopment project costs are devoted to the construction, reconstruction,**
149 **or expansion of retail establishments or infrastructure or facilities ancillary to sales at**
150 **retail;**

151 [(16)] **(22)** "Special allocation fund", the fund of a municipality or its commission which
152 contains at least two separate segregated accounts for each redevelopment plan, maintained by
153 the treasurer of the municipality or the treasurer of the commission into which payments in lieu
154 of taxes are deposited in one account, and economic activity taxes and other revenues are
155 deposited in the other account;

156 [(17)] **(23)** "Taxing districts", any political subdivision of this state having the power to
157 levy taxes;

158 [(18)] **(24)** "Taxing districts' capital costs", those costs of taxing districts for capital
159 improvements that are found by the municipal governing bodies to be necessary and to directly
160 result from the redevelopment project; and

161 [(19)] (25) "Vacant land", any parcel or combination of parcels of real property not used
162 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 shall be adopted
10 by a municipality without findings **documented by substantial and competent evidence on the**
11 **record that a reasonable person would believe** that:

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

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

28 (3) The estimated dates, which shall not be more than twenty-three years from the
29 adoption of the ordinance approving a redevelopment project within a redevelopment area, of
30 completion of any redevelopment project and retirement of obligations incurred to finance
31 redevelopment project costs have been stated, provided that no ordinance approving a
32 redevelopment project shall be adopted later than ten years from the adoption of the ordinance
33 approving the redevelopment plan under which such project is authorized and provided that no

34 property for a redevelopment project shall be acquired by eminent domain later than five years
35 from the adoption of the ordinance approving such redevelopment project;

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

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

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

48 (7) **For redevelopment projects involving more than two hundred fifty thousand**
49 **dollars in tax increment financing, an economic feasibility analysis including a pro forma**
50 **financial statement indicating the return on investment that may be expected without**
51 **public assistance. The financial statement shall detail any assumptions made, a pro forma**
52 **statement analysis demonstrating the amount of assistance required to bring the return**
53 **into a range deemed attractive to private investors. The amount of assistance shall be**
54 **equal to the estimated reimbursable project costs.**

55 **2. All documentation and findings established under subsection 1 of this section**
56 **shall be published and made available at no more than the cost of publication as a public**
57 **document no later than thirty days prior to adoption of the plan by the municipality. Any**
58 **resident of the municipality, or the county if in an unincorporated area, may file a petition**
59 **in circuit court to enjoin the adoption of any redevelopment plan for which any**
60 **requirement of subsection 1 or 3 of this section has not been complied with, and such**
61 **injunction may extend until all such requirements have been complied with.**

62 **3. By the last day of February each year, each commission shall report to the director of**
63 **economic development the name, address, phone number and primary line of business of any**
64 **business which relocates to the district. The director of the department of economic development**
65 **shall compile and report the same to the governor, the speaker of the house and the president pro**
66 **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) (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
26 incurred in the payment thereof. Beginning August 28, 2014, if the voters in a taxing district
27 vote to approve an increase in such taxing district's levy rate for ad valorem tax on real property,
28 any additional revenues generated within an existing redevelopment project area that are directly
29 attributable to the newly voter-approved incremental increase in such taxing district's levy rate
30 shall not be considered payments in lieu of taxes subject to deposit into a special allocation fund
31 without the consent of such taxing district. Revenues will be considered directly attributable to
32 the newly voter-approved incremental increase to the extent that they are generated from the
33 difference between the taxing district's actual levy rate currently imposed and the maximum
34 voter-approved levy rate at the time that the redevelopment project was adopted. Payments in
35 lieu of taxes which are due and owing shall constitute a lien against the real estate of the
36 redevelopment project from which they are derived and shall be collected in the same manner
37 as the real property tax, including the assessment of penalties and interest where applicable. The
38 municipality may, in the ordinance, pledge the funds in the special allocation fund for the
39 payment of such costs and obligations and provide for the collection of payments in lieu of taxes,

40 the lien of which may be foreclosed in the same manner as a special assessment lien as provided
41 in section 88.861. No part of the current equalized assessed valuation of each lot, block, tract,
42 or parcel of property in the area selected for the redevelopment project attributable to any
43 increase above the total initial equalized assessed value of such properties shall be used in
44 calculating the general state school aid formula provided for in section 163.031 until such time
45 as all redevelopment costs have been paid as provided for in this section and section 99.850.

