

SECOND REGULAR SESSION
[TRULY AGREED TO AND FINALLY PASSED]
CONFERENCE COMMITTEE SUBSTITUTE FOR
SENATE SUBSTITUTE FOR
SENATE COMMITTEE SUBSTITUTE FOR
HOUSE BILL NO. 1504

97TH GENERAL ASSEMBLY

5461H.05T

2014

AN ACT

To repeal section 99.845, RSMo, and to enact in lieu thereof one new section relating to tax increment financing.

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

Section A. Section 99.845, RSMo, is repealed and one new section enacted in lieu thereof, to be known as section 99.845, to read as follows:

99.845. 1. A municipality, either at the time a redevelopment project is approved or, in the event a municipality has undertaken acts establishing a redevelopment plan and redevelopment project and has designated a redevelopment area after the passage and approval of sections 99.800 to 99.865 but prior to August 13, 1982, which acts are in conformance with the procedures of sections 99.800 to 99.865, may adopt tax increment allocation financing by passing an ordinance providing that after the total equalized assessed valuation of the taxable real property in a redevelopment project exceeds the certified total initial equalized assessed valuation of the taxable real property in the redevelopment project, the ad valorem taxes, and payments in lieu of taxes, if any, arising from the levies upon taxable real property in such redevelopment project by taxing districts and tax rates determined in the manner provided in subsection 2 of section 99.855 each year after the effective date of the ordinance until redevelopment costs have been paid shall be divided as follows:

(1) That portion of taxes, penalties and interest levied upon each taxable lot, block, tract, or parcel of real property which is attributable to the initial equalized assessed value of each such

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.

15 taxable lot, block, tract, or parcel of real property in the area selected for the redevelopment
16 project shall be allocated to and, when collected, shall be paid by the county collector to the
17 respective affected taxing districts in the manner required by law in the absence of the adoption
18 of tax increment allocation financing;

19 (2) (a) Payments in lieu of taxes attributable to the increase in the current equalized
20 assessed valuation of each taxable lot, block, tract, or parcel of real property in the area selected
21 for the redevelopment project and any applicable penalty and interest over and above the initial
22 equalized assessed value of each such unit of property in the area selected for the redevelopment
23 project shall be allocated to and, when collected, shall be paid to the municipal treasurer who
24 shall deposit such payment in lieu of taxes into a special fund called the "Special Allocation
25 Fund" of the municipality for the purpose of paying redevelopment costs and obligations incurred
26 in the payment thereof. **Beginning August 28, 2014, if the voters in a taxing district vote to**
27 **approve an increase in such taxing district's levy rate for ad valorem tax on real property,**
28 **any additional revenues generated within an existing redevelopment project area that are**
29 **directly attributable to the newly voter-approved incremental increase in such taxing**
30 **district's levy rate shall not be considered payments in lieu of taxes subject to deposit into**
31 **a special allocation fund without the consent of such taxing district. Revenues will be**
32 **considered directly attributable to the newly voter-approved incremental increase to the**
33 **extent that they are generated from the difference between the taxing district's actual levy**
34 **rate currently imposed and the maximum voter approved levy rate at the time that the**
35 **redevelopment project was adopted.** Payments in lieu of taxes which are due and owing shall
36 constitute a lien against the real estate of the redevelopment project from which they are derived
37 and shall be collected in the same manner as the real property tax, including the assessment of
38 penalties and interest where applicable. The municipality may, in the ordinance, pledge the
39 funds in the special allocation fund for the payment of such costs and obligations and provide
40 for the collection of payments in lieu of taxes, the lien of which may be foreclosed in the same
41 manner as a special assessment lien as provided in section 88.861. No part of the current
42 equalized assessed valuation of each lot, block, tract, or parcel of property in the area selected
43 for the redevelopment project attributable to any increase above the total initial equalized
44 assessed value of such properties shall be used in calculating the general state school aid formula
45 provided for in section 163.031 until such time as all redevelopment costs have been paid as
46 provided for in this section and section 99.850;

47 (b) Notwithstanding any provisions of this section to the contrary, for purposes of
48 determining the limitation on indebtedness of local government pursuant to Article VI, Section
49 26(b) of the Missouri Constitution, the current equalized assessed value of the property in an area
50 selected for redevelopment attributable to the increase above the total initial equalized assessed

