

SECOND REGULAR SESSION

SENATE BILL NO. 869

98TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR SCHMITT.

Read 1st time January 7, 2016, and ordered printed.

ADRIANE D. CROUSE, Secretary.

4489S.011

AN ACT

To repeal section 99.845, RSMo, and to enact in lieu thereof one new section relating to sheltered workshop property tax levies.

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Section A. Section 99.845, RSMo, is repealed and one new section enacted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. Beginning
31 August 28, 2014, if the voters in a taxing district vote to approve an increase in
32 such taxing district's levy rate for ad valorem tax on real property, any additional
33 revenues generated within an existing redevelopment project area that are
34 directly attributable to the newly voter-approved incremental increase in such
35 taxing district's levy rate shall not be considered payments in lieu of taxes subject
36 to deposit into a special allocation fund without the consent of such taxing
37 district. Revenues will be considered directly attributable to the newly
38 voter-approved incremental increase to the extent that they are generated from
39 the difference between the taxing district's actual levy rate currently imposed and
40 the maximum voter-approved levy rate at the time that the redevelopment project
41 was adopted. Payments in lieu of taxes which are due and owing shall constitute
42 a lien against the real estate of the redevelopment project from which they are
43 derived and shall be collected in the same manner as the real property tax,
44 including the assessment of penalties and interest where applicable. The
45 municipality may, in the ordinance, pledge the funds in the special allocation
46 fund for the payment of such costs and obligations and provide for the collection
47 of payments in lieu of taxes, the lien of which may be foreclosed in the same
48 manner as a special assessment lien as provided in section 88.861. No part of the
49 current equalized assessed valuation of each lot, block, tract, or parcel of property
50 in the area selected for the redevelopment project attributable to any increase
51 above the total initial equalized assessed value of such properties shall be used
52 in calculating the general state school aid formula provided for in section 163.031
53 until such time as all redevelopment costs have been paid as provided for in this
54 section and section 99.850.

55 (b) Notwithstanding any provisions of this section to the contrary, for
56 purposes of determining the limitation on indebtedness of local government

57 pursuant to Article VI, Section 26(b) of the Missouri Constitution, the current
58 equalized assessed value of the property in an area selected for redevelopment
59 attributable to the increase above the total initial equalized assessed valuation
60 shall be included in the value of taxable tangible property as shown on the last
61 completed assessment for state or county purposes.

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

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

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

93 provision of an agreement, contract or covenant entered into prior to July 12,
94 1990, between a municipality and any other political subdivision which provides
95 for an appropriation of other municipal revenues to the special allocation fund
96 shall be and remain enforceable.

97 3. In addition to the payments in lieu of taxes described in subdivision (2)
98 of subsection 1 of this section, for redevelopment plans and projects adopted or
99 redevelopment projects approved by ordinance after August 31, 1991, fifty percent
100 of the total additional revenue from taxes, penalties and interest which are
101 imposed by the municipality or other taxing districts, and which are generated
102 by economic activities within the area of the redevelopment project over the
103 amount of such taxes generated by economic activities within the area of the
104 redevelopment project in the calendar year prior to the adoption of the
105 redevelopment project by ordinance, while tax increment financing remains in
106 effect, but excluding personal property taxes, taxes imposed on sales or charges
107 for sleeping rooms paid by transient guests of hotels and motels, taxes levied
108 pursuant to section 70.500, taxes levied for the purpose of public transportation
109 pursuant to section 94.660, taxes imposed on sales pursuant to subsection 2 of
110 section 67.1712 for the purpose of operating and maintaining a metropolitan park
111 and recreation district, licenses, fees or special assessments other than payments
112 in lieu of taxes and penalties and interest thereon, any sales tax imposed by a
113 county with a charter form of government and with more than six hundred
114 thousand but fewer than seven hundred thousand inhabitants, for the purpose of
115 sports stadium improvement or levied by such county under section 238.410 for
116 the purpose of the county transit authority operating transportation facilities, or
117 for redevelopment plans and projects adopted or redevelopment projects approved
118 by ordinance after August 28, 2013, taxes imposed on sales under and pursuant
119 to section 67.700 or 650.399 for the purpose of emergency communication systems,
120 shall be allocated to, and paid by the local political subdivision collecting officer
121 to the treasurer or other designated financial officer of the municipality, who
122 shall deposit such funds in a separate segregated account within the special
123 allocation fund. Beginning August 28, 2014, if the voters in a taxing district vote
124 to approve an increase in such taxing district's sales tax or use tax, other than
125 the renewal of an expiring sales or use tax, any additional revenues generated
126 within an existing redevelopment project area that are directly attributable to the
127 newly voter-approved incremental increase in such taxing district's levy rate shall
128 not be considered economic activity taxes subject to deposit into a special

129 allocation fund without the consent of such taxing district.

