FIRST REGULAR SESSION

[TRULY AGREED TO AND FINALLY PASSED**]**

CONFERENCE COMMITTEE SUBSTITUTE NO. 2 FOR

HOUSE SUBSTITUTE FOR

HOUSE COMMITTEE SUBSTITUTE FOR

SENATE BILL NO. 20

90TH GENERAL ASSEMBLY

1999

S0018.16T

AN ACT

To repeal sections 88.812 and 89.410, RSMo 1994, and sections 32.110, 32.111, 32.112, 32.115, 67.1421, 67.1461, 67.1501, 67.1531, 135.530 and 135.535, RSMo Supp. 1998, relating to community improvement, and to enact in lieu thereof forty new sections relating to the same subject, with penalty provisions and an effective date for certain sections.

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

Section A. Sections 88.812 and 89.410, RSMo 1994, and sections 32.110, 32.111, 32.112, 32.115, 67.1421, 67.1461, 67.1501, 67.1531, 135.530 and 135.535, RSMo Supp. 1998, are repealed and forty new sections enacted in lieu thereof, to be known as sections 32.110, 32.111, 32.112, 32.115, 67.1421, 67.1461, 67.1501, 67.1531, 67.1600, 67.1603, 67.1606, 67.1609, 67.1612, 67.1615, 67.1618, 67.1621, 67.1624, 67.1627, 67.1630, 67.1633, 67.1636, 67.1639, 67.1642, 67.1645, 67.1648, 67.1651, 67.1654, 67.1657, 67.1660, 67.1663, 88.812, 89.410, 135.530, 135.535, 1, 2, 3, 4, 5 and 6, to read as follows:

32.110. Any business firm which engages in the activities of providing physical revitalization, economic development, job training or education for individuals, community services, or crime prevention in the state of Missouri shall receive a tax credit as provided in

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

section 32.115 if the director of the department of economic development annually approves the proposal of the business firm; except that, no proposal shall be approved which does not have the endorsement of the agency of local government within the area in which the business firm is engaging in such activities which has adopted an overall community or neighborhood development plan that the proposal is consistent with such plan. The proposal shall set forth the program to be conducted, the neighborhood area to be served, why the program is needed, the estimated amount to be contributed to the program and the plans for implementing the program. If, in the opinion of the director of the department of economic development, a business firm's contribution can more consistently with the purposes of sections 32.100 to 32.125 be made through contributions to a neighborhood organization as defined in subdivision (12) of section 32.105, tax credits may be allowed as provided in section 32.115. The director of the department of economic development is hereby authorized to promulgate rules and regulations for establishing criteria for evaluating such proposals by business firms for approval or disapproval and for establishing priorities for approval or disapproval of such proposals by business firms with the assistance and approval of the director of the department of revenue. The total amount of tax credit granted for programs approved pursuant to sections 32.100 to 32.125 shall not exceed fourteen million dollars in fiscal year 1999 and **[**twenty-two**] twenty-six** million dollars in fiscal year 2000, and any subsequent fiscal year, except as otherwise provided for proposals approved pursuant to section 32.111, 32.112 or 32.117. All tax credits authorized pursuant to the provisions of sections 32.100 to 32.125 may be used as a state match to secure additional federal funding.

32.111. Any business firm which engages in providing affordable housing assistance activities **or market rate housing in distressed communities as defined in section 135.530, RSMo,** in the state of Missouri shall receive a tax credit as provided in section 32.115 if the commission or its delegate approves a proposal submitted by one or more business firms for the provision of affordable housing units **or market rate housing in distressed communities** or in accordance with the requirements of participation in the workfare renovation project in sections 215.340 to 215.355, RSMo. The proposal shall set forth the program of affordable housing to be conducted, the location and number of affordable housing units, the neighborhood area to be served, why the program is needed, the time period for which affordable housing units shall be provided, the estimated amount to be invested in the program, plans for implementing the program and a list of the business firms proposing to provide affordable housing assistance activities which are part of the proposal. **The same type of information shall be provided in proposals for market rate housing in distressed communities.** In the case of rental units **of affordable housing, but not market rate housing in distressed communities**, all proposals approved by the commission shall require a land use restriction agreement stating the provision of affordable housing on **[**said**] such** property for a time period deemed reasonable by the commission. In the case of owner-occupied units **of affordable housing**, all proposals

approved by the commission shall require a land use restriction agreement for a time period deemed reasonable by the commission requiring any subsequent owner, except a lender with a security interest in the property, to be an owner occupant whose income at the time of acquisition is at or below the level described in section 32.105, and further requiring the acquisition price to any subsequent owner shall not exceed by more than a five percent annual appreciation the acquisition price to the original, eligible owner at the time tax credits are first claimed. The land use restriction agreement shall constitute a lien as described in subdivision (4) of subsection 3 of section 32.115. The restriction shall be approved by the property owner and shall be binding on any subsequent owner of the property unless otherwise approved by the commission. In approving a proposal, the commission may authorize the use of tax credits by one or more of the business firms listed in the proposal and shall establish specific requirements regarding the degree of completion of affordable housing assistance activities **or market rate housing activities in distressed communities** necessary to be eligible for tax credits provided pursuant to this section. If, in the opinion of the commission or its delegate, a business firm's investment can more consistently with the purposes of this section be made through a neighborhood organization, tax credits may be allowed as provided in this section. The commission may approve requests for multiyear credit commitments provided eligibility is maintained. The commission or its delegate is hereby authorized to promulgate rules and regulations for establishing criteria for evaluating such proposals by business firms for approval or disapproval, for establishing housing priorities for approval or disapproval of such proposals by business firms, and for the certification of eligibility for tax credits authorized pursuant to this section. The decision of the commission or its delegate to approve or disapprove a proposal pursuant to this section shall be in writing, and if approved, the maximum credit allowable to the business firm shall be stated. A copy of the decision of the commission or its delegate shall be transmitted to the director of revenue and to the governor. A copy of the certification approved by the commission and a statement of the total amount of credits approved by the commission, the amount of credits previously taken by the taxpayer and the amount being claimed for the current tax year shall be filed in a manner and form designated by the director of revenue for any tax year in which a tax credit is being claimed.

32.112. Any business firm which makes a contribution to a neighborhood organization, a significant part of whose activities consist of affordable housing assistance activities **or market rate housing in distressed communities as defined in section 135.530, RSMo,** in the state of Missouri, shall receive a tax credit as provided in section 32.115 if the commission approves a proposal submitted by one or more business firms for the general operating assistance of such neighborhood organization. The proposal shall set forth the activities of the neighborhood organization, including the affordable housing assistance activities **or market rate housing in distressed communities**, the neighborhood area to be served, why the activities are needed, the estimated amount to be contributed to the neighborhood organization, and a list of the business

firms proposing to make the contributions. The commission is hereby authorized to promulgate rules and regulations pursuant to section 536.024, RSMo, for establishing criteria for evaluating such proposals by business firms for approval or disapproval, and for the certification of eligibility for tax credits authorized **[**under**]** **pursuant to** this section. The decision of the commission to approve or disapprove a proposal pursuant to this section shall be in writing and, if approved, the maximum credit allowable to the business firm shall be stated. A copy of the decision of the commission shall be transmitted to the director of revenue and to the governor. A copy of the certification approved by the commission and a statement of the total amount of credits approved, the amount of credits previously taken by the taxpayer and the amount being claimed for the current tax year shall be filed in a manner and form designated by the director of revenue for any tax year in which a tax credit is being claimed.

32.115. 1. The department of revenue shall grant a tax credit, to be applied in the following order until used, against:

(1) The annual tax on gross premium receipts of insurance companies in chapter 148, RSMo;

(2) The tax on banks determined pursuant to subdivision (2) of subsection 2 of section 148.030, RSMo;

(3) The tax on banks determined in subdivision (1) of subsection 2 of section 148.030, RSMo;

(4) The tax on other financial institutions in chapter 148, RSMo;

(5) The corporation franchise tax in chapter 147, RSMo;

(6) The state income tax in chapter 143, RSMo; and

(7) The annual tax on gross receipts of express companies in chapter 153, RSMo.

2. For proposals approved pursuant to section 32.110:

(1) The amount of the tax credit shall not exceed fifty percent of the total amount contributed during the taxable year by the business firm or, in the case of a financial institution, where applicable, during the relevant income period in programs approved pursuant to section 32.110;

(2) Except as provided in subsection 2 or 5 of this section, a tax credit of up to seventy percent may be allowed for contributions to programs where activities fall within the scope of special program priorities as defined with the approval of the governor in regulations promulgated by the director of the department of economic development;

(3) Except as provided in subsection 2 or 5 of this section, the tax credit allowed for contributions to programs located in any community shall be equal to seventy percent of the total amount contributed where such community is a city, town or village which has fifteen thousand or less inhabitants as of the last decennial census and is located in a county which is either located in:

(a) An area that is not part of a standard metropolitan statistical area;

(b) A standard metropolitan statistical area but such county has only one city, town or village which has more than fifteen thousand inhabitants; or

(c) A standard metropolitan statistical area and a substantial number of persons in such county derive their income from agriculture. Such community may also be in an unincorporated area in such county as provided in subdivision (1), (2) or (3) of this subsection. Except in no case shall the total economic benefit of the combined federal and state tax savings to the taxpayer exceed the amount contributed by the taxpayer during the tax year;

(4) Such tax credit allocation, equal to seventy percent of the total amount contributed, shall not exceed four million dollars in fiscal year 1999 and six million dollars in fiscal year 2000 and any subsequent fiscal year. When the maximum dollar limit on the seventy percent tax credit allocation is committed, the tax credit allocation for such programs shall then be equal to fifty percent credit of the total amount contributed. Regulations establishing special program priorities are to be promulgated during the first month of each fiscal year and at such times during the year as the public interest dictates. Such credit shall not exceed two hundred and fifty thousand dollars annually except as provided in subdivision (5) of this **[**section**] subsection**. No tax credit shall be approved for any bank, bank and trust company, insurance company, trust company, national bank, savings association, or building and loan association for activities that are a part of its normal course of business. Any tax credit not used in the period the contribution was made may be carried over the next five succeeding calendar or fiscal years until the full credit has been claimed. Except as otherwise provided for proposals approved pursuant to section 32.111, 32.112 or 32.117, in no event shall the total amount of all other tax credits allowed pursuant to sections 32.100 to 32.125 exceed **[**twenty-eight**] thirty-two** million dollars in any one fiscal year, of which six million shall be credits allowed pursuant to section 135.460, RSMo. If six million dollars in credits are not approved, then the remaining credits may be used for programs approved pursuant to sections 32.100 to 32.125;

(5) The credit may exceed two hundred fifty thousand dollars annually and shall not be limited if community services, crime prevention, education, job training, physical revitalization or economic development, as defined by section 32.105, is rendered in an area defined by federal or state law as an impoverished, economically distressed, or blighted area or as a neighborhood experiencing problems endangering its existence as a viable and stable neighborhood, or if the community services, crime prevention, education, job training, physical revitalization or economic development is limited to impoverished persons.