51 valuation shall be included in the value of taxable tangible property as shown on the last
52 completed assessment for state or county purposes;

53 (c) The county assessor shall include the current assessed value of all property within
54 the taxing district in the aggregate valuation of assessed property entered upon the assessor's
55 book and verified pursuant to section 137.245, and such value shall be utilized for the purpose
56 of the debt limitation on local government pursuant to Article VI, Section 26(b) of the Missouri
57 Constitution;

58 (3) For purposes of this section, "levies upon taxable real property in such redevelopment
59 project by taxing districts" shall not include the blind pension fund tax levied under the authority
60 of Article III, Section 38(b) of the Missouri Constitution, or the merchants' and manufacturers'
61 inventory replacement tax levied under the authority of subsection 2 of Section 6 of Article X
62 of the Missouri Constitution, except in redevelopment project areas in which tax increment
63 financing has been adopted by ordinance pursuant to a plan approved by vote of the governing
64 body of the municipality taken after August 13, 1982, and before January 1, 1998.

65 2. In addition to the payments in lieu of taxes described in subdivision (2) of subsection
66 1 of this section, for redevelopment plans and projects adopted or redevelopment projects
67 approved by ordinance after July 12, 1990, and prior to August 31, 1991, fifty percent of the total
68 additional revenue from taxes, penalties and interest imposed by the municipality, or other taxing
69 districts, which are generated by economic activities within the area of the redevelopment project
70 over the amount of such taxes generated by economic activities within the area of the
71 redevelopment project in the calendar year prior to the adoption of the redevelopment project by
72 ordinance, while tax increment financing remains in effect, but excluding taxes imposed on sales
73 or charges for sleeping rooms paid by transient guests of hotels and motels, taxes levied pursuant
74 to section 70.500, licenses, fees or special assessments other than payments in lieu of taxes and
75 any penalty and interest thereon, or, effective January 1, 1998, taxes levied pursuant to section
76 94.660, for the purpose of public transportation, shall be allocated to, and paid by the local
77 political subdivision collecting officer to the treasurer or other designated financial officer of the
78 municipality, who shall deposit such funds in a separate segregated account within the special
79 allocation fund. Any provision of an agreement, contract or covenant entered into prior to July
80 12, 1990, between a municipality and any other political subdivision which provides for an
81 appropriation of other municipal revenues to the special allocation fund shall be and remain
82 enforceable.

83 3. In addition to the payments in lieu of taxes described in subdivision (2) of subsection
84 1 of this section, for redevelopment plans and projects adopted or redevelopment projects
85 approved by ordinance after August 31, 1991, fifty percent of the total additional revenue from
86 taxes, penalties and interest which are imposed by the municipality or other taxing districts, and

87 which are generated by economic activities within the area of the redevelopment project over the
88 amount of such taxes generated by economic activities within the area of the redevelopment
89 project in the calendar year prior to the adoption of the redevelopment project by ordinance,
90 while tax increment financing remains in effect, but excluding personal property taxes, taxes
91 imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels,
92 taxes levied pursuant to section 70.500, taxes levied for the purpose of public transportation
93 pursuant to section 94.660, taxes imposed on sales pursuant to subsection 2 of section 67.1712
94 for the purpose of operating and maintaining a metropolitan park and recreation district, licenses,
95 fees or special assessments other than payments in lieu of taxes and penalties and interest
96 thereon, any sales tax imposed by a county with a charter form of government and with more
97 than six hundred thousand but fewer than seven hundred thousand inhabitants, for the purpose
98 of sports stadium improvement or levied by such county under section 238.410 for the purpose
99 of the county transit authority operating transportation facilities, or for redevelopment plans and
100 projects adopted or redevelopment projects approved by ordinance after August 28, 2013, taxes
101 imposed on sales under and pursuant to section **67.700 or** 650.399 for the purpose of emergency
102 communication systems, shall be allocated to, and paid by the local political subdivision
103 collecting officer to the treasurer or other designated financial officer of the municipality, who
104 shall deposit such funds in a separate segregated account within the special allocation fund.
105 **Beginning August 28, 2014, if the voters in a taxing district vote to approve an increase in**
106 **such taxing district's sales tax or use tax, other than the renewal of an expiring sales or use**
107 **tax, any additional revenues generated within an existing redevelopment project area that**
108 **are directly attributable to the newly voter-approved incremental increase in such taxing**
109 **district's levy rate shall not be considered economic activity taxes subject to deposit into**
110 **a special allocation fund without the consent of such taxing district.**

