

SENATE SUBSTITUTE
FOR
SENATE COMMITTEE SUBSTITUTE
FOR
HOUSE BILL NO. 1504

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:

1 Section A. Section 99.845, RSMo, is repealed and one new
2 section enacted in lieu thereof, to be known as section 99.845,
3 to read as follows:

4 99.845. 1. A municipality, either at the time a
5 redevelopment project is approved or, in the event a municipality
6 has undertaken acts establishing a redevelopment plan and
7 redevelopment project and has designated a redevelopment area
8 after the passage and approval of sections 99.800 to 99.865 but
9 prior to August 13, 1982, which acts are in conformance with the
10 procedures of sections 99.800 to 99.865, may adopt tax increment
11 allocation financing by passing an ordinance providing that after
12 the total equalized assessed valuation of the taxable real
13 property in a redevelopment project exceeds the certified total
14 initial equalized assessed valuation of the taxable real property
15 in the redevelopment project, the ad valorem taxes, and payments
16 in lieu of taxes, if any, arising from the levies upon taxable

1 real property in such redevelopment project by taxing districts
2 and tax rates determined in the manner provided in subsection 2
3 of section 99.855 each year after the effective date of the
4 ordinance until redevelopment costs have been paid shall be
5 divided as follows:

6 (1) That portion of taxes, penalties and interest levied
7 upon each taxable lot, block, tract, or parcel of real property
8 which is attributable to the initial equalized assessed value of
9 each such taxable lot, block, tract, or parcel of real property
10 in the area selected for the redevelopment project shall be
11 allocated to and, when collected, shall be paid by the county
12 collector to the respective affected taxing districts in the
13 manner required by law in the absence of the adoption of tax
14 increment allocation financing;

15 (2) (a) Payments in lieu of taxes attributable to the
16 increase in the current equalized assessed valuation of each
17 taxable lot, block, tract, or parcel of real property in the area
18 selected for the redevelopment project and any applicable penalty
19 and interest over and above the initial equalized assessed value
20 of each such unit of property in the area selected for the
21 redevelopment project shall be allocated to and, when collected,
22 shall be paid to the municipal treasurer who shall deposit such
23 payment in lieu of taxes into a special fund called the "Special
24 Allocation Fund" of the municipality for the purpose of paying
25 redevelopment costs and obligations incurred in the payment
26 thereof. If a political subdivision increases its rate of tax or
27 imposes a new tax on property after the adoption of a
28 redevelopment project, any additional revenues due to the levy

1 increase or new tax shall not be considered payments in lieu of
2 taxes subject to deposit into a special allocation fund.

3 Payments in lieu of taxes which are due and owing shall
4 constitute a lien against the real estate of the redevelopment
5 project from which they are derived and shall be collected in the
6 same manner as the real property tax, including the assessment of
7 penalties and interest where applicable. The municipality may,
8 in the ordinance, pledge the funds in the special allocation fund
9 for the payment of such costs and obligations and provide for the
10 collection of payments in lieu of taxes, the lien of which may be
11 foreclosed in the same manner as a special assessment lien as
12 provided in section 88.861. No part of the current equalized
13 assessed valuation of each lot, block, tract, or parcel of
14 property in the area selected for the redevelopment project
15 attributable to any increase above the total initial equalized
16 assessed value of such properties shall be used in calculating
17 the general state school aid formula provided for in section
18 163.031 until such time as all redevelopment costs have been paid
19 as provided for in this section and section 99.850;

20 (b) Notwithstanding any provisions of this section to the
21 contrary, for purposes of determining the limitation on
22 indebtedness of local government pursuant to Article VI, Section
23 26(b) of the Missouri Constitution, the current equalized
24 assessed value of the property in an area selected for
25 redevelopment attributable to the increase above the total
26 initial equalized assessed valuation shall be included in the
27 value of taxable tangible property as shown on the last completed
28 assessment for state or county purposes;