3. For proposals approved pursuant to section 32.111:

(1) The amount of the tax credit shall not exceed fifty-five percent of the total amount invested in affordable housing assistance activities **or market rate housing in distressed communities as defined in section 135.530, RSMo,** by a business firm. Whenever **[**said**] such**

investment is made in the form of an equity investment or a loan, as opposed to a donation alone, tax credits may be claimed only where the loan or equity investment is accompanied by a donation which is eligible for federal income tax charitable deduction, and where the total value of the tax credits herein plus the value of the federal income tax charitable deduction is less than or equal to the value of the donation. Any tax credit not used in the period for which the credit was approved may be carried over the next ten succeeding calendar or fiscal years until the full credit has been allowed. If the affordable housing units **or market rate housing units in distressed communities** for which a tax is claimed are within a larger structure, parts of which are not the subject of a tax credit claim, then expenditures applicable to the entire structure shall be reduced on a prorated basis in proportion to the ratio of the number of square feet devoted to the affordable housing units **or market rate housing units in distressed communities**, for purposes of determining the amount of the tax credit. The total amount of tax credit granted for programs approved pursuant to section 32.111 for the fiscal year beginning July 1, 1991, shall not exceed two million dollars, to be increased by no more than two million dollars each succeeding fiscal year, until the total tax credits that may be approved reaches ten million dollars in any fiscal year;

(2) For any year during the compliance period indicated in the land use restriction agreement, the owner of the affordable housing rental units for which a credit is being claimed shall certify to the commission that all tenants renting claimed units are income eligible for affordable housing units and that the rentals for each claimed unit are in compliance with the provisions of sections 32.100 to 32.125. The commission is authorized, in its discretion, to audit the records and accounts of the owner to verify **[**said**] such** certification;

(3) In the case of owner-occupied affordable housing units, the qualifying owner occupant shall, before the end of the first year in which credits are claimed, certify to the commission that the occupant is income eligible during the preceding two years, and at the time of the initial purchase contract, but not thereafter. The qualifying owner occupant shall further certify to the commission, before the end of the first year in which credits are claimed, that during the compliance period indicated in the land use restriction agreement, the cost of the affordable housing unit to the occupant for the claimed unit can reasonably be projected to be in compliance with the provisions of sections 32.100 to 32.125. Any succeeding owner occupant acquiring the affordable housing unit during the compliance period indicated in the land use restriction agreement shall make the same certification;

(4) If at any time during the compliance period the commission determines a project for which a proposal has been approved is not in compliance with the applicable provisions of sections 32.100 to 32.125 or rules promulgated therefor, the commission may within one hundred fifty days of notice to the owner either seek injunctive enforcement action against the owner, or seek legal damages against the owner representing the value of the tax credits, or foreclose on the lien in the land use restriction agreement, selling the project at a public sale,

and paying to the owner the proceeds of the sale, less the costs of the sale and less the value of all tax credits allowed herein. The commission shall remit to the director of revenue the portion of the legal damages collected or the sale proceeds representing the value of the tax credits. However, except in the event of intentional fraud by the taxpayer, the proposal's certificate of eligibility for tax credits shall not be revoked.

4. For proposals approved pursuant to section 32.112, the amount of the tax credit shall not exceed fifty-five percent of the total amount contributed to a neighborhood organization by business firms. Any tax credit not used in the period for which the credit was approved may be carried over the next ten succeeding calendar or fiscal years until the full credit has been allowed. The total amount of tax credit granted for programs approved pursuant to section 32.112 shall not exceed one million dollars for each fiscal year.

5. The total amount of tax credits used for market rate housing in distressed communities pursuant to sections 32.100 to 32.125 shall not exceed thirty percent of the total amount of all tax credits authorized pursuant to sections 32.111 and 32.112.

67.1421. 1. Upon receipt of a proper petition filed with its municipal clerk, the governing body of the municipality in which the proposed district is located shall hold a public hearing in accordance with section 67.1431 and may adopt an ordinance to establish the proposed district.

2. A petition is proper if, based on the tax records of the county clerk, or the collector of revenue if the district is located in a city not within a county, as of the time of filing the petition with the municipal clerk, it meets the following requirements:

(1) It has been signed by property owners collectively owning more than fifty percent by assessed value of the real property within the boundaries of the proposed district;

(2) It has been signed by more than fifty percent per capita of all owners of real property within the boundaries of the proposed district; and

(3) It contains the following information:

(a) The legal description of the proposed district, including a map illustrating the district boundaries;

(b) The name of the proposed district;

(c) A notice that the signatures of the signers may not be withdrawn later than seven days after the petition is filed with the municipal clerk;

(d) A five-year plan stating a description of the purposes of the proposed district, the services it will provide, the improvements it will make and an estimate of costs of these services and improvements to be incurred;

(e) A statement as to whether the district will be a political subdivision or a not for profit corporation and if it is to be a not for profit corporation, the name of the not for profit corporation;

(f) If the district is to be a political subdivision, a statement as to whether the district will be governed by a board elected by the district or whether the board will be appointed by the

municipality, and, if the board is to be elected by the district, the names and terms of the initial board may be stated;

(g) If the district is to be a political subdivision, the number of directors to serve on the board;

(h) The total assessed value of all real property within the proposed district;

(i) A statement as to whether the petitioners are seeking a determination that the proposed district, or any legally described portion thereof, is a blighted area;

(j) The proposed length of time for the existence of the district;

(k) The maximum rates of real property taxes**, and, business license taxes in the county seat of a county of the first classification without a charter form of government containing a population of at least two hundred thousand,** that may be submitted to the qualified voters for approval;

(l) The maximum rates of special assessments and respective methods of assessment that may be proposed by petition;

(m) The limitations, if any, on the borrowing capacity of the district;

(n) The limitations, if any, on the revenue generation of the district;

(o) Other limitations, if any, on the powers of the district;

(p) A request that the district be established; and

(q) Any other items the petitioners deem appropriate; and

(4) The signature block for each real property owner signing the petition shall be in substantially the following form and contain the following information:

Name of owner: . . . .

Owner's telephone number and mailing address: . . . .

If signer is different from owner:

Name of signer: . . . .

State basis of legal authority to sign: . . . .

Signer's telephone number and mailing address: . . . .

If the owner is an individual, state if owner is single or married: . . . .

If owner is not an individual, state what type of entity: . . . .

Map and parcel number and assessed value of each tract of real property within the proposed district owned:

. . . .

By executing this petition, the undersigned represents and warrants that he or she is authorized to execute this petition on behalf of the property owner named immediately above.

. . . .

Signature of person signing for owner Date

STATE OF MISSOURI)

) ss.

COUNTY OF . . . . . .)

Before me personally appeared . . . . . ., to me personally known to be the individual described in and who executed the foregoing instrument.

WITNESS my hand and official seal this . . . . . day of . . . . . (month), ... (year).

. . . . . .

Notary Public

My Commission Expires: . . . . . .

3. Upon receipt of a petition the municipal clerk shall, within a reasonable time not to exceed ninety days after receipt of the petition, review and determine whether the petition substantially complies with the requirements of subsection 2 of this section. In the event the municipal clerk receives a petition which does not meet the requirements of subsection 2 of this section, the municipal clerk shall, within a reasonable time, return the petition to the submitting party by hand delivery, first class mail, postage prepaid or other efficient means of return and shall specify which requirements have not been met.

4. After the close of the public hearing required pursuant to subsection 1 of this section, the governing body of the municipality may adopt an ordinance approving the petition and establishing a district as set forth in the petition and may determine, if requested in the petition, whether the district, or any legally described portion thereof, constitutes a blighted area.

5. Amendments to a petition may be made which do not change the proposed boundaries of the proposed district if an amended petition meeting the requirements of subsection 2 of this section is filed with the municipal clerk at the following times and the following requirements have been met:

(1) At any time prior to the close of the public hearing required pursuant to subsection 1 of this section; provided that, notice of the contents of the amended petition is given at the public hearing;

(2) At any time after the public hearing and prior to the adoption of an ordinance establishing the proposed district; provided that, notice of the amendments to the petition is given by publishing the notice in a newspaper of general circulation within the municipality and by sending the notice via registered certified United States mail with a return receipt attached to the address of record of each owner of record of real property within the boundaries of the proposed district per the tax records of the county clerk, or the collector of revenue if the district is located in a city not within a county. Such notice shall be published and mailed not less than ten days prior to the adoption of the ordinance establishing the district;

(3) At any time after the adoption of any ordinance establishing the district a public hearing on the amended petition is held and notice of the public hearing is given in the manner

provided in section 67.1431 and the governing body of the municipality in which the district is located adopts an ordinance approving the amended petition after the public hearing is held.

6. Upon the creation of a district, the municipal clerk shall report in writing the creation of such district to the Missouri department of economic development.

