

HCS SB 721 -- TRANSIENT GUEST TAXES AND TAX INCREMENT FINANCING

SPONSOR: Rupp (Diehl)

COMMITTEE ACTION: Voted "do pass" by the Committee on General Laws by a vote of 7 to 2.

This substitute changes the laws regarding a transient guest tax in the City of Liberty and tax increment financing.

TRANSIENT GUEST TAX IN THE CITY OF LIBERTY

The governing body of the City of Liberty is authorized to impose, upon voter approval, a transient guest tax of up to 5% per room per night for the purpose of promoting tourism and cultural activities; developing, constructing, and operating convention facilities; promoting business development; and constructing related infrastructure and improvements.

REDEVELOPMENT OF DISASTER AREAS

Tax increment financing is authorized in any blighted area that has sustained severe damage as the result of a natural disaster. The area must be within a municipality for which public and individual assistance has been requested by the President under Section 401 of the federal Robert T. Stafford Disaster Relief and Emergency Assistance Act. The municipality must adopt an ordinance approving the redevelopment project within five years after the President declares the disaster.

Beginning August 28, 2012, in addition to the payments in lieu of taxes and economic activity taxes resulting from a municipality authorizing tax increment financing, up to 50% of the incremental increase in the general revenue portion of the state sales tax revenues collected with specified exclusions and the state income taxes withheld on behalf of employees at businesses located within the project area can be made available for appropriation by the General Assembly to areas with a redevelopment project approved by the Department of Economic Development. All designated state moneys collected from the approved redevelopment area will be deposited into the newly created Missouri Supplemental Disaster Recovery Fund. A separate subaccount must be established within the fund for each approved redevelopment project.

REDEVELOPMENT PLANS IN ST. LOUIS, ST. CHARLES, AND JEFFERSON COUNTIES

Currently, if after having a hearing, a tax increment financing commission makes a recommendation in opposition to the proposed

redevelopment plan, project, or area, the county, city, town, or village may only approve the plan by a two-thirds majority vote of the governing body of the county, city, town, or village. The substitute prohibits St. Louis County, St. Charles County, and Jefferson County and the cities, towns, and village within these counties from approving a proposed redevelopment plan unless a majority of the members of a county, city, town, or village tax increment financing commission vote to make a recommendation approving the plan or the municipality places the question before the voters of the municipality and it is approved by no less than a majority of the voters at the next regularly scheduled municipal or general election.

The provisions of the substitute regarding the redevelopment of disaster areas contain an emergency clause.

FISCAL NOTE: Estimated Net Cost on General Revenue Fund of \$0 to Unknown in FY 2013, FY 2014, and FY 2015. No impact on Other State Funds in FY 2013, FY 2014, and FY 2015.

PROPOSERS: Supporters say that the bill allows a proposed project using tax increment financing to be approved by a vote of the people if the regional commission declines to approve the project. The definition of "blight" is being abused currently and needs to be addressed. Tax increment financing projects are designed to create jobs, and if they are not doing that, they are merely shifting around the existing money.

Testifying for the bill were Senator Rupp; St. Charles County; Missouri Retailers Association; Robert Spence, UFCW Local 655; and City of Joplin.

OPPOSERS: Those who oppose the bill say that it will have the effect of killing tax increment financing in these counties because no municipality will be able to afford the cost of having an election in order to get a project approved. The financing is what aided several of these municipalities when they were beginning to fail several years ago and is an effective technique. Eliminating it would mean that municipalities would have to return to tax abatement and other incentives. The bill makes this change apply to only three counties.

Testifying against the bill were Amy Hamilton, City of Richmond Heights and Matt Connely, City of St. Ann.

OTHERS: Others testifying on the bill say that various individuals are appointed to be members of these commissions.

Testifying on the bill were Mayor Michael Corcoran, City of St. Ann; and St. Louis County Municipal League.