

FIRST REGULAR SESSION

[PERFECTED]

HOUSE COMMITTEE SUBSTITUTE FOR

HOUSE BILL NO. 197

97TH GENERAL ASSEMBLY

0412H.03P

D. ADAM CRUMBLISS, Chief Clerk

AN ACT

To repeal sections 67.463 and 67.469, RSMo, and to enact in lieu thereof six new sections relating to sales tax and revenue bonds.

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

Section A. Sections 67.463 and 67.469, RSMo, are repealed and six new sections enacted in lieu thereof, to be known as sections 67.463, 67.469, 67.2070, 67.2071, 67.2072, and 67.2073 to read as follows:

67.463. 1. At the hearing to consider the proposed improvements and assessments, the governing body shall hear and pass upon all objections to the proposed improvements and proposed assessments, if any, and may amend the proposed improvements, and the plans and specifications therefor, or assessments as to any property, and thereupon by ordinance or resolution the governing body of the city or county shall order that the improvement be made and direct that financing for the cost thereof be obtained as provided in sections 67.453 to 67.475.

2. After construction of the improvement has been completed in accordance with the plans and specifications therefor, the governing body shall compute the final costs of the improvement and apportion the costs among the property benefitted by such improvement in such equitable manner as the governing body shall determine, charging each parcel of property with its proportionate share of the costs, and by resolution or ordinance, assess the final cost of the improvement or the amount of general obligation bonds issued or to be issued therefor as special assessments against the property described in the assessment roll.

3. After the passage or adoption of the ordinance or resolution assessing the special assessments, the city clerk or county clerk shall mail a notice to each property owner within the district which sets forth a description of each parcel of real property to be assessed which is

EXPLANATION — Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted from the law. Matter in **bold-face** type in the above bill is proposed language.

17 owned by such owner, the special assessment assigned to such property, and a statement that the
18 property owner may pay such assessment in full, together with interest accrued thereon from the
19 effective date of such ordinance or resolution, on or before a specified date determined by the
20 effective date of the ordinance or resolution, or may pay such assessment in annual installments
21 as provided in subsection 4 of this section.

22 4. The special assessments shall be assessed upon the property included therein
23 concurrent with general property taxes, and shall be payable in substantially equal annual
24 installments for a duration stated in the ballot measure prescribed in subsection 2 of section
25 67.457 or in the petition prescribed in subsection 3 of section 67.457, and, if authorized, an
26 assessment in each year thereafter levied and collected in the same manner with the proceeds
27 thereof used solely for maintenance of the improvement, taking into account such assessments
28 and interest thereon, as the governing body determines. The first installment shall be payable
29 after the first collection of general property taxes following the adoption of the assessment
30 ordinance or resolution unless such ordinance or resolution was adopted and certified too late
31 to permit its collection at such time. All assessments shall bear interest at such rate as the
32 governing body determines, not to exceed the rate permitted for bonds by section 108.170.
33 Interest on the assessment between the effective date of the ordinance or resolution assessing the
34 assessment and the date the first installment is payable shall be added to the first installment.
35 The interest for one year on all unpaid installments shall be added to each subsequent installment
36 until paid. In the case of a special assessment by a city, all of the installments, together with the
37 interest accrued or to accrue thereon, may be certified by the city clerk to the county clerk in one
38 instrument at the same time. Such certification shall be good for all of the installments, and the
39 interest thereon payable as special assessments.

40 5. Special assessments shall be collected and paid over to the city treasurer or county
41 treasurer in the same manner as taxes of the city or county are collected and paid. In any county
42 [of the first classification with more than one hundred thirty-five thousand four hundred but
43 fewer than one hundred thirty-five thousand five hundred inhabitants], the county collector may
44 collect a fee as prescribed by section 52.260 for collection of assessments under this section.

67.469. A special assessment authorized under the provisions of sections 67.453 to
2 67.475 shall be a lien, from the date of the assessment, on the property against which it is
3 assessed on behalf of the city or county assessing the same to the same extent as a tax upon real
4 property. The lien may be foreclosed in the same manner as a tax upon real property by land tax
5 sale pursuant to chapter 140 or, **if applicable to that county, chapter 141, or**, [by judicial
6 foreclosure proceeding,] at the option of the governing body, **by judicial foreclosure**
7 **proceeding**. Upon the foreclosure of any such lien, whether by land tax sale or by judicial

8 foreclosure proceeding, the entire remaining assessment may become due and payable and may
9 be recoverable in such foreclosure proceeding at the option of the governing body.