1 (c) The county assessor shall include the current assessed
2 value of all property within the taxing district in the aggregate
3 valuation of assessed property entered upon the assessor's book
4 and verified pursuant to section 137.245, and such value shall be
5 utilized for the purpose of the debt limitation on local
6 government pursuant to Article VI, Section 26(b) of the Missouri
7 Constitution;

8 (3) For purposes of this section, "levies upon taxable real
9 property in such redevelopment project by taxing districts" shall
10 not include the blind pension fund tax levied under the authority
11 of Article III, Section 38(b) of the Missouri Constitution, or
12 the merchants' and manufacturers' inventory replacement tax
13 levied under the authority of subsection 2 of Section 6 of
14 Article X of the Missouri Constitution, except in redevelopment
15 project areas in which tax increment financing has been adopted
16 by ordinance pursuant to a plan approved by vote of the governing
17 body of the municipality taken after August 13, 1982, and before
18 January 1, 1998.

19 2. In addition to the payments in lieu of taxes described
20 in subdivision (2) of subsection 1 of this section, for
21 redevelopment plans and projects adopted or redevelopment
22 projects approved by ordinance after July 12, 1990, and prior to
23 August 31, 1991, fifty percent of the total additional revenue
24 from taxes, penalties and interest imposed by the municipality,
25 or other taxing districts, which are generated by economic
26 activities within the area of the redevelopment project over the
27 amount of such taxes generated by economic activities within the
28 area of the redevelopment project in the calendar year prior to

1 the adoption of the redevelopment project by ordinance, while tax
2 increment financing remains in effect, but excluding taxes
3 imposed on sales or charges for sleeping rooms paid by transient
4 guests of hotels and motels, taxes levied pursuant to section
5 70.500, licenses, fees or special assessments other than payments
6 in lieu of taxes and any penalty and interest thereon, or,
7 effective January 1, 1998, taxes levied pursuant to section
8 94.660, for the purpose of public transportation, shall be
9 allocated to, and paid by the local political subdivision
10 collecting officer to the treasurer or other designated financial
11 officer of the municipality, who shall deposit such funds in a
12 separate segregated account within the special allocation fund.
13 Any provision of an agreement, contract or covenant entered into
14 prior to July 12, 1990, between a municipality and any other
15 political subdivision which provides for an appropriation of
16 other municipal revenues to the special allocation fund shall be
17 and remain enforceable.

18 3. In addition to the payments in lieu of taxes described
19 in subdivision (2) of subsection 1 of this section, for
20 redevelopment plans and projects adopted or redevelopment
21 projects approved by ordinance after August 31, 1991, fifty
22 percent of the total additional revenue from taxes, penalties and
23 interest which are imposed by the municipality or other taxing
24 districts, and which are generated by economic activities within
25 the area of the redevelopment project over the amount of such
26 taxes generated by economic activities within the area of the
27 redevelopment project in the calendar year prior to the adoption
28 of the redevelopment project by ordinance, while tax increment

1 financing remains in effect, but excluding personal property
2 taxes, taxes imposed on sales or charges for sleeping rooms paid
3 by transient guests of hotels and motels, taxes levied pursuant
4 to section 70.500, taxes levied for the purpose of public
5 transportation pursuant to section 94.660, taxes imposed on sales
6 pursuant to subsection 2 of section 67.1712 for the purpose of
7 operating and maintaining a metropolitan park and recreation
8 district, licenses, fees or special assessments other than
9 payments in lieu of taxes and penalties and interest thereon, any
10 sales tax imposed by a county with a charter form of government
11 and with more than six hundred thousand but fewer than seven
12 hundred thousand inhabitants, for the purpose of sports stadium
13 improvement or levied by such county under section 238.410 for
14 the purpose of the county transit authority operating
15 transportation facilities, or for redevelopment plans and
16 projects adopted or redevelopment projects approved by ordinance
17 after August 28, 2013, taxes imposed on sales under and pursuant
18 to section 67.700 or 650.399 for the purpose of emergency
19 communication systems, shall be allocated to, and paid by the
20 local political subdivision collecting officer to the treasurer
21 or other designated financial officer of the municipality, who
22 shall deposit such funds in a separate segregated account within
23 the special allocation fund. If a political subdivision
24 increases the rate or imposes a new sales tax or compensating use
25 tax after the adoption of a redevelopment project, any additional
26 revenues due to the rate increase or new tax shall not be
27 considered economic activity taxes subject to deposit into a
28 special allocation fund.