111 4. Beginning January 1, 1998, for redevelopment plans and projects adopted or
112 redevelopment projects approved by ordinance and which have complied with subsections 4 to
113 12 of this section, in addition to the payments in lieu of taxes and economic activity taxes
114 described in subsections 1, 2 and 3 of this section, up to fifty percent of the new state revenues,
115 as defined in subsection 8 of this section, estimated for the businesses within the project area and
116 identified by the municipality in the application required by subsection 10 of this section, over
117 and above the amount of such taxes reported by businesses within the project area as identified
118 by the municipality in their application prior to the approval of the redevelopment project by
119 ordinance, while tax increment financing remains in effect, may be available for appropriation
120 by the general assembly as provided in subsection 10 of this section to the department of
121 economic development supplemental tax increment financing fund, from the general revenue

122 fund, for distribution to the treasurer or other designated financial officer of the municipality
123 with approved plans or projects.

124 5. The treasurer or other designated financial officer of the municipality with approved
125 plans or projects shall deposit such funds in a separate segregated account within the special
126 allocation fund established pursuant to section 99.805.

127 6. No transfer from the general revenue fund to the Missouri supplemental tax increment
128 financing fund shall be made unless an appropriation is made from the general revenue fund for
129 that purpose. No municipality shall commit any state revenues prior to an appropriation being
130 made for that project. For all redevelopment plans or projects adopted or approved after
131 December 23, 1997, appropriations from the new state revenues shall not be distributed from the
132 Missouri supplemental tax increment financing fund into the special allocation fund unless the
133 municipality's redevelopment plan ensures that one hundred percent of payments in lieu of taxes
134 and fifty percent of economic activity taxes generated by the project shall be used for eligible
135 redevelopment project costs while tax increment financing remains in effect. This account shall
136 be separate from the account into which payments in lieu of taxes are deposited, and separate
137 from the account into which economic activity taxes are deposited.

138 7. In order for the redevelopment plan or project to be eligible to receive the revenue
139 described in subsection 4 of this section, the municipality shall comply with the requirements of
140 subsection 10 of this section prior to the time the project or plan is adopted or approved by
141 ordinance. The director of the department of economic development and the commissioner of
142 the office of administration may waive the requirement that the municipality's application be
143 submitted prior to the redevelopment plan's or project's adoption or the redevelopment plan's or
144 project's approval by ordinance.

145 8. For purposes of this section, "new state revenues" means:

146 (1) The incremental increase in the general revenue portion of state sales tax revenues
147 received pursuant to section 144.020, excluding sales taxes that are constitutionally dedicated,
148 taxes deposited to the school district trust fund in accordance with section 144.701, sales and use
149 taxes on motor vehicles, trailers, boats and outboard motors and future sales taxes earmarked by
150 law. In no event shall the incremental increase include any amounts attributable to retail sales
151 unless the municipality or authority has proven to the Missouri development finance board and
152 the department of economic development and such entities have made a finding that the sales
153 tax increment attributable to retail sales is from new sources which did not exist in the state
154 during the baseline year. The incremental increase in the general revenue portion of state sales
155 tax revenues for an existing or relocated facility shall be the amount that current state sales tax
156 revenue exceeds the state sales tax revenue in the base year as stated in the redevelopment plan
157 as provided in subsection 10 of this section; or

158 (2) The state income tax withheld on behalf of new employees by the employer pursuant
159 to section 143.221 at the business located within the project as identified by the municipality.
160 The state income tax withholding allowed by this section shall be the municipality's estimate of
161 the amount of state income tax withheld by the employer within the redevelopment area for new
162 employees who fill new jobs directly created by the tax increment financing project.

163 9. Subsection 4 of this section shall apply only to blighted areas located in enterprise
164 zones, pursuant to sections 135.200 to 135.256, blighted areas located in federal empowerment
165 zones, or to blighted areas located in central business districts or urban core areas of cities which
166 districts or urban core areas at the time of approval of the project by ordinance, provided that the
167 enterprise zones, federal empowerment zones or blighted areas contained one or more buildings
168 at least fifty years old; and

169 (1) Suffered from generally declining population or property taxes over the twenty-year
170 period immediately preceding the area's designation as a project area by ordinance; or

171 (2) Was a historic hotel located in a county of the first classification without a charter
172 form of government with a population according to the most recent federal decennial census in
173 excess of one hundred fifty thousand and containing a portion of a city with a population
174 according to the most recent federal decennial census in excess of three hundred fifty thousand.

