

SECOND REGULAR SESSION

SENATE BILL NO. 1012

94TH GENERAL ASSEMBLY

INTRODUCED BY SENATORS WILSON AND COLEMAN.

Read 1st time January 24, 2008, and ordered printed.

TERRY L. SPIELER, Secretary.

3123S.06I

AN ACT

To amend chapter 99, RSMo, by adding thereto six new sections relating to duty free zones, with a contingent effective date.

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

Section A. Chapter 99, RSMo, is amended by adding thereto six new
2 sections, to be known as sections 99.1150, 99.1153, 99.1156, 99.1159, 99.1162, and
3 99.1165, to read as follows:

**99.1150. Sections 99.1150 to 99.1165 shall be known and may be
2 cited as the "Duty Free Zones Act".**

**99.1153. As used in sections 99.1150 to 99.1165, unless the context
2 clearly requires otherwise, the following terms shall mean:**

3 (1) "Blighted area", an area which, by reason of the predominance
4 of defective or inadequate street layout, unsanitary or unsafe
5 conditions, deterioration of site improvements, improper subdivision
6 or obsolete platting, or the existence of conditions which endanger life
7 or property by fire and other causes, or any combination of such
8 factors, retards the provision of housing accommodations or constitutes
9 an economic or social liability or a menace to the public health, safety,
10 morals, or welfare in its present condition and use;

11 (2) "Department", the Missouri department of economic
12 development;

13 (3) "Municipality", any city located within this state;

14 (4) "Qualified census tract", any tract, designated as having low
15 to moderate income levels, as defined under 24 CFR 570.208(a)(1)(i);

16 (5) "Tax favored status", a reduction to or elimination of the rate
17 of tax on transactions subject to taxes imposed pursuant to chapter 144
18 RSMo; and

19 (6) "Taxing districts", any political subdivision of this state
20 having the power to levy taxes.

 99.1156. The governing body of a municipality may, through the
2 adoption of an ordinance in compliance with the provisions of sections
3 99.1150 to 99.1165, designate a portion of such municipality as a duty
4 free zone and grant such district tax favored status for a term of years
5 not to exceed twenty-three years. In adopting an ordinance designating
6 a duty free zone, a municipality shall create a name for such zone
7 which represents the zone's historical significance to the municipality.
8 An ordinance designating a duty free zone shall contain:

9 (1) A statement that the proposed duty free zone is a blighted
10 area located within a qualified census tract;

11 (2) The reduced tax rate or tax favored status granted to the
12 zone;

13 (3) The term and conditions of tax favored status;

14 (4) The general boundaries of the proposed duty free zone by
15 street location; and

16 (5) The name of the duty free zone.

 99.1159. Prior to the adoption of an ordinance proposing the
2 designation of a duty free zone, the governing body of the municipality
3 shall fix a time and place for a public hearing and notify each taxing
4 district located wholly or partially within the boundaries of the
5 proposed duty free zone. At the public hearing any interested person
6 or affected taxing district may file with the governing body of the
7 municipality written objections to, or comments on, and may be heard
8 orally in respect to, any issues embodied in the notice. The governing
9 body of the municipality shall hear and consider all protests,
10 objections, comments, and other evidence presented at the
11 hearing. The hearing may be continued to another date without further
12 notice other than a motion to be entered upon the minutes fixing the
13 time and place of the subsequent hearing. Prior to the conclusion of
14 the hearing, changes may be made to the boundaries of the proposed
15 duty free zone, the tax rates to be imposed, or the term and conditions
16 of tax favored status, provided that each affected taxing district is
17 given written notice of such changes at least seven days prior to the
18 conclusion of the hearing. After the adoption of an ordinance
19 approving the designation of a duty free zone, no ordinance shall be

20 adopted altering the exterior boundaries, modifying the tax rates, or
21 the term and conditions of tax favored status without complying with
22 the procedures provided in this section pertaining to the initial
23 approval of a duty free zone.

99.1162. 1. Notice of the public hearing required by section
2 99.1159 shall be given by publication and mailing. Notice by
3 publication shall be given by publication at least twice, the first
4 publication to be not more than thirty days and the second publication
5 to be not more than ten days prior to the hearing, in a newspaper of
6 general circulation in the area of the proposed duty free zone. Notice
7 by mailing shall be given by depositing such notice in the United States
8 mail by certified mail addressed to the person or persons in whose
9 name the general taxes for the last preceding year were paid on each
10 lot, block, tract, or parcel of land lying within the duty free zone which
11 is to be subjected to the tax favored status pursuant to section
12 99.1153. Such notice shall be mailed not less than ten days prior to the
13 date set for the public hearing. In the event taxes for the last
14 preceding year were not paid, the notice shall also be sent to the
15 persons last listed on the tax rolls within the preceding three years as
16 the owners of such property.

