

SECOND REGULAR SESSION

SENATE BILL NO. 570

100TH GENERAL ASSEMBLY

INTRODUCED BY SENATOR KOENIG.

Pre-filed December 1, 2019, and ordered printed.

ADRIANE D. CROUSE, Secretary.

3497S.011

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2 repealed and four new sections enacted in lieu thereof, to be known as sections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
18 any one or more of the following factors: dilapidation; obsolescence; deterioration;

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

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, 2022, 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) **"Flood plain infrastructure projects", flood walls, floodgates,**
59 **levees, dams, or any other similar public improvement designed to**
60 **mitigate flooding and to remove an area's designation as a flood plain**
61 **by the Federal Emergency Management Agency;**

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

71 [(7)] (8) "Greenfield area", any vacant, unimproved, or agricultural
72 property that is located wholly outside the incorporated limits of a city, town, or
73 village, or that is substantially surrounded by contiguous properties with
74 agricultural zoning classifications or uses unless said property was annexed into
75 the incorporated limits of a city, town, or village ten years prior to the adoption
76 of the ordinance approving the redevelopment plan for such greenfield area;

77 [(8)] (9) "Municipality", a city, village, or incorporated town or any
78 county of this state. For redevelopment areas or projects approved on or after
79 December 23, 1997, municipality applies only to cities, villages, incorporated
80 towns or counties established for at least one year prior to such date;

81 [(9)] (10) "Obligations", bonds, loans, debentures, notes, special
82 certificates, or other evidences of indebtedness issued by a municipality to carry
83 out a redevelopment project or to refund outstanding obligations;

84 [(10)] (11) "Ordinance", an ordinance enacted by the governing body of
85 a city, town, or village or a county or an order of the governing body of a county
86 whose governing body is not authorized to enact ordinances;

87 [(11)] (12) "Payment in lieu of taxes", those estimated revenues from real
88 property in the area selected for a redevelopment project, which revenues
89 according to the redevelopment project or plan are to be used for a private use,
90 which taxing districts would have received had a municipality not adopted tax

91 increment allocation financing, and which would result from levies made after the
92 time of the adoption of tax increment allocation financing during the time the
93 current equalized value of real property in the area selected for the
94 redevelopment project exceeds the total initial equalized value of real property
95 in such area until the designation is terminated pursuant to subsection 2 of
96 section 99.850;

97 **(13) "Port infrastructure project", docks and associated**
98 **equipment, cargo and passenger terminals, storage warehouses, or any**
99 **other similar infrastructure directly related to port facilities located**
100 **in a port district created pursuant to the provisions of chapter 68 and**
101 **located within one-half of one mile of a navigable waterway;**

102 ~~[(12)]~~ **(14)** "Redevelopment area", an area designated by a municipality,
103 in respect to which the municipality has made a finding that there exist
104 conditions which cause the area to be classified as a blighted area, a conservation
105 area, an economic development area, an enterprise zone pursuant to sections
106 135.200 to 135.256, or a combination thereof, which area includes only those
107 parcels of real property directly and substantially benefitted by the proposed
108 redevelopment project;

109 ~~[(13)]~~ **(15)** "Redevelopment plan", the comprehensive program of a
110 municipality for redevelopment intended by the payment of redevelopment costs
111 to reduce or eliminate those conditions, the existence of which qualified the
112 redevelopment area as a blighted area, conservation area, economic development
113 area, or combination thereof, and to thereby enhance the tax bases of the taxing
114 districts which extend into the redevelopment area. Each redevelopment plan
115 shall conform to the requirements of section 99.810;

116 ~~[(14)]~~ **(16)** "Redevelopment project", any development project within a
117 redevelopment area in furtherance of the objectives of the redevelopment plan;
118 any such redevelopment project shall include a legal description of the area
119 selected for the redevelopment project;

120 ~~[(15)]~~ **(17)** "Redevelopment project costs" include the sum total of all
121 reasonable or necessary costs incurred or estimated to be incurred, and any such
122 costs incidental to a redevelopment plan or redevelopment project, as
123 applicable. Such costs include, but are not limited to, the following:

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

125 (b) Professional service costs, including, but not limited to, architectural,
126 engineering, legal, marketing, financial, planning or special services. Except the

127 reasonable costs incurred by the commission established in section 99.820 for the
128 administration of sections 99.800 to 99.865, such costs shall be allowed only as
129 an initial expense which, to be recoverable, shall be included in the costs of a
130 redevelopment plan or project;

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

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

134 b. Demolition of buildings; and

135 c. The clearing and grading of land;

136 (d) Costs of rehabilitation, reconstruction, or repair or remodeling of
137 existing buildings and fixtures;

138 (e) Initial costs for an economic development area;

139 (f) Costs of construction of public works or improvements;

