

SENATE BILL NO. 1688

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR GREGORY (15).

7289S.011

KRISTINA MARTIN, Secretary

AN ACT

To amend chapter 99, RSMo, by adding thereto six new sections relating to incentives for downtown redevelopment.

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

Section A. Chapter 99, RSMo, is amended by adding thereto
2 six new sections, to be known as sections 99.1250, 99.1255,
3 99.1260, 99.1265, 99.1270, and 99.1275, to read as follows:

99.1250. 1. Sections 99.1250 to 99.1275 shall be
2 known and may be cited as the "Missouri Downtown Economic
3 Stimulus Act Extension Act".

4 2. The general assembly finds and declares that:

5 (1) The Missouri downtown and rural economic stimulus
6 act ("MODESA") established a highly successful economic
7 development program that resulted in landmark urban
8 revitalization developments in the state's largest
9 metropolitan areas;

10 (2) MODESA-approved development projects in Kansas
11 City and St. Louis draw over twenty million visitors a year
12 and are among the most visited destinations by tourists to
13 the state;

14 (3) MODESA incentivized over two billion dollars in
15 private investment in the MODESA-approved development
16 projects, transforming the state's urban cores;

17 (4) MODESA-approved development projects have
18 generated thousands of jobs and provided billions of dollars
19 in economic impact;

20 (5) MODESA-approved development projects have
21 successfully drawn thousands of new residents to the state,
22 and have spurred substantial additional private development
23 in the state;

24 (6) The state has benefitted from the receipt of
25 substantial state tax revenue from the MODESA-approved
26 development projects;

27 (7) Pursuant to section 99.975, no new MODESA
28 applications could be approved after January 1, 2013; and

29 (8) By extending MODESA for the MODESA-approved
30 development projects, this law is intended to serve as a
31 catalyst for new economic development and revitalization in
32 the state, propel private investment, and generate jobs, tax
33 revenue, and other economic benefits.

34 3. Insofar as the provisions of sections 99.1250 to
35 99.1275 are inconsistent with the provisions of any other
36 law, the provisions of sections 99.1250 to 99.1275 shall be
37 controlling.

 99.1255. Except as otherwise provided in sections
2 99.1250 to 99.1275, the definitions set forth in section
3 99.918 shall apply to expanded development projects under
4 sections 99.1250 to 99.1275. As used in sections 99.1250 to
5 99.1275, unless the context clearly requires otherwise, the
6 following additional terms shall mean:

7 (1) "Department", the Missouri department of economic
8 development;

9 (2) "Development project", any development project
10 approved pursuant to sections 99.915 to 99.1060 prior to
11 January 1, 2013;

12 (3) "Development project area", the area located
13 within a development area, as such development area may be
14 modified in accordance with sections 99.915 to 99.1060,
15 selected for a development project or an expanded
16 development project;

17 (4) "Developer", an entity identified by the
18 department as the developer of a development project in a
19 certificate of approval issued by the department for the
20 development project, or its affiliate, successor, or assign;

21 (5) "Expanded development project", any project of a
22 developer approved pursuant to sections 99.1250 to 99.1275
23 within a development area, as such development area may be
24 modified in accordance with sections 99.1250 to 99.1275, and
25 in furtherance of a development plan, as such development
26 plan may be amended, modified, or deemed amended consistent
27 with sections 99.1250 to 99.1275;

28 (6) "Expansion authority", a downtown economic
29 stimulus authority for a municipality, created pursuant to
30 section 99.921, and dedicated to carrying out expanded
31 development projects. Sections 99.924 to 99.933, and any
32 other provisions of sections 99.915 to 99.1060 applicable to
33 an authority, shall apply to any expansion authority;

34 (7) "Residential income tax increment", eighty-five
35 percent of the estimate of the income tax due the state and
36 municipality for the salaries or wages paid to natural
37 persons residing in a development project area of a
38 development project or an expanded development project
39 approved by the department;

40 (8) "State construction income tax increment", one
41 hundred percent of the estimate of the income tax due the
42 state for the salaries or wages paid to workers involved in
43 or related to the construction of an expanded development

44 project approved by the department. The estimate shall be a
45 percentage of the gross payroll which shall be based on an
46 analysis by the department of revenue of the practical tax
47 rate on gross payroll as a factor of overall taxable income.

