

SECOND REGULAR SESSION  
HOUSE COMMITTEE SUBSTITUTE FOR  
**SENATE BILL NO. 856**  
**91ST GENERAL ASSEMBLY**

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Reported from the Committee on Commerce and Economic Development, May 2, 2002, with recommendation that the House Committee Substitute for Senate Bill No. 856 Do Pass.

TED WEDEL, Chief Clerk

3622L.03C

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**AN ACT**

To repeal sections 135.205, 447.620, 447.622, 447.625, 447.632, 447.636, 447.638, and 447.640, RSMo, and to enact in lieu thereof twelve new sections relating to property development.

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

Section A. Sections 135.205, 447.620, 447.622, 447.625, 447.632, 447.636, 447.638, and 447.640, RSMo, are repealed and twelve new sections enacted in lieu thereof, to be known as sections 135.205, 135.211, 135.259, 135.260, 135.261, 447.620, 447.622, 447.625, 447.632, 447.636, 447.638, and 447.640, to read as follows:

135.205. For purposes of sections 135.200 to 135.256, an area must meet all the following criteria in order to qualify as an enterprise zone:

- (1) The area is one of pervasive poverty, unemployment, and general distress;
- (2) At least sixty-five percent of the residents living in the area have incomes below eighty percent of the median income of all residents within the state of Missouri according to the last decennial census or other appropriate source as approved by the director;
- (3) The resident population of the area must be at least [four] **three** thousand but not more than seventy-two thousand at the time of designation as an enterprise zone if the area lies within a metropolitan statistical area, as established by the United States Census Bureau; or, if the area does not lie within a metropolitan statistical area, the resident population of the area at the time of designation must be at least one thousand but not more than twenty thousand inhabitants. If the population of the jurisdiction of the governing authority does not meet the minimum population requirements set forth in this subdivision, the

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

population of the area must be at least fifty percent of the population of the jurisdiction; provided, however, no enterprise zone shall be created which consists of the total area within the political boundaries of a county; and

(4) The level of unemployment of persons, according to the most recent data available from the division of employment security or from the United States Bureau of Census and approved by the director, within the area exceeds one and one-half times the average rate of unemployment for the state of Missouri over the previous twelve months, or the percentage of area residents employed on a full-time basis is less than fifty percent of the statewide percentage of residents employed on a full-time basis.

**135.211. In addition to the number of enterprise zones authorized in sections 135.206 and 135.210, the department of economic development shall designate one enterprise zone in any county of the third classification without a township form of government and with more than forty-one thousand one hundred but less than forty-one thousand two hundred inhabitants and in any city of the fourth classification with more than one thousand eight hundred but less than one thousand nine hundred and located in more than one county. Such enterprise zone designations shall have the same boundaries as such county and city, and shall only be made if the area which is to be included in the enterprise zone meets all the requirements of section 135.205, RSMo.**

**135.259. In addition to the number of enterprise zones authorized pursuant to sections 135.206, 135.210, 135.256, and 135.257, the department of economic development shall designate one such zone for any county of the third classification without a township form of government and with more than seventeen thousand nine hundred but less than eighteen thousand inhabitants. Such enterprise zone designation shall only be made if such area which is to be included in the enterprise zone meets all the requirements of section 135.205.**

**135.260. In addition to the number of enterprise zones authorized pursuant sections 135.206 and 135.210, the department of economic development shall designate one such zone in every city of the fourth classification with more than five thousand two hundred but less than five thousand three hundred inhabitants located in any county of the first classification without a charter form of government and with more than one hundred four thousand six hundred but less than one hundred four thousand seven hundred inhabitants and every village with more than three thousand but less than three thousand one hundred inhabitants that is located in any county with a charter form of government and with more than one million inhabitants. Such enterprise zone designations shall only be made if such area in the city which is to be included meets all the requirements of section 135.205.**

**135.261. In addition to the number of enterprise zones authorized in sections 135.206 and 135.210, the department of economic development shall designate during the calendar year 2005 one enterprise zone in any county of the third classification with a township form of government and with more than eight thousand nine hundred but less than nine thousand inhabitants, in any**

county of the third classification without a township form of government and with more than eighteen thousand nine hundred but less than nineteen thousand inhabitants, and in any county of the third classification with a township form of government and with more than eleven thousand five hundred but less than eleven thousand six hundred inhabitants. Such enterprise zone designations shall have the same boundaries as each such county, and shall only be made if the area which is to be included in the enterprise zone meets all the requirements of section 135.205.