67.1461. 1. Each district shall have all the powers, except to the extent any such power has been limited by the petition approved by the governing body of the municipality to establish the district, necessary to carry out and effectuate the purposes and provisions of sections 67.1401 to 67.1571 including, but not limited to, the following:

(1) To adopt, amend and repeal bylaws, not inconsistent with sections 67.1401 to 67.1571, necessary or convenient to carry out the provisions of sections 67.1401 to 67.1571;

(2) To sue and be sued;

(3) To make and enter into contracts and other instruments, with public and private entities, necessary or convenient to exercise its powers and carry out its duties pursuant to sections 67.1401 to 67.1571;

(4) To accept grants, guarantees and donations of property, labor, services or other things of value from any public or private source;

(5) To employ or contract for such managerial, engineering, legal, technical, clerical, accounting or other assistance as it deems advisable;

(6) To acquire by purchase, lease, gift, grant, bequest, devise or otherwise, any real property within its boundaries, personal property or any interest in such property;

(7) To sell, lease, exchange, transfer, assign, mortgage, pledge, hypothecate or otherwise encumber or dispose of any real or personal property or any interest in such property;

(8) To levy and collect special assessments and taxes as provided in sections 67.1401 to 67.1571. However, no such assessments or taxes shall be levied on any property exempt from taxation pursuant to subdivision (5) of section 137.100, RSMo. Those exempt pursuant to subdivision (5) of section 137.100, RSMo, may voluntarily participate in the provisions of sections 67.1401 to 67.1571;

(9) If the district is a political subdivision, to levy real property taxes**, and, business license taxes in the county seat of a county of the first classification without a charter form of government containing a population of at least two hundred thousand,** as provided in sections 67.1401 to 67.1571. However, no such assessments or taxes shall be levied on any property exempt from taxation pursuant to subdivisions (2) and (5) of section 137.100, RSMo. Those exempt pursuant to subdivisions (2) and (5) of section 137.100, RSMo, may voluntarily participate in the provisions of sections 67.1401 to 67.1571;

(10) To fix, charge and collect fees, rents and other charges for use of any of the following:

(a) The district's real property, except for public rights-of-way for utilities;

(b) The district's personal property, except in a city not within a county; or

(c) Any of the district's interests in such real or personal property, except for public rights-of-way for utilities;

(11) To borrow money from any public or private source and issue obligations and provide security for the repayment of the same as provided in sections 67.1401 to 67.1571;

(12) To loan money as provided in sections 67.1401 to 67.1571;

(13) To make expenditures, create reserve funds and use its revenues as necessary to carry out its powers or duties and the provisions and purposes of sections 67.1401 to 67.1571;

(14) To enter into one or more agreements with the municipality for the purpose of abating any public nuisance within the boundaries of the district including, but not limited to, the stabilization, repair or maintenance or demolition and removal of buildings or structures, provided that the municipality has declared the existence of a public nuisance;

(15) Within its boundaries, to provide assistance to or to construct, reconstruct, install, repair, maintain, and equip any of the following public improvements:

(a) Pedestrian or shopping malls and plazas;

(b) Parks, lawns, trees and any other landscape;

(c) Convention centers, arenas, aquariums, aviaries and meeting facilities;

(d) Sidewalks, streets, alleys, bridges, ramps, tunnels, overpasses and underpasses, traffic signs and signals, utilities, drainage, water, storm and sewer systems and other site improvements;

(e) Parking lots, garages or other facilities;

(f) Lakes, dams and waterways;

(g) Streetscape, lighting, benches or other seating furniture, trash receptacles, marquees, awnings, canopies, walls and barriers;

(h) Telephone and information booths, bus stop and other shelters, rest rooms and kiosks;

(i) Paintings, murals, display cases, sculptures and fountains;

(j) Music, news and child-care facilities; and

(k) Any other useful, necessary or desired improvement;

(16) To dedicate to the municipality, with the municipality's consent, streets, sidewalks, parks and other real property and improvements located within its boundaries for public use;

(17) Within its boundaries and with the municipality's consent, to prohibit or restrict vehicular and pedestrian traffic and vendors on streets, alleys, malls, bridges, ramps, sidewalks and tunnels and to provide the means for access by emergency vehicles to or in such areas;

(18) Within its boundaries, to operate or to contract for the provision of music, news, child-care or parking facilities, and buses, minibuses or other modes of transportation;

(19) Within its boundaries, to lease space for sidewalk café tables and chairs;

(20) Within its boundaries, to provide or contract for the provision of security personnel, equipment or facilities for the protection of property and persons;

(21) Within its boundaries, to provide or contract for cleaning, maintenance and other services to public and private property;

(22) To produce and promote any tourism, recreational or cultural activity or special event in the district by, but not limited to, advertising, decoration of any public place in the district, promotion of such activity and special events and furnishing music in any public place;

(23) To support business activity and economic development in the district including, but not limited to, the promotion of business activity, development and retention, and the recruitment of developers and businesses;

(24) To provide or support training programs for employees of businesses within the district;

(25) To provide refuse collection and disposal services within the district;

(26) To contract for or conduct economic, planning, marketing or other studies; and

(27) To carry out any other powers set forth in sections 67.1401 to 67.1571.

2. Each district which is located in a blighted area or which includes a blighted area shall have the following additional powers:

(1) Within its blighted area, to contract with any private property owner to demolish and remove, renovate, reconstruct or rehabilitate any building or structure owned by such private property owner; and

(2) To expend its revenues or loan its revenues pursuant to a contract entered into pursuant to this subsection, provided that the governing body of the municipality has determined that the action to be taken pursuant to such contract is reasonably anticipated to remediate the blighting conditions and will serve a public purpose.

3. Each district shall annually reimburse the municipality for the reasonable and actual expenses incurred by the municipality to establish such district and review annual budgets and reports of such district required to be submitted to the municipality; provided that, such annual reimbursement shall not exceed one and one-half percent of the revenues collected by the district in such year.

4. Nothing in sections 67.1401 to 67.1571 shall be construed to delegate to any district any sovereign right of municipalities to promote order, safety, health, morals and general welfare of the public, except those such police powers, if any, expressly delegated pursuant to sections 67.1401 to 67.1571.

5. The governing body of the municipality establishing the district shall not decrease the level of publicly funded services in the district existing prior to the creation of the district or transfer the financial burden of providing the services to the district unless the services at the same time are decreased throughout the municipality, nor shall the governing body discriminate in the provision of the publicly funded services between areas included in such district and areas not so included.

67.1501. 1. A district may use any one or more of the assessments, taxes, or other funding methods specifically authorized pursuant to sections 67.1401 to 67.1571 to provide funds to accomplish any power, duty or purpose of the district; provided, however, no district which is located in any city not within a county and which includes any real property that is also included in a special business district established pursuant to sections 71.790 to 71.808, RSMo, prior to the establishment of the district pursuant to sections 67.1401 to 67.1571 shall have the authority to impose any such tax or assessment pursuant to sections 67.1401 to 67.1571 until such time as all taxes or special assessments imposed pursuant to sections 71.790 to 71.808, RSMo, on any real property **or on any business** located in such special business district or on any business or individual doing business in such special business district have been repealed in accordance with this subsection. The governing body of a special business district which includes real property located in a district established pursuant to sections 67.1401 to 67.1571 shall have the power to repeal all taxes and assessments imposed pursuant to sections 71.790 to 71.808, RSMo, and such power may be exercised by the adoption of a resolution by the governing body of such special business district. Upon the adoption of such resolution such special business district shall no longer have the power to impose any tax or special assessment pursuant to sections 71.790 to 71.808, RSMo, until such time as the district or districts established pursuant to sections 67.1401 to 67.1571 which include any real property that is also included in such special business district have been terminated or have expired pursuant to sections 67.1401 to 67.1571.

2. A district may establish different classes of real property within the district for purposes of special assessments. The levy rate for special assessments may vary for each class or subclass based on the level of benefit derived from services or improvements funded, provided or caused to be provided by the district.

3. Notwithstanding anything in sections 67.1401 to 67.1571 to the contrary, any district which is not a political subdivision shall have no power to levy any tax but shall have the power to levy special assessments in accordance with section 67.1521.

67.1531. 1. The district may levy by resolution a tax upon real property **or on any business** located within the boundaries of the district; provided however, no such resolution shall be final nor shall it take effect until the qualified voters approve, by mail-in ballot, the tax which the resolution seeks to impose. If a majority of the votes cast by the qualified voters voting on the proposed tax are in favor of the tax, then the resolution and any amendments thereto shall be in effect. If a majority of the votes cast by the qualified voters voting are opposed to the tax, then the resolution seeking to levy the tax shall be deemed to be null and void.

2. The district may levy a real property tax rate lower than the tax rate ceiling approved by the qualified voters pursuant to subsection 1 of this section and may increase that lowered tax rate to a level not exceeding the tax rate ceiling without approval of the qualified voters.

3. The ballot shall be substantially in the following form:

(1) Shall the ..... (insert name of district) Community Improvement District ("District") impose a real property tax upon (all real property) within the district at a rate of not more than ..... (insert amount) dollars per hundred dollars assessed valuation for a period of ..... (insert number) years from the date on which such tax is first imposed for the purpose of providing revenue for ..... (insert general description of purpose) in the district?

G YES **G** NO**; and**

(2) In the county seat of a county of the first classification without a charter form of government containing a population of at least two hundred thousand:

Shall the ..... (insert name of district) Community Improvement District ("District") impose a real property tax within the district at a rate of not more than ..... (insert amount) dollars per hundred dollars of assessed valuation and/or a business license tax in an amount not to exceed ..... upon all persons who are engaged in the business of ..... for a period of ..... (insert number) years from the date on which such tax is first imposed for the purpose of providing revenue for ..... (insert general description of purpose) in the district?

G YES **G NO**

If you are in favor of the question, place an "X" in the box opposite "YES". If you are opposed to the question, place an "X" in the box opposite "NO".

4. No district levying a real property tax **or a business license tax** pursuant to this section may repeal or amend such real property tax **or business license tax** or lower the tax rate of such tax if such repeal, amendment or lower rate will impair the district's ability to repay any liabilities which it has incurred, money which it has borrowed or obligations that it has issued to finance any improvements or services rendered within the district.

67.1600. For the purposes of sections 67.1600 to 67.1663, the following terms shall mean:

(1) "Bona fide offer", an offer made in good faith and for a valuable consideration to purchase a qualified residence;

(2) "Certificate of participation", the duly notarized document of membership in a program, signed by the qualified applicant and by an authorized representative of the governing commission, which specifies the location and description of the guaranteed residence, its guaranteed value, the registration date, and which has attached a program appraisal for the guaranteed residence;

(3) "Community organization", a not for profit organization which has been registered with this state for at least five years as a not for profit organization, which qualifies for tax exempt status under Section 501(c)(3) or 501(c)(4) of the United States Internal Revenue Code of 1986, as now or hereafter amended, which continuously maintains an office or business location within the area of a program together with a current listed telephone number, and whose members reside within the area of a

program;

(4) "District", a contiguous geographic area described in a petition or defined by an ordinance enacted by the governing body of a municipality or by the county for an unincorporated area of a county of the first classification with a population greater than nine hundred thousand. The governing body shall have the authority to correct errors in the legal description of the district boundaries described in the petition or in the ordinance;

(5) "Eligible applicant", a natural person who is the owner of a qualified residence within the area of a program who shall occupy or have a family member who occupies such qualified residence as the principal place of residence;

(6) "Family member", a spouse, child, stepchild, parent, grandparent, brother, sister, or any such relations of the spouse of the member;

(7) "Governing commission", the nine-member, or eighteen-member in the case of a merged program, governing body which is authorized by voter approval of the creation of a home equity program (or merger of programs) pursuant to sections 67.1600 to 67.1663 and which is appointed by the mayor of the municipality or the county executive or presiding commissioner of a county in which the program has been approved with the approval of the governing body of the municipality or of the county, seven of whom, or, in the case of a merged program, fourteen of whom, shall be appointed from a list or lists of nominees submitted by a community organization or community organizations as defined in this section;