2 **67.2070. 1. Sections 67.2070 to 67.2073 shall be known and may be cited as the**
3 **"STAR Bonds Financing Act".**

4 **2. As used in sections 67.2070 to 67.2073, the following terms mean:**

5 **(1) "Commence work", the manifest commencement of actual operations on the**
6 **development site, such as erecting a building, excavating the ground to lay a foundation**
7 **or a basement, or work of like description that a person with reasonable diligence can see**
8 **and recognize as being done with the intention and purpose to continue work until the**
9 **project is completed;**

10 **(2) "De minimus", an amount less than fifteen percent of the land area within a**
11 **STAR bond project district;**

12 **(3) "Developer", any person, firm, corporation, partnership, or limited liability**
13 **company other than a city and other than an agency, political subdivision, or**
14 **instrumentality of the state;**

15 **(4) "Director", the director of the department of economic development;**

16 **(5) "Economic impact study", a study to project the financial benefit of the project**
17 **to the local, regional, and state economies;**

18 **(6) "Eligible area", a historic theater, major tourism area, river walk canal facility,**
19 **major multisport athletic complex, or a major commercial entertainment and tourism area**
20 **as determined by the director;**

21 **(7) "Historic theater", a building constructed before the year 1940 that was**
22 **constructed for the purpose of staging entertainment, including motion pictures, vaudeville**
23 **shows, or operas, that is operated by a nonprofit corporation and is designated by the state**
24 **historic preservation office as eligible to be on the National Register of Historic Places;**

25 **(8) "Historic theater sales tax increment", the amount of any state and local sales**
26 **tax revenue imposed under state law collected from taxpayers doing business within a**
27 **historic theater that is in excess of the amount of such taxes collected before the designation**
28 **of the building as a historic theater for purposes of the STAR bonds financing act;**

29 **(9) "Major commercial entertainment and tourism area", an area that may include,**
30 **but not be limited to, a major multisport athletic complex;**

31 **(10) "Major multisport athletic complex", an athletic complex that is used for the**
32 **training of athletes, the practice of athletic teams, the playing of athletic games, or the**
33 **hosting of events. Such project may include playing fields, parking lots, and other**
34 **developments including grandstands, suites and viewing areas, concessions, souvenir**
35 **facilities, catering facilities, visitor centers, signage, and temporary hospitality facilities,**

35 but excluding hotels, motels, restaurants, and retail facilities, not directly related to or
36 necessary to the operation of such facility;

37 (11) "Major tourism area", an area for which the director has made a finding that
38 capital improvements costing not less than one hundred million dollars will be built in the
39 state;

40 (12) "Market study", a study to determine the ability of the project to gain market
41 share locally, regionally, and nationally, and the ability of the project to gain sufficient
42 market share to:

43 (a) Remain profitable past the term of repayment; and

44 (b) Maintain status as a significant factor for travel decisions;

45 (13) "Market impact study", a study to measure the impact of the proposed project
46 on similar businesses in the project's market area;

47 (14) "Museum facility", a separate newly-constructed museum building and
48 facilities directly related and necessary to the operation thereof, including gift shops and
49 restaurant facilities, but excluding hotels, motels, restaurants, and retail facilities not
50 directly related to or necessary to the operation of such facility. The museum facility shall
51 be owned by the state, a city, county, other political subdivision of the state, or a nonprofit
52 corporation, shall be managed by the state, a city, county, other political subdivision of the
53 state, or a nonprofit corporation, and shall not be leased to any developer and shall not be
54 located within any retail or commercial building;

55 (15) "Project", a STAR bond project;

56 (16) "Project costs":

57 (a) Costs necessary to implement a STAR bond project plan;

58 (b) Project costs includes costs incurred for:

59 a. Acquisition of real property within the STAR bond project area;

60 b. Payment of relocation assistance under a relocation assistance plan as provided
61 in the STAR bonds financing act;

62 c. Site preparation including utility relocations;

63 d. Sanitary and storm sewers and lift stations;

64 e. Drainage conduits, channels, levees, and river walk canal facilities;

65 f. Street grading, paving, graveling, macadamizing, curbing, guttering, and
66 surfacing;

67 g. Street light fixtures, connection, and facilities;

68 h. Underground gas, water, heating, and electrical services and connections located
69 within the public right-of-way;

70 i. Sidewalks and pedestrian underpasses or overpasses;

- 71 **j. Drives and driveway approaches located within the public right-of-way;**
72 **k. Water mains and extensions;**
73 **l. Plazas and arcades;**
74 **m. Parking facilities and multilevel parking structures devoted to parking only;**
75 **n. Landscaping and plantings, fountains, shelters, benches, sculptures, lighting,**
76 **decorations, and similar amenities;**
77 **o. Major multisport athletic complex;**
78 **p. Museum facility;**
79 **q. Related expenses to redevelop and finance the project, except that for a STAR**
80 **bond project financed with special obligation bonds payable from the revenues described**
81 **in paragraph (a) of subdivision (1) of subsection 1 of section 67.2072, such expenses shall**
82 **require prior approval by the director;**
83 **(c) Project costs shall not include:**
84 **a. Costs incurred in connection with the construction of buildings or other**
85 **structures;**
86 **b. Fees and commissions paid to developers, real estate agents, financial advisors**
87 **or any other consultants who represent the developers or any other businesses considering**
88 **locating in or located in a STAR bond project district;**
89 **c. Salaries for local government employees;**
90 **d. Moving expenses for employees of the businesses locating within the STAR bond**
91 **project district;**
92 **e. Property taxes for businesses that locate in the STAR bond project district;**
93 **f. Lobbying costs;**
94 **g. Any bond origination fee charged by the city or county;**
95 **h. Any personal property that is subject to taxation under this state's laws; and**
96 **i. Travel, entertainment, and hospitality;**
97 **(17) "Projected market area", any area within the state in which the project is**
98 **projected to have a substantial fiscal or market impact upon businesses in such area;**
99 **(18) "River walk canal facilities", a canal and related water features that flow**
100 **through a major commercial entertainment and tourism area and facilities related or**
101 **contiguous thereto, including, but not limited to, pedestrian walkways and promenades,**
102 **landscaping, and parking facilities;**
103 **(19) "Sales tax and revenue", those revenues available to finance the issuance of**
104 **special obligation bonds as identified in the STAR bond financing act;**
105 **(20) "STAR bond", a sales tax and revenue bond;**

