

FIRST REGULAR SESSION
SENATE COMMITTEE SUBSTITUTE FOR
SENATE BILL NO. 108
100TH GENERAL ASSEMBLY

Reported from the Committee on Ways and Means, February 28, 2019, with recommendation that the Senate Committee Substitute do pass.

0394S.05C

ADRIANE D. CROUSE, Secretary.

AN ACT

To repeal sections 99.805, 99.810, 99.843, and 99.847, RSMo, and to enact in lieu thereof four new sections relating to tax increment financing.

Be it enacted by the General Assembly of the State of Missouri, as follows:

Section A. Sections 99.805, 99.810, 99.843, and 99.847, RSMo, are
2 repealed and four new sections enacted in lieu thereof, to be known as sections
3 99.805, 99.810, 99.843, and 99.847, to read as follows:

99.805. As used in sections 99.800 to 99.865, unless the context clearly
2 requires otherwise, the following terms shall mean:

3 (1) "Blighted area", an area which, by reason of the predominance of
4 defective or inadequate street layout, insanitary or unsafe conditions,
5 deterioration of site improvements, [improper subdivision or obsolete platting,]
6 or the existence of conditions which endanger life or property by fire and other
7 causes, or any combination of such factors, retards the provision of housing
8 accommodations or constitutes an economic or social liability or a menace to the
9 public health, safety, [morals,] or welfare in its present condition and use;

10 (2) "Collecting officer", the officer of the municipality responsible for
11 receiving and processing payments in lieu of taxes or economic activity taxes from
12 taxpayers or the department of revenue;

13 (3) "Conservation area", any improved area within the boundaries of a
14 redevelopment area located within the territorial limits of a municipality in which
15 fifty percent or more of the structures in the area have an age of thirty-five years
16 or more. Such an area is not yet a blighted area but is detrimental to the public
17 health, safety, [morals,] or welfare and may become a blighted area because of

EXPLANATION—Matter enclosed in bold-faced brackets [thus] in this bill is not enacted and is intended to be omitted in the law.

18 any one or more of the following factors: dilapidation; obsolescence; deterioration;
19 illegal use of individual structures; presence of structures below minimum code
20 standards; abandonment; excessive vacancies; overcrowding of structures and
21 community facilities; lack of ventilation, light or sanitary facilities; inadequate
22 utilities; excessive land coverage; deleterious land use or layout; depreciation of
23 physical maintenance; and lack of community planning. A conservation area
24 shall meet at least three of the factors provided in this subdivision for projects
25 approved on or after December 23, 1997. **For all redevelopment plans and**
26 **projects approved on or after January 1, 2021, in retail areas, a**
27 **conservation area shall meet the dilapidation factor as one of the three**
28 **factors required under this subdivision;**

29 (4) "Economic activity taxes", the total additional revenue from taxes
30 which are imposed by a municipality and other taxing districts, and which are
31 generated by economic activities within a redevelopment area over the amount
32 of such taxes generated by economic activities within such redevelopment area
33 in the calendar year prior to the adoption of the ordinance designating such a
34 redevelopment area, while tax increment financing remains in effect, but
35 excluding personal property taxes, taxes imposed on sales or charges for sleeping
36 rooms paid by transient guests of hotels and motels, licenses, fees or special
37 assessments. For redevelopment projects or redevelopment plans approved after
38 December 23, 1997, if a retail establishment relocates within one year from one
39 facility to another facility within the same county and the governing body of the
40 municipality finds that the relocation is a direct beneficiary of tax increment
41 financing, then for purposes of this definition, the economic activity taxes
42 generated by the retail establishment shall equal the total additional revenues
43 from economic activity taxes which are imposed by a municipality or other taxing
44 district over the amount of economic activity taxes generated by the retail
45 establishment in the calendar year prior to its relocation to the redevelopment
46 area;

47 (5) "Economic development area", any area or portion of an area located
48 within the territorial limits of a municipality, which does not meet the
49 requirements of subdivisions (1) and (3) of this section, and in which the
50 governing body of the municipality finds that redevelopment will not be solely
51 used for development of commercial businesses which unfairly compete in the
52 local economy and is in the public interest because it will:

53 (a) Discourage commerce, industry or manufacturing from moving their

54 operations to another state; or

55 (b) Result in increased employment in the municipality; or

56 (c) Result in preservation or enhancement of the tax base of the
57 municipality;

58 (6) "Gambling establishment", an excursion gambling boat as defined in
59 section 313.800 and any related business facility including any real property
60 improvements which are directly and solely related to such business facility,
61 whose sole purpose is to provide goods or services to an excursion gambling boat
62 and whose majority ownership interest is held by a person licensed to conduct
63 gambling games on an excursion gambling boat or licensed to operate an
64 excursion gambling boat as provided in sections 313.800 to 313.850. This
65 subdivision shall be applicable only to a redevelopment area designated by
66 ordinance adopted after December 23, 1997;

67 (7) "Greenfield area", any vacant, unimproved, or agricultural property
68 that is located wholly outside the incorporated limits of a city, town, or village,
69 or that is substantially surrounded by contiguous properties with agricultural
70 zoning classifications or uses unless said property was annexed into the
71 incorporated limits of a city, town, or village ten years prior to the adoption of the
72 ordinance approving the redevelopment plan for such greenfield area;

73 (8) "Municipality", a city, village, or incorporated town or any county of
74 this state. For redevelopment areas or projects approved on or after December
75 23, 1997, municipality applies only to cities, villages, incorporated towns or
76 counties established for at least one year prior to such date;

77 (9) "Obligations", bonds, loans, debentures, notes, special certificates, or
78 other evidences of indebtedness issued by a municipality to carry out a
79 redevelopment project or to refund outstanding obligations;

80 (10) "Ordinance", an ordinance enacted by the governing body of a city,
81 town, or village or a county or an order of the governing body of a county whose
82 governing body is not authorized to enact ordinances;

83 (11) "Payment in lieu of taxes", those estimated revenues from real
84 property in the area selected for a redevelopment project, which revenues
85 according to the redevelopment project or plan are to be used for a private use,
86 which taxing districts would have received had a municipality not adopted tax
87 increment allocation financing, and which would result from levies made after the
88 time of the adoption of tax increment allocation financing during the time the
89 current equalized value of real property in the area selected for the

90 redevelopment project exceeds the total initial equalized value of real property
91 in such area until the designation is terminated pursuant to subsection 2 of
92 section 99.850;

93 (12) "Redevelopment area", an area designated by a municipality, in
94 respect to which the municipality has made a finding that there exist conditions
95 which cause the area to be classified as a blighted area, a conservation area, an
96 economic development area, an enterprise zone pursuant to sections 135.200 to
97 135.256, or a combination thereof, which area includes only those parcels of real
98 property directly and substantially benefitted by the proposed redevelopment
99 project;

100 (13) "Redevelopment plan", the comprehensive program of a municipality
101 for redevelopment intended by the payment of redevelopment costs to reduce or
102 eliminate those conditions, the existence of which qualified the redevelopment
103 area as a blighted area, conservation area, economic development area, or
104 combination thereof, and to thereby enhance the tax bases of the taxing districts
105 which extend into the redevelopment area. Each redevelopment plan shall
106 conform to the requirements of section 99.810;

107 (14) "Redevelopment project", any development project within a
108 redevelopment area in furtherance of the objectives of the redevelopment plan;
109 any such redevelopment project shall include a legal description of the area
110 selected for the redevelopment project;

111 (15) "Redevelopment project costs" include the sum total of all reasonable
112 or necessary costs incurred or estimated to be incurred, and any such costs
113 incidental to a redevelopment plan or redevelopment project, as applicable. Such
114 costs include, but are not limited to, the following:

115 (a) Costs of studies, surveys, plans, and specifications;

116 (b) Professional service costs, including, but not limited to, architectural,
117 engineering, legal, marketing, financial, planning or special services. Except the
118 reasonable costs incurred by the commission established in section 99.820 for the
119 administration of sections 99.800 to 99.865, such costs shall be allowed only as
120 an initial expense which, to be recoverable, shall be included in the costs of a
121 redevelopment plan or project;