(8) "Gross selling value", the total consideration to be paid for the purchase of a guaranteed residence, and shall include any amount that the buyer or prospective buyer agrees to assume on behalf of a member, including broker commissions, points, legal fees, personal financing, or other items of value involved in the sale;

(9) "Guarantee fund", the funds collected pursuant to sections 67.1600 to 67.1663 for the purpose of guaranteeing the property values of members within the area of a program;

(10) "Guaranteed residence", a qualified residence, including condominiums as defined in chapter 448, RSMo, for which a certificate of participation has been issued, which is owned by the eligible applicant, which is described in the certificate of participation, and which is entitled to coverage pursuant to sections 67.1600 to 67.1663;

(11) "Guaranteed value", the appraised valuation based upon a standard of current market value as of the registration date on the qualified residence as determined by a program appraiser pursuant to accepted professional appraisal standards and which is authorized by the commission for the registration date. The guaranteed value shall be used solely by the commission for the purpose of administering the program and shall remain confidential;

(12) "Member", the owner of a guaranteed residence;

(13) "Owner", a natural person who is the legal titleholder or who is the beneficiary of a trust which is the legal titleholder;

(14) "Physical perils", physical occurrences such as, but not limited to, fire, windstorm, hail, nuclear explosion, seepage, war, insurrection, wear and tear, cracking, settling, vermin, rodents, insects, vandalism, pollution or contamination, and all such related occurrences or acts of God;

(15) "Program", means the guaranteed home equity program governed by a specific home equity commission;

(16) "Program appraisal", a real estate appraisal conducted by a program appraiser for the purpose of establishing the guaranteed value of a qualified residence under a program and providing a general description of the qualified residence. The program appraisal shall be used solely by the governing commission for the purpose of administering the program and shall remain confidential except for transactions between family members;

(17) "Program appraiser", a real estate appraiser who is state licensed or state certified pursuant to sections 339.500 to 339.549, RSMo;

(18) "Program guidelines", those policies, rules, regulations, and bylaws established from time to time by the governing commission to explain, clarify, or modify the program in order to fulfill its goals and objectives;

(19) "Qualified residence", a building:

(a) Located in the area of a program and having at least one, but not more than six, dwelling units, however, in the case of owner-occupied condominiums there is no limit on the number of dwelling units; and

(b) Classified by municipality or county ordinance as residential and assessed as such for property tax purposes;

(20) "Registration date", the date of receipt by the governing commission of the registration fee and a completed application of a qualified applicant for participation in a program;

(21) "Registration fee", the fee which is established by the governing commission to defray the cost of a program appraisal on a qualified residence.

67.1603. 1. In a municipality with more than five hundred and less than three hundred thousand inhabitants the question of creating a home equity program entirely within the municipality shall be initiated by ordinance of the governing body of the municipality or by a petition signed by not less than five percent of the total number of registered voters of the municipality who voted in the last gubernatorial election, the registered voters of which are eligible to sign the petition. It shall be the duty of the election authority having jurisdiction over such municipality to submit the question

of creating a home equity program to the voters within the municipality at the regular election specified in the ordinance or petition initiating the question.

2. In a municipality with greater than three hundred thousand inhabitants, the question of creating a home equity program within a portion of a municipality described as a district shall be initiated by ordinance of the governing body of the municipality or by a petition signed by not less than five percent of the total number of registered voters of the municipality who voted in the last gubernatorial election, the registered voters of which are eligible to sign the petition. It shall be the duty of the election authority having jurisdiction over such municipality to submit the question of creating a home equity program to the voters within the municipality at the regular election specified in the ordinance or petition initiating the question. If the question is initiated by petition and if the requisite number of signatures is not obtained in any district included within the area described in the petition, then the petition shall be valid as to the area encompassed by those districts for which the requisite number of signatures is obtained and any such district for which the requisite number of signatures is not obtained shall be excluded from the area.

3. In a county of the first classification with a population greater than nine hundred thousand, the question of creating a home equity program within a contiguous unincorporated area included entirely within any such county shall be initiated by ordinance of the governing body of the county, or by a petition signed by not less than five percent of the total number of registered voters within each district to be served who voted in the last gubernatorial election, the registered voters of which are eligible to sign the petition. It shall be the duty of the election authority having jurisdiction over such county to submit the question of creating a home equity program to the voters within the area to be served at the regular election specified in the ordinance or the petition initiating the question. If the question is initiated by petition and if the requisite number of signatures is not obtained in any district included within the area described in the petition, then the petition shall be valid as to the area encompassed by those districts for which the requisite number of signatures is obtained and any such district for which the requisite number of signatures is not obtained shall be excluded from the area.

4. A petition initiating a question described in this section shall be filed with the election authority having jurisdiction over the municipality or county. The petition shall be filed in the manner provided in the general election law. An ordinance or petition initiating a question described in this section shall specify the election at which the question is to be submitted. The election on such question shall be held in accordance with general election law. Such question, and the ordinance or petition initiating the question, shall include a description of the area, the name of the proposed

home equity program and the maximum rate at which the home equity program shall be able to levy such property tax. All of that area within the geographic boundaries of the area described in such question shall be included in the program, and no area outside the geographic boundaries of the area described in such question shall be included in the program. If the election authority determines that the description cannot be included within the space limitations of the ballot, the election authority shall prepare large printed copies of a notice of the question, which shall be prominently displayed in the polling place of each district in which the question is to be submitted. No new program shall be established by petition unless the area to be served by the program contains five hundred or more residential properties.

5. Whenever a majority of the voters on such public question approve the creation of a home equity program as certified by the proper election authorities, the governing body of any such municipality or county shall appoint nine individuals, to be known as commissioners, to serve as the governing body of the home equity program. The governing body shall choose seven of the nine individuals to be appointed to the governing commission from nominees submitted by real property owners or community organizations as defined in sections 67.1600 to 67.1663. A community organization may recommend up to twenty individuals to serve on a governing commission. No fewer than five commissioners serving at any one time shall reside within the area of the program. In a municipality with more than five hundred and less than three hundred thousand inhabitants, the governing body of the municipality may serve as the governing body of the home equity program or, in the alternative, the governing body may appoint a five-member governing commission to govern the home equity program. The mayor of any municipality whose governing body serves as the governing body of the home equity program may appoint a five-member advisory board to make recommendations to the governing body of the municipality in relation to the home equity program. Board members shall serve without compensation except for reasonable expenses incurred in the performance of duties as a board member. The governing body of the municipality shall establish the terms of office of the governing commission or advisory board members, and no member shall serve more than three consecutive terms.

6. Upon creation of a governing commission in a municipality with three hundred thousand or more inhabitants the terms of the initial commissioners shall be as follows: three shall serve for one year, three shall serve for two years, and three shall serve for three years and until a successor is appointed and qualified. All succeeding terms shall be for three years, or until a successor is appointed or qualified, and no commissioner may serve more than two consecutive terms. Commissioners shall serve without compensation except for reimbursement for reasonable expenses

incurred in the performance of duties as a commissioner. A vacancy in the office of a member of a commission shall be filled in like manner as an original appointment. All proceedings and meetings of the governing commission shall be conducted in accordance with the provisions of chapter 610, RSMo.

67.1606. 1. If the creation of an existing home equity program was initiated by petition and if a district was excluded from the area because the requisite number of signatures was not obtained, the excluded district may be added to the area of the program as provided in this section if the excluded district is contiguous to an existing program.

2. Upon the filing of a petition signed by a requisite number of registered voters of a district that is contiguous to an existing home equity program, the district may be added to the area of the program as provided in this section.

3. If a petition signed by not less than five percent of the total number of registered voters within such district who voted in the last gubernatorial election is filed with the proper election authority, and if the governing body of the municipality or county consents, by ordinance or resolution, to adding the excluded district to the area of the program, the election authority shall submit the question of adding the excluded district to the area of the program to the voters of the excluded district at the regular election specified in the petition. The petition shall be filed and the election shall be conducted as provided in the general election law. The petition and the question submitted shall describe the district, identify the program to which the district is proposed to be added and state the maximum rate at which the program shall be authorized to levy such property tax, which rate shall be the same as the existing maximum rate for the program.

4. If a majority of the voters of the district voting on the question are in favor of adding the district to the program, the district shall be part of the area of the program.

67.1609. 1. Whenever the question of merging two existing and contiguous home equity programs within a municipality or county or which are included within two or more such subdivisions is initiated by ordinance of the governing commissions of both programs proposed to be merged or by a petition signed by not less than five percent of the total registered voters within the area of each program proposed to be merged who voted in the last gubernatorial election, the registered voters of which are eligible to sign the petition, it shall be the duty of the election authority having jurisdiction over such municipality, municipalities or county to submit the question of merging the programs to the voters of each program at the regular election specified in the ordinance or petition initiating the question. A petition initiating a question described in this section shall be filed with the election authority having jurisdiction over the

municipality, municipalities or county. The petition shall be filed in the manner provided in the general election law. An ordinance or petition initiating a question described in this section shall specify the election at which the question is to be submitted. The election on such question shall be held in accordance with general election law. Such question, and the ordinance or petition initiating the question, shall include a description of the area of the two programs, the name of the proposed merged home equity program and the maximum rate at which the merged home equity program shall be able to levy such property tax. All of that area within the geographic boundaries of the area of the two programs described in such question shall be included in the merged program, and no area outside the geographic boundaries of the area of the two programs described in such question shall be included in the merged program. If the election authority determines that the description cannot be included within the space limitations of the ballot, the election authority shall prepare large printed copies of a notice of the question, which shall be prominently displayed in the polling place of each district in which the question is to be submitted. Nothing shall prohibit two or more programs from jointly administering or contracting with each other or another entity for the purpose of administering the programs without merging the programs.

2. Whenever a majority of the voters on such public question in each existing program approve the merger of home equity programs as certified by the proper election authorities, the commissioners of each of the merged programs shall serve as the governing body of the merged home equity program.

3. The commissioners serving at any one time shall reside within the area of the merged program. Upon creation of a merged program, a commissioner shall serve for the term for which he or she was appointed and until a successor is appointed and qualified. In municipalities with a population of three hundred thousand or more, all succeeding terms shall be for three years, or until a successor is appointed and qualified, and no commissioner may serve more than two consecutive terms. Commissioners shall serve without compensation except for reimbursement for reasonable expenses incurred in the performance of duties as a commissioner. A vacancy in the office of a member of the commission shall be filled in like manner as an original appointment. All proceedings and meetings of the governing commission shall be conducted in accordance with the provisions of chapter 610, RSMo, as now or hereafter amended. Upon creation of a merged program, the members of each of the two programs merged into the merged program shall be members of the merged program, the guarantee funds of each shall be merged, and they shall be operated as a single program.

