

FIRST REGULAR SESSION  
SENATE COMMITTEE SUBSTITUTE FOR  
**SENATE BILL NO. 37**  
**90TH GENERAL ASSEMBLY**

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Reported from the Committee on Local Government and Economic Development, February 25, 1999, with recommendation that the Senate Committee Substitute do pass.

TERRY L. SPIELER, Secretary.

S0561.02C

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**AN ACT**

To repeal sections 67.469 and 67.475, RSMo 1994, and sections 67.455, 67.457, 67.459 and 67.461, RSMo Supp. 1998, relating to neighborhood improvement districts, and to enact in lieu thereof eight new sections relating to the same subject.

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

Section A. Sections 67.469 and 67.475, RSMo 1994, and sections 67.455, 67.457, 67.459 and 67.461, RSMo Supp. 1998, are repealed and eight new sections enacted in lieu thereof, to be known as sections 67.455, 67.457, 67.459, 67.461, 67.469, 67.475, 1 and 2, to read as follows:

67.455. **1.** As a complete alternative to all other methods provided by law or charter, the governing body of any city or county may make, or cause to be made, improvements which confer a benefit upon property within a neighborhood improvement district pursuant to sections 67.453 to 67.475. The governing body of such city or county may incur indebtedness and issue temporary notes and general obligation bonds of such city or county pursuant to sections 67.453 to 67.475 to pay for all or part of the cost of such improvements. An improvement may be combined with one or more other improvements for the purpose of issuing a single series of general obligation bonds to pay all or part of the cost of such improvements, but separate funds or accounts shall be established within the records of the city or county for each improvement as provided in section 67.473. Such city or county shall assess special assessments on the property deemed by the governing body to be benefited by each such improvement pursuant to section 67.457. The city or county shall use the moneys collected from such special assessments to reimburse the city or

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

county for all amounts paid or to be paid by it as principal of and interest on its general obligation bonds issued for such improvements. **As used in this chapter, improvements may include new improvements, maintenance to existing improvements or replacement of improvements partially or totally destroyed.**

**2. In connection with the issuance of bonds pursuant to subsection 1 of this section for any improvement estimated to cost more than one million dollars, as such estimate is set forth in a resolution adopted pursuant to subsection 2 of section 67.457 or in a petition filed pursuant to subsection 3 of section 67.457, the selection of a financial advisor or, if the bonds are not sold at public sale, an underwriter shall be made by a competitive selection process. If a competitive selection process is required, the governing body of a city or a county shall establish selection criteria, which selection criteria shall include but need not be limited to experience and fees. The governing body shall request written proposals from at least three persons or firms with experience in acting as financial advisor to municipalities or in underwriting municipal bonds.**

67.457. 1. To establish a neighborhood improvement district, the governing body of any city or county shall comply with either of the procedures described in subsection 2 or 3 of this section.

2. The governing body of any city or county proposing to create a neighborhood improvement district may by resolution submit the question of creating such district to all qualified voters residing within such district at a general or special election called for that purpose. Such resolution shall set forth the project name for the proposed improvement, the general nature of the proposed improvement, the estimated cost of such improvement, the boundaries of the proposed neighborhood improvement district to be assessed, [and] the proposed method or methods of assessment of real property within the district, **and the proposed assessment formula to be used in the proposed method or methods of assessment of real property within the district**, including any provision for the annual assessment of maintenance costs of the improvement in each year after the bonds issued for the original improvement are paid in full, **or if approved as a separate question on the ballot, the provision for the annual assessment of maintenance costs of the improvement prior to retirement of the bonds issued for the original improvements.** The governing body of the city or county may create a neighborhood improvement district when the question of creating such district has been approved by the vote of the percentage of electors within such district voting thereon that is equal to the percentage of voter approval required for the issuance of general obligation bonds of such city or county under article VI, section 26 of the constitution of this state. The notice of election containing the question of creating a neighborhood improvement district shall contain the project name for the proposed improvement, the general nature of the proposed improvement, the

estimated cost of such improvement, the boundaries of the proposed neighborhood improvement district to be assessed, the proposed method or methods of assessment of real property within the district, including any provision for the annual assessment of maintenance costs of the improvement in each year after the bonds issued for the original improvement are paid in full, and a statement that the final cost of such improvement assessed against real property within the district and the amount of general obligation bonds issued therefor shall not exceed the estimated cost of such improvement, as stated in such notice, by more than twenty-five percent. The ballot upon which the question of creating a neighborhood improvement district is submitted to the qualified voters residing within the proposed district shall contain a question in substantially the following form:

Shall ..... (name of city or county) be authorized to create a neighborhood improvement district proposed for the ..... (project name for the proposed improvement) and incur indebtedness and issue general obligation bonds to pay for all or part of the cost of public improvements within such district, the cost of all indebtedness so incurred to be assessed by the governing body of the ..... (city or county) on the real property benefited by such improvements for a period of ..... years, and, if included in the resolution, an assessment in each year thereafter with the proceeds thereof used solely for maintenance of the improvement? **As a separate question on the same ballot, if included in the resolution, a maintenance tax levy question shall be submitted in substantially the following form:**

**Shall ..... (name of city or county) be authorized to collect a tax, not to exceed twenty cents per one hundred dollars of assessed valuation, and in addition to any ..... (special assessment or levy) to retire any bonds issued, to be used solely for maintenance costs of the improvement?**

3. As an alternative to the procedure described in subsection 2 of this section **and in addition to the petition requirements contained in article III, section 38(c) of the Missouri Constitution**, the governing body of a city or county may create a neighborhood improvement district when a proper petition has been signed by **at least two-thirds of** the owners of record [of at least two-thirds by area] of all real property located within such proposed district. The petition, in order to become effective, shall be filed with the city clerk or county clerk. A proper petition for the creation of a neighborhood improvement district shall set forth the project name for the proposed improvement, the general nature of the proposed improvement, the estimated cost of such improvement, the boundaries of the proposed neighborhood improvement district to be assessed, the proposed method or methods of assessment of real property within the district, including [any], **if applicable, the** provision for the annual assessment of maintenance costs of the improvement [in each year after the bonds issued for the original improvement are paid in full] **not to exceed twenty cents per one hundred dollars of assessed valuation**, a notice that the names of the signers may not be withdrawn later than seven days after the

petition is filed with the city clerk or county clerk, and a notice that the final cost of such improvement assessed against real property within the district and the amount of general obligation bonds issued therefor shall not exceed the estimated cost of such improvement, as stated in such petition, by more than twenty-five percent.

4. Upon receiving the requisite voter approval at an election or upon the filing of a proper petition with the city clerk or county clerk, the governing body may by resolution or ordinance determine the advisability of the improvement and may order that the district be established and that preliminary plans and specifications for the improvement be made. Such resolution or ordinance shall state and make findings as to the project name for the proposed improvement, the nature of the improvement, the estimated cost of such improvement, the boundaries of the neighborhood improvement district to be assessed, the proposed method or methods of assessment of real property within the district, including any provision for the annual assessment of maintenance costs of the improvement [in each year after the bonds issued for the original improvement are paid in full], and shall also state that the final cost of such improvement assessed against the real property within the neighborhood improvement district and the amount of general obligation bonds issued therefor shall not, without a new election or petition, exceed the estimated cost of such improvement by more than twenty-five percent.

5. The boundaries of the proposed district shall be described by metes and bounds, streets or other sufficiently specific description. The area of the neighborhood improvement district finally determined by the governing body of the city or county to be assessed may be less than, but shall not exceed, the total area comprising such district.

6. In any neighborhood improvement district organized prior to August 28, 1994, an assessment may be levied and collected after the original period approved for assessment of property within the district has expired, with the proceeds thereof used solely for maintenance of the improvement, if the residents of the neighborhood improvement district either vote to assess real property within the district for the maintenance costs in the manner prescribed in subsection 2 of this section or if **at least two-thirds of** the owners of [two-thirds of the area] **record** of all real property located within the district sign a petition for such purpose in the same manner as prescribed in subsection 3 of this section.

