

SECOND REGULAR SESSION

SENATE BILL NO. 950

89TH GENERAL ASSEMBLY

INTRODUCED BY SENATORS GOODE AND EHLMANN.

Read 1st time February 24, 1998, and 1,000 copies ordered printed.

TERRY L. SPIELER, Secretary.

S3966.011

AN ACT

To repeal section 99.805, as enacted by senate bill no. 1 of the second extraordinary session of the eighty-ninth general assembly and approved by the governor, relating to real property tax increment allocation redevelopment, and to enact in lieu thereof two new sections relating to the same subject.

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

Section A. Section 99.805, as enacted by senate bill no. 1 of the second extraordinary session of the eighty-ninth general assembly and approved by the governor, is repealed and two new sections enacted in lieu thereof, to be known as sections 99.805 and 99.871 to read as follows:

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

(1) "Abandoned property", real property previously used for, or which has the potential to be used for, commercial or industrial purposes which reverted to the ownership of the state, a county, or municipal government, or an agency thereof, through donation, purchase, tax delinquency, foreclosure, default or settlement, including conveyance by deed in lieu of foreclosure or a privately owned property endorsed by the city, or county if the property is not in a city, for inclusion in the program which will be transferred to a person other than the potentially responsible party as defined in chapter 250, RSMo, and has been vacant or underutilized;

[(1)] **(2)** "Blighted area", an area which, by reason of the predominance of defective or inadequate street layout, unsanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or

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

property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals, or welfare in its present condition and use;

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

[(3)] (4) "Conservation area", any improved area within the boundaries of a redevelopment area located within the territorial limits of a municipality in which fifty percent or more of the structures in the area have an age of thirty-five years or more. Such an area is not yet a blighted area but is detrimental to the public health, safety, morals, or welfare and may become a blighted area because of any one or more of the following factors: Dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; abandonment; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land use or layout; depreciation of physical maintenance; and lack of community planning. A conservation area shall meet at least three of the factors provided in this subdivision for projects approved on or after **December 23, 1997**, the effective date of this section **as it appears in senate bill no. 1 of the second extraordinary session of the eighty-ninth general assembly**;

[(4)] (5) "Economic activity taxes", the total additional revenue from taxes which are imposed by a municipality and other taxing districts, and which are generated by economic activities within a redevelopment area over the amount of such taxes generated by economic activities within such redevelopment area in the calendar year prior to the adoption of the ordinance designating such a redevelopment area, while tax increment financing remains in effect, but excluding personal property taxes, taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees or special assessments. For redevelopment projects or redevelopment plans approved after **December 23, 1997**, the effective date of this section **as it appears in senate bill no. 1 of the second extraordinary session of the eighty-ninth general assembly**, if a retail establishment relocates within one year from one facility to another facility within the same county and the governing body of the municipality finds that the relocation is a direct beneficiary of tax increment financing, then for purposes of this definition, the economic activity taxes generated by the retail establishment shall equal the total additional revenues from economic activity taxes which are imposed by a municipality or other taxing district over the amount of economic activity taxes generated by the retail establishment in the calendar year prior to its relocation to the redevelopment area;

[(5)] (6) "Economic development area", any area or portion of an area located within the territorial limits of a municipality, which does not meet the requirements of subdivisions (1) and

(3) of this section, and in which the governing body of the municipality finds that redevelopment will not be solely used for development of commercial businesses which unfairly compete in the local economy and is in the public interest because it will:

(a) Discourage commerce, industry or manufacturing from moving their operations to another state; or

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

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

[(6)] **(7)** "Gambling establishment", an excursion gambling boat as defined in section 313.800, RSMo, and any related business facility including any real property improvements which are directly and solely related to such business facility, whose sole purpose is to provide goods or services to an excursion gambling boat and whose majority ownership interest is held by a person licensed to conduct gambling games on an excursion gambling boat or licensed to operate an excursion gambling boat as provided in sections 313.800 to 313.850, RSMo. This subdivision shall be applicable only to a redevelopment area designated by ordinance adopted after **December 23, 1997**, the effective date of this section **as it appears in senate bill no. 1 of the second extraordinary session of the eighty-ninth general assembly**;