67.1612. The duties and functions of the governing commission of a home equity

program shall include the following:

(1) To select an administrator to conduct or supervise the day-to-day operation of the program, including but not limited to the administration of homeowner applications for participation in the program and homeowner claims against the guarantee fund;

(2) To establish policies, rules, regulations, bylaws, and procedures for both the governing commission and the program. No policies, rules, regulations, or bylaws shall be adopted by the governing commission without prior notice to the residents of the area of a program and an opportunity for such residents to be heard;

(3) To provide annual status reports on the program to the governing body of the municipality or county;

(4) To establish guaranteed value standards which are directly linked to the program appraisal, to approve guarantee values, and to establish requirements for program appraisers consistent with subdivision (16) of section 67.1600. In no event shall the program guidelines adopted by the governing commission provide for selecting appraisers based on criteria other than the quality and timeliness of the appraisals provided to the governing commission;

(5) To manage, administer, and invest the guarantee fund under the supervision of the local governing body;

(6) To liquidate acquired assets to maintain the guarantee fund;

(7) To participate in arbitration required pursuant to the program, including gathering information from all necessary persons, parties, or documents required to proceed with such arbitration;

(8) To employ necessary personnel, acquire necessary office space, enter into contractual relationships and disburse funds pursuant to sections 67.1600 to 67.1663; and

(9) To perform such other functions in connection with the program and the guarantee fund as required pursuant to sections 67.1600 to 67.1663.

67.1615. 1. Eligibility for membership in the program shall be limited to the owner of a qualified residential property within the area of a home equity program.

2. An eligible applicant shall apply to the program by submitting an application and a registration fee as determined by the governing commission. Prior to accepting a registration fee, the governing commission shall inform the applicant of the rights, duties, and obligations of both the member and the governing commission pursuant to the program. Upon receipt of the registration fee, the governing commission shall have the residence of the applicant appraised by a program appraiser at the expense of the program to determine the guaranteed value of the residence. If the appraisal, at the time completed by a program appraiser, differs by more than fifteen percent from the

market value as determined in the most recent assessment performed by the county assessor, the program administrator shall notify the governing commission and provide a written justification for the difference between the guaranteed value of the residence and the market value as determined in the most recent assessment before the commission accepts the guaranteed residence into the program.

3. At its option, the governing commission may require a second program appraisal of the qualified residence, also at the expense of the program, if it determines that the first program appraisal is incomplete, inadequate, or inaccurate.

4. A certificate of participation shall then be issued to the eligible applicant certifying membership in the program and stating the guaranteed value, the registration date, the address of the guaranteed residence and description of the conditions and exclusions of the program. An authorized program appraisal shall be attached to the certificate of participation.

67.1618. A member or the estate of a member participating in a program created pursuant to sections 67.1600 to 67.1663 shall be paid one hundred percent of the difference between the guaranteed value as determined by the program and the gross selling value as determined in section 67.1621 if the guaranteed value is greater than the gross selling value. The guarantee provided by the program shall only apply to sales made three years or more after the date of issuance of the certificate of participation and shall be provided subject to all of the terms, conditions, and stipulations of the program. The guarantee provided by the program shall extend only to those who qualified as members at the time of their application, or to the estates of members; provided that the estate applies within two years of the member's death or within five years after the date of issuance of the certificate of participation, whichever is later. A member of a program agrees to abide by all conditions, stipulations, and provisions of a program and shall not be eligible for protection and shall not receive the guarantee unless all such conditions, stipulations and provisions have been met. Any member failing to abide by the conditions, stipulations and provisions of a program or who engages in fraud, misrepresentation, or concealment in any process involving a program forfeits both the registration fee and any claim to the guarantee.

67.1621. 1. In order to be eligible for payment from a program created pursuant to sections 67.1600 to 67.1663, a member shall follow the program guidelines adopted by the governing commission as well as the procedures set forth in this section.

2. A member shall file a notice of intent to sell with the governing commission pursuant to program guidelines if and when the member intends to place the guaranteed residence on the market for sale. Upon receipt of a notice of intent to sell, the governing commission shall provide the member with a copy of this section and a written description of the rights and responsibilities of both the member and the

governing commission and the procedures for obtaining benefits; provided, however, that such information provided by the governing commission shall not restrict or advise the member with respect to the selection of a real estate broker or agent. The information shall be delivered to the member either in person or by registered mail. A member is not eligible to file notice of intent to sell until at least three years after the member's registration date.

3. A member is required to offer the guaranteed residence for sale pursuant to the program guidelines, including the utilization of complete and proper methods for listing residential property, listing the guaranteed residence at a price equal to or greater than the guaranteed value and which reasonably can be expected to attract buyers, and providing reasonable access for potential buyers to see the guaranteed residence.

4. A member may list the guaranteed residence pursuant to program guidelines with a real estate broker of the member's choice for up to ninety days following the date on which the member listed the residence.

5. Within sixty days of receipt of a notice of intent to sell, the governing commission has the right to have the guaranteed residence inspected by a program appraiser, at the governing commission's expense, in order to determine if the guaranteed residence is in substantially the same condition as described by the program appraisal attached to the certificate of participation. If the guaranteed residence fails to meet this standard, the following procedures shall be followed:

(1) The program appraiser shall determine the percentage depreciation of the guaranteed residence due to failure to maintain the premises or due to physical perils or other causes not covered by the program;

(2) This percentage figure shall be multiplied by the guaranteed value to determine the dollar depreciation;

(3) This dollar depreciation shall be subtracted from the guaranteed value to derive a lower guaranteed value to be used for the purpose of determining the amount of payment pursuant to the program.

6. A member shall make the guaranteed residence available to a program appraiser within a reasonable time within this sixty-day period after receipt of notice from the commission that an inspection pursuant to subsection 5 of this section is required, or the member's coverage pursuant to the program shall be null, void and of no further effect, and the member's registration fee shall be forfeited.

7. Ninety days after listing the guaranteed residence, a member shall be eligible to file a notice of intent to claim with the governing commission, pursuant to guidelines established by the governing commission, attesting to the fact that the member has followed program guidelines in offering the guaranteed residence for sale, that the

member is unable to obtain an offer for purchase of the guaranteed residence for at least its guaranteed value, and that the member intends to file a claim against the program. Such notice shall include verifiable evidence of placement of the guaranteed residence on the market, the dates such placement took place, and shall list all reasonable offers to buy the property. Verifiable evidence may include a copy of advertisements for sale, a contract with a licensed real estate broker, or other evidence satisfactory to a majority of the governing commission.

8. Upon receipt of the notice of intent to claim, the governing commission has sixty days during which it shall require the member to list the guaranteed residence at a price that the governing commission deems reasonable with a real estate broker of the member's choosing. The real estate broker chosen by the member shall advertise the guaranteed residence throughout the residential market area typically used in the region of the state in which the program is located.

9. During the periods during which the qualified residence is offered for sale, the member shall forward to the governing commission all offers of purchase by either personal delivery or registered mail. If the member receives an offer of purchase which can reasonably be expected to be consummated if accepted and whose gross selling value is greater than the guaranteed value of the guaranteed residence, then no benefits may be claimed pursuant to the program. If the member receives an offer to purchase at a gross selling value that is less than the guaranteed value, the governing commission shall, within five working days of the receipt of such offer, either:

(1) Approve the offer, in which case the governing commission shall authorize the payment of the amount afforded pursuant to sections 67.1600 to 67.1663 upon receipt of verifiable evidence of the sale of the guaranteed residence subject to the following conditions:

(a) Sales involving eminent domain shall be covered pursuant to section 67.1630;

(b) Sales subsequent to an insured property and casualty loss shall be guaranteed for the guaranteed value as determined pursuant to subsection 5 of this section;

(c) Contract sales shall be guaranteed as determined by the guaranteed value in subsection 5 of this section, however proceeds payable from the program shall be disbursed in equal annual installments over the life of the contract; or

(2) Reject the offer, in which case the member shall continue showing the guaranteed residence until the termination of the period.

Any offer that the governing commission deems not to be a bona fide offer shall be rejected by the governing commission. Unless the member and the governing commission otherwise agree, the governing commission's failure to act upon an offer within five working days shall be deemed to be a rejection of the offer.

67.1624. No guarantee is afforded by the program until sixty days after a member files a notice of intent to claim. Furthermore, the governing commission shall be required to make payments to a member only upon receipt of verifiable evidence of the actual sale of the guaranteed residence in accordance with the terms agreed upon between the member and the governing commission at the time the governing commission authorized payment. If a member rejects an offer for purchase which has been submitted to and approved by the governing commission, the governing commission or program shall not be liable for any future guarantee payment larger than that authorized for this proposed sale.

67.1627. Except as otherwise provided in sections 67.1600 to 67.1663, payments under the program pursuant to section 67.1618 shall not be made until the sale of the guaranteed residence has closed and title has passed or the beneficial interest has been transferred.

67.1630. When a guaranteed residence is to be acquired through the use of eminent domain by a condemning body, the following procedures shall apply:

(1) If the member rejects an offer from the condemning body equal to or greater than the guaranteed value, then no benefits may be claimed pursuant to the program;

(2) If the condemning body offers less than the guaranteed value, the governing commission may either:

(a) Pay one hundred percent of the difference between the guaranteed value and the offered price if the member agrees to sell at the offered price; or

(b) Advise the member that the offer is inadequate and should be refused. If the member refuses the offer and the final court determination of the value of the property is less than the guaranteed value, then the program shall pay one hundred percent of the difference between the judgment and the guaranteed value.

67.1633. 1. A member has the option of applying for a new program appraisal by a program appraiser in order to establish a new certificate of participation with a new registration date. The governing commission may exercise the right to require a second program appraisal in accordance with the procedures described in section 67.1615. This new guaranteed value shall be subject to the following conditions:

(1) A new guaranteed value established solely for the purpose of determining a property's increased value due to inflation may not be requested by the member until at least three years have elapsed from the most recent registration date;

(2) A new guaranteed value established due to home improvements shall be granted only when the value of the home improvements exceed five thousand dollars;

(3) A member may not initiate a claim against the program based upon the new guaranteed value until at least three years after the new registration date. Until that time, coverage shall be based on the most recent certificate of participation which is

at least three years old and the guaranteed value set forth in that certificate of participation;

(4) If the governing commission, by majority vote, determines that the application for a new appraisal is due to substantial property improvements on the guaranteed residence, then the application fee for the appraisal shall be one-half of the registration fee then being charged by the program;

(5) If the governing commission, by a majority vote, concludes that the application for a new appraisal is not due to substantial property improvements, the application fee for the new appraisal shall be the amount of the registration fee then being charged by the program;

(6) A new guaranteed value shall be subject to all of the conditions, stipulations, and provisions of sections 67.1600 to 67.1663.