99.1260. 1. Except as provided in sections 99.1250 to
2 99.1275, and upon application to the department consistent
3 with section 99.1270, sections 99.915 to 99.1060 are
4 extended and shall apply to a development project and
5 expanded development project.

6 2. Notwithstanding any other provision of law to the
7 contrary, including sections 99.915 to 99.1060, upon
8 approval of the department pursuant to section 99.1270, the
9 following shall apply to a development project and expanded
10 development project:

11 (1) A development area may be amended, expanded, or
12 modified, and may include three or more noncontiguous areas;

13 (2) A development area shall not be restricted to the
14 central business district and may be amended, expanded, or
15 modified to include areas outside of the central business
16 district;

17 (3) A development project area for a development
18 project may be amended, enlarged, reduced, or modified;

19 (4) A development plan shall be deemed to include an
20 expanded development project approved by the department;

21 (5) Upon application by the developer, the term of any
22 obligation issued to carry out a development project and the
23 term of any payments in lieu of taxes related to a
24 development project shall be extended to thirty-five years.
25 Any obligations or requirements set forth in sections 99.915
26 to 99.1060 shall run with the extended term;

27 (6) Obligations issued in support of an expanded
28 development project may be issued by a municipality, an

29 authority, an expansion authority, or any state or municipal
30 authority formed by a municipality in which a development
31 project area, or portion thereof, is located;

32 (7) The term of any obligation issued to carry out an
33 expanded development project or to refund outstanding
34 obligations and the term of payments in lieu of taxes
35 related to an expanded development project may not exceed
36 thirty-five years. Any obligations or requirements set
37 forth in sections 99.915 to 99.1060 shall run concurrent
38 with said term;

39 (8) The state income tax increment for an expanded
40 development project shall be up to eighty-five percent of
41 the estimate of the income tax due to the state for salaries
42 or wages paid to new employees in new jobs at a business
43 located in the development project area;

44 (9) The state sales tax increment for an expanded
45 development project shall be up to eighty-five percent of
46 the incremental increase in the state sales tax revenue in
47 the development project area. The provisions of section
48 99.918 requiring a de minimis portion finding by the
49 Missouri development finance board and limiting the state
50 sales tax increment in relation to the relocation of a
51 Missouri facility to a development project area shall not
52 apply;

53 (10) One hundred percent of payments in lieu of taxes
54 and eighty-five percent of economic activity taxes generated
55 in relation to an expanded development project shall be used
56 each year of the approved term to support development
57 project costs;

58 (11) An office displacement percentage and retail or
59 restaurant displacement percentage shall not apply to an
60 expanded development project;

61 (12) An application for an expanded development
62 project shall not be required to demonstrate that it could
63 not be financed without the use of MODESA or other state
64 incentives or funding;

65 (13) Development project costs incurred prior to the
66 department's approval of an expanded development project may
67 be reimbursed under sections 99.1250 to 99.1275 and funds
68 committed or incurred prior to said approval may qualify for
69 any local match requirement;

70 (14) An expanded development project shall be eligible
71 for all tax credits, subsidies, incentives, discounts,
72 rebates, or other economic development programs authorized
73 under state law;

74 (15) In addition to those identified in section
75 99.918, economic activity taxes applicable to an expanded
76 development project shall include personal property taxes,
77 taxes imposed on sales or charges for sleeping rooms paid by
78 transitional guests of hotels and motels in the development
79 project area, license fees, and any other fees or
80 assessments related to economic activity in the project
81 development area of the expanded development project;

82 (16) Sections 99.915, 99.954, 99.960, and 99.975 shall
83 not apply to expanded development projects. Section 99.942
84 shall not apply to a development project or an expanded
85 development project. The duration of disbursements under
86 section 99.960 shall be thirty-five years unless otherwise
87 determined under this section; and

88 (17) The department by rule may determine the
89 reporting requirements applicable to an expanded development
90 project.