175 10. The initial appropriation of up to fifty percent of the new state revenues authorized
176 pursuant to subsections 4 and 5 of this section shall not be made to or distributed by the
177 department of economic development to a municipality until all of the following conditions have
178 been satisfied:

179 (1) The director of the department of economic development or his or her designee and
180 the commissioner of the office of administration or his or her designee have approved a tax
181 increment financing application made by the municipality for the appropriation of the new state
182 revenues. The municipality shall include in the application the following items in addition to the
183 items in section 99.810:

184 (a) The tax increment financing district or redevelopment area, including the businesses
185 identified within the redevelopment area;

186 (b) The base year of state sales tax revenues or the base year of state income tax withheld
187 on behalf of existing employees, reported by existing businesses within the project area prior to
188 approval of the redevelopment project;

189 (c) The estimate of the incremental increase in the general revenue portion of state sales
190 tax revenue or the estimate for the state income tax withheld by the employer on behalf of new
191 employees expected to fill new jobs created within the redevelopment area after redevelopment;

192 (d) The official statement of any bond issue pursuant to this subsection after December
193 23, 1997;

- 194 (e) An affidavit that is signed by the developer or developers attesting that the provisions
195 of subdivision (1) of subsection 1 of section 99.810 have been met and specifying that the
196 redevelopment area would not be reasonably anticipated to be developed without the
197 appropriation of the new state revenues;
- 198 (f) The cost-benefit analysis required by section 99.810 includes a study of the fiscal
199 impact on the state of Missouri; and
- 200 (g) The statement of election between the use of the incremental increase of the general
201 revenue portion of the state sales tax revenues or the state income tax withheld by employers on
202 behalf of new employees who fill new jobs created in the redevelopment area;
- 203 (h) The name, street and mailing address, and phone number of the mayor or chief
204 executive officer of the municipality;
- 205 (i) The street address of the development site;
- 206 (j) The three-digit North American Industry Classification System number or numbers
207 characterizing the development project;
- 208 (k) The estimated development project costs;
- 209 (l) The anticipated sources of funds to pay such development project costs;
- 210 (m) Evidence of the commitments to finance such development project costs;
- 211 (n) The anticipated type and term of the sources of funds to pay such development
212 project costs;
- 213 (o) The anticipated type and terms of the obligations to be issued;
- 214 (p) The most recent equalized assessed valuation of the property within the development
215 project area;
- 216 (q) An estimate as to the equalized assessed valuation after the development project area
217 is developed in accordance with a development plan;
- 218 (r) The general land uses to apply in the development area;
- 219 (s) The total number of individuals employed in the development area, broken down by
220 full-time, part-time, and temporary positions;
- 221 (t) The total number of full-time equivalent positions in the development area;
- 222 (u) The current gross wages, state income tax withholdings, and federal income tax
223 withholdings for individuals employed in the development area;
- 224 (v) The total number of individuals employed in this state by the corporate parent of any
225 business benefitting from public expenditures in the development area, and all subsidiaries
226 thereof, as of December thirty-first of the prior fiscal year, broken down by full-time, part-time,
227 and temporary positions;

228 (w) The number of new jobs to be created by any business benefitting from public
229 expenditures in the development area, broken down by full-time, part-time, and temporary
230 positions;

231 (x) The average hourly wage to be paid to all current and new employees at the project
232 site, broken down by full-time, part-time, and temporary positions;

233 (y) For project sites located in a metropolitan statistical area, as defined by the federal
234 Office of Management and Budget, the average hourly wage paid to nonmanagerial employees
235 in this state for the industries involved at the project, as established by the United States Bureau
236 of Labor Statistics;

237 (z) For project sites located outside of metropolitan statistical areas, the average weekly
238 wage paid to nonmanagerial employees in the county for industries involved at the project, as
239 established by the United States Department of Commerce;

240 (aa) A list of other community and economic benefits to result from the project;

241 (bb) A list of all development subsidies that any business benefitting from public
242 expenditures in the development area has previously received for the project, and the name of
243 any other granting body from which such subsidies are sought;