2. After following the above procedures, the member shall be issued a new certificate of participation which shall state the new guaranteed value and registration date.

3. A member may request a new guaranteed value and registration date only once per year.

67.1636. 1. If a member or applicant disagrees with the guaranteed value, the dollar depreciation due to failure to maintain the premises, or the dollar depreciation due to physical perils as determined by the program appraiser and approved by the governing commission, the member may appeal in writing to the governing commission within thirty days of the approval of the guaranteed value or the dollar depreciation by the governing commission. The governing commission shall respond in writing to this appeal within thirty days of its receipt.

2. If the member still disagrees with the governing commission, the member may submit a written request for arbitration to the governing commission within thirty days after the date of receiving the written response to the appeal.

3. All such requests for arbitration shall be settled pursuant to the real estate valuation arbitration rules of the American Arbitration Association. Judgment upon the award rendered by the arbitrator may be entered in any court having appropriate jurisdiction.

4. The determination made pursuant to such arbitration procedure shall be final and binding on the member, the governing commission and all other parties.

67.1639. 1. Each governing commission and program created pursuant to sections 67.1600 to 67.1663 shall maintain a guarantee fund for the purposes of paying the costs of administering the program and extending protection to members pursuant to the limitations and procedures in sections 67.1600 to 67.1663.

2. The guarantee fund shall be raised by means of an annual tax levied on all

real property within the area of the program. The rate of this tax may be changed from year to year by majority vote of the governing body of the municipality or county but in no case shall it exceed a rate of fifteen hundredths of a percent of the equalized assessed valuation of all real property in the area of the program, or the maximum tax rate approved by the voters of the area at the election which created the program or, in the case of a merged program, the maximum tax rate approved by the voters at the election authorizing the merger, whichever rate is lower. The commissioners shall cause the amount to be raised by taxation in each year to be certified to the county clerk or, in a city not within a county, to the taxing authority of such city in the manner provided by law, and any tax so levied and certified shall be collected and enforced in the same manner and by the same officers as those taxes for the purposes of the county and city within which the area of the commission is located. Any such tax, when collected, shall be paid over to the proper officer of the commission who is authorized to receive such tax. The governing commission may issue tax anticipation warrants against the taxes to be assessed for the calendar year in which the program is created and for the first full calendar year after the creation of the program.

3. The moneys deposited in the guarantee fund shall, as nearly as practicable, be fully and continuously invested or reinvested by the governing commission in investment obligations which shall be in such amounts, and shall mature at such times, that the maturity or date of redemption at the option of the holder of such investment obligations shall coincide, as nearly as practicable, with the times at which moneys will be required for the purposes of the program. For the purposes of this section, "investment obligation" shall mean direct general municipal, state, or federal obligations which at the time are legal investments pursuant to the laws of this state and the payment of principal of and interest on which are unconditionally guaranteed by the governing body issuing them.

4. The guarantee fund, including principal, interest, fees and all other sources of income, shall be used solely and exclusively for the purpose of providing guarantees to members of the particular guaranteed home equity program and for reasonable salaries, expenses, bills, and fees incurred in administering the program, and shall be used for no other purpose. Any municipality with a population of less than one thousand shall administer the program in conjunction with another such program in the same county, if another such program exists in such county.

5. The guarantee fund shall be maintained, invested, and expended exclusively by the governing commission of the program for whose purposes it was created. Under no circumstance shall the guarantee fund be used by any person or persons, governmental body, or public or private agency or concern other than the governing commission of the program for whose purposes it was created. Under no circumstances

shall the guarantee fund be commingled with other funds or investments. No commissioner or family member of a commissioner, or employee or family member of an employee, may receive any financial benefit, either directly or indirectly, from the guarantee fund. Nothing in this subsection shall be construed to prohibit payment of expenses to a commissioner pursuant to sections 67.1603 and 67.1609 or payment of salaries or expenses to an employee pursuant to this section. As used in this subsection, "family member" means a spouse, child, stepchild, parent, brother, or sister of a commissioner or a child, stepchild, parent, brother, or sister of a commissioner's spouse.

6. An independent audit of the guarantee fund and the management of the program shall be conducted annually and made available to the public through any office of the governing commission or a public facility such as a local public library located within the area of the program.

7. Each political subdivision enacting a property tax pursuant to this section shall periodically calculate the amount of moneys necessary to pay the liabilities that may occur as a result of members seeking payments and shall adjust the tax rate within the limits allowed in this section to meet the liabilities. If the political subdivision determines that the fund contains or is likely to contain sufficient moneys, then the tax rate shall be reduced or eliminated until such calculations demonstrate that additional tax revenues are needed to fulfill commitments to members in the program.

67.1642. A home equity program may be terminated only by approval of the local governing bodies of the municipality or county. In terminating the program, the governing commission shall refund the remaining balance of the guarantee fund, if any, after all potential liabilities have been satisfied, to the then current property taxpayers of all real property within the area of the commission in an equitable manner proportionate to the manner in which the guarantee fund was raised.

67.1645. A program created pursuant to sections 67.1600 to 67.1663 provides a guarantee only against specifically local adverse housing market conditions within the area of the program as they may differ from regional or national housing conditions. A program shall not provide relief from adverse regional or national housing market conditions as they may affect local housing conditions. A program shall not guarantee against a decline in the value of housing due to economic forces such as a national or regional recession or depression. In the event of a regional decline in the value of housing in the regional or national housing markets, the governing commission may temporarily suspend coverage pursuant to the program in order to protect the fiscal integrity of the guarantee fund. For the purposes of this section, a regional decline in the value of housing is defined as a five percent annual decline in the median value of existing houses in any twelve month period for the nation, Midwest region, or state of

Missouri, according to statistics published by the national association of realtors.

67.1648. If the guarantee fund becomes depleted and payments of guarantees pursuant to the program cannot be made in a timely fashion as required by the program guidelines, the governing commission may temporarily suspend the registration of new members and borrow funds against future tax revenues until such time as the guarantee fund is sufficiently restored. Under no circumstances shall the indebtedness or obligations of a program or a governing commission become an indebtedness or obligation of either the municipality or county in which the program is located or the state of Missouri.

67.1651. 1. No commissioner, officer or employee, whether on salary, wages or voluntary basis shall be personally liable and no cause of action may be brought for damages resulting from the exercise of judgment or discretion in connection with the performance of program duties or responsibilities unless the act or omission involved willful or wanton conduct.

2. A program shall indemnify each commissioner, officer and employee, whether on salary, wages or voluntary basis against any and all losses, damages, judgments, interest, settlements, fines, court costs and other reasonable costs and expenses of legal proceedings including attorney fees, and any other liabilities incurred by, imposed upon, or suffered by such individual in connection with or resulting from any claim, action, suit or proceeding, actual or threatened, arising out of or in connection with the performance of program duties. Any settlement of any claim shall be made with prior approval of the governing commission in order for indemnification pursuant to this section to be available.

3. The immunity and indemnification provided by a program pursuant to this section shall not cover any acts or omissions which involve willful or wanton conduct, breach of good faith, intentional misconduct, knowing violation of the law, or for any transaction from which such individual derives an improper personal benefit.

67.1654. No lawsuit or any other type of legal action brought pursuant to the terms of sections 67.1600 to 67.1663 shall be sustainable in a court of law or equity unless all conditions, stipulations, and provisions of the program have been complied with, and unless the suit is brought within twelve months after the event which is the subject of the legal action.

67.1657. If insurance or other form of payment is available to and carried by a member to provide protection similar to that provided by a program, the governing commission shall not be liable for a greater proportion of the loss than the amount provided by the program bears to the total amount available from all sources.

67.1660. 1. No provision of sections 67.1600 to 67.1663 and no procedure, regulation, or bylaw of a governing commission and program created pursuant to the

provisions of sections 67.1600 to 67.1663 shall abridge a member's right to forfeit the registration fee and guarantee and withdraw from the program at any time and sell the guaranteed residence in any legal manner he or she sees fit.

2. No provision of sections 67.1600 to 67.1663 or any procedure, regulation, or bylaw of a governing commission and program created pursuant to the provisions of sections 67.1600 to 67.1663 is intended as, and none shall be used as, a means of discriminating against any individual on the basis of ethnic background, gender, race or religion.

67.1663. Any person violating the provisions of sections 67.1600 to 67.1663 or any procedure, regulation, or bylaw of a governing commission and program created pursuant to the provisions of sections 67.1600 to 67.1663 shall be guilty of a class A misdemeanor and fined as provided by law.

88.812. In all third class cities, fourth class cities, towns and villages, and all cities having a constitutional charter or a special charter, the assessments made for constructing and repairing sidewalks and sidewalk curbing, and for sewers, and for grading, paving, excavating, macadamizing, curbing and guttering of any street, avenue, alley, square, or other highway, or part thereof, and repairing the same, or for any other improvement authorized by sections 88.497 to 88.663, and sections 88.667 to 88.773, and sections 80.090 to 80.560, RSMo, and sections 88.777 to 88.797, and sections 88.811 to 88.861, shall be known as "special assessments for improvements", and shall be levied and collected as a special tax, and a special tax bill shall issue therefor and be paid in the manner provided by ordinance. The legislative body of such city, town or village shall cause plans and specifications for all projects, together with an estimate of the total cost for the projects, including construction, construction contingency and fees and other expenses, and an estimate of the portion of the total cost to be assessed against each property to be benefited by the project, to be prepared by the city engineer or other proper officer, and filed with the clerk of such city, town or village, subject to the inspection of the public, and shall cause notice thereof to be published in some newspaper printed in the county for two consecutive insertions in a weekly paper, and for seven consecutive insertions in a daily paper. A public hearing shall be had before such legislative body upon the request of three or more citizens of such city, town or village, at which hearing citizens may express their assent or objection to such project. These special tax bills may include a reasonable construction contingency and an amount not to exceed twenty percent of the total cost of the improvement to be used for payment of fees and other expenses, and tax bills may bear interest not to exceed the rate on ten-year United States treasury notes as established at the most recent auction; all the tax bills shall become due and payable sixty days after the date of issue thereof, except in the case of tax bills payable in installments as herein provided; and, every special tax bill shall be a lien against the lot or tract or parcel of land described in said special tax bill for a period of ten years after date of issue, unless sooner paid,

except in the case of special tax bills payable in installments, the lien of which shall not expire until one year after the date of maturity of the last installment, and except in any case where it becomes necessary to bring a suit to enforce the lien of any special tax bill, the lien of which shall continue until the expiration of the litigation. **Notwithstanding the provisions of this section, a constitutional charter city may provide for special assessments for constructing and repairing sidewalks and sidewalk curbing, and for sewers, and for grading, paving, excavating, macadamizing, curbing and guttering of any street, avenue, alley, square or other highway, or part thereof, and repairing the same, upon such terms, conditions and procedures as are set forth in its own charter or ordinances.**

89.410. 1. The planning commission shall recommend and the council may by ordinance adopt regulations governing the subdivision of land within its jurisdiction. The regulations, in addition to the requirements provided by law for the approval of plats, may provide requirements for the coordinated development of the **[**municipality**] city, town or village**; for the coordination of streets within subdivisions with other existing or planned streets or with other features of the city plan or official map of the **[**municipality**] city, town or village**; for adequate open spaces for traffic, recreation, light and air; and for a distribution of population and traffic**; provided that, the city, town or village may only impose requirements and the posting of bonds regarding escrows for subdivision related regulations as provided for in subsections 2 to 4 of this section**.