130 4. Beginning January 1, 1998, for redevelopment plans and projects
131 adopted or redevelopment projects approved by ordinance and which have
132 complied with subsections 4 to 12 of this section, in addition to the payments in
133 lieu of taxes and economic activity taxes described in subsections 1, 2 and 3 of
134 this section, up to fifty percent of the new state revenues, as defined in subsection
135 8 of this section, estimated for the businesses within the project area and
136 identified by the municipality in the application required by subsection 10 of this
137 section, over and above the amount of such taxes reported by businesses within
138 the project area as identified by the municipality in their application prior to the
139 approval of the redevelopment project by ordinance, while tax increment
140 financing remains in effect, may be available for appropriation by the general
141 assembly as provided in subsection 10 of this section to the department of
142 economic development supplemental tax increment financing fund, from the
143 general revenue fund, for distribution to the treasurer or other designated
144 financial officer of the municipality with approved plans or projects.

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

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

161 7. In order for the redevelopment plan or project to be eligible to receive
162 the revenue described in subsection 4 of this section, the municipality shall
163 comply with the requirements of subsection 10 of this section prior to the time the
164 project or plan is adopted or approved by ordinance. The director of the

165 department of economic development and the commissioner of the office of
166 administration may waive the requirement that the municipality's application be
167 submitted prior to the redevelopment plan's or project's adoption or the
168 redevelopment plan's or project's approval by ordinance.

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

170 (1) The incremental increase in the general revenue portion of state sales
171 tax revenues received pursuant to section 144.020, excluding sales taxes that are
172 constitutionally dedicated, taxes deposited to the school district trust fund in
173 accordance with section 144.701, sales and use taxes on motor vehicles, trailers,
174 boats and outboard motors and future sales taxes earmarked by law. In no event
175 shall the incremental increase include any amounts attributable to retail sales
176 unless the municipality or authority has proven to the Missouri development
177 finance board and the department of economic development and such entities
178 have made a finding that the sales tax increment attributable to retail sales is
179 from new sources which did not exist in the state during the baseline year. The
180 incremental increase in the general revenue portion of state sales tax revenues
181 for an existing or relocated facility shall be the amount that current state sales
182 tax revenue exceeds the state sales tax revenue in the base year as stated in the
183 redevelopment plan as provided in subsection 10 of this section; or

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

190 9. Subsection 4 of this section shall apply only to the following:

191 (1) Blighted areas located in enterprise zones, pursuant to sections
192 135.200 to 135.256, blighted areas located in federal empowerment zones, or to
193 blighted areas located in central business districts or urban core areas of cities
194 which districts or urban core areas at the time of approval of the project by
195 ordinance, provided that the enterprise zones, federal empowerment zones or
196 blighted areas contained one or more buildings at least fifty years old; and

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

200 (b) Was a historic hotel located in a county of the first classification

201 without a charter form of government with a population according to the most
202 recent federal decennial census in excess of one hundred fifty thousand and
203 containing a portion of a city with a population according to the most recent
204 federal decennial census in excess of three hundred fifty thousand;

205 (2) Blighted areas consisting solely of the site of a former automobile
206 manufacturing plant located in any county with a charter form of government and
207 with more than nine hundred fifty thousand inhabitants. For the purposes of this
208 section, "former automobile manufacturing plant" means a redevelopment area
209 containing a minimum of one hundred acres, and such redevelopment area was
210 previously used primarily for the manufacture of automobiles but ceased such
211 manufacturing after the 2007 calendar year; or

212 (3) Blighted areas consisting solely of the site of a former insurance
213 company national service center containing a minimum of one hundred acres
214 located in any county with a charter form of government and with more than nine
215 hundred fifty thousand inhabitants.