[(7)] **(8)** "Municipality", a city, village, or incorporated town or any county of this state. For redevelopment areas or projects approved on or after December 23, 1997[, the effective date of this section as it appears in senate bill no. 1 of the second extraordinary session of the eighty-ninth general assembly], "municipality" applies only to cities, villages, incorporated towns or counties established for at least one year prior to such date;

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

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

[(10)] **(11)** "Payment in lieu of taxes", those estimated revenues from real property in the area selected for a redevelopment project, which revenues according to the redevelopment project or plan are to be used for a private use, which taxing districts would have received had a municipality not adopted tax increment allocation financing, and which would result from levies made after the time of the adoption of tax increment allocation financing during the time the current equalized value of real property in the area selected for the redevelopment project exceeds the total initial equalized value of real property in such area until the designation is terminated pursuant to subsection 2 of section 99.850;

[(11)] **(12)** "Redevelopment area", an area designated by a municipality, in respect to which the municipality has made a finding that there exist conditions which cause the area to be

classified as a blighted area, a conservation area, an economic development area, an enterprise zone pursuant to sections 135.200 to 135.256, RSMo, or a combination thereof, which area includes only those parcels of real property directly and substantially benefited by the proposed redevelopment project;

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

[(13)] (14) "Redevelopment project", any development project within a redevelopment area in furtherance of the objectives of the redevelopment plan; any such redevelopment project shall include a legal description of the area selected for the redevelopment project;

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

- (a) Costs of studies, surveys, plans, and specifications;
- (b) Professional service costs, including, but not limited to, architectural, engineering, legal, marketing, financial, planning or special services. Except the reasonable costs incurred by the commission established in section 99.820 for the administration of sections 99.800 to 99.865, such costs shall be allowed only as an initial expense which, to be recoverable, shall be included in the costs of a redevelopment plan or project;
- (c) Property assembly costs, including, but not limited to, acquisition of land and other property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and grading of land;
- (d) Costs of rehabilitation, reconstruction, or repair or remodeling of existing buildings and fixtures;
- (e) Initial costs for an economic development area;
- (f) Costs of construction of public works or improvements;
- (g) Financing costs, including, but not limited to, all necessary and incidental expenses related to the issuance of obligations, and which may include payment of interest on any obligations issued pursuant to sections 99.800 to 99.865 accruing during the estimated period of construction of any redevelopment project for which such obligations are issued and for not more than eighteen months thereafter, and including reasonable reserves related thereto;
- (h) All or a portion of a taxing district's capital costs resulting from the redevelopment project necessarily incurred or to be incurred in furtherance of the objectives of the redevelopment

plan and project, to the extent the municipality by written agreement accepts and approves such costs;

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

(j) Payments in lieu of taxes;

(16) "Retail enterprise", any retail activity classified as SICs 52 through 59;

(17) "SIC", the standard industrial classification as such classifications are defined in the 1987 edition of the Standard Industrial Classification Manual as prepared by the executive office of the president, office of management and budget;

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

[(16)] **(19)** "Taxing districts", any political subdivision of this state having the power to levy taxes;

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

(21) "Underutilized", an otherwise abandoned property of which less than twenty-five percent of its floor space is occupied by an existing business whose SIC number is different from that of a proposed business to be located on the property. In addition, the property's highest and best use, as determined by the department of economic development may be achieved by the location of the proposed business upon it; and

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

99.871. Tax increment financing, as provided for in sections 99.800 to 99.865, shall not be utilized for any redevelopment projects that are primarily retail enterprises. For the purposes of this section, "primarily" means that at least fifty-one percent of the area of the redevelopment project is reserved for retail enterprises. Tax increment financing shall be available, however, for redevelopment projects that are primarily retail enterprises if the redevelopment project is located within a redevelopment area that:

(1) Is part of a federal enterprise zone; or

(2) Has at least seventy-five percent of the residents living within a one-mile radius of the proposed site with incomes below seventy-five percent of the median income of all residents within the state of Missouri according to the last decennial

census, and the level of unemployment of persons residing within a one-mile radius of the proposed site according to the most recent data available from the division of employment security or from the United States Bureau of the Census, exceeds one and one-half times the average rate of unemployment from the state of Missouri over the previous twelve months; or

(3) Has been underutilized property for at least three years.

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