

FIRST REGULAR SESSION

# SENATE BILL NO. 199

99TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR WASSON.

Pre-filed December 13, 2016, and ordered printed.

ADRIANE D. CROUSE, Secretary.

0894S.011

## 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Section A. Section 99.845, RSMo, is repealed and one new section enacted  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. 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 **include annual amounts for any single**  
330 **plan or project which is estimated to create in excess of fifteen**  
331 **thousand new jobs with an average annual wage of more than seventy-**  
332 **five thousand dollars, and shall not** apply to redevelopment plans or projects  
333 initially listed by name in the applicable appropriations bill after August 28,  
334 2015, which involve either:

335 (a) A former automobile manufacturing plant; or

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

338 At no time shall the annual amount of the new state revenues for disbursements  
339 from the Missouri supplemental tax increment financing fund for redevelopment  
340 plans and projects eligible under the provisions of paragraph (a) of this  
341 subdivision exceed four million dollars in the aggregate. At no time shall the  
342 annual amount of the new state revenues for disbursements from the Missouri  
343 supplemental tax increment financing fund for redevelopment plans and projects  
344 eligible under the provisions of paragraph (b) of this subdivision exceed twelve

345 million dollars in the aggregate. To the extent a redevelopment plan or project  
346 independently meets the eligibility criteria set forth in both paragraphs (a) and  
347 (b) of this subdivision, then at no such time shall the annual amount of new state  
348 revenues for disbursements from the Missouri supplemental tax increment  
349 financing fund for such eligible redevelopment plan or project exceed twelve  
350 million dollars in the aggregate;

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

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

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

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

381 increment financing fund created under this section.

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

392           15. Notwithstanding any other provision of the law to the contrary, the  
393 adoption of any tax increment financing authorized under sections 99.800 to  
394 99.865 shall not supersede, alter, or reduce in any way a property tax levied  
395 under section 205.971.

✓  
Bill

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