1 4. Beginning January 1, 1998, for redevelopment plans and
2 projects adopted or redevelopment projects approved by ordinance
3 and which have complied with subsections 4 to 12 of this section,
4 in addition to the payments in lieu of taxes and economic
5 activity taxes described in subsections 1, 2 and 3 of this
6 section, up to fifty percent of the new state revenues, as
7 defined in subsection 8 of this section, estimated for the
8 businesses within the project area and identified by the
9 municipality in the application required by subsection 10 of this
10 section, over and above the amount of such taxes reported by
11 businesses within the project area as identified by the
12 municipality in their application prior to the approval of the
13 redevelopment project by ordinance, while tax increment financing
14 remains in effect, may be available for appropriation by the
15 general assembly as provided in subsection 10 of this section to
16 the department of economic development supplemental tax increment
17 financing fund, from the general revenue fund, for distribution
18 to the treasurer or other designated financial officer of the
19 municipality with approved plans or projects.

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

24 6. No transfer from the general revenue fund to the
25 Missouri supplemental tax increment financing fund shall be made
26 unless an appropriation is made from the general revenue fund for
27 that purpose. No municipality shall commit any state revenues
28 prior to an appropriation being made for that project. For all

1 redevelopment plans or projects adopted or approved after
2 December 23, 1997, appropriations from the new state revenues
3 shall not be distributed from the Missouri supplemental tax
4 increment financing fund into the special allocation fund unless
5 the municipality's redevelopment plan ensures that one hundred
6 percent of payments in lieu of taxes and fifty percent of
7 economic activity taxes generated by the project shall be used
8 for eligible redevelopment project costs while tax increment
9 financing remains in effect. This account shall be separate from
10 the account into which payments in lieu of taxes are deposited,
11 and separate from the account into which economic activity taxes
12 are deposited.

13 7. In order for the redevelopment plan or project to be
14 eligible to receive the revenue described in subsection 4 of this
15 section, the municipality shall comply with the requirements of
16 subsection 10 of this section prior to the time the project or
17 plan is adopted or approved by ordinance. The director of the
18 department of economic development and the commissioner of the
19 office of administration may waive the requirement that the
20 municipality's application be submitted prior to the
21 redevelopment plan's or project's adoption or the redevelopment
22 plan's or project's approval by ordinance.

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

25 (1) The incremental increase in the general revenue portion
26 of state sales tax revenues received pursuant to section 144.020,
27 excluding sales taxes that are constitutionally dedicated, taxes
28 deposited to the school district trust fund in accordance with

1 section 144.701, sales and use taxes on motor vehicles, trailers,
2 boats and outboard motors and future sales taxes earmarked by
3 law. In no event shall the incremental increase include any
4 amounts attributable to retail sales unless the municipality or
5 authority has proven to the Missouri development finance board
6 and the department of economic development and such entities have
7 made a finding that the sales tax increment attributable to
8 retail sales is from new sources which did not exist in the state
9 during the baseline year. The incremental increase in the
10 general revenue portion of state sales tax revenues for an
11 existing or relocated facility shall be the amount that current
12 state sales tax revenue exceeds the state sales tax revenue in
13 the base year as stated in the redevelopment plan as provided in
14 subsection 10 of this section; or

15 (2) The state income tax withheld on behalf of new
16 employees by the employer pursuant to section 143.221 at the
17 business located within the project as identified by the
18 municipality. The state income tax withholding allowed by this
19 section shall be the municipality's estimate of the amount of
20 state income tax withheld by the employer within the
21 redevelopment area for new employees who fill new jobs directly
22 created by the tax increment financing project.