106 **(21) "STAR bond project", an approved project to implement a project plan for**
107 **the development of the established STAR bond project district with a capital investment**
108 **of at least fifty million dollars and fifty million dollars in projected gross annual sales, or**
109 **for areas outside of metropolitan statistical areas as defined by the federal Office of**
110 **Management and Budget, an area for which the director finds that the project is an eligible**
111 **area and one of the following:**

112 **(a) Would be of regional or statewide importance; or**

113 **(b) Is a major tourism area;**

114 **(22) "STAR bond project area", the geographic area within the STAR bond project**
115 **district in which there may be one or more projects;**

116 **(23) "STAR bond project district", the specific area declared to be an eligible area**
117 **as determined by the director in which the city or county may develop one or more STAR**
118 **bond projects;**

119 **(24) "STAR bond project district plan", the preliminary plan that identifies all of**
120 **the proposed STAR bond project areas and identifies in a general manner all of the**
121 **buildings, facilities, and improvements in each that are proposed to be constructed or**
122 **improved in each STAR bond project area;**

123 **(25) "STAR bond project plan", the plan adopted by a city or county for the**
124 **development of a STAR bond project or projects in a STAR bond project district;**

125 **(26) "Substantial change", as applicable, a change wherein the proposed plan or**
126 **plans differ substantially from the intended purpose for which the STAR bond project**
127 **district plan was approved;**

128 **(27) "Tax increment", that portion of the revenue derived from state and local**
129 **sales, use, and transient guest tax collected from taxpayers doing business within that**
130 **portion of a STAR bond project district occupied by a project that is in excess of the**
131 **amount of base year revenue. For purposes of this subsection, the base year shall be the**
132 **twelve-month period immediately before the month in which the STAR bond project**
133 **district is established. The director shall determine base year revenue by reference to the**
134 **revenue collected during the base year from taxpayers doing business within the specific**
135 **area in which a STAR bond project district is subsequently established. For purposes of**
136 **this subsection, revenue collected from taxpayers doing business within a STAR bond**
137 **project district, or within a specific area in which a STAR bond project district is**
138 **subsequently established shall not include local sales and use tax revenue that is sourced**
139 **to jurisdictions other than those in which the project is located;**

140 **(28) "Taxpayer", a person, corporation, limited liability company, S corporation,**
141 **partnership, registered limited liability partnership, foundation, association, nonprofit**

142 entity, sole proprietorship, business trust, group, or other entity that is subject to the tax
143 imposed in chapter 143, 147, 148, or 153.

67.2071. 1. (1) The governing body of any city may establish one or more STAR
2 bond projects in any area within such city or wholly outside the boundaries of such city.
3 A STAR bond project wholly outside the boundaries of such city shall be approved by the
4 governing body of the county in which the city is located by the passage of a county
5 resolution. The governing body of a county may establish one or more STAR bond
6 projects in any unincorporated area of the county. Such projects shall be eligible for
7 financing by special obligation bonds payable from revenues described by subdivision (1)
8 of subsection 1 of section 67.2072.

9 (2) Each STAR bond project shall first be approved by the director, if the director
10 determines that the proposed project or complex sufficiently promotes, stimulates, and
11 develops the general and economic welfare of the state. Upon approving the project, the
12 director may approve such financing in an amount not to exceed fifty percent of the total
13 costs including all project costs and any other costs related to the project. The proceeds
14 of such STAR bond financing shall only be used to pay for incurred project costs.

15 (3) A project shall not be granted to any business that proposes to relocate its
16 business from another area of the state into such city or county for the purpose of
17 consideration for a STAR bond project.

18 (4) A project shall not be approved by the director if the required market study
19 indicates a substantial negative impact upon businesses in the project or complex market
20 area or the granting of such project or complex would cause a default in the payment of
21 any outstanding special obligation bond payable from revenues authorized under
22 subdivision (1) of subsection 1 of section 67.2072.