447.620. As used in sections 447.620 to 447.640, the following terms mean:

(1) "Housing code", a local building, fire, health, property maintenance, nuisance, or other ordinance which contains standards regulating the condition or maintenance of residential buildings;

(2) "Last known address", the address where the property is located or the address as listed in the property tax records;

(3) ["Low- or moderate-income housing", housing for persons and families who lack the amount of income necessary to rent or purchase adequate housing without financial assistance, as defined by such income limits as shall be established by the Missouri housing development commission for the purposes of determining eligibility under any program aimed at providing housing for low- and moderate-income families or persons;

(4) "Municipality", any incorporated city, town, or village;

[(5)] (4) "Nuisance", any property which because of its physical condition or use is a public nuisance or any property which constitutes a blight on the surrounding area or any property which is in violation of the applicable housing code such that it constitutes a substantial threat to the life, health, or safety of the public. For purposes of sections 447.620 to 447.640, any declaration of a public nuisance by a municipality pursuant to an ordinance adopted pursuant to sections 67.400 to 67.450, RSMo, shall constitute prima facie evidence that the property is a nuisance;

[(6)] (5) "Organization", any Missouri not-for-profit organization validly organized pursuant to law and whose purpose includes the provision or enhancement of housing opportunities in its community;

[(7)] (6) "Parties in interest", any owner or owners of record, occupant, lessee, mortgagee, trustee, personal representative, agent, or other party having an interest in the property as shown by the land records of the recorder of deeds of the county wherein the property is located, except in any municipality contained wholly or partially within a county [with a population of over six hundred thousand and less than nine hundred thousand] **of the first classification with a charter form of government and with more than six hundred thousand but less than seven hundred thousand inhabitants**, "parties in interest" shall mean owners, lessees, mortgagees, or lienholders whose interest has been recorded or filed in the public records;

[(8)] (7) "Rehabilitation", the process of improving the property, including, but not limited to, bringing the property into compliance with the applicable housing code.

447.622. Any organization may petition to have property declared abandoned pursuant to the

provisions of sections 447.620 to 447.640 and for temporary possession of such property, if:

- (1) The property has been continuously unoccupied by persons legally entitled to possession for at least one month prior to the filing of the petition;
- (2) The taxes are delinquent on the property;
- (3) The property is a nuisance; and
- (4) The organization intends to rehabilitate the property [and use the property as low- or moderate-income housing].

447.625. 1. Any petition filed under the provisions of sections 447.620 to 447.640 which pertains to property located within any [municipality contained wholly or partially within a county with a population of over six hundred thousand and less than nine hundred thousand] **home rule city with more than four hundred thousand inhabitants and located in more than one county** shall meet the requirements of this section.

2. Summons shall be issued and service of process shall be had as in other in rem or quasi in rem civil actions.

3. The petition shall contain a prayer for a court order approving the organization's rehabilitation plan and granting temporary possession of the property to the organization. The petition shall also contain a prayer for a sheriff's deed conveying title to the property to the organization [at the expiration of the one-year period following entry of the order granting temporary possession of the property to the organization] **upon the completion of rehabilitation** when no owner has regained possession of the property pursuant to section [447.438] **447.638**.

4. The court shall stay any ruling on the organization's prayer for a sheriff's deed until [the one-year period has expired] **rehabilitation has been completed**.

5. The owner [shall be entitled to regain possession of the property by motion instead of a new petition under section 447.638. The compensation to be paid shall be set] **may file a motion for restoration of possession of the property prior to the completion of rehabilitation. The court shall determine whether to restore possession to the owner and proper compensation to the organization** in the same manner as in section 447.638.

6. [The] **Upon completion of rehabilitation the** organization may file a motion for sheriff's deed in place of a petition for judicial deed under section 447.640.

7. The provisions of sections 447.620 to 447.640 shall apply except where they are in conflict with this section.

447.632. The court shall grant the organization's petition if the court finds that the conditions alleged by the plaintiff as specified in section 447.622 [exist] **existed at the time the verified petition was filed in the circuit court**, that the plan for the rehabilitation of the property submitted to the court by the plaintiff is feasible, and defendant has failed to demonstrate that the plaintiff should not be allowed to rehabilitate the property.

447.636. The organization shall file [an annual] **a quarterly** report of its rehabilitation and use of the property, including a statement of all expenditures made by the organization and all income and receipts from the property for the preceding [years] **quarters**.

447.638. The owner [shall be entitled to regain possession of the property by petitioning] **may petition** the circuit court for restoration of possession **of the property** and, upon due notice to the plaintiff organization, for a hearing on such petition. At the hearing, the court shall determine **whether the owner has the capacity and the resources to complete rehabilitation of the property if such work has not been completed by the organization. If the court determines that the owner does not have the capacity or the resources to complete rehabilitation of the property the court shall not restore possession to the owner. If the court determines that the rehabilitation work has been completed by the organization or that the owner has the capacity and the resources to complete the rehabilitation, the court shall then determine** proper compensation to the organization for its expenditures, including management fees, based on the organization's reports to the court. The court, in determining the proper compensation to the organization, may consider income or receipts received from the property by the organization. After the owner pays the compensation to the organization as determined by the court, the owner shall resume possession of the property, subject to all existing rental agreements, whether written or verbal, entered into by the organization.

447.640. If an owner [takes no action to] **does not** regain possession of the property in the one-year period following entry of an order granting temporary possession of the property to the organization, the organization may file a petition for judicial deed and, upon due notice to the named defendants, an order may be entered granting a quitclaim judicial deed to the organization. A conveyance by judicial deed shall operate to extinguish all existing ownership interests in, liens on, and other interest in the property, except tax liens.

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