23 9. Subsection 4 of this section shall apply only to
24 blighted areas located in enterprise zones, pursuant to sections
25 135.200 to 135.256, blighted areas located in federal empowerment
26 zones, or to blighted areas located in central business districts
27 or urban core areas of cities which districts or urban core areas
28 at the time of approval of the project by ordinance, provided

1 that the enterprise zones, federal empowerment zones or blighted
2 areas contained one or more buildings at least fifty years old;
3 and

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

7 (2) Was a historic hotel located in a county of the first
8 classification without a charter form of government with a
9 population according to the most recent federal decennial census
10 in excess of one hundred fifty thousand and containing a portion
11 of a city with a population according to the most recent federal
12 decennial census in excess of three hundred fifty thousand.

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

18 (1) The director of the department of economic development
19 or his or her designee and the commissioner of the office of
20 administration or his or her designee have approved a tax
21 increment financing application made by the municipality for the
22 appropriation of the new state revenues. The municipality shall
23 include in the application the following items in addition to the
24 items in section 99.810:

25 (a) The tax increment financing district or redevelopment
26 area, including the businesses identified within the
27 redevelopment area;

28 (b) The base year of state sales tax revenues or the base

1 year of state income tax withheld on behalf of existing
2 employees, reported by existing businesses within the project
3 area prior to approval of the redevelopment project;

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

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

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

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

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

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

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

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

- 1 (k) The estimated development project costs;
- 2 (l) The anticipated sources of funds to pay such
3 development project costs;
- 4 (m) Evidence of the commitments to finance such development
5 project costs;
- 6 (n) The anticipated type and term of the sources of funds
7 to pay such development project costs;
- 8 (o) The anticipated type and terms of the obligations to be
9 issued;
- 10 (p) The most recent equalized assessed valuation of the
11 property within the development project area;
- 12 (q) An estimate as to the equalized assessed valuation
13 after the development project area is developed in accordance
14 with a development plan;
- 15 (r) The general land uses to apply in the development area;
- 16 (s) The total number of individuals employed in the
17 development area, broken down by full-time, part-time, and
18 temporary positions;
- 19 (t) The total number of full-time equivalent positions in
20 the development area;
- 21 (u) The current gross wages, state income tax withholdings,
22 and federal income tax withholdings for individuals employed in
23 the development area;
- 24 (v) The total number of individuals employed in this state
25 by the corporate parent of any business benefitting from public
26 expenditures in the development area, and all subsidiaries
27 thereof, as of December thirty-first of the prior fiscal year,
28 broken down by full-time, part-time, and temporary positions;

1 (w) The number of new jobs to be created by any business
2 benefitting from public expenditures in the development area,
3 broken down by full-time, part-time, and temporary positions;

4 (x) The average hourly wage to be paid to all current and
5 new employees at the project site, broken down by full-time,
6 part-time, and temporary positions;

7 (y) For project sites located in a metropolitan statistical
8 area, as defined by the federal Office of Management and Budget,
9 the average hourly wage paid to nonmanagerial employees in this
10 state for the industries involved at the project, as established
11 by the United States Bureau of Labor Statistics;

12 (z) For project sites located outside of metropolitan
13 statistical areas, the average weekly wage paid to nonmanagerial
14 employees in the county for industries involved at the project,
15 as established by the United States Department of Commerce;

16 (aa) A list of other community and economic benefits to
17 result from the project;

18 (bb) A list of all development subsidies that any business
19 benefitting from public expenditures in the development area has
20 previously received for the project, and the name of any other
21 granting body from which such subsidies are sought;

22 (cc) A list of all other public investments made or to be
23 made by this state or units of local government to support
24 infrastructure or other needs generated by the project for which
25 the funding pursuant to this section is being sought;

