

SECOND REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR

HOUSE BILL NO. 1504

97TH GENERAL ASSEMBLY

Reported from the Committee on Jobs, Economic Development and Local Government, May 1, 2014, with recommendation that the Senate Committee Substitute do pass.

5461S.02C

TERRY L. SPIELER, Secretary.

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Section A. Section 99.845, RSMo, is repealed and one new section enacted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. **If a**
31 **political subdivision increases its rate of tax on property after the**
32 **adoption of a redevelopment project, any additional revenues due to**
33 **the levy increase shall not be considered payments in lieu of taxes**
34 **subject to deposit into a special allocation fund.** Payments in lieu of taxes
35 which are due and owing shall constitute a lien against the real estate of the
36 redevelopment project from which they are derived and shall be collected in the
37 same manner as the real property tax, including the assessment of penalties and
38 interest where applicable. The municipality may, in the ordinance, pledge the
39 funds in the special allocation fund for the payment of such costs and obligations
40 and provide for the collection of payments in lieu of taxes, the lien of which may
41 be foreclosed in the same manner as a special assessment lien as provided in
42 section 88.861. No part of the current equalized assessed valuation of each lot,
43 block, tract, or parcel of property in the area selected for the redevelopment
44 project attributable to any increase above the total initial equalized assessed
45 value of such properties shall be used in calculating the general state school aid
46 formula provided for in section 163.031 until such time as all redevelopment costs
47 have been paid as provided for in this section and section 99.850;

48 (b) Notwithstanding any provisions of this section to the contrary, for
49 purposes of determining the limitation on indebtedness of local government
50 pursuant to Article VI, Section 26(b) of the Missouri Constitution, the current
51 equalized assessed value of the property in an area selected for redevelopment
52 attributable to the increase above the total initial equalized assessed valuation
53 shall be included in the value of taxable tangible property as shown on the last
54 completed assessment for state or county purposes;

55 (c) The county assessor shall include the current assessed value of all
56 property within the taxing district in the aggregate valuation of assessed property

57 entered upon the assessor's book and verified pursuant to section 137.245, and
58 such value shall be utilized for the purpose of the debt limitation on local
59 government pursuant to Article VI, Section 26(b) of the Missouri Constitution;

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

69 2. In addition to the payments in lieu of taxes described in subdivision (2)
70 of subsection 1 of this section, for redevelopment plans and projects adopted or
71 redevelopment projects approved by ordinance after July 12, 1990, and prior to
72 August 31, 1991, fifty percent of the total additional revenue from taxes, penalties
73 and interest imposed by the municipality, or other taxing districts, which are
74 generated by economic activities within the area of the redevelopment project over
75 the amount of such taxes generated by economic activities within the area of the
76 redevelopment project in the calendar year prior to the adoption of the
77 redevelopment project by ordinance, while tax increment financing remains in
78 effect, but excluding taxes imposed on sales or charges for sleeping rooms paid by
79 transient guests of hotels and motels, taxes levied pursuant to section 70.500,
80 licenses, fees or special assessments other than payments in lieu of taxes and any
81 penalty and interest thereon, or, effective January 1, 1998, taxes levied pursuant
82 to section 94.660, for the purpose of public transportation, shall be allocated to,
83 and paid by the local political subdivision collecting officer to the treasurer or
84 other designated financial officer of the municipality, who shall deposit such
85 funds in a separate segregated account within the special allocation fund. Any
86 provision of an agreement, contract or covenant entered into prior to July 12,
87 1990, between a municipality and any other political subdivision which provides
88 for an appropriation of other municipal revenues to the special allocation fund
89 shall be and remain enforceable.

90 3. In addition to the payments in lieu of taxes described in subdivision (2)
91 of subsection 1 of this section, for redevelopment plans and projects adopted or
92 redevelopment projects approved by ordinance after August 31, 1991, fifty percent