46 (b) Notwithstanding any provisions of this section to the contrary, for purposes of
47 determining the limitation on indebtedness of local government pursuant to Article VI, Section
48 26(b) of the Missouri Constitution, the current equalized assessed value of the property in an area
49 selected for redevelopment attributable to the increase above the total initial equalized assessed
50 valuation shall be included in the value of taxable tangible property as shown on the last
51 completed assessment for state or county purposes.

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

57 (3) For purposes of this section, "levies upon taxable real property in such redevelopment
58 project by taxing districts" shall not include the blind pension fund tax levied under the authority
59 of Article III, Section 38(b) of the Missouri Constitution, or the merchants' and manufacturers'
60 inventory replacement tax levied under the authority of subsection 2 of Section 6 of Article X
61 of the Missouri Constitution, except in redevelopment project areas in which tax increment
62 financing has been adopted by ordinance pursuant to a plan approved by vote of the governing
63 body of the municipality taken after August 13, 1982, and before January 1, 1998.

64 2. In addition to the payments in lieu of taxes described in subdivision (2) of subsection
65 1 of this section, for redevelopment plans and projects adopted or redevelopment projects
66 approved by ordinance after July 12, 1990, and prior to August 31, 1991, fifty percent of the total
67 additional revenue from taxes, penalties and interest imposed by the municipality, or other taxing
68 districts, which are generated by economic activities within the area of the redevelopment project
69 over the amount of such taxes generated by economic activities within the area of the
70 redevelopment project in the calendar year prior to the adoption of the redevelopment project by
71 ordinance, while tax increment financing remains in effect, but excluding taxes imposed on sales
72 or charges for sleeping rooms paid by transient guests of hotels and motels, taxes levied pursuant
73 to section 70.500, licenses, fees or special assessments other than payments in lieu of taxes and
74 any penalty and interest thereon, or, effective January 1, 1998, taxes levied pursuant to section
75 94.660, for the purpose of public transportation, shall be allocated to, and paid by the local

76 political subdivision collecting officer to the treasurer or other designated financial officer of the
77 municipality, who shall deposit such funds in a separate segregated account within the special
78 allocation fund. Any provision of an agreement, contract or covenant entered into prior to July
79 12, 1990, between a municipality and any other political subdivision which provides for an
80 appropriation of other municipal revenues to the special allocation fund shall be and remain
81 enforceable.

