

SECOND REGULAR SESSION

SENATE BILL NO. 651

93RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR BARTLE.

Pre-filed December 1, 2005, and ordered printed.

TERRY L. SPIELER, Secretary.

3337S.011

AN ACT

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

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Section A. Section 99.845, RSMo, is repealed and one new section enacted
2 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
2 approved or, in the event a municipality has undertaken acts establishing a
3 redevelopment plan and redevelopment project and has designated a
4 redevelopment area after the passage and approval of sections 99.800 to 99.865
5 but prior to August 13, 1982, which acts are in conformance with the procedures
6 of sections 99.800 to 99.865, may adopt tax increment allocation financing by
7 passing an ordinance providing that after the total equalized assessed valuation
8 of the taxable real property in a redevelopment project exceeds the certified total
9 initial equalized assessed valuation of the taxable real property in the
10 redevelopment project, the ad valorem taxes, and payments in lieu of taxes, if
11 any, arising from the levies upon taxable real property in such redevelopment
12 project by taxing districts and tax rates determined in the manner provided in
13 subsection 2 of section 99.855 each year after the effective date of the ordinance
14 until redevelopment costs have been paid shall be divided as follows:

15 (1) That portion of taxes, penalties and interest levied upon each taxable
16 lot, block, tract, or parcel of real property which is attributable to the initial
17 equalized assessed value of each such taxable lot, block, tract, or parcel of real
18 property in the area selected for the redevelopment project shall be allocated to
19 and, when collected, shall be paid by the county collector to the respective
20 affected taxing districts in the manner required by law in the absence of the

21 adoption of tax increment allocation financing;

22 (2) (a) Payments in lieu of taxes attributable to the increase in the
23 current equalized assessed valuation of each taxable lot, block, tract, or parcel of
24 real property in the area selected for the redevelopment project and any
25 applicable penalty and interest over and above the initial equalized assessed
26 value of each such unit of property in the area selected for the redevelopment
27 project shall be allocated to and, when collected, shall be paid to the municipal
28 treasurer who shall deposit such payment in lieu of taxes into a special fund
29 called the "Special Allocation Fund" of the municipality for the purpose of paying
30 redevelopment costs and obligations incurred in the payment thereof. Payments
31 in lieu of taxes which are due and owing shall constitute a lien against the real
32 estate of the redevelopment project from which they are derived and shall be
33 collected in the same manner as the real property tax, including the assessment
34 of penalties and interest where applicable. The municipality may, in the
35 ordinance, pledge the funds in the special allocation fund for the payment of such
36 costs and obligations and provide for the collection of payments in lieu of taxes,
37 the lien of which may be foreclosed in the same manner as a special assessment
38 lien as provided in section 88.861, RSMo. No part of the current equalized
39 assessed valuation of each lot, block, tract, or parcel of property in the area
40 selected for the redevelopment project attributable to any increase above the total
41 initial equalized assessed value of such properties shall be used in calculating the
42 general state school aid formula provided for in section 163.031, RSMo, until such
43 time as all redevelopment costs have been paid as provided for in this section and
44 section 99.850;

45 (b) Notwithstanding any provisions of this section to the contrary, for
46 purposes of determining the limitation on indebtedness of local government
47 pursuant to article VI, section 26(b) of the Missouri Constitution, the current
48 equalized assessed value of the property in an area selected for redevelopment
49 attributable to the increase above the total initial equalized assessed valuation
50 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
53 property within the taxing district in the aggregate valuation of assessed property
54 entered upon the assessor's book and verified pursuant to section 137.245, RSMo,
55 and such value shall be utilized for the purpose of the debt limitation on local
56 government pursuant to article VI, section 26(b) of the Missouri Constitution;

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

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

87 3. In addition to the payments in lieu of taxes described in subdivision (2)
88 of subsection 1 of this section, for redevelopment plans and projects adopted or
89 redevelopment projects approved by ordinance after August 31, 1991, fifty percent
90 of the total additional revenue from taxes, penalties and interest which are
91 imposed by the municipality or other taxing districts, and which are generated
92 by economic activities within the area of the redevelopment project over the

