

SENATE BILL NO. 1000

102ND GENERAL ASSEMBLY

INTRODUCED BY SENATOR HOSKINS.

3979S.01I

KRISTINA MARTIN, Secretary

AN ACT

To repeal section 99.1205, RSMo, and to enact in lieu thereof one new section relating to a tax credit for the acquisition of certain properties.

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

Section A. Section 99.1205, RSMo, is repealed and one new
2 section enacted in lieu thereof, to be known as section 99.1205,
3 to read as follows:

99.1205. 1. This section shall be known and may be
2 cited as the "Distressed Areas Land Assemblage Tax Credit
3 Act".

2. As used in this section, the following terms mean:

(1) "Acquisition costs", the purchase price for the
6 eligible parcel, costs of environmental assessments, closing
7 costs, real estate brokerage fees, reasonable demolition
8 costs of vacant structures, and reasonable maintenance costs
9 incurred to maintain an acquired eligible parcel for a
10 period of five years after the acquisition of such eligible
11 parcel. Acquisition costs shall not include costs for title
12 insurance and survey, attorney's fees, relocation costs,
13 fines, or bills from a municipality;

(2) "Applicant", any person, firm, partnership, trust,
15 limited liability company, or corporation which has:

(a) Incurred, within an eligible project area,
17 acquisition costs for the acquisition of land sufficient to

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

18 satisfy the requirements under subdivision (8) of this
19 subsection; and

20 (b) Been appointed or selected, pursuant to a
21 redevelopment agreement by a municipal authority, as a
22 redeveloper or similar designation, under an economic
23 incentive law, to redevelop an urban renewal area or a
24 redevelopment area that includes all of an eligible project
25 area or whose redevelopment plan or redevelopment area,
26 which encompasses all of an eligible project area, has been
27 approved or adopted under an economic incentive law. In
28 addition to being designated the redeveloper, the applicant
29 shall have been designated to receive economic incentives
30 only after the municipal authority has considered the amount
31 of the tax credits in adopting such economic incentives as
32 provided in subsection 8 of this section. The redevelopment
33 agreement shall provide that:

34 a. The funds generated through the use or sale of the
35 tax credits issued under this section shall be used to
36 redevelop the eligible project area;

37 b. No more than seventy-five percent of the urban
38 renewal area identified in the urban renewal plan or the
39 redevelopment area identified in the redevelopment plan may
40 be redeveloped by the applicant; and

41 c. The remainder of the urban renewal area or the
42 redevelopment area shall be redeveloped by co-redevelopers
43 or redevelopers to whom the applicant has assigned its
44 redevelopment rights and obligations under the urban renewal
45 plan or the redevelopment plan;

46 (3) "Certificate", a tax credit certificate issued
47 under this section;

48 (4) "Condemnation proceedings", any action taken by,
49 or on behalf of, an applicant to initiate an action in a

50 court of competent jurisdiction to use the power of eminent
51 domain to acquire a parcel within the eligible project
52 area. Condemnation proceedings shall include any and all
53 actions taken after the submission of a notice of intended
54 acquisition to an owner of a parcel within the eligible
55 project area by a municipal authority or any other person or
56 entity under section 523.250;

57 (5) "Department", the Missouri department of economic
58 development;

59 (6) "Economic incentive laws", any provision of
60 Missouri law pursuant to which economic incentives are
61 provided to redevelopers of a parcel or parcels to redevelop
62 the land, such as tax abatement or payments in lieu of
63 taxes, or redevelopment plans or redevelopment projects
64 approved or adopted which include the use of economic
65 incentives to redevelop the land. Economic incentive laws
66 include, but are not limited to, the land clearance for
67 redevelopment authority law under sections 99.300 to 99.660,
68 the real property tax increment allocation redevelopment act
69 under sections 99.800 to 99.865, the Missouri downtown and
70 rural economic stimulus act under sections 99.915 to
71 99.1060, and the downtown revitalization preservation
72 program under sections 99.1080 to 99.1092;

73 (7) "Eligible parcel", a parcel:

74 (a) Which is located within an eligible project area;

75 (b) Which is to be redeveloped;

76 (c) On which the applicant has not commenced
77 construction prior to November 28, 2007;

78 (d) Which has been acquired without the commencement
79 of any condemnation proceedings with respect to such parcel
80 brought by or on behalf of the applicant. Any parcel

81 acquired by the applicant from a municipal authority shall
82 not constitute an eligible parcel; and

