

SECOND REGULAR SESSION  
SENATE COMMITTEE SUBSTITUTE FOR  
**SENATE BILL NO. 596**  
95TH GENERAL ASSEMBLY

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Reported from the Committee on Progress and Development, February 4, 2010, with recommendation that the Senate Committee Substitute do pass.

3081S.03C

TERRY L. SPIELER, Secretary.

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**AN ACT**

To amend chapter 99, RSMo, by adding thereto six new sections relating to show-me small business districts, with a contingent effective date.

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*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 sections, to be known as sections 99.1150, 99.1153, 99.1156, 99.1159, 99.1162, and 99.1165, to read as follows:

**99.1150. Sections 99.1150 to 99.1165 shall be known and may be cited as the "Show-me Small Business Act".**

**99.1153. As used in sections 99.1150 to 99.1165, 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) "Department", the Missouri department of economic development;

(3) "District", a show-me small business district;

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

(5) "Qualified census tract", any tract, designated as having low to moderate income levels, as defined under 24 CFR 570.208(a)(1)(i), which has a predominately minority population for six successive

18 **decennial censuses;**

19 **(6) "Small business", those enterprises which, at the time of their**  
20 **application to the department, meet the criteria, as interpreted and**  
21 **applied by the authority, for definition as a "small business" established**  
22 **for the Small Business Administration and set forth in Section 121.301**  
23 **of Part 121 of Title 13 of the Code of Federal Regulations;**

24 **(7) "Tax-favored status", a reduction to or elimination of the rate**  
25 **of tax on transactions subject to taxes imposed pursuant to chapter 144;**

26 **(8) "Taxing districts", any political subdivision of this state**  
27 **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 show-**  
4 **me small business district and grant eligible small businesses located**  
5 **within such district tax-favored status for a term of years not to exceed**  
6 **twenty-three years. An ordinance designating a district shall contain:**

7 **(1) A statement that the proposed district is a blighted area**  
8 **located within a qualified census tract;**

9 **(2) The tax-favored status granted to the district;**

10 **(3) The term of tax-favored status; and**

11 **(4) The general boundaries of the proposed district by street**  
12 **location.**

**99.1159. Prior to the adoption of an ordinance proposing the**  
2 **designation of a district, the governing body of the municipality shall**  
3 **fix a time and place for a public hearing and notify each taxing district**  
4 **located wholly or partially within the boundaries of the proposed**  
5 **district. At the public hearing, any interested person or affected taxing**  
6 **district may file with the governing body of the municipality written**  
7 **objections to, or comments on, and may be heard orally in respect to,**  
8 **any issues embodied in the notice. The governing body of the**  
9 **municipality shall hear and consider all protests, objections, comments,**  
10 **and other evidence presented at the hearing. The hearing may be**  
11 **continued to another date without further notice, other than a motion**  
12 **to be entered upon the minutes fixing the time and place of the**  
13 **subsequent hearing. Prior to the conclusion of the hearing, changes**  
14 **may be made to the boundaries of the proposed district, the tax-favored**  
15 **status to be granted, or the term of tax-favored status, provided that**

16 each affected taxing district is given written notice of such changes at  
17 least seven days prior to the conclusion of the hearing. After the  
18 adoption of an ordinance approving the designation of a district, no  
19 ordinance shall be adopted altering the exterior boundaries, modifying  
20 the tax rates, or the term of tax-favored status without complying with  
21 the procedures provided in this section pertaining to the initial  
22 approval of a district.

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 district. Notice by  
7 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 district. Such notice  
11 shall be mailed not less than ten days prior to the date set for the  
12 public hearing. In the event taxes for the last preceding year were not  
13 paid, the notice shall also be sent to the persons last listed on the tax  
14 rolls within the preceding three years as the owners of such property.