67.459. The portion of the cost of any improvement to be assessed against the real property in a neighborhood improvement district shall be apportioned against such property **or property owners**, in accordance with the benefits accruing thereto by reasons of such improvement. The cost may be assessed [equally per front foot or per square foot against property within the district or] by any [other] reasonable assessment plan determined by the governing body of the city or county which results in imposing substantially equal burdens or share of the cost upon property similarly benefited. The governing body of the city or county may from time to time determine and establish by ordinance or resolution reasonable general classifications and formulae for the

methods of assessing the benefits.

67.461. 1. After the governing body has made the findings specified in section 67.457 and plans and specifications for the proposed improvements have been prepared, the governing body shall by ordinance or resolution order assessments to be made against each parcel of real property deemed to be benefited by an improvement based on the revised estimated cost of the improvement or, if available, the final cost thereof, and shall order a proposed assessment roll to be prepared.

2. The plans and specifications for the improvement and the proposed assessment roll shall be filed with the city clerk or county clerk, as applicable, and shall be open for public inspection. Such clerk shall thereupon, at the direction of the governing body, publish notice that the governing body will conduct a hearing to consider the proposed improvement and proposed assessments. Such notice shall be published in a newspaper of general circulation at least once **a week for three consecutive weeks with at least one such notice being** not more than twenty days and not less than ten days before the hearing and shall state the project name for the improvement, the date, time and place of such hearing, the general nature of the improvement, the revised estimated cost or, if available, the final cost of the improvement, the boundaries of the neighborhood improvement district to be assessed, and that written or oral objections will be considered at the hearing. **The cost of such advertisement shall be included as a cost of the improvement.** At the same time, the clerk shall mail to the owners of record of the real property made liable to pay the assessments, at their last known post-office address, a notice of the hearing and a statement of the cost proposed to be assessed against the real property so owned and assessed. The failure of any owner to receive such notice shall not invalidate the proceedings.

67.469. 1. A special assessment authorized under the provisions of sections 67.453 to 67.475 shall be a lien, from the date of the assessment, on the property against which it is assessed on behalf of the city or county assessing the same to the same extent as a tax upon real property.

**2. Upon foreclosure of such lien against a parcel of real property, all annual installments of such special assessment shall be accelerated and become due.**

67.475. [The total amount of city or county general obligation bond indebtedness incurred for improvements under sections 67.453 to 67.475, including temporary notes issued pursuant to sections 67.453 to 67.475, shall not exceed ten percent of the assessed valuation of all taxable tangible property, as shown by the last completed property assessment for state or local purposes, within the city or county.] **The total amount of city or county general obligation bond indebtedness outstanding at any time for improvements under sections 67.453 to 67.475, including temporary notes issued pursuant to sections 67.453 to 67.475, shall not exceed fifty percent of the assessed valuation of all taxable real property, as shown by the last completed property assessment for state or local purposes, within the proposed neighborhood improvement district; provided, however, that if a ballot upon which the question of incurring the bonded indebtedness is submitted to all of the qualified voters**

**residing within the city or county and is approved by the percentage of voters within such city or county that is equal to the percentage of voter approval required for the issuance of general obligation bonds of such city or county pursuant to article VI, section 26 of the Missouri Constitution, the total amount of city or county general obligation bond indebtedness outstanding at any time for improvements under sections 67.453 to 67.475, including temporary notes issued pursuant to sections 67.453 to 67.475, shall not exceed the assessed valuation of all taxable real property, as shown by the last completed property assessment for state or local purposes, within the proposed neighborhood improvement district.** Any city with a population of three hundred fifty thousand or more inhabitants shall appoint a citizen advisory committee composed of members of each council districts on proposed neighborhood improvement district.

**Section 1. To finance improvements in a neighborhood improvement district, the governing body of any city or county shall comply with either the procedures in section 67.459, RSMo, or the procedure in section 2 of this act.**

**Section 2. As an alternative method of financing to that established in section 67.459, RSMo, the governing body of any city or county shall provide for the collection of an annual tax sufficient to pay the interest and principal of the bonds issued pursuant to section 67.455, RSMo, as they fall due, and to retire them within the time limit specified in the contract, not to exceed twenty years.**

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