122 (c) Property assembly costs, including, but not limited to:

123 a. Acquisition of land and other property, real or personal, or rights or
124 interests therein;

125 b. Demolition of buildings; and

126 c. The clearing and grading of land;
127 (d) Costs of rehabilitation, reconstruction, or repair or remodeling of
128 existing buildings and fixtures;
129 (e) Initial costs for an economic development area;
130 (f) Costs of construction of public works or improvements;
131 (g) Financing costs, including, but not limited to, all necessary and
132 incidental expenses related to the issuance of obligations, and which may include
133 payment of interest on any obligations issued pursuant to sections 99.800 to
134 99.865 accruing during the estimated period of construction of any redevelopment
135 project for which such obligations are issued and for not more than eighteen
136 months thereafter, and including reasonable reserves related thereto;
137 (h) All or a portion of a taxing district's capital costs resulting from the
138 redevelopment project necessarily incurred or to be incurred in furtherance of the
139 objectives of the redevelopment plan and project, to the extent the municipality
140 by written agreement accepts and approves such costs;
141 (i) Relocation costs to the extent that a municipality determines that
142 relocation costs shall be paid or are required to be paid by federal or state law;
143 (j) Payments in lieu of taxes;
144 **(16) "Retail area", a proposed redevelopment area for which most**
145 **of the projected tax increment financing revenue will be generated**
146 **from retail businesses, which shall be businesses that primarily sell or**
147 **offer to sell goods to a buyer primarily for the buyer's personal, family,**
148 **or household use and not primarily for business, commercial, or**
149 **agricultural use;**
150 **(17) "Retail infrastructure projects", highways, roads, streets,**
151 **bridges, sewers, traffic control systems and devices, water distribution**
152 **and supply systems, curbing, sidewalks, storm water and drainage**
153 **systems, and any other similar public improvements, but in no case**
154 **shall retail infrastructure projects include private structures;**
155 **(18) "Special allocation fund", the fund of a municipality or its**
156 **commission which contains at least two separate segregated accounts for each**
157 **redevelopment plan, maintained by the treasurer of the municipality or the**
158 **treasurer of the commission into which payments in lieu of taxes are deposited**
159 **in one account, and economic activity taxes and other revenues are deposited in**
160 **the other account;**
161 **[(17)] (19) "Taxing districts", any political subdivision of this state**

162 having the power to levy taxes;

163 [(18)] **(20)** "Taxing districts' capital costs", those costs of taxing districts
164 for capital improvements that are found by the municipal governing bodies to be
165 necessary and to directly result from the redevelopment project; and

166 [(19)] **(21)** "Vacant land", any parcel or combination of parcels of real
167 property not used for industrial, commercial, or residential buildings.

99.810. 1. Each redevelopment plan shall set forth in writing a general
2 description of the program to be undertaken to accomplish the objectives and
3 shall include, but need not be limited to, the estimated redevelopment project
4 costs, the anticipated sources of funds to pay the costs, evidence of the
5 commitments to finance the project costs, the anticipated type and term of the
6 sources of funds to pay costs, the anticipated type and terms of the obligations to
7 be issued, the most recent equalized assessed valuation of the property within the
8 redevelopment area which is to be subjected to payments in lieu of taxes and
9 economic activity taxes pursuant to section 99.845, an estimate as to the
10 equalized assessed valuation after redevelopment, and the general land uses to
11 apply in the redevelopment area. No redevelopment plan shall be adopted by a
12 municipality without findings that:

13 (1) The redevelopment area on the whole is a blighted area, a conservation
14 area, or an economic development area, and has not been subject to growth and
15 development through investment by private enterprise and would not reasonably
16 be anticipated to be developed without the adoption of tax increment
17 financing. Such a finding shall include, but not be limited to, a **study**
18 **conducted by a party other than the proponent of a redevelopment**
19 **plan, which includes** a detailed description of the factors that qualify the
20 redevelopment area or project pursuant to this subdivision and an affidavit,
21 signed by the developer or developers and submitted with the redevelopment
22 plan, attesting that the provisions of this subdivision have been met;