26 (dd) A statement as to whether the development project may
27 reduce employment at any other site, within or without the state,
28 resulting from automation, merger, acquisition, corporate

1 restructuring, relocation, or other business activity;

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

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

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

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

11 (2) The methodologies used in the application for
12 determining the base year and determining the estimate of the
13 incremental increase in the general revenue portion of the state
14 sales tax revenues or the state income tax withheld by employers
15 on behalf of new employees who fill new jobs created in the
16 redevelopment area shall be approved by the director of the
17 department of economic development or his or her designee and the
18 commissioner of the office of administration or his or her
19 designee. Upon approval of the application, the director of the
20 department of economic development or his or her designee and the
21 commissioner of the office of administration or his or her
22 designee shall issue a certificate of approval. The department
23 of economic development may request the appropriation following
24 application approval;

25 (3) The appropriation shall be either a portion of the
26 estimate of the incremental increase in the general revenue
27 portion of state sales tax revenues in the redevelopment area or
28 a portion of the estimate of the state income tax withheld by the

1 employer on behalf of new employees who fill new jobs created in
2 the redevelopment area as indicated in the municipality's
3 application, approved by the director of the department of
4 economic development or his or her designee and the commissioner
5 of the office of administration or his or her designee. At no
6 time shall the annual amount of the new state revenues approved
7 for disbursements from the Missouri supplemental tax increment
8 financing fund exceed thirty-two million dollars;

9 (4) Redevelopment plans and projects receiving new state
10 revenues shall have a duration of up to fifteen years, unless
11 prior approval for a longer term is given by the director of the
12 department of economic development or his or her designee and the
13 commissioner of the office of administration or his or her
14 designee; except that, in no case shall the duration exceed
15 twenty-three years.

16 11. In addition to the areas authorized in subsection 9 of
17 this section, the funding authorized pursuant to subsection 4 of
18 this section shall also be available in a federally approved
19 levee district, where construction of a levee begins after
20 December 23, 1997, and which is contained within a county of the
21 first classification without a charter form of government with a
22 population between fifty thousand and one hundred thousand
23 inhabitants which contains all or part of a city with a
24 population in excess of four hundred thousand or more
25 inhabitants.

26 12. There is hereby established within the state treasury a
27 special fund to be known as the "Missouri Supplemental Tax
28 Increment Financing Fund", to be administered by the department

1 of economic development. The department shall annually
2 distribute from the Missouri supplemental tax increment financing
3 fund the amount of the new state revenues as appropriated as
4 provided in the provisions of subsections 4 and 5 of this section
5 if and only if the conditions of subsection 10 of this section
6 are met. The fund shall also consist of any gifts,
7 contributions, grants or bequests received from federal, private
8 or other sources. Moneys in the Missouri supplemental tax
9 increment financing fund shall be disbursed per project pursuant
10 to state appropriations.

11 13. Redevelopment project costs may include, at the
12 prerogative of the state, the portion of salaries and expenses of
13 the department of economic development and the department of
14 revenue reasonably allocable to each redevelopment project
15 approved for disbursements from the Missouri supplemental tax
16 increment financing fund for the ongoing administrative functions
17 associated with such redevelopment project. Such amounts shall
18 be recovered from new state revenues deposited into the Missouri
19 supplemental tax increment financing fund created under this
20 section.

21 14. For redevelopment plans or projects approved by
22 ordinance that result in net new jobs from the relocation of a
23 national headquarters from another state to the area of the
24 redevelopment project, the economic activity taxes and new state
25 tax revenues shall not be based on a calculation of the
26 incremental increase in taxes as compared to the base year or
27 prior calendar year for such redevelopment project, rather the
28 incremental increase shall be the amount of total taxes generated

1 from the net new jobs brought in by the national headquarters
2 from another state. In no event shall this subsection be
3 construed to allow a redevelopment project to receive an
4 appropriation in excess of up to fifty percent of the new state
5 revenues.

6