23 (5) The maximum maturity of special obligation bonds payable primarily from
24 revenues described in subdivision (1) of subsection 1 of section 67.2072 to finance STAR
25 bond projects under this section shall not exceed twenty years.

26 (6) The director shall not approve any application for STAR bond project financing
27 that is submitted by a city or county more than one year after the STAR bond project
28 district in which the STAR bond project is located has been established.

29 2. (1) When a city or county proposes to establish a STAR bond project district
30 within an eligible area, the city or county shall adopt a resolution stating that the city or
31 county is considering the establishment of a STAR bond project district. Such resolution
32 shall:

33 (a) Give notice that a public hearing will be held to consider the establishment of
34 a STAR bond project district and fix the date, hour, and place of such public hearing;

35 (b) Describe the proposed boundaries of the STAR bond project district;

36 (c) Describe the STAR bond project district plan;

37 (d) State that a description and map of the proposed STAR bond project district
38 are available for inspection at a time and place designated;

39 (e) State that the governing body will consider findings necessary for the
40 establishment of a STAR bond project district.

41 (2) (a) The city or county shall submit the proposed STAR bond project district
42 to the director for a determination that the district is an eligible area. Upon the conclusion
43 of the public hearing and a finding by the director that the proposed project district is an
44 eligible area, the governing body of the city or county shall pass an ordinance or resolution.

45 (b) An ordinance or resolution for a STAR bond project district may establish the
46 STAR bond project district, and such ordinance shall:

47 a. Make findings that the STAR bond project district proposed to be developed is
48 a historic theater or a STAR bond project;

49 b. Contain a STAR bond project district plan that identifies all of the proposed
50 STAR bond project areas and identifies in a general manner all of the buildings and
51 facilities that are proposed to be constructed or improved in each STAR bond project area.
52 The boundaries of such STAR bond project district shall not include any area not
53 designated in the notice required by this subsection;

54 c. Contain the legal description of the STAR bond project district.

55 (c) If no ordinance or resolution is passed by the city or county within thirty days
56 from the conclusion of the public hearing, then such STAR bond project district shall not
57 be established.

58 (3) The governing body of a city or county may establish a STAR bond project
59 district within that city or such city may establish a district inclusive of land outside the
60 boundaries of the city or wholly outside the boundaries of such city upon written consent
61 of the governing body of the county. The governing body of a county may establish a
62 STAR bond project district within the unincorporated area of the county. Before
63 providing written consent, the governing body of the county shall provide notice and hold
64 a hearing as is required for the establishment of a STAR bond project district.

65 (4) One or more STAR bond projects may be undertaken by a city or county within
66 a STAR bond project district after such STAR bond project district has been established
67 in the manner provided by this section.

68 (5) No privately owned property subject to ad valorem taxes shall be acquired and
69 redeveloped under the STAR bonds financing act if the governing body of the county or
70 the school district levying taxes on such property determines by resolution adopted within

71 **thirty days following the conclusion of the hearing for the establishment of the STAR bond**
72 **project district that the proposed STAR bond project district will have an adverse effect**
73 **on such county or school district. The governing body of the county or the school district**
74 **shall deliver a copy of such resolution to the city or county. The city or county shall within**
75 **thirty days of receipt of such resolution pass an ordinance or resolution dissolving the**
76 **STAR bond project district. The provisions of this subdivision shall not apply if the STAR**
77 **bond project plan provides that ad valorem property tax revenues of the county or the**
78 **school district levying taxes on such property will not be adversely impacted.**

79 **(6) No STAR bond project shall include a project for a gambling casino.**

80 **3. (1) One or more projects may be undertaken by a city or county within an**
81 **established STAR bond project district. Any city or county proposing to undertake a**
82 **STAR bond project shall prepare a STAR bond project plan in consultation with the**
83 **planning commission of the city and in consultation with the planning commission of the**
84 **county, if any, if such project is located wholly outside the boundaries of the city. Any such**
85 **project plan may be implemented in separate development stages.**

86 **(2) Any city or county proposing to undertake a STAR bond project within a STAR**
87 **bond project district shall prepare a feasibility study. The feasibility study shall contain**
88 **the following, but the failure to include all information required in this subdivision shall**
89 **not affect the validity of bonds issued under the STAR bonds financing act:**

90 **(a) Whether a STAR bond project's revenue and tax increment revenue and other**
91 **available revenues under the STAR bonds financing act are expected to exceed or be**
92 **sufficient to pay for the project costs;**

93 **(b) The effect, if any, a STAR bond project will have on any outstanding special**
94 **obligation bonds payable from the revenues described in the STAR bonds financing act;**

95 **(c) A statement of how the jobs and taxes obtained from the STAR bond project**
96 **will contribute significantly to the economic development of the state and region;**

97 **(d) Visitation expectations;**

98 **(e) The unique quality of the project;**

99 **(f) An economic impact study;**

100 **(g) A market study;**

101 **(h) A market impact study;**

102 **(i) Integration and collaboration with other resources or businesses;**

103 **(j) The quality of service and experience provided, as measured against national**
104 **consumer standards for the specific target market;**