93 amount of such taxes generated by economic activities within the area of the
94 redevelopment project in the calendar year prior to the adoption of the
95 redevelopment project by ordinance, while tax increment financing remains in
96 effect, but excluding personal property taxes, taxes imposed on sales or charges
97 for sleeping rooms paid by transient guests of hotels and motels, taxes levied
98 pursuant to section 70.500, RSMo, or effective January 1, 1998, taxes levied for
99 the purpose of public transportation pursuant to section 94.660, RSMo, licenses,
100 fees or special assessments other than payments in lieu of taxes and penalties
101 and interest thereon, shall be allocated to, and paid by the local political
102 subdivision collecting officer to the treasurer or other designated financial officer
103 of the municipality, who shall deposit such funds in a separate segregated
104 account within the special allocation fund, **except that for redevelopment**
105 **projects established after August 28, 2006, at least ten percent of such**
106 **additional revenue and at least ten percent of all payments in lieu of**
107 **taxes described in subdivision (2) of subsection 1 of this section shall**
108 **be distributed to those political subdivisions that receive a portion of**
109 **their funding under chapter 163, RSMo, and are located at least**
110 **partially within the municipality or other taxing district. If more than**
111 **one such political subdivision is located at least partially within the**
112 **municipality or other taxing district establishing the redevelopment**
113 **project, then such revenue and payments in lieu of taxes shall be**
114 **distributed pro rata among such political subdivisions based upon**
115 **relative land area of such political subdivisions within the boundaries**
116 **of the municipality or other taxing district.**

117 4. Beginning January 1, 1998, for redevelopment plans and projects
118 adopted or redevelopment projects approved by ordinance and which have
119 complied with subsections 4 to 12 of this section, in addition to the payments in
120 lieu of taxes and economic activity taxes described in subsections 1, 2 and 3 of
121 this section, up to fifty percent of the new state revenues, as defined in subsection
122 8 of this section, estimated for the businesses within the project area and
123 identified by the municipality in the application required by subsection 10 of this
124 section, over and above the amount of such taxes reported by businesses within
125 the project area as identified by the municipality in their application prior to the
126 approval of the redevelopment project by ordinance, while tax increment
127 financing remains in effect, may be available for appropriation by the general
128 assembly as provided in subsection 10 of this section to the department of

129 economic development supplemental tax increment financing fund, from the
130 general revenue fund, for distribution to the treasurer or other designated
131 financial officer of the municipality with approved plans or projects.

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

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

148 7. In order for the redevelopment plan or project to be eligible to receive
149 the revenue described in subsection 4 of this section, the municipality shall
150 comply with the requirements of subsection 10 of this section prior to the time the
151 project or plan is adopted or approved by ordinance. The director of the
152 department of economic development and the commissioner of the office of
153 administration may waive the requirement that the municipality's application be
154 submitted prior to the redevelopment plan's or project's adoption or the
155 redevelopment plan's or project's approval by ordinance.

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

157 (1) The incremental increase in the general revenue portion of state sales
158 tax revenues received pursuant to section 144.020, RSMo, excluding sales taxes
159 that are constitutionally dedicated, taxes deposited to the school district trust
160 fund in accordance with section 144.701, RSMo, sales and use taxes on motor
161 vehicles, trailers, boats and outboard motors and future sales taxes earmarked
162 by law. In no event shall the incremental increase include any amounts
163 attributable to retail sales unless the municipality or authority has proven to the
164 Missouri development finance board and the department of economic development

165 and such entities have made a finding that the sales tax increment attributable
166 to retail sales is from new sources which did not exist in the state during the
167 baseline year. The incremental increase in the general revenue portion of state
168 sales tax revenues for an existing or relocated facility shall be the amount that
169 current state sales tax revenue exceeds the state sales tax revenue in the base
170 year as stated in the redevelopment plan as provided in subsection 10 of this
171 section; or

172 (2) The state income tax withheld on behalf of new employees by the
173 employer pursuant to section 143.221, RSMo, at the business located within the
174 project as identified by the municipality. The state income tax withholding
175 allowed by this section shall be the municipality's estimate of the amount of state
176 income tax withheld by the employer within the redevelopment area for new
177 employees who fill new jobs directly created by the tax increment financing
178 project.