216 10. The initial appropriation of up to fifty percent of the new state
217 revenues authorized pursuant to subsection 4 of this section shall not be made to
218 or distributed by the department of economic development to a municipality until
219 all of the following conditions have been satisfied:

220 (1) The director of the department of economic development or his or her
221 designee and the commissioner of the office of administration or his or her
222 designee have approved a tax increment financing application made by the
223 municipality for the appropriation of the new state revenues. The municipality
224 shall include in the application the following items in addition to the items in
225 section 99.810:

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

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

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

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

- 237 (e) An affidavit that is signed by the developer or developers attesting
238 that the provisions of subdivision (1) of subsection 1 of section 99.810 have been
239 met and specifying that the redevelopment area would not be reasonably
240 anticipated to be developed without the appropriation of the new state revenues;
- 241 (f) The cost-benefit analysis required by section 99.810 includes a study
242 of the fiscal impact on the state of Missouri;
- 243 (g) The statement of election between the use of the incremental increase
244 of the general revenue portion of the state sales tax revenues or the state income
245 tax withheld by employers on behalf of new employees who fill new jobs created
246 in the redevelopment area;
- 247 (h) The name, street and mailing address, and phone number of the mayor
248 or chief executive officer of the municipality;
- 249 (i) The street address of the development site;
- 250 (j) The three-digit North American Industry Classification System number
251 or numbers characterizing the development project;
- 252 (k) The estimated development project costs;
- 253 (l) The anticipated sources of funds to pay such development project costs;
- 254 (m) Evidence of the commitments to finance such development project
255 costs;
- 256 (n) The anticipated type and term of the sources of funds to pay such
257 development project costs;
- 258 (o) The anticipated type and terms of the obligations to be issued;
- 259 (p) The most recent equalized assessed valuation of the property within
260 the development project area;
- 261 (q) An estimate as to the equalized assessed valuation after the
262 development project area is developed in accordance with a development plan;
- 263 (r) The general land uses to apply in the development area;
- 264 (s) The total number of individuals employed in the development area,
265 broken down by full-time, part-time, and temporary positions;
- 266 (t) The total number of full-time equivalent positions in the development
267 area;
- 268 (u) The current gross wages, state income tax withholdings, and federal
269 income tax withholdings for individuals employed in the development area;
- 270 (v) The total number of individuals employed in this state by the
271 corporate parent of any business benefitting from public expenditures in the
272 development area, and all subsidiaries thereof, as of December thirty-first of the

- 273 prior fiscal year, broken down by full-time, part-time, and temporary positions;
- 274 (w) The number of new jobs to be created by any business benefitting from
- 275 public expenditures in the development area, broken down by full-time, part-time,
- 276 and temporary positions;
- 277 (x) The average hourly wage to be paid to all current and new employees
- 278 at the project site, broken down by full-time, part-time, and temporary positions;
- 279 (y) For project sites located in a metropolitan statistical area, as defined
- 280 by the federal Office of Management and Budget, the average hourly wage paid
- 281 to nonmanagerial employees in this state for the industries involved at the
- 282 project, as established by the United States Bureau of Labor Statistics;
- 283 (z) For project sites located outside of metropolitan statistical areas, the
- 284 average weekly wage paid to nonmanagerial employees in the county for
- 285 industries involved at the project, as established by the United States
- 286 Department of Commerce;
- 287 (aa) A list of other community and economic benefits to result from the
- 288 project;
- 289 (bb) A list of all development subsidies that any business benefitting from
- 290 public expenditures in the development area has previously received for the
- 291 project, and the name of any other granting body from which such subsidies are
- 292 sought;
- 293 (cc) A list of all other public investments made or to be made by this state
- 294 or units of local government to support infrastructure or other needs generated
- 295 by the project for which the funding pursuant to this section is being sought;
- 296 (dd) A statement as to whether the development project may reduce
- 297 employment at any other site, within or without the state, resulting from
- 298 automation, merger, acquisition, corporate restructuring, relocation, or other
- 299 business activity;
- 300 (ee) A statement as to whether or not the project involves the relocation
- 301 of work from another address and if so, the number of jobs to be relocated and the
- 302 address from which they are to be relocated;
- 303 (ff) A list of competing businesses in the county containing the
- 304 development area and in each contiguous county;
- 305 (gg) A market study for the development area;
- 306 (hh) A certification by the chief officer of the applicant as to the accuracy
- 307 of the development plan;
- 308 (2) The methodologies used in the application for determining the base