105 **(k) Project accountability, measured according to best industry practices;**

106 **(l) The expected return on state and local investment that the project is anticipated**
107 **to produce;**

108 **(m) A statement concerning whether a portion of the local sales and use taxes are**
109 **pledged to other uses and are unavailable as revenue for the STAR bond project. If a**
110 **portion of local sales and use taxes is so committed, the applicant shall describe the**
111 **percentage of city and county sales and use taxes collected that are so committed and the**
112 **date or dates on which the city and county sales and use taxes pledged to other uses can be**
113 **pledged for repayment of bonds;**

114 **(n) An anticipated principal and interest payment schedule on the bond issue.**

115 **(3) If the city or county determines the project is feasible, the project plan shall**
116 **include:**

117 **(a) A summary of the feasibility study;**

118 **(b) A reference to the district plan that identifies the project area that is set forth**
119 **in the project plan that is being considered;**

120 **(c) A description and map of the project area to be redeveloped;**

121 **(d) The relocation assistance plan as described in section 67.2073;**

122 **(e) A detailed description of the buildings and facilities proposed to be constructed**
123 **or improved in such area;**

124 **(f) Any other information the governing body of the city or county deems necessary**
125 **to advise the public of the intent of the project plan.**

126 **(4) A copy of the STAR bond project plan prepared by a city shall be delivered to**
127 **the governing body of the county and of any school district levying taxes on property**
128 **within the STAR bond project area. A copy of the STAR bond project plan prepared by**
129 **a county shall be delivered to any school district levying taxes on property within the**
130 **STAR bond project area.**

131 **(5) Upon a finding by the planning commission that the STAR bond project plan**
132 **is consistent with the intent of the comprehensive plan for the development of the city, and**
133 **a finding by the planning commission of the county, if any, with respect to a STAR bond**
134 **project located wholly outside the boundaries of the city, that the STAR bond project plan**
135 **is consistent with the intent of the comprehensive plan for the development of the county,**
136 **the governing body of the city or county shall adopt a resolution stating that the city or**
137 **county is considering the adoption of the STAR bond project plan. Such resolution shall:**

138 **(a) Give notice that a public hearing will be held to consider the adoption of the**
139 **STAR bond project plan and fix the date, hour, and place of such public hearing;**

140 **(b) Describe the boundaries of the STAR bond project district within which the**
141 **STAR bond project will be located and the date of establishment of such district;**

142 (c) Describe the boundaries of the area proposed to be included within the STAR
143 bond project area;

144 (d) State that the STAR bond project plan, including a summary of the feasibility
145 study, market study, relocation assistance plan, financial guarantees of the prospective
146 developer, and a description and map of the area to be redeveloped or developed are
147 available for inspection during regular office hours in the office of the city clerk or county
148 clerk, respectively.

149 (6) (a) The date fixed for the public hearing to consider the adoption of the STAR
150 bond project plan shall be not less than thirty nor more than seventy days following the
151 date of the adoption of the resolution fixing the date of the hearing.

152 (b) A copy of the city or county resolution providing for the public hearing shall
153 be sent by the city by certified mail, return receipt requested, to the governing body of the
154 county and by the city or county to any school district levying taxes on property within the
155 proposed STAR bond project area. Copies also shall be sent by certified mail, return
156 receipt requested, to each owner and occupant of land within the proposed STAR bond
157 project area not more than ten days following the date of the adoption of the resolution.
158 The resolution shall be published once in a newspaper within such city or county not less
159 than one week nor more than two weeks preceding the date fixed for the public hearing.
160 A sketch clearly delineating the area in sufficient detail to advise the reader of the
161 particular land proposed to be included within the STAR bond project area shall be
162 published with the resolution.

163 (c) At the public hearing, a representative of the city or county shall present the
164 city's or county's proposed STAR bond project plan. Following the presentation of the
165 STAR bond project area, all interested persons shall be given an opportunity to be heard.
166 The governing body may recess such hearing for good cause shown to a time and date
167 certain, which shall be fixed in the presence of persons in attendance at the hearing.

168 (7) The public hearing records and feasibility study shall be a public record as
169 defined in chapter 610.

170 (8) Upon conclusion of the public hearing, the governing body may adopt the STAR
171 bond project plan by ordinance or resolution passed upon a two-thirds vote of the
172 members.

173 (9) After the adoption by the city or county governing body of a STAR bond project
174 plan, the clerk of the city or county shall transmit a copy of the description of the land
175 within the STAR bond project district, a copy of the ordinance or resolution adopting the
176 plan and a map or plat indicating the boundaries of the district to the clerk, assessor, and
177 treasurer of the county in which the district is located, and to the governing bodies of the

178 county and school district that levy taxes upon any property in the district. Such
179 documents shall be transmitted following the adoption or modification of the plan or a
180 revision of the plan on or before January first of the year in which the increment is first
181 allocated to the taxing subdivision.