 99.1265. 1. An expanded development project approved
2 by the department shall be eligible to participate in the

3 programs established by sections 67.1401 to 67.1571, 100.010
4 to 100.200, and 238.200 to 238.280.

5 2. For any expanded development project approved by
6 the department pursuant to section 99.1270, the department
7 shall disburse the state construction income tax increment
8 to support development project costs or obligations issued
9 to carry out the expanded development project. State
10 construction income tax increment disbursements shall cease
11 within one hundred eighty days of the date on which the
12 department determines that the construction of the expanded
13 development project is complete and the expanded development
14 project has opened to the public. Upon showing that one
15 hundred percent of the actual income tax due the state for
16 the salaries or wages paid to workers involved in or related
17 to the construction of an expanded development project
18 exceeded state construction income tax increment, the
19 department shall disburse the excess amount to the developer
20 of the expanded development project to be expended on or
21 used to reimburse any reasonable or necessary costs incurred
22 or estimated to be incurred in furtherance of the expanded
23 development project.

24 3. For any expanded development project approved by
25 the department pursuant to section 99.1270, the department
26 shall disburse the residential income tax increment to
27 support development project costs or obligations issued to
28 carry out the expanded development project. The duration of
29 residential income tax disbursements shall not exceed thirty-
30 five years. The approved term notwithstanding, residential
31 income tax disbursements shall terminate when development
32 financing for an expanded development project is
33 terminated. The following shall apply in relation to the
34 residential income tax increment:

35 (1) The residential income tax increment estimate may
36 be developed by the department in conjunction with the
37 department of revenue based on actual tax returns for the
38 natural persons residing within the development project area
39 for the expanded development project;

40 (2) The department, with the assistance of the
41 department of revenue, shall develop an alternative estimate
42 for the residential income tax increment that is based on
43 the greater of:

44 (a) The median household income for the metropolitan
45 statistical area in which the development project area is
46 located; or

47 (b) The average projected income of the natural
48 persons residing within the development project area for the
49 expanded development project, with such average income
50 projection updated every five years. After the first year
51 in which the alternative estimate is applied, the
52 alternative estimate shall be adjusted annually by applying
53 the percentage change in the Consumer Price Index
54 immediately prior to the date the adjustment will take
55 effect; and

56 (3) The developer shall elect whether to calculate the
57 residential income tax increment based on the estimate or
58 the alternative estimate. An election may not be rescinded
59 more frequently than annually and notice of any change in
60 election shall be submitted to the department no later than
61 sixty days prior to the start of a calendar year.

62 4. Upon application to and approval of the department,
63 a residential income tax increment may be developed and
64 disbursed to support development project costs or
65 obligations issued to carry out a development project. The
66 duration of residential income tax disbursements shall be

67 concurrent with the term of any obligation issued to carry
68 out the development project. The approved term
69 notwithstanding, residential income tax disbursements shall
70 terminate when development financing for the development
71 project is terminated. The residential income tax increment
72 shall be calculated consistent with subsection 3 of this
73 section.

74 5. An expanded development project approved by the
75 department pursuant to section 99.1270 shall qualify for the
76 most favorable economic development rate offered by a public
77 utility servicing the development project area for the
78 expanded development project. The duration of the rate
79 shall coincide with the term of any obligation issued to
80 carry out an expanded development project.

99.1270. 1. Approval of an expanded development
2 project or other authorization under section 99.1270 shall
3 be governed by this section, which shall apply in lieu of
4 sections 99.948 to 99.951.

5 2. An application may be submitted by a developer for
6 an approval or authorization on a form, and in such a
7 manner, as determined by the department.

