

SS HCS HB 741 -- ECONOMIC DEVELOPMENT PROGRAMS

This bill changes the laws regarding the Linked Deposit Program, tax increment financing, biodiesel incentives, regional economic development districts, and the Missouri Rice Certification Act.

LINKED DEPOSIT PROGRAM

The bill allows an eligible, locally owned business to participate in the Linked Deposit Program. The majority ownership of an eligible, locally owned business must be comprised of residents of the county in which the business is headquartered, and the county must have:

- (1) A population of 12,500 or fewer; and
- (2) A median income equal to or less than the state median income; or
- (3) An unemployment rate equal to or greater than the state unemployment rate.

TAX INCREMENT FINANCING

The bill:

- (1) Requires, beginning January 1, 2008, any municipality in the counties of Jefferson, St. Charles, or St. Louis to establish a county tax increment financing (TIF) commission in the same manner as St. Louis County. The bill specifies the membership of the 12-member commission;
- (2) Requires, beginning January 1, 2008, any municipality in the counties of Franklin, Jefferson, St. Charles, or St. Louis to obtain permission from its county TIF commission before implementing a TIF project;
- (3) Requires, beginning January 1, 2008, a two-thirds majority vote of a municipality's governing body to overturn a county TIF commission's recommendation against a proposed TIF redevelopment plan, project, or area;
- (4) Requires the Joint Committee on Tax Policy to study the feasibility of establishing a program to allow municipalities to engage in TIF-like projects, with optional tax abatement in any area of the municipality without regard to the presence of blight. The committee must report its findings to the General Assembly by December 31, 2007; and
- (5) Authorizes a tax credit, beginning January 1, 2008, for

certain taxpayers who modify their homes to make them accessible to a disabled person living in the home. If any portion of the modification was claimed as a deduction on the taxpayer's federal income tax return, the amount of the tax credit will be reduced by the amount of the deduction. Taxpayers cannot receive this credit in two consecutive years. The tax credit has a cap of \$2,500 per taxpayer and an annual cap of \$100,000. The tax credit is not transferrable but will be refundable. To the extent there are tax credits remaining under the \$10 million cap in the Rebuilding Communities Tax Credit Program, the first remaining \$100,000 will be used for this tax credit.

MISSOURI QUALIFIED BIODIESEL PRODUCER INCENTIVE FUND

The bill:

- (1) Removes the current criteria that the biodiesel producer monthly incentive payment is calculated based on the estimated gallons of biodiesel produced from agricultural products originating in Missouri and allows the payment to be based on the amount of biodiesel produced from agricultural products from any state;
- (2) Requires a Missouri qualified biodiesel producer to register with the Department of Agriculture by September 1, 2007; to begin construction on the biodiesel facility before November 1, 2007; and to begin producing biodiesel fuel before March 1, 2009; and
- (3) Implements specific payback requirements if a Missouri qualified biodiesel producer sells the biodiesel facility after receiving a grant payment from the Missouri Qualified Biodiesel Producer Initiative Fund.

REGIONAL ECONOMIC DEVELOPMENT DISTRICT LAW

The bill:

- (1) Establishes the Regional Economic Development District Law;
- (2) Allows two or more governing bodies to establish a regional economic development district to develop 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;
- (3) Allows the district to impose, upon voter approval, a sales tax of 0.125%, 0.25%, 0.375%, or 0.5% within the district to be used for the benefit of the district;

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

(5) Prohibits the revenue from the district's sales tax from being included in calculations of money available to other special taxing districts that may also be a part of the regional economic development district. Other special taxing districts include TIF 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;

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

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

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

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

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

(11) 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;

(12) Prohibits the initial development or redevelopment of gambling establishments; and

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

MISSOURI RICE CERTIFICATION ACT

The bill:

(1) Establishes the Missouri Rice Certification Act, which prohibits the production, transportation, or handling of certain

rice varieties;

(2) Establishes the Rice Advisory Council, which will consist of 10 members, and specifies its membership, powers, and duties;

(3) Requires the Department of Agriculture to:

(a) Prevent the contamination of rice that has not been identified as having characteristics of commercial impact;

(b) Specify certain notification requirements for producers, transporters, and receivers of rice with characteristics of commercial impact;

(c) Enforce restrictions on rice with characteristics of commercial impact; and

(d) Investigate alleged violations, issue written notices of violation, and impose penalties for violation; and

(4) Authorizes a penalty of \$10,000 to \$100,000 per violation per day for violating these provisions.

Information relating to the act will not be subject to the Open Records Law, commonly known as the Sunshine Law.

The provisions regarding the feasibility study by the Joint Committee on Tax Policy will expire on January 1, 2008; and the provisions regarding the tax credit for home modifications for a disabled person will expire on December 31, 2013. The provisions regarding the Missouri Rice Certification Act become effective 180 days from the effective date.