15 2. The notices issued pursuant to this section shall include the  
16 following:

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

18 (2) The general boundaries of the proposed district by street  
19 location, where possible;

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

22 (4) A description of the proposed district, the proposed tax-  
23 favored status, the term of such tax-favored status, and a location and  
24 time where the proposal may be reviewed by any interested party; and

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

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

31 in addition to the other requirements provided under subsection 2 of  
32 this section, the notice shall include an invitation to each taxing  
33 district to submit comments to the governing body of the municipality  
34 concerning the subject matter of the hearing prior to the date of the  
35 hearing.

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

99.1165. 1. Upon adoption of an ordinance designating a district,  
2 a municipality shall forward a copy of such ordinance to the governing  
3 body of the county in which the municipality is located. No  
4 municipality may provide small businesses within a district with tax-  
5 favored status unless the governing body of the county in which the  
6 municipality is located adopts an ordinance or resolution authorizing  
7 tax-favored status for such district in an amount and term equal to that  
8 which is provided for in the municipal ordinance and such ordinance  
9 or resolution is approved by the general assembly as provided under  
10 subsection 4 of this section.

11 2. Upon adoption of an ordinance or resolution by the governing  
12 body of the county in which the municipality is located pursuant to the  
13 provisions of subsection 1 of this section, a municipality shall submit  
14 an application to the department for review and recommendation to the  
15 general assembly regarding approval of the designation of a district  
16 and grant of tax-favored status. The department shall forward the  
17 application to the general assembly with the analysis and  
18 recommendation. An application submitted to the department shall  
19 contain the following:

20 (1) The general boundaries of the proposed district by street  
21 location;

22 (2) Identification of the existing businesses located within the  
23 proposed district;

24 (3) The previous year's aggregate amount of state sales tax  
25 revenues reported by existing businesses within the proposed  
26 district. Provisions of section 32.057 notwithstanding, municipalities

27 shall provide this information to the department of revenue for  
28 verification. The department of revenue shall verify the information  
29 provided by the municipalities within forty-five days of receiving a  
30 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 district constitutes a blighted  
33 area and is located within a qualified census tract;

34 (5) Any other information reasonably requested by the  
35 department; and

36 (6) A certified copy of all applicable ordinances and resolutions  
37 pertaining to the designation of the district and the provision of tax-  
38 favored status.

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

41 4. If following receipt of a recommendation and analysis of the  
42 establishment of a proposed show-me small business district and grant  
43 of tax favored status from the department, the general assembly shall  
44 approve, by concurrent resolution, the establishment of such district  
45 and grant of tax favored status, then the department shall issue a  
46 certificate of approval. If the general assembly fails to adopt a  
47 concurrent resolution in the manner provided under this subsection,  
48 the department shall not issue a certificate of approval.

49 5. Upon issuance of a certificate of approval, small businesses  
50 located within the district may apply to the department for a certificate  
51 of tax-favored status on a form prescribed by the department. Upon  
52 issuance of a certificate of tax-favored status to a small business, the  
53 department shall forward a copy of such certificate to the director of  
54 the department of revenue. A small business may receive tax-favored  
55 status for a term of years not to exceed fifteen years. Any business  
56 receiving tax-favored status shall report the amount of taxes deferred  
57 to the governing body of the municipality on an availability basis for  
58 the duration of the term of tax-favored status.

59 6. No municipality shall have more than one show-me small  
60 business district in existence within the jurisdiction of the municipality  
61 at any given time.

62 7. Any rule or portion of a rule, as that term is defined in section  
63 536.010, that is created under the authority delegated in this section

64 shall become effective only if it complies with and is subject to all of  
65 the provisions of chapter 536, and, if applicable, section 536.028. This  
66 section and chapter 536 are nonseverable and if any of the powers  
67 vested with the general assembly pursuant to chapter 536, to review, to  
68 delay the effective date, or to disapprove and annul a rule are  
69 subsequently held unconstitutional, then the grant of rulemaking  
70 authority and any rule proposed or adopted after August 28, 2010, shall  
71 be invalid and void.

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-fifth  
3 general assembly authorizing the creation of tax-free or reduced tax zones.

✓

Bill

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