82 3. In addition to the payments in lieu of taxes described in subdivision (2) of subsection
83 1 of this section, for redevelopment plans and projects adopted or redevelopment projects
84 approved by ordinance after August 31, 1991, fifty percent of the total additional revenue from
85 taxes, penalties and interest which are imposed by the municipality or other taxing districts, and
86 which are generated by economic activities within the area of the redevelopment project over the
87 amount of such taxes generated by economic activities within the area of the redevelopment
88 project in the calendar year prior to the adoption of the redevelopment project by ordinance,
89 while tax increment financing remains in effect, but excluding personal property taxes, taxes
90 imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels,
91 taxes levied pursuant to section 70.500, taxes levied for the purpose of public transportation
92 pursuant to section 94.660, taxes imposed on sales pursuant to subsection 2 of section 67.1712
93 for the purpose of operating and maintaining a metropolitan park and recreation district, licenses,
94 fees or special assessments other than payments in lieu of taxes and penalties and interest
95 thereon, any sales tax imposed by a county with a charter form of government and with more
96 than six hundred thousand but fewer than seven hundred thousand inhabitants, for the purpose
97 of sports stadium improvement or levied by such county under section 238.410 for the purpose
98 of the county transit authority operating transportation facilities, or for redevelopment plans and
99 projects adopted or redevelopment projects approved by ordinance after August 28, 2013, taxes
100 imposed on sales under and pursuant to section 67.700 or 650.399 for the purpose of emergency
101 communication systems, shall be allocated to, and paid by the local political subdivision
102 collecting officer to the treasurer or other designated financial officer of the municipality, who
103 shall deposit such funds in a separate segregated account within the special allocation fund.
104 Beginning August 28, 2014, if the voters in a taxing district vote to approve an increase in such
105 taxing district's sales tax or use tax, other than the renewal of an expiring sales or use tax, any
106 additional revenues generated within an existing redevelopment project area that are directly
107 attributable to the newly voter-approved incremental increase in such taxing district's levy rate
108 shall not be considered economic activity taxes subject to deposit into a special allocation fund
109 without the consent of such taxing district.

110 4. Beginning January 1, 1998, for redevelopment plans and projects adopted or
111 redevelopment projects approved by ordinance and which have complied with subsections 4 to

112 12 of this section, in addition to the payments in lieu of taxes and economic activity taxes
113 described in subsections 1, 2 and 3 of this section, up to fifty percent of the new state revenues,
114 as defined in subsection 8 of this section, estimated for the businesses within the project area and
115 identified by the municipality in the application required by subsection 10 of this section, over
116 and above the amount of such taxes reported by businesses within the project area as identified
117 by the municipality in their application prior to the approval of the redevelopment project by
118 ordinance, while tax increment financing remains in effect, may be available for appropriation
119 by the general assembly as provided in subsection 10 of this section to the department of
120 economic development supplemental tax increment financing fund, from the general revenue
121 fund, for distribution to the treasurer or other designated financial officer of the municipality
122 with approved plans or projects.

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

126 6. No transfer from the general revenue fund to the Missouri supplemental tax increment
127 financing fund shall be made unless an appropriation is made from the general revenue fund for
128 that purpose. No municipality shall commit any state revenues prior to an appropriation being
129 made for that project. For all redevelopment plans or projects adopted or approved after
130 December 23, 1997, appropriations from the new state revenues shall not be distributed from the
131 Missouri supplemental tax increment financing fund into the special allocation fund unless the
132 municipality's redevelopment plan ensures that one hundred percent of payments in lieu of taxes
133 and fifty percent of economic activity taxes generated by the project shall be used for eligible
134 redevelopment project costs while tax increment financing remains in effect. This account shall
135 be separate from the account into which payments in lieu of taxes are deposited, and separate
136 from the account into which economic activity taxes are deposited.

137 7. In order for the redevelopment plan or project to be eligible to receive the revenue
138 described in subsection 4 of this section, the municipality shall comply with the requirements of
139 subsection 10 of this section prior to the time the project or plan is adopted or approved by
140 ordinance. The director of the department of economic development and the commissioner of
141 the office of administration may waive the requirement that the municipality's application be
142 submitted prior to the redevelopment plan's or project's adoption or the redevelopment plan's or
143 project's approval by ordinance.

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

145 (1) The incremental increase in the general revenue portion of state sales tax revenues
146 received pursuant to section 144.020, excluding sales taxes that are constitutionally dedicated,
147 taxes deposited to the school district trust fund in accordance with section 144.701, sales and use

148 taxes on motor vehicles, trailers, boats and outboard motors and future sales taxes earmarked by
149 law. In no event shall the incremental increase include any amounts attributable to retail sales
150 unless the municipality or authority has proven to the Missouri development finance board and
151 the department of economic development and such entities have made a finding that the sales
152 tax increment attributable to retail sales is from new sources which did not exist in the state
153 during the baseline year. The incremental increase in the general revenue portion of state sales
154 tax revenues for an existing or relocated facility shall be the amount that current state sales tax
155 revenue exceeds the state sales tax revenue in the base year as stated in the redevelopment plan
156 as provided in subsection 10 of this section; or