83 (e) On which all outstanding taxes, fines, and bills
84 levied by municipal governments that were levied by the
85 municipality during the time period that the applicant held
86 title to the eligible parcel have been paid in full;

87 (8) "Eligible project area", an area which shall have
88 satisfied the following requirements:

89 (a) The eligible project area shall consist of at
90 least seventy-five acres and may include parcels within its
91 boundaries that do not constitute an eligible parcel;

92 (b) At least eighty percent of the eligible project
93 area shall be located within a Missouri qualified census
94 tract area, as designated by the United States Department of
95 Housing and Urban Development under 26 U.S.C. Section 42,
96 or within a distressed community as that term is defined in
97 section 135.530;

98 (c) The eligible parcels acquired by the applicant
99 within the eligible project area shall total at least fifty
100 acres, which may consist of contiguous and noncontiguous
101 parcels;

102 (d) The average number of parcels per acre in an
103 eligible project area shall be four or more;

104 (e) Less than five percent of the acreage within the
105 boundaries of the eligible project area shall consist of
106 owner-occupied residences which the applicant has identified
107 for acquisition under the urban renewal plan or the
108 redevelopment plan pursuant to which the applicant was
109 appointed or selected as the redeveloper or by which the
110 person or entity was qualified as an applicant under this
111 section on the date of the approval or adoption of such plan;

112 (9) "Interest costs", interest, loan fees, and closing
113 costs. Interest costs shall not include attorney's fees;

114 (10) "Maintenance costs", costs of boarding up and
115 securing vacant structures, costs of removing trash, and
116 costs of cutting grass and weeds;

117 (11) "Municipal authority", any city, town, village,
118 county, public body corporate and politic, political
119 subdivision, or land trust of this state established and
120 authorized to own land within the state;

121 (12) "Municipality", any city, town, village, or
122 county;

123 (13) "Parcel", a single lot or tract of land, and the
124 improvements thereon, owned by, or recorded as the property
125 of, one or more persons or entities;

126 (14) "Redeveloped", the process of undertaking and
127 carrying out a redevelopment plan or urban renewal plan
128 pursuant to which the conditions which provided the basis
129 for an eligible project area to be included in a
130 redevelopment plan or urban renewal plan are to be reduced
131 or eliminated by redevelopment or rehabilitation; and

132 (15) "Redevelopment agreement", the redevelopment
133 agreement or similar agreement into which the applicant
134 entered with a municipal authority and which is the
135 agreement for the implementation of the urban renewal plan
136 or redevelopment plan pursuant to which the applicant was
137 appointed or selected as the redeveloper or by which the
138 person or entity was qualified as an applicant under this
139 section; and such appointment or selection shall have been
140 approved by an ordinance of the governing body of the
141 municipality, or municipalities, or in the case of any city
142 not within a county, the board of aldermen, in which the
143 eligible project area is located. The redevelopment

144 agreement shall include a time line for redevelopment of the
145 eligible project area. The redevelopment agreement shall
146 state that the named developer shall be subject to the
147 provisions of chapter 290.

148 3. Any applicant shall be entitled to a tax credit
149 against the taxes imposed under chapters 143, 147, and 148,
150 except for sections 143.191 to 143.265, in an amount equal
151 to fifty percent of the acquisition costs, and one hundred
152 percent of the interest costs incurred for a period of five
153 years after the acquisition of an eligible parcel. [No tax
154 credits shall be issued under this section until after
155 January 1, 2008.]

156 4. If the amount of such tax credit exceeds the total
157 tax liability for the year in which the applicant is
158 entitled to receive a tax credit, the amount that exceeds
159 the state tax liability may be carried forward for credit
160 against the taxes imposed under chapters 143, 147, and 148
161 for the succeeding six years, or until the full credit is
162 used, whichever occurs first. The applicant shall not be
163 entitled to a tax credit for taxes imposed under sections
164 143.191 to 143.265. Applicants entitled to receive such tax
165 credits may transfer, sell, or assign the tax credits. Tax
166 credits granted to a partnership, a limited liability
167 company taxed as a partnership, or multiple owners of
168 property shall be passed through to the partners, members,
169 or owners respectively pro rata or pursuant to an executed
170 agreement among the partners, members, or owners documenting
171 an alternate distribution method.