8 3. An application for approval of an expanded
9 development project shall include the following:

10 (1) Identification of the developer and, if the
11 applicant is an affiliate, successor, or assign of the
12 developer, documentation substantiating the same;

13 (2) Identification of the mayor or chief executive
14 officer of the municipality in which the expanded
15 development project will be located;

16 (3) The location of the development site for the
17 expanded development project;

18 (4) A description of any amendment, expansion, or
19 modification of the development area associated with the
20 expanded development project and a resolution from the
21 governing body or other evidence from the mayor or chief
22 executive officer of the municipality consenting to such
23 modification;

24 (5) A description of any amendment, enlargement,
25 reduction, or modification of the development project area
26 of a development project that is related to or sought in
27 conjunction with the expanded development project;

28 (6) A description of the development project area for
29 the expanded development project;

30 (7) A description of the expanded development project,
31 including, but not limited to, the facilities, structures,
32 operations, and infrastructure to be developed as part of
33 the project, the estimated jobs to be created in conjunction
34 with the project, including construction and permanent jobs
35 and full-time and part-time equivalents, the estimated
36 number of natural persons that will reside in the
37 development project area for the project, the consistency of
38 the project with the comprehensive plan of the municipality
39 as a whole, and the estimated development project costs;

40 (8) An economic impact analysis showing the projected
41 economic benefits to the municipality and the state from the
42 expanded development project;

43 (9) A description of community and other benefits to
44 result from the project;

45 (10) The anticipated sources of funds to pay the
46 estimated development project costs and evidence of any
47 commitments to finance the development project costs;

48 (11) The anticipated type and term of the sources of
49 funds to pay the estimated development project costs,

50 including the anticipated type of terms of obligations
51 anticipated to be issued;

52 (12) The most recent equalized assessed valuation of
53 the property within the development project area of the
54 expanded development project;

55 (13) Information deemed necessary by the department to
56 determine the baseline estimates for the state sales tax
57 increment and the state income tax increment;

58 (14) Information deemed necessary by the department to
59 determine the state construction income tax increment
60 estimate;

61 (15) Information deemed necessary by the department to
62 determine the residential income tax increment estimate and
63 alternative estimate;

64 (16) Projected amounts of state sales tax increment,
65 state income tax increment, state construction income tax
66 increment, and residential income tax increment funding
67 sought in relation to the expanded development project and
68 the term of such funding;

69 (17) Projected payments in lieu of taxes and economic
70 activity payments in support of the expanded development
71 project and the term of such funding;

72 (18) Expressions of municipal or local support for the
73 expanded development project; and

74 (19) Any other information as the department may
75 reasonably require.

76 4. Following receipt of an application, the department
77 shall determine whether the application is complete. If the
78 application is not complete, the department shall notify the
79 applicant in writing of the information needed to complete
80 the application. An applicant may amend or supplement its

81 application at any time prior to approval by the department
82 including after it has been deemed complete.

83 5. Upon determining that an application is complete,
84 the department shall review the application and request such
85 additional information that it deems necessary. Within
86 sixty days of the completeness determination, the department
87 shall approve the application unless it determines that the
88 expanded development project is contrary to the best
89 interests of the state. For an approved application, the
90 department shall issue a certificate of approval containing
91 the terms and conditions of the approval, including, but not
92 limited to, the amount and a description of development
93 project costs approved for reimbursement or payment, the
94 baseline year for the state sales tax increment and state
95 income tax increment, the types and amounts of increments
96 approved, and the term of such funding.

99.1275. 1. The department may promulgate rules and
2 regulations as necessary or appropriate to implement the
3 provisions of this law.

4 2. In order to facilitate the prompt implementation of
5 this law, regulations promulgated by the department shall be
6 deemed temporary regulations which shall expire not later
7 than two years following the publication of the temporary
8 regulation. Temporary regulations promulgated by the
9 department shall be exempt from chapter 536.

10 3. The department's authority to adopt temporary
11 regulations under subsection 2 of this section shall expire
12 two years after the effective date of this section.
13 Regulations adopted after this period shall be promulgated
14 as provided by law.

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