93 of the total additional revenue from taxes, penalties and interest which are
94 imposed by the municipality or other taxing districts, and which are generated
95 by economic activities within the area of the redevelopment project over the
96 amount of such taxes generated by economic activities within the area of the
97 redevelopment project in the calendar year prior to the adoption of the
98 redevelopment project by ordinance, while tax increment financing remains in
99 effect, but excluding personal property taxes, taxes imposed on sales or charges
100 for sleeping rooms paid by transient guests of hotels and motels, taxes levied
101 pursuant to section 70.500, taxes levied for the purpose of public transportation
102 pursuant to section 94.660, taxes imposed on sales pursuant to subsection 2 of
103 section 67.1712 for the purpose of operating and maintaining a metropolitan park
104 and recreation district, licenses, fees or special assessments other than payments
105 in lieu of taxes and penalties and interest thereon, any sales tax imposed by a
106 county with a charter form of government and with more than six hundred
107 thousand but fewer than seven hundred thousand inhabitants, for the purpose of
108 sports stadium improvement or levied by such county under section 238.410 for
109 the purpose of the county transit authority operating transportation facilities, or
110 for redevelopment plans and projects adopted or redevelopment projects approved
111 by ordinance after August 28, 2013, taxes imposed on sales under and pursuant
112 to section **67.700 or** 650.399 for the purpose of emergency communication
113 systems, shall be allocated to, and paid by the local political subdivision collecting
114 officer to the treasurer or other designated financial officer of the municipality,
115 who shall deposit such funds in a separate segregated account within the special
116 allocation fund. **If a political subdivision increases its sales tax or**
117 **compensating use tax rate after the adoption of a redevelopment**
118 **project, any additional revenues due to the rate increase shall not be**
119 **considered economic activity taxes subject to deposit into a special**
120 **allocation fund.**

121 4. Beginning January 1, 1998, for redevelopment plans and projects
122 adopted or redevelopment projects approved by ordinance and which have
123 complied with subsections 4 to 12 of this section, in addition to the payments in
124 lieu of taxes and economic activity taxes described in subsections 1, 2 and 3 of
125 this section, up to fifty percent of the new state revenues, as defined in subsection
126 8 of this section, estimated for the businesses within the project area and
127 identified by the municipality in the application required by subsection 10 of this
128 section, over and above the amount of such taxes reported by businesses within

129 the project area as identified by the municipality in their application prior to the
130 approval of the redevelopment project by ordinance, while tax increment
131 financing remains in effect, may be available for appropriation by the general
132 assembly as provided in subsection 10 of this section to the department of
133 economic development supplemental tax increment financing fund, from the
134 general revenue fund, for distribution to the treasurer or other designated
135 financial officer of the municipality with approved plans or projects.

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

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

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

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

161 (1) The incremental increase in the general revenue portion of state sales
162 tax revenues received pursuant to section 144.020, excluding sales taxes that are
163 constitutionally dedicated, taxes deposited to the school district trust fund in
164 accordance with section 144.701, sales and use taxes on motor vehicles, trailers,

165 boats and outboard motors and future sales taxes earmarked by law. In no event
166 shall the incremental increase include any amounts attributable to retail sales
167 unless the municipality or authority has proven to the Missouri development
168 finance board and the department of economic development and such entities
169 have made a finding that the sales tax increment attributable to retail sales is
170 from new sources which did not exist in the state during the baseline year. The
171 incremental increase in the general revenue portion of state sales tax revenues
172 for an existing or relocated facility shall be the amount that current state sales
173 tax revenue exceeds the state sales tax revenue in the base year as stated in the
174 redevelopment plan as provided in subsection 10 of this section; or

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

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

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

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

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

200 (1) The director of the department of economic development or his or her

201 designee and the commissioner of the office of administration or his or her
202 designee have approved a tax increment financing application made by the
203 municipality for the appropriation of the new state revenues. The municipality
204 shall include in the application the following items in addition to the items in
205 section 99.810:

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

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

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

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

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

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

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

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

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

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

232 (k) The estimated development project costs;

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

234 (m) Evidence of the commitments to finance such development project
235 costs;

236 (n) The anticipated type and term of the sources of funds to pay such

237 development project costs;

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

239 (p) The most recent equalized assessed valuation of the property within
240 the development project area;

241 (q) An estimate as to the equalized assessed valuation after the
242 development project area is developed in accordance with a development plan;

243 (r) The general land uses to apply in the development area;

244 (s) The total number of individuals employed in the development area,
245 broken down by full-time, part-time, and temporary positions;

246 (t) The total number of full-time equivalent positions in the development
247 area;

248 (u) The current gross wages, state income tax withholdings, and federal
249 income tax withholdings for individuals employed in the development area;

250 (v) The total number of individuals employed in this state by the
251 corporate parent of any business benefitting from public expenditures in the
252 development area, and all subsidiaries thereof, as of December thirty-first of the
253 prior fiscal year, broken down by full-time, part-time, and temporary positions;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

345 redevelopment project, rather the incremental increase shall be the amount of
346 total taxes generated from the net new jobs brought in by the national
347 headquarters from another state. In no event shall this subsection be construed
348 to allow a redevelopment project to receive an appropriation in excess of up to
349 fifty percent of the new state revenues.

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