182 (10) If the STAR bond project plan is approved, the feasibility study shall be
183 supplemented to include a copy of the minutes of the governing body meetings of any city
184 or county whose bonding authority will be used in the STAR bond project, evidencing that
185 a STAR bond project plan has been created, discussed, and adopted by the city or county
186 in a regularly scheduled open public meeting.

187 (11) Any substantial changes to the STAR bond project plan as adopted shall be
188 subject to a public hearing following publication of notice thereof at least twice in a
189 newspaper located within such city or county.

190 (12) Any STAR bond project shall be completed within twenty years from the date
191 of the approval of the STAR bond project plan. The maximum maturity on bonds issued
192 to finance projects under the STAR bonds financing act shall not exceed twenty years.

193 (13) Residents of this state shall be given priority consideration for employment in
194 construction projects located in a STAR bond project area.

195 (14) Any developer of a STAR bond project shall commence work on the project
196 within two years from the date of adoption of the STAR bond project plan. If the
197 developer fails to commence work on the STAR bond project within the two-year period,
198 funding for such project shall cease and the developer of such project or complex shall
199 have one year to appeal to the director for reapproval of such project and the funding for
200 it. If the project is reapproved, the two-year period for commencement shall apply.

201 4. (1) The director shall review the STAR bond project plan, feasibility study, and
202 market study, along with other supporting documentation, and determine whether to
203 approve a request and, if approved, issue an approval letter for a STAR bond project
204 based upon the requirements within the STAR bonds financing act and rules and
205 regulations developed by the director.

206 (2) A special obligation bond issue shall bear interest at a reasonable rate as of the
207 time of sale of the bonds, taking into account such factors as current market conditions,
208 the nature and degree of risk associated with repayment of the bonds, and other relevant
209 factors.

210 5. (1) Any city or county that has received approval for a STAR bond project may
211 request STAR bond issuance authority to issue additional STAR bonds in an amount in
212 excess of the amount previously approved by the director. Any city or county requesting
213 such additional STAR bond issuance authority shall make application for approval to the

214 **director. Such application shall include all information required to be submitted to the**
215 **director for initial approval of a STAR bond project.**

216 **(2) The director shall review all of the information submitted by the city or county**
217 **in the request for additional STAR bond issuance authority and determine whether to**
218 **approve a request and, if approved, issue an approval letter for additional STAR bond**
219 **issuance authority based upon the requirements within this act, and rules and regulations**
220 **developed by the director.**

221 **(3) The director may approve such additional STAR bond issuance authority in an**
222 **amount not to exceed fifty percent of the total costs of the addition or expansion to the**
223 **STAR bond project for which the additional STAR bond issuance authority is sought,**
224 **including all project costs and any other costs related to the project addition or expansion.**
225 **The proceeds of such additional STAR bond financing shall only be used to pay for**
226 **incurred project costs of such addition or expansion.**

67.2072. 1. (1) Any city or county shall have the power to issue special obligation
2 **bonds in one or more series to finance the undertaking of any STAR bond project in**
3 **accordance with the STAR bonds financing act. Such special obligation bonds shall be**
4 **made payable, both as to principal and interest:**

5 **(a) From revenues of the city or county derived from or held in connection with the**
6 **undertaking and carrying out of any STAR bond project or projects under the STAR**
7 **bonds financing act, including historic theater sales tax increments;**

8 **(b) From any private sources, contributions, or other financial assistance from the**
9 **state or federal government;**

10 **(c) From a pledge of one hundred percent of the tax increment revenue received by**
11 **the city from any local sales and use taxes, including the city's share of any county sales**
12 **tax, that are collected from taxpayers doing business within that portion of the city's STAR**
13 **bond project district occupied by a STAR bond project, except for amounts committed to**
14 **other uses by election of voters or pledged to bond repayment before the approval of the**
15 **STAR bond project;**

16 **(d) At the option of the county in a city STAR bond project district, from a pledge**
17 **of all of the tax increment revenues received by the county from any local sales and use**
18 **taxes that are collected from taxpayers doing business within that portion of the city's**
19 **STAR bond project district, except for amounts committed to other uses by election of**
20 **voters or pledged to bond repayment before the approval of a STAR bond project;**

21 **(e) In a county STAR bond project district, from a pledge of one hundred percent**
22 **of the tax increment revenue received by the county from any county sales and use tax, but**
23 **excluding any portions of such taxes that are allocated to the cities in such county under**

24 state law, that are collected from taxpayers doing business within that portion of the
25 county's STAR bond project district occupied by a STAR bond project;

26 (f) From a pledge of all of the tax increment revenue received from any state sales
27 taxes that are collected from taxpayers doing business within that portion of the city's or
28 county's STAR bond project district occupied by a STAR bond project;

29 (g) At the option of the city or county and with approval of the director, from all
30 or a portion of the transient guest tax of such city or county;

31 (h) At the option of the city or county and with approval of the director:

32 a. From a pledge of all or a portion of increased revenue received by the city or
33 county from franchise fees collected from utilities and other businesses using public
34 right-of-way within the STAR bond project district; or

35 b. From a pledge of all or a portion of the revenue received by a city or county from
36 local sales taxes or local transient guest and local use taxes; or

37 (i) By any combination of these methods.