140 (g) Financing costs, including, but not limited to, all necessary and
141 incidental expenses related to the issuance of obligations, and which may include
142 payment of interest on any obligations issued pursuant to sections 99.800 to
143 99.865 accruing during the estimated period of construction of any redevelopment
144 project for which such obligations are issued and for not more than eighteen
145 months thereafter, and including reasonable reserves related thereto;

146 (h) All or a portion of a taxing district's capital costs resulting from the
147 redevelopment project necessarily incurred or to be incurred in furtherance of the
148 objectives of the redevelopment plan and project, to the extent the municipality
149 by written agreement accepts and approves such costs;

150 (i) Relocation costs to the extent that a municipality determines that
151 relocation costs shall be paid or are required to be paid by federal or state law;

152 (j) Payments in lieu of taxes;

153 **(18) "Retail area", a proposed redevelopment area for which most**
154 **of the projected tax increment financing revenue will be generated**
155 **from retail businesses, which shall be businesses that primarily sell or**
156 **offer to sell goods to a buyer primarily for the buyer's personal, family,**
157 **or household use and not primarily for business, commercial, or**
158 **agricultural use;**

159 **(19) "Retail infrastructure projects", highways, roads, streets,**
160 **bridges, sewers, traffic control systems and devices, water distribution**
161 **and supply systems, curbing, sidewalks, storm water and drainage**
162 **systems, or any other similar public improvements, but in no case shall**

163 **retail infrastructure projects include private structures;**

164 [(16)] (20) "Special allocation fund", the fund of a municipality or its
165 commission which contains at least two separate segregated accounts for each
166 redevelopment plan, maintained by the treasurer of the municipality or the
167 treasurer of the commission into which payments in lieu of taxes are deposited
168 in one account, and economic activity taxes and other revenues are deposited in
169 the other account;

170 [(17)] (21) "Taxing districts", any political subdivision of this state
171 having the power to levy taxes;

172 [(18)] (22) "Taxing districts' capital costs", those costs of taxing districts
173 for capital improvements that are found by the municipal governing bodies to be
174 necessary and to directly result from the redevelopment project; and

175 [(19)] (23) "Vacant land", any parcel or combination of parcels of real
176 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 99.865 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, 2020, nor to any amendment**
55 **to tax increment allocation financing projects and plans where such**
56 **projects or plans were originally approved before August 28, 2020,**
57 **provided that such an amendment does not add buildings of new**
58 **construction in excess of twenty-five percent of the scope of the**

59 original redevelopment agreement.

60 **3.** By the last day of February each year, each commission shall report to
61 the director of economic development the name, address, phone number and
62 primary line of business of any business which relocates to the district. The
63 director of the department of economic development shall compile and report the
64 same to the governor, the speaker of the house and the president pro tempore of
65 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. **(1)** Notwithstanding the provisions of sections 99.800 to
2 99.865 to the contrary, no new tax increment financing project shall be authorized
3 in any area which is within an area designated as flood plain by the Federal
4 Emergency Management Agency [and which is located in or partly within a
5 county with a charter form of government with greater than two hundred fifty
6 thousand inhabitants but fewer than three hundred thousand inhabitants, unless
7 the 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] **unless such project is located in;**

10 **(a) A port district created under the provisions of chapter 68,**
11 **provided that such financing is exclusively utilized to fund a port**
12 **infrastructure project that is approved by the port authority; or**

13 **(b) A levee district created pursuant to chapter 245 or a drainage**
14 **district created pursuant to chapters 242 or 243 prior to August 28,**
15 **2020.**

16 **(2) Notwithstanding the provisions of subdivision (1) of this**
17 **subsection to the contrary, tax increment allocation financing may be**
18 **adopted within an area designated as flood plain by the Federal**
19 **Emergency Management Agency, provided that such financing is**
20 **exclusively utilized to fund flood plain infrastructure projects that**
21 **result in such area no longer being designated as a flood plain.**

22 2. This [subsection] section shall not apply to tax increment financing

23 projects or districts approved prior to [July 1, 2003,] **June 30, 2021**, and shall
24 allow [the aforementioned] **such** tax increment financing projects to modify,
25 amend or expand such projects including redevelopment project costs by not more
26 than forty percent of such project original projected cost [including redevelopment
27 project costs] as such projects including redevelopment project costs as such
28 projects redevelopment projects [including redevelopment project costs existed as
29 of June 30, 2003, and shall allow the aforementioned tax increment financing
30 district to modify, amend or expand such districts by not more than five percent
31 as such districts existed as of June 30, 2003].

32 **3. The provisions of subsections 1 and 2 of this section**
33 **notwithstanding, no new tax increment financing project shall be**
34 **authorized in any area which is within an area designated as flood**
35 **plain by the Federal Emergency Management Agency and which is**
36 **located in or partly within a county with a charter form of government**
37 **and with more than three hundred thousand but fewer than four**
38 **hundred fifty thousand inhabitants, unless the redevelopment area**
39 **actually abuts a river or a major waterway and is substantially**
40 **surrounded by contiguous properties with residential, industrial, or**
41 **commercial zoning classifications.**

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