

# SENATE BILL NO. 1694

103RD GENERAL ASSEMBLY

INTRODUCED BY SENATOR ROBERTS.

7297S.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 payroll shall be based  
46 on an analysis by the department of revenue of the practical  
47 tax rate on gross payroll as a factor of overall taxable  
48 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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