38 (2) The city or county may pledge such revenue to the repayment of such special
39 obligation bonds before, simultaneously with, or subsequent to the issuance of such special
40 obligation bonds.

41 (3) Bonds issued under subdivision (1) of this subsection shall not be general
42 obligations of the city or the county, nor in any event shall they give rise to a charge against
43 the city's or county's general credit or taxing powers, or be payable out of any funds or
44 properties other than any of those set forth in subdivision (1) of this subsection, and such
45 bonds shall so state on their face. Bonds issued under the provisions of subdivision (1) of
46 this subsection shall be special obligations of the city or county and are declared to be
47 negotiable instruments. Such bonds shall be executed by the mayor and clerk of the city
48 or the presiding commissioner and the county clerk and sealed with the corporate seal of
49 the city or county. All details pertaining to the issuance of such special obligation bonds
50 and terms and conditions thereof shall be determined by ordinance of the city or by
51 resolution of the county. All special obligation bonds issued under the STAR bonds
52 financing act and all income or interest therefrom shall be exempt from all state taxes.
53 Such special obligation bonds shall not be required to contain any recital that when such
54 bonds have been duly registered, such registration shall import absolute verity and shall
55 be conclusive in favor of all persons purchasing such bonds, or that all proceedings and
56 conditions precedent have been had and performed to authorize the issuance of such bonds
57 and that such bonds shall be negotiable, but such bonds shall contain the following recitals:

58 (a) The authority under which such special obligation bonds are issued;

59 **(b) Such bonds are in conformity with the provisions, restrictions, and limitations**
60 **thereof; and**

61 **(c) That such special obligation bonds and the interest thereon are to be paid from**
62 **the money and revenue received as provided in subdivision (1) of this subsection.**

63 **(4) Any city or county issuing special obligation bonds under the STAR bonds**
64 **financing act may refund all or part of such issue as provided in state law.**

65 **2. For each project financed with special obligation bonds payable from the**
66 **revenues described in subdivision (1) of subsection 1 of this section, the city or county shall**
67 **prepare and submit to the director by October first of each year a report describing the**
68 **status of any projects within such STAR bond project area, any expenditures of the**
69 **proceeds of special obligation bonds that have occurred since the last annual report, and**
70 **any expenditures of the proceeds of such bonds expected to occur in the future, including**
71 **the amount of sales tax revenue, how such revenue has been spent, the projected amount**
72 **of such revenue, and the anticipated use of such revenue. The department of economic**
73 **development shall compile this information and submit a report annually to the governor**
74 **and the legislature by February first of each year.**

75 **3. A city or county may use the proceeds of special obligation bonds or any**
76 **uncommitted funds derived from sources set forth in this section to pay the bond project**
77 **to implement the STAR bond project plan.**

67.2073. 1. In the event that the city or county shall default in the payment of any
2 **STAR bonds payable from revenues described in subdivision (1) of subsection 1 of section**
3 **67.2072, no public funds shall be used to pay the holders thereof except as otherwise**
4 **specifically authorized in the STAR bonds financing act.**

5 **2. (1) Any addition of area to the STAR bond project district, or any substantial**
6 **change to the STAR bond project district plan, shall be subject to the same procedure for**
7 **public notice and hearing as is required for the establishment of the STAR bond project**
8 **district.**

9 **(2) A city or county may remove real property from a STAR bond project district**
10 **by an ordinance or resolution of the governing body respectively.**

11 **(3) A city or county may divide the real property in a STAR bond project district,**
12 **including real property in different project areas within a STAR bond project district, into**
13 **separate STAR bond project districts. Any division of real property within a STAR bond**
14 **project district into more than one STAR bond project district shall be subject to the same**
15 **procedure of public notice and hearing as is required for the establishment of the STAR**
16 **bond project district.**

17 **(4) If a city or county has undertaken a STAR bond project within a STAR bond**
18 **project district, and either the city or county wishes to subsequently remove more than a**
19 **de minimus amount of real property from the STAR bond project district, or the city or**
20 **county wishes to subsequently divide the real property in the STAR bond project district**
21 **into more than one STAR bond project district, then before any such removal or division**
22 **the city or county shall provide a feasibility study that shows that the tax revenue from the**
23 **resulting STAR bond project district within which the STAR bond project is located is**
24 **expected to be sufficient to pay the project costs.**

25 **(5) Removal of real property from one STAR bond project district and addition of**
26 **all or a portion of that real property to another STAR bond project district may be**
27 **accomplished by the adoption of an ordinance or resolution, and in such event the**
28 **determination of the existence or nonexistence of an adverse effect on the county or school**
29 **district under subsection 2 of section 67.2071 shall apply to both such removal and such**
30 **addition of real property to a STAR bond project district.**