2. The regulation may include requirements as to the extent and the manner in which the streets of the subdivision or any designated portions thereto shall be graded and improved as well as including requirements as to the extent and manner of the installation of all utility facilities**[**, and**].** Compliance with all of these requirements is a condition precedent to the approval of the plat. The regulations or practice of the council may provide for the tentative approval of the plat previous to the improvements and **utility** installations; but any tentative approval shall not be entered on the plat. The regulations may provide that, in lieu of the completion of the work and installations previous to the final approval of a plat, the council may accept a bond **or escrow** in an amount and with surety and **other reasonable** conditions **[**satisfactory to it**]**, providing for and securing the actual construction and installation of the improvements and utilities within a period specified by the council and expressed in the bond; **[**and**] provided that, the release of such escrow by the city, town or village shall be as specified in this section.** The council may enforce the bond by all appropriate legal and equitable remedies. The regulations may provide, in lieu of the completion of the work and installations previous to the final approval of a plat, for an assessment or other method whereby the council is put in an assured position to do the work and make the installations at the cost of the owners of the property within the subdivision. The regulations may provide for the dedication, reservation or acquisition of lands and open spaces necessary for public uses indicated on the city plan and for appropriate means

of providing for the compensation, including reasonable charges against the subdivision, if any, and over a period of time and in a manner as is in the public interest.

3. **The regulations shall provide that any escrow amount held by the city, town or village to secure actual construction and installation on each component of the improvements or utilities shall be released within thirty days of completion of each category of improvement or utility work to be installed, minus a maximum retention of five percent which shall be released upon completion of all improvements and utility work. Any such category of improvement or utility work shall be deemed to be completed upon certification by the city, town or village that the project is complete in accordance with the ordinance of the city, town or village including the filing of all documentation and certifications required by the city, town or village, in complete and acceptable form. The release shall be deemed effective when the escrow funds are duly posted with the United States Postal Service or other agreed upon delivery service or when the escrow funds are hand delivered to an authorized person or place as specified by the owner or developer.**

4. If the city, town or village has not released the escrow funds within thirty days as provided in this section, the city, town or village shall pay the owner or developer in addition to the escrow funds due the owner or developer, interest at the rate of one and one-half percent per month calculated from the expiration of the thirty-day period until the escrow funds have been released. Any owner or developer aggrieved by the city, town or village's failure to observe the requirements of this section may bring a civil action to enforce the provisions of this section. In any civil action or part of a civil action brought pursuant to this section, the court may award the prevailing party or the city, town or village the amount of all costs attributable to the action, including reasonable attorneys' fees.

5. Nothing in this section shall apply to performance, maintenance and payment bonds required by cities, towns or villages.

6. Before adoption of its subdivision regulations or any amendment thereof, a duly advertised public hearing thereon shall be held by the council.

135.530. For the purposes of **[**this act**]** **sections 100.010, 100.710 and 100.850, RSMo, sections 135.110, 135.200, 135.258, 135.313, 135.403, 135.405, 135.503, 135.530 and 135.545, section 215.030, RSMo, sections 348.300 and 348.302, RSMo, and sections 620.1400 to 620.1460, RSMo**, "distressed community" means either a Missouri municipality within a metropolitan statistical area which has a median household income of under seventy percent of the median household income for the metropolitan statistical area, according to the last decennial census, or **[**the**]** **a** United States Census Block Group or contiguous group of block groups within a metropolitan statistical area which has a population of at least two thousand five hundred, and **[**which has**]** **each block group having** a median household income of under seventy percent of

the median household income for the metropolitan area in Missouri, according to the last decennial census. In addition the definition shall include municipalities not in a metropolitan statistical area, with a median household income of **under** seventy percent of the median household income for the nonmetropolitan areas in Missouri according to the last decennial census or a Census Block Group or contiguous group of block groups which has a population of at least two thousand five hundred **[**which has**] each block group having** a median household income of **under** seventy percent of the median household income for the nonmetropolitan areas of Missouri, according to the last decennial census.

135.535. 1. A corporation, limited liability corporation, partnership or sole proprietorship, which moves its operations from outside Missouri or outside a distressed community into a distressed community, or which commences operations in a distressed community on or after January 1, 1999, and in either case has more than seventy-five percent of its employees at the facility in the distressed community, and which has fewer than one hundred employees for whom payroll taxes are paid, and which is a manufacturing, biomedical, medical devices, scientific research, animal research, computer software design or development, computer programming, telecommunications or a professional firm shall receive a forty percent credit against income taxes owed pursuant to chapter 143, 147 or 148, RSMo, other than taxes withheld pursuant to sections 143.191 to 143.265, RSMo, for each of the three years after such move, if approved by the department of economic development, which shall issue a certificate of eligibility if the department determines that the taxpayer is eligible for such credit. The maximum amount of credits per taxpayer set forth in this subsection shall not exceed one hundred twenty-five thousand dollars for each of the three years for which the credit is claimed. The department of economic development, by means of rule or regulation promulgated pursuant to the provisions of chapter 536, RSMo, shall assign appropriate standard industrial classification numbers to the companies which are eligible for the tax credits provided for in this section. Such three-year credits shall be awarded only one time to any company which moves its operations from outside of Missouri or outside of a distressed community into a distressed community or to a company which commences operations within a distressed community. A taxpayer shall file an application for certification of the tax credits for the first year in which credits are claimed and for each of the two succeeding taxable years for which credits are claimed.

2. Employees of such facilities physically working and earning wages for that work within a distressed community whose employers have been approved for tax credits pursuant to subsection 1 of this section by the department of economic development for whom payroll taxes are paid shall, also be eligible to receive a tax credit against individual income tax, imposed pursuant to chapter 143, RSMo, equal to one and one-half percent of their gross salary paid at such facility earned for each of the three years that the facility receives the tax credit provided by this section, so long as they were qualified employees of such entity. The employer shall

calculate the amount of such credit and shall report the amount to the employee and the department of revenue.

3. A tax credit against income taxes owed pursuant to chapter 143, 147 or 148, RSMo, other than the taxes withheld pursuant to sections 143.191 to 143.265, RSMo, in lieu of the credit against income taxes as provided in subsection 1 of this section, may be taken by such an entity in a distressed community in an amount of forty percent of the amount of funds expended for computer equipment and its maintenance, medical laboratories and equipment, research laboratory equipment, manufacturing equipment, fiber optic equipment, high speed telecommunications, wiring or software development expense up to a maximum of seventy-five thousand dollars in tax credits for such equipment or expense per year per entity and for each of three years after commencement in or moving operations into a distressed community. **[**A corporation, partnership or sole proprietorship, which has no more than one hundred employees for whom payroll taxes are paid, and which is already located in a distressed community, which expends funds for such equipment as set forth in this subsection in an amount exceeding its average of the prior two years for such equipment, shall be eligible to receive a twenty-five percent tax credit against income taxes owed pursuant to chapters 143, 147 and 148, RSMo, up to a maximum of seventy-five thousand dollars in tax credits for such additional equipment and expense per such entity. Tax credits pursuant to this subsection or subsection 1 may be used to satisfy the state tax liability due in the tax year the credit is certified, and that was due during the previous three years, and in any of the five tax years thereafter.**]**

4. **A corporation, partnership or sole partnership, which has no more than one hundred employees for whom payroll taxes are paid, which is already located in a distressed community and which expends funds for such equipment pursuant to subsection 3 of this section in an amount exceeding its average of the prior two years for such equipment, shall be eligible to receive a tax credit against income taxes owed pursuant to chapters 143, 147 and 148, RSMo, in an amount equal to the lesser of seventy-five thousand dollars or twenty-five percent of the funds expended for such additional equipment per such entity. Tax credits allowed pursuant to this subsection or subsection 1 of this section may be carried back to any of the three prior tax years and carried forward to any of the five tax years.**

5. An existing corporation, partnership or sole proprietorship that is located within a distressed community and that relocates employees from another facility outside of the distressed community to its facility within the distressed community, and an existing business located within a distressed community that hires new employees for that facility may both be eligible for the tax credits allowed by subsections 1 and 3 of this section. To be eligible for such tax credits, such a business, during one of its tax years, shall employ within a distressed community at least twice as many employees

as were employed at the beginning of that tax year. A business hiring employees shall have no more than one hundred employees before the addition of the new employees. This subsection shall only apply to a business which is a manufacturing, biomedical, medical devices, scientific research, animal research, computer software design or development, computer programming or telecommunications business, or a professional firm.

6. Tax credits shall be approved for applicants meeting the requirements of this section in the order that such applications are received. Certificates of tax credits issued in accordance with this section may be transferred, sold or assigned by notarized endorsement which names the transferee.

[5.**]** **7.** The tax credits allowed pursuant to subsections 1, 2 **[**and 3**], 3, 4 and 5** of this section shall be for an amount of no more than ten million dollars for each year beginning in 1999. The total maximum credit for all entities already located in distressed communities and claiming credits pursuant to subsection **[**3**]** **4** of this section shall be seven hundred and fifty thousand dollars. The department of economic development in approving taxpayers for the credit as provided for in subsection **[**4**]** **6** of this section shall use information provided by the department of revenue regarding taxes paid in the previous year, or projected taxes for those entities newly established in the state, as the method of determining when this maximum will be reached and shall maintain a record of the order of approval. Any tax credit not used in the period for which the credit was approved may be carried over until the full credit has been allowed.

[6.**]** **8.** A Missouri employer relocating into a distressed community and having employees covered by a collective bargaining agreement at the facility from which it is relocating shall not be eligible for the credits in subsection 1 **[**or 3**], 3, 4 or 5** of this section, and its employees shall not be eligible for the credit in subsection 2 of this section if the relocation violates or terminates a collective bargaining agreement covering employees at the facility, unless the affected collective bargaining unit concurs with the move.