179 9. Subsection 4 of this section shall apply only to blighted areas located
180 in enterprise zones, pursuant to sections 135.200 to 135.256, RSMo, blighted
181 areas located in federal empowerment zones, or to blighted areas located in
182 central business districts or urban core areas of cities which districts or urban
183 core areas at the time of approval of the project by ordinance, provided that the
184 enterprise zones, federal empowerment zones or blighted areas contained one or
185 more buildings at least fifty years old; and

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

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

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

198 (1) The director of the department of economic development or his or her
199 designee and the commissioner of the office of administration or his or her
200 designee have approved a tax increment financing application made by the

201 municipality for the appropriation of the new state revenues. The municipality
202 shall include in the application the following items in addition to the items in
203 section 99.810:

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

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

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

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

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

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

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

225 (h) The name, street and mailing address, and phone number of the mayor
226 or chief executive officer of the municipality;

227 (i) The street address of the development site;

228 (j) The three-digit North American Industry Classification System number
229 or numbers characterizing the development project;

230 (k) The estimated development project costs;

231 (l) The anticipated sources of funds to pay such development project costs;

232 (m) Evidence of the commitments to finance such development project
233 costs;

234 (n) The anticipated type and term of the sources of funds to pay such
235 development project costs;

236 (o) The anticipated type and terms of the obligations to be issued;

- 237 (p) The most recent equalized assessed valuation of the property within
238 the development project area;
- 239 (q) An estimate as to the equalized assessed valuation after the
240 development project area is developed in accordance with a development plan;
- 241 (r) The general land uses to apply in the development area;
- 242 (s) The total number of individuals employed in the development area,
243 broken down by full-time, part-time, and temporary positions;
- 244 (t) The total number of full-time equivalent positions in the development
245 area;
- 246 (u) The current gross wages, state income tax withholdings, and federal
247 income tax withholdings for individuals employed in the development area;
- 248 (v) The total number of individuals employed in this state by the
249 corporate parent of any business benefiting from public expenditures in the
250 development area, and all subsidiaries thereof, as of December thirty-first of the
251 prior fiscal year, broken down by full-time, part-time, and temporary positions;
- 252 (w) The number of new jobs to be created by any business benefiting from
253 public expenditures in the development area, broken down by full-time, part-time,
254 and temporary positions;
- 255 (x) The average hourly wage to be paid to all current and new employees
256 at the project site, broken down by full-time, part-time, and temporary positions;
- 257 (y) For project sites located in a metropolitan statistical area, as defined
258 by the federal Office of Management and Budget, the average hourly wage paid
259 to nonmanagerial employees in this state for the industries involved at the
260 project, as established by the United States Bureau of Labor Statistics;
- 261 (z) For project sites located outside of metropolitan statistical areas, the
262 average weekly wage paid to nonmanagerial employees in the county for
263 industries involved at the project, as established by the United States
264 Department of Commerce;
- 265 (aa) A list of other community and economic benefits to result from the
266 project;
- 267 (bb) A list of all development subsidies that any business benefiting from
268 public expenditures in the development area has previously received for the
269 project, and the name of any other granting body from which such subsidies are
270 sought;
- 271 (cc) A list of all other public investments made or to be made by this state
272 or units of local government to support infrastructure or other needs generated

273 by the project for which the funding pursuant to this section is being sought;

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

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

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

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

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

286 (2) The methodologies used in the application for determining the base
287 year and determining the estimate of the incremental increase in the general
288 revenue portion of the state sales tax revenues or the state income tax withheld
289 by employers on behalf of new employees who fill new jobs created in the
290 redevelopment area shall be approved by the director of the department of
291 economic development or his or her designee and the commissioner of the office
292 of administration or his or her designee. Upon approval of the application, the
293 director of the department of economic development or his or her designee and
294 the commissioner of the office of administration or his or her designee shall issue
295 a certificate of approval. The department of economic development may request
296 the appropriation following application approval;

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

307 (4) Redevelopment plans and projects receiving new state revenues shall
308 have a duration of up to fifteen years, unless prior approval for a longer term is

309 given by the director of the department of economic development or his or her
310 designee and the commissioner of the office of administration or his or her
311 designee; except that, in no case shall the duration exceed twenty-three years.

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

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

330 13. Redevelopment project costs may include, at the prerogative of the
331 state, the portion of salaries and expenses of the department of economic
332 development and the department of revenue reasonably allocable to each
333 redevelopment project approved for disbursements from the Missouri
334 supplemental tax increment financing fund for the ongoing administrative
335 functions associated with such redevelopment project. Such amounts shall be
336 recovered from new state revenues deposited into the Missouri supplemental tax
337 increment financing fund created under this section.

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

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

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