31 **3. (1) Any city or county that has adopted a STAR bond project plan may purchase**
32 **or otherwise acquire real property in connection with such project plan. Upon a two-**
33 **thirds vote of the members of the governing body thereof, a city or county may acquire by**
34 **condemnation any interest in real property, including a fee simple title thereto, that it**
35 **deems necessary for or in connection with any project plan of an area located within the**
36 **project district; however, eminent domain shall be used only as provided in state law. Any**
37 **such city or county may exercise the power of eminent domain in the manner provided in**
38 **state law. In addition to any compensation or damages allowed under provisions**
39 **governing eminent domain, such city or county shall also provide for the payment of**
40 **relocation assistance as provided in subsection 4 of this section.**

41 **(2) No real property shall be taken using eminent domain by any municipal or**
42 **county government for any economic development project, as defined in section 523.271,**
43 **funded by Star Bonds if such property is acquired in order to be transferred to any private**
44 **entity prior to the expiration of the Star Bond project.**

45 **4. Before any STAR bond project shall be initiated, a relocation assistance plan**
46 **shall be approved by the governing body of the city or county proposing to undertake the**
47 **project. Such relocation assistance plan shall:**

48 **(1) Provide for relocation payments to be made to persons, families, and businesses**
49 **who move from real property located in the STAR bond project district, or who move**
50 **personal property from real property located in the STAR bond project district as a result**
51 **of the acquisition of the real property by the city or county in carrying out the provisions**

52 of the STAR bonds financing act. With respect to any STAR bond project, such payments
53 shall not be less than five hundred dollars;

54 (2) Provide that no persons or families residing in the STAR bond project district
55 shall be displaced unless and until there is a suitable housing unit available and ready for
56 occupancy by such displaced person or family at rents within the person's or family's
57 ability to pay. Such housing units shall be suitable to the needs of such displaced persons
58 or families and must be a decent, safe, sanitary, and otherwise standard dwelling; and

59 (3) Provide for the payment of any damages sustained by a seller, as defined in
60 section 144.010, by reason of the liquidation of inventories necessitated by relocation from
61 the STAR bond project district.

62 5. (1) Notwithstanding any other provision of law to the contrary, copies of all
63 sales, use, and transient guest tax returns of sellers, as defined in section 144.010, filed with
64 the director in connection with a STAR bond project area or STAR bond project, for
65 which sales, use, and transient guest tax revenues are pledged or otherwise intended to be
66 used in whole or in part for the payment of bonds issued to finance project costs in such
67 STAR bond project area, shall be provided by the director to the bond trustee, escrow
68 agent, or paying agent for such bonds upon the written request of the city or county within
69 fifteen days of receipt by the director. The bond trustee, escrow agent, or paying agent
70 shall keep such sales, use, and transient guest tax returns of sellers and the information
71 contained therein confidential, but may use such information for purposes of allocating
72 and depositing such sales, use, and transient guest tax revenues in connection with the
73 bonds used to finance project costs in such STAR bond project area. Except as otherwise
74 provided herein, the sales, use, and transient guest tax returns received by the bond
75 trustee, escrow agent, or paying agent shall be subject to the confidentiality provisions in
76 chapter 32.

77 (2) The director shall determine when the amount of sales tax and other revenues
78 that have been collected and distributed to the bond debt service or reserve fund is
79 sufficient to satisfy all principal and interest costs to the maturity date or dates of any
80 special obligation bonds issued by a city or county to finance a STAR bond project.
81 Thereafter, all sales tax and other revenues shall be collected and distributed in accordance
82 with applicable law.

83 6. For projects involving the use of financing under paragraph (e) of subdivision
84 (1) of subsection 1 of section 67.2072, the director shall set a limit on the total amount of
85 such special obligation bonds that may be issued for a STAR bond project. An issue of
86 special obligation bonds shall bear interest at a reasonable rate as of the time of sale of the

87 **bonds, taking into account such factors as current market conditions, the nature and**
88 **degree of risk associated with repayment of the bonds, and other relevant factors.**

89 **7. (1) STAR bond projects using state sales tax financing under section 67.2072**
90 **shall be audited by an independent certified public accountant annually at the expense of**
91 **the city or county. The audit report shall supplement the required annual report required.**

92 **(2) Such audits shall determine whether bond financing obtained under section**
93 **67.2072 is being used only for authorized purposes. Audit results shall be reported to the**
94 **governor, the director of the department of economic development, the senate committee**
95 **on commerce, consumer protection, energy and the environment, the house committee on**
96 **economic development, and any successor committees thereto, and the director, during the**
97 **legislative session immediately following the audit.**

98 **(3) If audit findings indicate that bond funds have been used for unauthorized or**
99 **ineligible purposes, the city or county shall repay to the bond fund all such unauthorized**
100 **or ineligible expenditures. Such city or county shall enter into a repayment agreement with**
101 **the director specifying the terms of such repayment obligation.**

102 **8. The STAR bonds financing act shall expire on June 30, 2018.**

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