309 year and determining the estimate of the incremental increase in the general
310 revenue portion of the state sales tax revenues or the state income tax withheld
311 by employers on behalf of new employees who fill new jobs created in the
312 redevelopment area shall be approved by the director of the department of
313 economic development or his or her designee and the commissioner of the office
314 of administration or his or her designee. Upon approval of the application, the
315 director of the department of economic development or his or her designee and
316 the commissioner of the office of administration or his or her designee shall issue
317 a certificate of approval. The department of economic development may request
318 the appropriation following application approval;

319 (3) The appropriation shall be either a portion of the estimate of the
320 incremental increase in the general revenue portion of state sales tax revenues
321 in the redevelopment area or a portion of the estimate of the state income tax
322 withheld by the employer on behalf of new employees who fill new jobs created
323 in the redevelopment area as indicated in the municipality's application,
324 approved by the director of the department of economic development or his or her
325 designee and the commissioner of the office of administration or his or her
326 designee. At no time shall the annual amount of the new state revenues
327 approved for disbursements from the Missouri supplemental tax increment
328 financing fund exceed thirty-two million dollars; provided, however, that such
329 thirty-two million dollar cap shall not apply to redevelopment plans or projects
330 initially listed by name in the applicable appropriations bill after August 28,
331 2015, which involve either:

332 (a) A former automobile manufacturing plant; or

333 (b) The retention of a federal employer employing over two thousand
334 geospatial intelligence jobs.

335 At no time shall the annual amount of the new state revenues for disbursements
336 from the Missouri supplemental tax increment financing fund for redevelopment
337 plans and projects eligible under the provisions of paragraph (a) of this
338 subdivision exceed four million dollars in the aggregate. At no time shall the
339 annual amount of the new state revenues for disbursements from the Missouri
340 supplemental tax increment financing fund for redevelopment plans and projects
341 eligible under the provisions of paragraph (b) of this subdivision exceed twelve
342 million dollars in the aggregate. To the extent a redevelopment plan or project
343 independently meets the eligibility criteria set forth in both paragraphs (a) and
344 (b) of this subdivision, then at no such time shall the annual amount of new state

345 revenues for disbursements from the Missouri supplemental tax increment
346 financing fund for such eligible redevelopment plan or project exceed twelve
347 million dollars in the aggregate;

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

353 11. In addition to the areas authorized in subsection 9 of this section, the
354 funding authorized pursuant to subsection 4 of this section shall also be available
355 in a federally approved levee district, where construction of a levee begins after
356 December 23, 1997, and which is contained within a county of the first
357 classification without a charter form of government with a population between
358 fifty thousand and one hundred thousand inhabitants which contains all or part
359 of a city with a population in excess of four hundred thousand or more
360 inhabitants.

361 12. There is hereby established within the state treasury a special fund
362 to be known as the "Missouri Supplemental Tax Increment Financing Fund", to
363 be administered by the department of economic development. The department
364 shall annually distribute from the Missouri supplemental tax increment financing
365 fund the amount of the new state revenues as appropriated as provided in the
366 provisions of subsection 4 of this section if and only if the conditions of subsection
367 10 of this section are met. The fund shall also consist of any gifts, contributions,
368 grants or bequests received from federal, private or other sources. Moneys in the
369 Missouri supplemental tax increment financing fund shall be disbursed per
370 project pursuant to state appropriations.

371 13. Redevelopment project costs may include, at the prerogative of the
372 state, the portion of salaries and expenses of the department of economic
373 development and the department of revenue reasonably allocable to each
374 redevelopment project approved for disbursements from the Missouri
375 supplemental tax increment financing fund for the ongoing administrative
376 functions associated with such redevelopment project. Such amounts shall be
377 recovered from new state revenues deposited into the Missouri supplemental tax
378 increment financing fund created under this section.

379 14. For redevelopment plans or projects approved by ordinance that result
380 in net new jobs from the relocation of a national headquarters from another state

381 to the area of the redevelopment project, the economic activity taxes and new
382 state tax revenues shall not be based on a calculation of the incremental increase
383 in taxes as compared to the base year or prior calendar year for such
384 redevelopment project, rather the incremental increase shall be the amount of
385 total taxes generated from the net new jobs brought in by the national
386 headquarters from another state. In no event shall this subsection be construed
387 to allow a redevelopment project to receive an appropriation in excess of up to
388 fifty percent of the new state revenues.

389 **15. Notwithstanding any other provision of the law to the**
390 **contrary, the adoption of any tax increment financing authorized under**
391 **sections 99.800 to 99.865 shall not supersede, alter, or reduce in any**
392 **way a property tax levied under section 205.971.**

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Bill

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