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

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

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

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

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

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

- 184 (a) The tax increment financing district or redevelopment area, including the businesses
185 identified within the redevelopment area;
- 186 (b) The base year of state sales tax revenues or the base year of state income tax withheld
187 on behalf of existing employees, reported by existing businesses within the project area prior to
188 approval of the redevelopment project;
- 189 (c) The estimate of the incremental increase in the general revenue portion of state sales
190 tax revenue or the estimate for the state income tax withheld by the employer on behalf of new
191 employees expected to fill new jobs created within the redevelopment area after redevelopment;
- 192 (d) The official statement of any bond issue pursuant to this subsection after December
193 23, 1997;
- 194 (e) An affidavit that is signed by the developer or developers attesting that the provisions
195 of subdivision (1) of subsection 1 of section 99.810 have been met and specifying that the
196 redevelopment area would not be reasonably anticipated to be developed without the
197 appropriation of the new state revenues;
- 198 (f) The cost-benefit analysis required by section 99.810 includes a study of the fiscal
199 impact on the state of Missouri; and
- 200 (g) The statement of election between the use of the incremental increase of the general
201 revenue portion of the state sales tax revenues or the state income tax withheld by employers on
202 behalf of new employees who fill new jobs created in the redevelopment area;
- 203 (h) The name, street and mailing address, and phone number of the mayor or chief
204 executive officer of the municipality;
- 205 (i) The street address of the development site;
- 206 (j) The three-digit North American Industry Classification System number or numbers
207 characterizing the development project;
- 208 (k) The estimated development project costs;
- 209 (l) The anticipated sources of funds to pay such development project costs;
- 210 (m) Evidence of the commitments to finance such development project costs;
- 211 (n) The anticipated type and term of the sources of funds to pay such development
212 project costs;
- 213 (o) The anticipated type and terms of the obligations to be issued;
- 214 (p) The most recent equalized assessed valuation of the property within the development
215 project area;
- 216 (q) An estimate as to the equalized assessed valuation after the development project area
217 is developed in accordance with a development plan;
- 218 (r) The general land uses to apply in the development area;

- 219 (s) The total number of individuals employed in the development area, broken down by
220 full-time, part-time, and temporary positions;
- 221 (t) The total number of full-time equivalent positions in the development area;
- 222 (u) The current gross wages, state income tax withholdings, and federal income tax
223 withholdings for individuals employed in the development area;
- 224 (v) The total number of individuals employed in this state by the corporate parent of any
225 business benefitting from public expenditures in the development area, and all subsidiaries
226 thereof, as of December thirty-first of the prior fiscal year, broken down by full-time, part-time,
227 and temporary positions;
- 228 (w) The number of new jobs to be created by any business benefitting from public
229 expenditures in the development area, broken down by full-time, part-time, and temporary
230 positions;
- 231 (x) The average hourly wage to be paid to all current and new employees at the project
232 site, broken down by full-time, part-time, and temporary positions;
- 233 (y) For project sites located in a metropolitan statistical area, as defined by the federal
234 Office of Management and Budget, the average hourly wage paid to nonmanagerial employees
235 in this state for the industries involved at the project, as established by the United States Bureau
236 of Labor Statistics;
- 237 (z) For project sites located outside of metropolitan statistical areas, the average weekly
238 wage paid to nonmanagerial employees in the county for industries involved at the project, as
239 established by the United States Department of Commerce;
- 240 (aa) A list of other community and economic benefits to result from the project;
- 241 (bb) A list of all development subsidies that any business benefitting from public
242 expenditures in the development area has previously received for the project, and the name of
243 any other granting body from which such subsidies are sought;
- 244 (cc) A list of all other public investments made or to be made by this state or units of
245 local government to support infrastructure or other needs generated by the project for which the
246 funding pursuant to this section is being sought;
- 247 (dd) A statement as to whether the development project may reduce employment at any
248 other site, within or without the state, resulting from automation, merger, acquisition, corporate
249 restructuring, relocation, or other business activity;
- 250 (ee) A statement as to whether or not the project involves the relocation of work from
251 another address and if so, the number of jobs to be relocated and the address from which they
252 are to be relocated;
- 253 (ff) A list of competing businesses in the county containing the development area and
254 in each contiguous county;