23 (2) The redevelopment plan conforms to the comprehensive plan for the
24 development of the municipality as a whole;

25 (3) The estimated dates, which shall not be more than twenty-three years
26 from the adoption of the ordinance approving a redevelopment project within a
27 redevelopment area, of completion of any redevelopment project and retirement
28 of obligations incurred to finance redevelopment project costs have been stated,
29 provided that no ordinance approving a redevelopment project shall be adopted
30 later than ten years from the adoption of the ordinance approving the

31 redevelopment plan under which such project is authorized and provided that no
32 property for a redevelopment project shall be acquired by eminent domain later
33 than five years from the adoption of the ordinance approving such redevelopment
34 project;

35 (4) A plan has been developed for relocation assistance for businesses and
36 residences;

37 (5) A cost-benefit analysis showing the economic impact of the plan on
38 each taxing district which is at least partially within the boundaries of the
39 redevelopment area. The analysis shall show the impact on the economy if the
40 project is not built, and is built pursuant to the redevelopment plan under
41 consideration. The cost-benefit analysis shall include a fiscal impact study on
42 every affected political subdivision, and sufficient information from the developer
43 for the commission established in section 99.820 to evaluate whether the project
44 as proposed is financially feasible;

45 (6) A finding that the plan does not include the initial development or
46 redevelopment of any gambling establishment, provided however, that this
47 subdivision shall be applicable only to a redevelopment plan adopted for a
48 redevelopment area designated by ordinance after December 23, 1997.

49 **2. Tax increment allocation financing shall not be adopted under**
50 **sections 99.800 to 99.866 in a retail area unless such financing is**
51 **exclusively utilized to fund retail infrastructure projects or unless such**
52 **area is a blighted area or conservation area. The provisions of this**
53 **subsection shall not apply to any tax increment allocation financing**
54 **project or plan approved before August 28, 2019, nor any amendment**
55 **to tax increment allocation financing projects and plans approved**
56 **before August 28, 2019, provided that such an amendment does not add**
57 **buildings of new construction in excess of twenty-five percent of the**
58 **scope of the original redevelopment agreement.**

59 **3.** By the last day of February each year, each commission shall report to
60 the director of economic development the name, address, phone number and
61 primary line of business of any business which relocates to the district. The
62 director of the department of economic development shall compile and report the
63 same to the governor, the speaker of the house and the president pro tempore of
64 the senate on the last day of April each year.

99.843. Notwithstanding the provisions of sections 99.800 to 99.865 to the
2 contrary, no new tax increment financing project shall be authorized in any

3 greenfield area, as such term is defined in section 99.805[, that is located within
4 a city not within a county or any county subject to the authority of the East-West
5 Gateway Council of Governments. Municipalities not subject to the authority of
6 the East-West Gateway Council of Governments may authorize tax increment
7 finance projects in greenfield areas].

99.847. 1. Notwithstanding the provisions of sections 99.800 to 99.865 to
2 the contrary, no new tax increment financing project shall be authorized in any
3 area which is within an area designated as flood plain by the Federal Emergency
4 Management Agency [and which is located in or partly within a county with a
5 charter form of government with greater than two hundred fifty thousand
6 inhabitants but fewer than three hundred thousand inhabitants, unless the
7 redevelopment area actually abuts a river or a major waterway and is
8 substantially surrounded by contiguous properties with residential, industrial, or
9 commercial zoning classifications].

10 2. This subsection shall not apply to tax increment financing projects or
11 districts approved prior to July 1, 2003, and shall allow the aforementioned tax
12 increment financing projects to modify, amend or expand such projects including
13 redevelopment project costs by not more than forty percent of such project
14 original projected cost including redevelopment project costs as such projects
15 including redevelopment project costs as such projects redevelopment projects
16 including redevelopment project costs existed as of June 30, 2003, and shall allow
17 the aforementioned tax increment financing district to modify, amend or expand
18 such districts by not more than five percent as such districts existed as of June
19 30, 2003.

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