

HCS HB 741 -- ECONOMIC DEVELOPMENT ACTIVITIES (Pearce)

COMMITTEE OF ORIGIN: Special Committee on Job Creation and Economic Development

This substitute establishes the Missouri Economic Development Code and the Regional Economic Development District Law.

MISSOURI ECONOMIC DEVELOPMENT CODE

The Missouri Economic Development Code is established; and if provisions of the code are inconsistent with the provisions of any other law, the code will be controlling.

Each municipality or county may create a Missouri economic development code job creation commission, but it will only be able to conduct business if approved by the governing body by an order or ordinance. In order to be approved, the governing body must make certain findings which are specified in the substitute. Each commission will be governed by a board of commissioners.

The code cannot be used for any residential development project if the taxes that would normally go to the school district would be used to finance the project. In this case, the school boards of all school districts located in the area of the project must consent to the project.

The code is prohibited from being used in conjunction with any other redevelopment program authorized under Chapter 99, RSMo. These programs include tax increment financing and the Missouri Downtown Economic Stimulus Act.

The substitute specifies:

- (1) The commission's membership and powers;
 - (2) The items which must be included in a development plan and the findings which must be made for a municipality or county to adopt the plan. The findings must include a cost-benefit analysis of the economic impact the development plan will have on the municipality, county, and school districts that are within the development area. The initial development or redevelopment of a gambling establishment is prohibited. The development project must be completed and all debts retired within 25 years;
 - (3) The requirements for public hearings related to the project;
 - (4) The manner in which obligations may be issued and retired;
- and

(5) The manner in which payments in lieu of taxes and economic activity taxes will be allocated while development financing is undertaken.

REGIONAL ECONOMIC DEVELOPMENT DISTRICT LAW

The Regional Economic Development District Law is established.
The substitute:

(1) Allows two or more governing bodies to establish a regional economic development district to plan programs encouraging economic development within the district. The governing bodies must enact identical ordinances or mutually agree to the district's establishment. The ordinances or mutual agreements must specify the qualifications, terms, membership, and powers of the district's board;

(2) Allows the district to impose, upon voter approval, a sales tax within the district to be used for economic development purposes. The sales tax rate can be 0.125%, 0.25%, 0.375%, or 0.5%;

(3) Creates the Regional Economic Development District Sales Tax Fund for the deposit of all revenue levied from the district's sales tax;

(4) Prohibits the revenue from the district's sales tax from being included in calculations of moneys available to other special taxing districts that may also be a part of the regional economic development district. Other special taxing districts include tax increment financing districts, neighborhood improvement districts, and community improvement districts. Revenue from the regional economic development district's sales tax can only be used for its purposes and cannot be diverted to any other special taxing district unless approved by the district's board;

(5) Requires the board to make a report available to the public at least annually on the use of its funds;

(6) Allows the board to adopt incremental tax financing for the purposes of the district; however, this cannot be used for any retail projects;

(7) Specifies the manner in which ad valorem taxes and payments in lieu of taxes will be divided among affected taxing districts;

(8) Allows the district to collect 50% of the economic activity tax revenue received from sales within the district for 25 years;

(9) Specifies the requirements of a regional economic development plan;

(10) Requires that certain findings be made by the board before adopting a regional economic development plan, including a determination that the development area has not been subject to growth and development through private investment and that this cannot be reasonably expected to occur without the implementation of regional economic development projects and the adoption of incremental tax financing; and

(11) Allows the district to issue bonds to pay for the costs associated with the regional economic development projects.

FISCAL NOTE: Estimated Income on General Revenue Fund of \$0 or Unknown in FY 2008, FY 2009, and FY 2010. No impact on Other State Funds in FY 2008, FY 2009, and FY 2010.