255 (gg) A market study for the development area;
256 (hh) A certification by the chief officer of the applicant as to the accuracy of the
257 development plan;

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

267 (3) The appropriation shall be either a portion of the estimate of the incremental increase
268 in the general revenue portion of state sales tax revenues in the redevelopment area or a portion
269 of the estimate of the state income tax withheld by the employer on behalf of new employees
270 who fill new jobs created in the redevelopment area as indicated in the municipality's application,
271 approved by the director of the department of economic development or his or her designee and
272 the commissioner of the office of administration or his or her designee. At no time shall the
273 annual amount of the new state revenues approved for disbursements from the Missouri
274 supplemental tax increment financing fund exceed thirty-two million dollars;

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

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

286 12. There is hereby established within the state treasury a special fund to be known as
287 the "Missouri Supplemental Tax Increment Financing Fund", to be administered by the
288 department of economic development. The department shall annually distribute from the
289 Missouri supplemental tax increment financing fund the amount of the new state revenues as
290 appropriated as provided in the provisions of subsections 4 and 5 of this section if and only if the

291 conditions of subsection 10 of this section are met. The fund shall also consist of any gifts,
292 contributions, grants or bequests received from federal, private or other sources. Moneys in the
293 Missouri supplemental tax increment financing fund shall be disbursed per project pursuant to
294 state appropriations.

295 13. Redevelopment project costs may include, at the prerogative of the state, the portion
296 of salaries and expenses of the department of economic development and the department of
297 revenue reasonably allocable to each redevelopment project approved for disbursements from
298 the Missouri supplemental tax increment financing fund for the ongoing administrative functions
299 associated with such redevelopment project. Such amounts shall be recovered from new state
300 revenues deposited into the Missouri supplemental tax increment financing fund created under
301 this section.

302 14. For redevelopment plans or projects approved by ordinance that result in net new
303 jobs from the relocation of a national headquarters from another state to the area of the
304 redevelopment project, the economic activity taxes and new state tax revenues shall not be based
305 on a calculation of the incremental increase in taxes as compared to the base year or prior
306 calendar year for such redevelopment project, rather the incremental increase shall be the amount
307 of total taxes generated from the net new jobs brought in by the national headquarters from
308 another state. In no event shall this subsection be construed to allow a redevelopment project
309 to receive an appropriation in excess of up to fifty percent of the new state revenues.

**99.866. 1. Except as provided in subsections 2 and 3 of this section and section
2 99.867, sections 99.866 to 99.873 shall apply to any municipality located within the state.
3 Sections 99.866 to 99.873 shall apply to all redevelopment projects which are approved by
4 a municipality after July 1, 2016.**

**5 2. Any redevelopment project consisting solely of public infrastructure
6 improvements on public land requiring two hundred fifty thousand dollars or less in tax
7 increment financing, wherein the bonds for such project will be paid off in seven years or
8 less, shall be exempt from the provisions of sections 99.866 to 99.873; provided, however,
9 no stringing of projects shall be allowed. No exempt project under this section shall be
10 combined with another exempt project pursuant to this section for a period of five years.**

**11 3. Any redevelopment project for which eligible project redevelopment costs are
12 to be paid from that portion of the total economic activity taxes and payments in lieu of
13 taxes imposed by the municipality only, and real or potential revenues from no other taxing
14 jurisdictions are involved, is exempt from the provisions of sections 99.866 to 99.873.**