17 2. The notices issued pursuant to this section shall include the
18 following:

19 (1) The time and place of the public hearing;

20 (2) The general boundaries of the proposed duty free zone by
21 street location, where possible;

22 (3) A statement that all interested persons shall be given an
23 opportunity to be heard at the public hearing;

24 (4) A description of the proposed duty free zone, the proposed
25 tax rates or tax favored status, the term and conditions of such tax
26 favored status, and a location and time where the proposal may be
27 reviewed by any interested party; and

28 (5) Such other matters as the governing body of the municipality
29 may deem appropriate.

30 3. Not less than forty-five days prior to the date set for the public
31 hearing, the governing body of the municipality shall give notice by
32 mail as provided in subsection 1 of this section to all taxing districts
33 from which taxable property is included in the duty free zone, and in

34 addition to the other requirements pursuant to subsection 2 of this
35 section, the notice shall include an invitation to each taxing district to
36 submit comments to the governing body of the municipality concerning
37 the subject matter of the hearing prior to the date of the hearing.

38 4. A copy of any and all hearing notices required by section
39 99.1159 shall be submitted by the governing body of the municipality to
40 the director of the department of revenue, the governing body of the
41 county in which the municipality is located and the department. Such
42 submission of the copy of the hearing notice shall comply with the
43 prior notice requirements pursuant to subsection 3 of this section.

99.1165. 1. Upon adoption of an ordinance designating a duty
2 free zone, a municipality shall forward a copy of such ordinance to the
3 governing body of the county in which the municipality is located. No
4 municipality may provide a duty free zone with tax favored status
5 unless the governing body of the county in which the municipality is
6 located adopts an ordinance or resolution authorizing tax favored
7 status for such zone in an amount and term equal to that which is
8 provided for in the municipal ordinance and such ordinance or
9 resolution is approved by the Missouri Development Finance Board.

10 2. Upon adoption of an ordinance or resolution by the governing
11 body of the county in which the municipality is located pursuant to the
12 provisions of subsection 1 of this section, a municipality shall submit
13 an application to the department for review and submission of an
14 analysis and recommendation to the Missouri development finance
15 board for a determination as to approval of the designation of a duty
16 free zone and grant of tax favored status. The department shall
17 forward the application to the Missouri development finance board
18 with the analysis and recommendation. An application submitted to the
19 department shall contain the following:

20 (1) The general boundaries of the proposed duty free zone by
21 street location;

22 (2) Identification of the existing businesses located within the
23 proposed duty free zone;

24 (3) The previous year's aggregate amount of state sales tax
25 revenues reported by existing businesses within the proposed duty free
26 zone. Provisions of section 32.057, RSMo, notwithstanding,
27 municipalities shall provide this information to the department of

28 revenue for verification. The department of revenue shall verify the
29 information provided by the municipalities within forty-five days of
30 receiving a request for such verification from a municipality;

31 (4) An affidavit that is signed by the governing body of the
32 municipality attesting that the proposed duty free zone constitutes a
33 blighted area and is located within a qualified census tract; and

34 (5) Any other information reasonably requested by the
35 department and the Missouri development finance board.

36 3. The department shall make all reasonable efforts to process
37 applications within sixty days of receipt of the application.

38 4. The Missouri development finance board shall make a
39 determination regarding the application for a certificate authorizing
40 tax favored status for a duty free zone. Upon approval of tax favored
41 status for a duty free zone, a certificate of approval shall be issued by
42 the department containing the reduced tax rate or tax favored status
43 and the term.

44 5. Upon issuance of a certificate of approval, any business
45 located within the duty free zone may receive tax favored status for a
46 term of years not to exceed fifteen years. Any business receiving tax
47 favored status shall report the amount of taxes deferred to the
48 governing body of the municipality on an availability basis for the
49 duration of the term of tax favored status.

50 6. No municipality shall have more than one duty free zone in
51 existence within the jurisdiction of the municipality at any given time.

Section B. Section A of this act shall become effective only upon approval
2 by the voters of a constitutional amendment submitted to them by the ninety-
3 fourth general assembly authorizing the creation of tax free or reduced tax zones.

✓