172 5. A purchaser, transferee, or assignee of the tax
173 credits authorized under this section may use acquired tax
174 credits to offset up to one hundred percent of the tax
175 liabilities otherwise imposed under chapters 143, 147, and

176 148, except for sections 143.191 to 143.265. A seller,
177 transferor, or assignor shall perfect such transfer by
178 notifying the department in writing within thirty calendar
179 days following the effective date of the transfer and shall
180 provide any information as may be required by the department
181 to administer and carry out the provisions of this section.

182 6. To claim tax credits authorized under this section,
183 an applicant shall submit to the department an application
184 for a certificate. An applicant shall identify the
185 boundaries of the eligible project area in the application.
186 The department shall verify that the applicant has submitted
187 a valid application in the form and format required by the
188 department. The department shall verify that the municipal
189 authority held the requisite hearings and gave the requisite
190 notices for such hearings in accordance with the applicable
191 economic incentive act, and municipal ordinances. On an
192 annual basis, an applicant may file for the tax credit for
193 the acquisition costs, and for the tax credit for the
194 interest costs, subject to the limitations of this section.
195 If an applicant applying for the tax credit meets the
196 criteria required under this section, the department shall
197 issue a certificate in the appropriate amount. If an
198 applicant receives a tax credit for maintenance costs as a
199 part of the applicant's acquisition costs, the department
200 shall post on its internet website the amount and type of
201 maintenance costs and a description of the redevelopment
202 project for which the applicant received a tax credit within
203 thirty days after the department issues the certificate to
204 the applicant.

205 7. [The total aggregate amount of tax credits
206 authorized under this section shall not exceed ninety-five
207 million dollars.] At no time shall the annual amount of the

208 tax credits issued under this section exceed twenty million
209 dollars. If the tax credits that are to be issued under
210 this section exceed, in any year, the twenty million dollar
211 limitation, the department shall either:

212 (1) Issue tax credits to the applicant in the amount
213 of twenty million dollars, if there is only one applicant
214 entitled to receive tax credits in that year; or

215 (2) Issue the tax credits on a pro rata basis to all
216 applicants entitled to receive tax credits in that year.
217 Any amount of tax credits, which an applicant is, or
218 applicants are, entitled to receive on an annual basis and
219 are not issued due to the twenty million dollar limitation,
220 shall be carried forward for the benefit of the applicant or
221 applicants to subsequent years.

222 No tax credits provided under this section shall be
223 authorized after August 28, [2013] 2030. Any tax credits
224 which have been authorized on or before August 28, [2013]
225 2030, but not issued, may be issued, subject to the
226 limitations provided under this subsection, until all such
227 authorized tax credits have been issued.

228 8. Upon issuance of any tax credits pursuant to this
229 section, the department shall report to the municipal
230 authority the applicant's name and address, the parcel
231 numbers of the eligible parcels for which the tax credits
232 were issued, the itemized acquisition costs and interest
233 costs for which tax credits were issued, and the total value
234 of the tax credits issued. The municipal authority and the
235 state shall not consider the amount of the tax credits as an
236 applicant's cost, but shall include the tax credits in any
237 sources and uses and cost benefit analysis reviewed or
238 created for the purpose of awarding other economic

239 incentives. The amount of the tax credits shall not be
240 considered an applicant's cost in the evaluation of the
241 amount of any award of any other economic incentives, but
242 shall be considered in measuring the reasonableness of the
243 rate of return to the applicant with respect to such award
244 of other economic incentives. The municipal authority shall
245 provide the report to any relevant commission, board, or
246 entity responsible for the evaluation and recommendation or
247 approval of other economic incentives to assist in the
248 redevelopment of the eligible project area. Tax credits
249 authorized under this section shall constitute redevelopment
250 tax credits, as such term is defined under section 135.800,
251 and shall be subject to all provisions applicable to
252 redevelopment tax credits provided under sections 135.800 to
253 135.830.

254 9. The department may promulgate rules to implement
255 the provisions of this section. Any rule or portion of a
256 rule, as that term is defined in section 536.010, that is
257 created under the authority delegated in this section shall
258 become effective only if it complies with and is subject to
259 all of the provisions of chapter 536 and, if applicable,
260 section 536.028. This section and chapter 536 are
261 nonseverable and if any of the powers vested with the
262 general assembly pursuant to chapter 536 to review, to delay
263 the effective date, or to disapprove and annul a rule are
264 subsequently held unconstitutional, then the grant of
265 rulemaking authority and any rule proposed or adopted after
266 August 28, 2007, shall be invalid and void.

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