

HB 1600 with HCA 1 -- TAX INCREMENT FINANCING

SPONSOR: Shaul

COMMITTEE ACTION: Voted "Do Pass with Amendments" by the Standing Committee on Ways and Means by a vote of 7 to 1.

This bill changes the laws regarding tax increment financing (TIF). In its main provisions, the bill:

(1) Specifies that a recommendation of approval on a proposed redevelopment plan, project, designation, or amendment by a TIF commission in St. Charles, Jefferson, and St. Louis counties must only be deemed to occur if a majority of the commissioners voting vote for approval. A tied vote must be considered a recommendation in opposition; and

(2) Changes the provisions regarding economic activity taxes. Currently, any municipality can approve a proposed redevelopment plan, project, designation, or amendment if it did not receive a recommendation from the majority of the members of its tax increment financing commission upon a two-thirds majority vote of its governing body. The bill limits that authority in any municipality in St. Louis County, St. Charles County, or Jefferson County to include only a redevelopment plan, project, designation, or amendment in which the economic activity taxes generated do not exceed the costs associated with the demolition of buildings and the clearing and grading of land.

This bill is similar to HCS#2 SS SCS SB 774 (2014) and HB 1434 (2016).

HCA #1: This amendment makes technical changes and adds transparency language for the TIF commission.

PROPONENTS: Supporters say that this bill is for St. Charles, St. Louis, and Jefferson Counties because of recent significant abuse of TIF. This bill provides a regional approach with oversight that works and ensures input from all interested parties - schools, fire districts, libraries, etc. If a county says no, a city gets it back to override, but limited to greenfield status. Missouri does more TIFs than 47 other states. Missouri needs TIF reform for economic and environmental reasons. Sales are not going up. TIF has been aggressively used throughout Missouri's wealthier areas. The term, "blighted" is almost meaningless today because of overuse. A good example of TIF abuse is St. Louis Mills Mall. It sold for \$9 million in November 2015 after receiving TIF to develop the area. Taxpayers are on the hook in the toll of \$43 million in payments in lieu of taxes for the massive shopping mall built in a

flood plain. It was built in 2003 at a cost of \$250 million, brought in only \$28 million in economic activity taxes and is 77% occupied. TIFs and Transportation Development Districts (TDDs) have created jobs at the rate of one retail job for every \$370,000 in taxpayer subsidies according to a study conducted by the East-West Gateway Council of Governments in St. Louis. The subsidized development in the floodplains over the past thirty years has contributed to increasing the severity, frequency, and danger of flooding. TIF reform is needed, including eliminating TIF usage and other subsidies in the floodplain.

The bill tries to get back to what was originally TIF in Missouri and only gives money to create a level playing field. Retailers are so concerned about this and question why the government would give to one and not to others. It is not a proper use of government to pick winners and losers. The bill is a fair and beneficial compromise for shared tax districts, good regional solution, and smart for existing businesses.

Testifying for the bill were Representative Koenig; Steve Ehlmann, St. Charles County; David Stokes, Greater Rivers Habitat Alliance; Jed Penney, Schnuck Markets, Inc; Missouri National Education Association; Missouri School Boards' Association; Missouri Council Of School Administrators; Americans For Prosperity; Mark Hobbes, Missouri State Council Of Fire Fighters; Missouri Retailers Association/Missouri Grocers' Association/Missouri Tire Industry Association; Empower Missouri; and Mid-America Retail Food Joint Labor Management Committee.

OPPONENTS: Those who oppose the bill say that this bill is taking away local control. While St. Louis County has had abuses of TIF, abuse is statewide. Without TIF, urban sprawl will continue and TIF developments create new real jobs. Maybe a better approach would be to limit it to one TIF per project and set a distance limit so Walmart is not just moving down the street.

Testifying against the bill was the St. Louis County Municipal League.