244 (cc) A list of all other public investments made or to be made by this state or units of
245 local government to support infrastructure or other needs generated by the project for which the
246 funding pursuant to this section is being sought;

247 (dd) A statement as to whether the development project may reduce employment at any
248 other site, within or without the state, resulting from automation, merger, acquisition, corporate
249 restructuring, relocation, or other business activity;

250 (ee) A statement as to whether or not the project involves the relocation of work from
251 another address and if so, the number of jobs to be relocated and the address from which they
252 are to be relocated;

253 (ff) A list of competing businesses in the county containing the development area and
254 in each contiguous county;

255 (gg) A market study for the development area;

256 (hh) A certification by the chief officer of the applicant as to the accuracy of the
257 development plan;

258 (2) The methodologies used in the application for determining the base year and
259 determining the estimate of the incremental increase in the general revenue portion of the state
260 sales tax revenues or the state income tax withheld by employers on behalf of new employees
261 who fill new jobs created in the redevelopment area shall be approved by the director of the
262 department of economic development or his or her designee and the commissioner of the office
263 of administration or his or her designee. Upon approval of the application, the director of the

264 department of economic development or his or her designee and the commissioner of the office
265 of administration or his or her designee shall issue a certificate of approval. The department of
266 economic development may request the appropriation following application approval;

267 (3) The appropriation shall be either a portion of the estimate of the incremental increase
268 in the general revenue portion of state sales tax revenues in the redevelopment area or a portion
269 of the estimate of the state income tax withheld by the employer on behalf of new employees
270 who fill new jobs created in the redevelopment area as indicated in the municipality's application,
271 approved by the director of the department of economic development or his or her designee and
272 the commissioner of the office of administration or his or her designee. At no time shall the
273 annual amount of the new state revenues approved for disbursements from the Missouri
274 supplemental tax increment financing fund exceed thirty-two million dollars;

275 (4) Redevelopment plans and projects receiving new state revenues shall have a duration
276 of up to fifteen years, unless prior approval for a longer term is given by the director of the
277 department of economic development or his or her designee and the commissioner of the office
278 of administration or his or her designee; except that, in no case shall the duration exceed
279 twenty-three years.

280 11. In addition to the areas authorized in subsection 9 of this section, the funding
281 authorized pursuant to subsection 4 of this section shall also be available in a federally approved
282 levee district, where construction of a levee begins after December 23, 1997, and which is
283 contained within a county of the first classification without a charter form of government with
284 a population between fifty thousand and one hundred thousand inhabitants which contains all
285 or part of a city with a population in excess of four hundred thousand or more inhabitants.

286 12. There is hereby established within the state treasury a special fund to be known as
287 the "Missouri Supplemental Tax Increment Financing Fund", to be administered by the
288 department of economic development. The department shall annually distribute from the
289 Missouri supplemental tax increment financing fund the amount of the new state revenues as
290 appropriated as provided in the provisions of subsections 4 and 5 of this section if and only if the
291 conditions of subsection 10 of this section are met. The fund shall also consist of any gifts,
292 contributions, grants or bequests received from federal, private or other sources. Moneys in the
293 Missouri supplemental tax increment financing fund shall be disbursed per project pursuant to
294 state appropriations.

295 13. Redevelopment project costs may include, at the prerogative of the state, the portion
296 of salaries and expenses of the department of economic development and the department of
297 revenue reasonably allocable to each redevelopment project approved for disbursements from
298 the Missouri supplemental tax increment financing fund for the ongoing administrative functions
299 associated with such redevelopment project. Such amounts shall be recovered from new state

300 revenues deposited into the Missouri supplemental tax increment financing fund created under
301 this section.

302 14. For redevelopment plans or projects approved by ordinance that result in net new
303 jobs from the relocation of a national headquarters from another state to the area of the
304 redevelopment project, the economic activity taxes and new state tax revenues shall not be based
305 on a calculation of the incremental increase in taxes as compared to the base year or prior
306 calendar year for such redevelopment project, rather the incremental increase shall be the amount
307 of total taxes generated from the net new jobs brought in by the national headquarters from
308 another state. In no event shall this subsection be construed to allow a redevelopment project
309 to receive an appropriation in excess of up to fifty percent of the new state revenues.

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