

SECOND REGULAR SESSION

# SENATE BILL NO. 681

95TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR WILSON.

Pre-filed December 1, 2009, and ordered printed.

TERRY L. SPIELER, Secretary.

3066S.011

## 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 otherwise subject to tax under the provisions of  
18 sections 144.010 to 144.525 and under the computation of the tax levied,

19 assessed or payable under sections 144.010 to 144.525, or otherwise  
20 subject to tax under the provisions of the local sales tax law as defined  
21 in section 32.085, section 238.235, and sections 144.010 to 144.525 and  
22 144.600 to 144.761 and under the computation of the tax levied, assessed  
23 or payable pursuant to the local sales tax law as defined in section  
24 32.085, section 238.235, and sections 144.010 to 144.525 and 144.600 to  
25 144.745;

26 (6) "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 duty  
4 free zone and grant such district tax favored status for a term not to  
5 exceed twenty-three years. In adopting an ordinance designating a  
6 duty free zone, a municipality shall create a name for such zone which  
7 represents the zone's historical significance to the municipality. An  
8 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 tax favored status granted to the zone;

12 (3) The term and conditions of tax favored status, including any  
13 requirements for the provision of safety and security measures within  
14 the zone;

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

17 (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 hearing. The  
11 hearing may be continued to another date without further notice other

12 than a motion to be entered upon the minutes fixing the time and place  
13 of the subsequent hearing. Prior to the conclusion of the hearing,  
14 changes may be made to the boundaries of the proposed duty free zone,  
15 the tax rates to be imposed, or the term and conditions of tax favored  
16 status, provided that each affected taxing district is given written  
17 notice of such changes at least seven days prior to the conclusion of the  
18 hearing. After the adoption of an ordinance approving the designation  
19 of a duty free zone, no ordinance shall be adopted altering the exterior  
20 boundaries, modifying the tax rates, or the term and conditions of tax  
21 favored status without complying with the procedures provided in this  
22 section pertaining to the initial 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 at least twice, the first publication to be not  
4 more than thirty days and the second publication to be not more than  
5 ten days prior to the hearing, in a newspaper of general circulation in  
6 the area of the proposed duty free zone. Notice by mailing shall be  
7 given by depositing such notice in the United States mail by certified  
8 mail addressed to the person or persons in whose name the general  
9 taxes for the last preceding year were paid on each lot, block, tract, or  
10 parcel of land lying within the duty free zone. Such notice shall be  
11 mailed not less than ten days prior to the date set for the public  
12 hearing. In the event taxes for the last preceding year were not paid,  
13 the notice shall also be sent to the persons last listed on the tax rolls  
14 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 duty free zone by  
19 street 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 duty free zone, the tax favored  
23 status, the term and conditions of such tax favored status including any  
24 requirements for the provision of safety and security measures within  
25 the zone, and a location and time where the proposal may be reviewed  
26 by any interested party; and

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

29           **3. Not less than forty-five days prior to the date set for the public**  
30 **hearing, the governing body of the municipality shall give notice by**  
31 **mail as provided in subsection 1 of this section to all taxing districts**  
32 **from which taxable property is included in the duty free zone, and in**  
33 **addition to the other requirements pursuant to subsection 2 of this**  
34 **section, the notice shall include an invitation to each taxing district to**  
35 **submit comments to the governing body of the municipality concerning**  
36 **the subject matter of the hearing prior to the date of the hearing.**

37           **4. A copy of any and all hearing notices required by section**  
38 **99.1159 shall be submitted by the governing body of the municipality to**  
39 **the director of the department of revenue, the governing body of the**  
40 **county in which the municipality is located and the department. Such**  
41 **submission of the copy of the hearing notice shall comply with the**  
42 **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 or counties in which the municipality is**  
4 **located. No municipality may provide a duty free zone with tax favored**  
5 **status unless the governing body of the county or counties in which the**  
6 **municipality is located adopts an ordinance or resolution authorizing**  
7 **tax favored status for such zone 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 Missouri development finance board.**

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

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

49           **6. No municipality shall have more than one duty free zone in**  
50 **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-fifth  
3 general assembly authorizing the creation of tax free or reduced tax zones.

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