[7.**]** **9.** Notwithstanding any provision of law to the contrary, no taxpayer shall earn the tax credits allowed in this section and the tax credits otherwise allowed in section 135.110, or the tax credits, exemptions, and refund otherwise allowed in sections 135.200, 135.220, 135.225 and 135.245, respectively, for the same business for the same tax period.

Section 1. Sections 1 to 5 of this act shall be known and may be cited as the "Rebuilding Communities and Neighborhood Preservation Act".

Section 2. As used in sections 3 to 5 of this act, the following terms mean:

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

(2) "Director", the director of the department of economic development;

(3) "Distressed community", as defined in section 135.530, RSMo;

(4) "Eligible costs for a new residence", expenses incurred for property

acquisition, development, site preparation other than demolition, surveys, architectural and engineering services and construction and all other necessary and incidental expenses incurred for constructing a new market rate residence, which is or will be owner-occupied, which is not replacing a national register listed or local historic structure; except that, costs paid for by the taxpayer with grants or forgivable loans, other than tax credits, provided pursuant to state or federal governmental programs are ineligible;

(5) "Eligible costs for rehabilitation", expenses incurred for the renovation or rehabilitation of an existing residence including site preparation, surveys, architectural and engineering services, construction, modification, expansion, remodeling, structural alteration, replacements and alterations; except that, costs paid for by the taxpayer with grants or forgivable loans other than tax credits provided pursuant to state or federal governmental programs are ineligible;

(6) "Eligible residence", a single-family residence forty years of age or older, located in this state and not within a distressed community as defined by section 135.530, RSMo, which is occupied or intended to be or occupied long term by the owner or offered for sale at market rate for owner-occupancy and which is either located within a United States census block group which, if in a metropolitan statistical area, has a median household income of less than ninety percent, but greater than or equal to seventy percent of the median household income for the metropolitan statistical area in which the census block group is located, or which, if located within a United States census block group in a nonmetropolitan area, has a median household income of less than ninety percent, but greater than or equal to seventy percent of the median household income for the nonmetropolitan areas in the state;

(7) "Flood plain", any land or area susceptible to being inundated by water from any source or located in a one hundred-year flood plain area determined by Federal Emergency Management Agency mapping as subject to flooding;

(8) "New residence", a residence constructed on land which if located within a distressed community has either been vacant for at least two years or is or was occupied by a structure which has been condemned by the local entity in which the structure is located or which, if located outside of a distressed community but within a census block group as described in subdivision (6) or (10) of this section, either replaces a residence forty years of age or older demolished for purposes of constructing a replacement residence, or which is constructed on vacant property which has been classified for not less than forty continuous years as residential or utility, commercial, railroad or other real property pursuant to article X, section 4(b) of the Missouri Constitution, as defined in section 137.016, RSMo; except that, no new residence shall be constructed in a flood plain or on property used for agricultural purposes. In a

distressed community, the term "new residence" shall include condominiums, owner-occupied units or other units intended to be owner-occupied in multiple unit structures;

(9) "Project", new construction, rehabilitation or substantial rehabilitation of a residence that qualifies for a tax credit pursuant to sections 1 to 5 of this act;

(10) "Qualifying residence", a single-family residence, forty years of age or older, located in this state which is occupied or intended to be occupied long term by the owner or offered for sale at market rate for owner-occupancy and which is located in a metropolitan statistical area or nonmetropolitan statistical area within a United States census block group which has a median household income of less than seventy percent of the median household income for the metropolitan statistical area or nonmetropolitan area, respectively, or which is located within a distressed community. A qualifying residence shall include a condominium or residence within a multiple residential structure or a structure containing multiple single-family residences which is located within a distressed community;

(11) "Substantial rehabilitation", rehabilitation the costs of which exceed fifty percent of either the purchase price or the cost basis of the structure immediately prior to rehabilitation; provided that, the structure is at least fifty years old notwithstanding any provision of sections 1 to 5 of this act to the contrary;

(12) "Tax liability", the tax due pursuant to chapter 143, 147 or 148, RSMo, other than taxes withheld pursuant to 143.191 to 143.265, RSMo;

(13) "Taxpayer", any person, partnership, corporation, trust or limited liability company.

Section 3. 1. Any taxpayer who incurs eligible costs for a new residence located in a distressed community or within a census block group as described in subdivision (10) of section 2 of this act shall receive a tax credit equal to fifteen percent of such costs against his or her tax liability. The tax credit shall not exceed forty thousand dollars per new residence in any ten-year period.

2. Any taxpayer who incurs eligible costs for a new residence located within a census block as described in subdivision (6) of section 2 of this act shall receive a tax credit equal to fifteen percent of such costs against his or her tax liability. The tax credit shall not exceed twenty-five thousand dollars per new residence in any ten-year period.

3. Any taxpayer who is not performing substantial rehabilitation and who incurs eligible costs for rehabilitation of an eligible residence or a qualifying residence shall receive a tax credit equal to twenty-five percent of such costs against his or her tax liability. The minimum eligible costs for rehabilitation of an eligible residence shall be ten thousand dollars. The minimum eligible costs for rehabilitation of a qualifying

residence shall be five thousand dollars. The tax credit shall not exceed twenty-five thousand dollars in any ten-year period.

4. Any taxpayer who incurs eligible costs for substantial rehabilitation of a qualifying residence shall receive a tax credit equal to thirty-five percent of such costs against his or her tax liability. The minimum eligible costs for substantial rehabilitation of a qualifying residence shall be ten thousand dollars. The tax credit shall not exceed seventy thousand dollars in any ten-year period.

5. A taxpayer shall be eligible to receive tax credits for new construction or rehabilitation pursuant to only one subsection of this section.

6. No tax credit shall be issued pursuant to this section for any structure which is in violation of any municipal or county property, maintenance or zoning code.

7. No tax credit shall be issued pursuant to sections 1 to 5 of this act for the construction or rehabilitation of rental property.

Section 4. 1. Beginning January 1, 2000, tax credits shall be allowed pursuant to section 3 of this act in an amount not to exceed sixteen million dollars per year. Of this total amount of tax credits in any given year, eight million dollars shall be set aside for projects involving eligible residences and eight million dollars for projects involving qualifying residences. The maximum tax credit for a project consisting of multiple-unit qualifying residences in a distressed community shall not exceed three million dollars.

2. Any amount of credit which exceeds the tax liability of a taxpayer for the tax year in which the credit is first claimed may be carried back to any of the taxpayer's three prior tax years and carried forward to any of the taxpayer's five subsequent tax years. A certificate of tax credit issued to a taxpayer by the department may be assigned, transferred, sold or otherwise conveyed. Whenever a certificate of tax credit is assigned, transferred, sold or otherwise conveyed, a notarized endorsement shall be filed with the department specifying the name and address of the new owner of the tax credit and the value of the credit.

3. The tax credits allowed pursuant to sections 1 to 5 of this act may not be claimed in addition to any other state tax credits, with the exception of the historic structures rehabilitation tax credit authorized pursuant to sections 253.545 to 253.559, RSMo, which insofar as sections 1 to 5 of this act are concerned may be claimed only in conjunction with the tax credit allowed pursuant to subsection 4 of section 3 of this act. In order for a taxpayer eligible for the historic structures rehabilitation tax credit to claim the tax credit allowed pursuant to subsection 4 of section 3 of this act, the taxpayer must comply with the requirements of sections 253.545 to 253.559, RSMo, and in such cases, the amount of the tax credit pursuant to subsection 4 of section 3 of this act shall be limited to the lesser of twenty percent of the taxpayer's eligible costs or forty thousand dollars.

Section 5. 1. To obtain any credit allowed pursuant to sections 1 to 5 of this act, a taxpayer shall submit to the department, for preliminary approval, an application for tax credit. The director shall, upon final approval of an application and presentation of acceptable proof of substantial completion of construction, issue the taxpayer a certificate of tax credit. The director shall issue all credits allowed pursuant to sections 1 to 5 of this act in the order the applications are received. In the case of a taxpayer other than an owner-occupant, the director shall not delay the issuance of a tax credit pursuant to sections 1 to 5 of this act until the sale of a residence at market rate for owner-occupancy. A taxpayer, taxpayer other than an owner-occupant who receives a certificate of tax credit pursuant to sections 1 to 5 of this act shall, within thirty days of the date of the sale of a residence, furnish to the director satisfactory proof that such residence was sold at market rate for owner-occupancy. If the director reasonably determines that a residence was not in good faith intended for long-term owner occupancy, the director make revoke any tax credits issued and seek recovery of any tax credits issued pursuant to section 620.017, RSMo.

2. The department may cooperate with a municipality or a county in which a project is located to help identify the location of the project, the type and eligibility of the project, the estimated cost of the project and the completion date of the project.

3. The department may promulgate such rules or regulations or issue administrative guidelines as are necessary to administer the provisions of sections 1 to 5 of this act. No rule or portion of a rule promulgated pursuant to the authority of this section shall become effective unless it has been promulgated pursuant to the provisions of chapter 536, RSMo.

4. The department shall conduct annually a comprehensive program evaluation illustrating where the tax credits allowed pursuant to sections 1 to 5 of this act are being utilized, explaining the economic impact of such program and making recommendations on appropriate program modifications to ensure the program's success.

Section 6. 1. In order to encourage and foster community improvement, an eligible small business, as defined in section 44 of the Internal Revenue Code, shall be allowed a credit not to exceed five thousand dollars against the tax otherwise due pursuant to chapter 143, RSMo, not including sections 143.191 to 143.265, RSMo, in an amount equal to fifty percent of all eligible access expenditures exceeding the monetary cap provided by section 44 of the Internal Revenue Code. For purposes of this section, "eligible access expenditures" means amounts paid or incurred by the taxpayer in order to comply with applicable access requirements provided by the Americans With Disabilities Act of 1990, as further defined in section 44 of the Internal Revenue Code and federal rulings interpreting section 44 of the Internal Revenue Code.

2. The tax credit allowed by this section shall be claimed by the taxpayer at the time such taxpayer files a return. Any amount of tax credit which exceeds the tax due shall be carried over to any subsequent taxable year, but shall not be refunded and shall not be transferrable.

3. The director of revenue shall promulgate rules and regulations to administer the provisions of this section. No rule or portion of a rule promulgated pursuant to the authority of this section shall become effective unless it has been promulgated pursuant to the provisions of chapter 536, RSMo.

4. The provisions of this section shall become effective on January 1, 2000, and shall apply to all taxable years beginning after December 31, 1999.

Section B. The repeal and reenactment of sections 32.110, 32.111, 32.112, 32.115, 135.530 and 135.535, and the enactment of sections 1, 2, 3, 4 and 5, shall become effective January 1, 2000.

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