**99.867. 1. For redevelopment projects located entirely or partially within
2 metropolitan statistical areas of the state, as defined by the federal Office of Management**

3 and Budget, the municipality and any proposed redevelopment area shall meet the
4 requirements of section 99.810 and this section. An area may qualify if:

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

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

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

12 2. For retail projects not located entirely or partially within a metropolitan
13 statistical area in the state, tax increment financing may be used if the municipality has
14 made a finding that conditions exist which cause the area to be classified as a blighted area
15 or a conservation area, which area shall have the following additional characteristics:

16 (1) It is located in the central business district of a city, town, or village;

17 (2) It includes only those parcels of real property directly and substantially
18 benefitted by the proposed redevelopment plan;

19 (3) It can be renovated through one or more redevelopment projects;

20 (4) The establishments in the area have generally suffered from stagnant or
21 declining taxable sales or corporate receipts during the preceding three years;

22 (5) It is contiguous, provided, however that a development area may include up to
23 three noncontiguous areas selected for redevelopment projects, provided that each
24 noncontiguous area meets the requirements of subdivisions (1) to (4) of this subsection; and

25 (6) The redevelopment area shall not exceed ten percent of the entire area of the
26 municipality.

27

28 Tax increment financing shall not be used to develop retail projects in areas outside the
29 metropolitan statistical areas of the state unless the area meets the criteria above.

30 3. Tax increment financing shall not be used for more than five percent of the total
31 estimated redevelopment costs or thirty percent of the infrastructure costs, whichever is
32 greater, of a project that is primarily retail unless the redevelopment is in a municipality,
33 census block group, or group of block groups with a median household income less than
34 seventy percent of that of the metropolitan area, a distressed community as defined in
35 section 135.530, a federal enterprise zone, or a federal empowerment zone. Tax increment
36 financing shall not be used to develop sites in which twenty-five percent or more of the area
37 is vacant and has not previously been developed or qualifies as "open space" under section
38 67.900 or is presently being used for agricultural or horticultural purposes, except where

39 the redevelopment project is contained in the municipality's comprehensive plan or it
40 consumes less than ten acres of land contiguous to a central business district located
41 outside a metropolitan statistical area of the state.

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. When a tax increment financing project includes residential uses, absent a
10 recommendation to the contrary from commission members representing the affected
11 school board or boards, real property tax levies attributable to the residential portion of
12 the development shall pass through to the school district or districts.

99.872. The municipality and the developer shall annually submit information to
2 the department regarding the approved plan. The department shall establish reporting
3 requirements by rule promulgated under chapter 536. The report shall, at a minimum,
4 identify the number and location of redevelopment areas, quantifying public investment
5 in each, and assess the public benefit, as quantified in terms of tax revenue and net new job
6 creation, and show the economic impact of the project on each taxing district which is at
7 least partially within the boundaries of the redevelopment area. Any rule or portion of a
8 rule, as that term is defined in section 536.010, that is created under the authority
9 delegated in this section shall become effective only if it complies with and is subject to all
10 of the provisions of chapter 536, and, if applicable, section 536.028. This section and
11 chapter 536 are nonseverable, and if any of the powers vested with the general assembly
12 pursuant to chapter 536 to review, to delay the effective date, or to disapprove and annul
13 a rule are subsequently held unconstitutional, then the grant of rulemaking authority and
14 any rule proposed or adopted after August 28, 2015, shall be invalid and void. The
15 department shall submit a report to the governor and the general assembly by the last day
16 of April of each year.

99.873. Any district providing emergency services under chapter 190 or 321 shall
2 be entitled to reimbursement from the special allocation fund for direct costs. However,
3 such reimbursement shall not be less than twenty-five percent nor more than one hundred
4 percent of the district's tax increment.

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