

House \_\_\_\_\_ Amendment NO. \_\_\_\_\_

Offered By

1 AMEND House Committee Substitute for Senate Bill No. 867, Page 6, Section 72.418, Line 194,  
2 by inserting after all of said section and line the following:

3  
4 "99.805. As used in sections 99.800 to 99.865, unless the context clearly requires otherwise,  
5 the following terms shall mean:

6 (1) "Blighted area", an area which, by reason of the predominance of defective or  
7 inadequate street layout, unsanitary or unsafe conditions, deterioration of site improvements,  
8 improper subdivision or obsolete platting, or the existence of conditions which endanger life or  
9 property by fire and other causes, or any combination of such factors, retards the provision of  
10 housing accommodations or constitutes an economic or social liability or a menace to the public  
11 health, safety, morals, or welfare in its present condition and use;

12 (2) "Central business district", the area at or near the historic core of a city, village, or town  
13 that is locally known as the "downtown", with eighty percent or more of the land use being  
14 dedicated to a combination of business, commercial, financial, transportation, and government  
15 purposes, with the majority of the buildings built more than fifty years prior to the redevelopment;

16 (3) "Collecting officer", the officer of the municipality responsible for receiving and  
17 processing payments in lieu of taxes or economic activity taxes from taxpayers or the department of  
18 revenue;

19 [(3)] (4) "Conservation area", any improved area within the boundaries of a redevelopment  
20 area located within the territorial limits of a municipality in which fifty percent or more of the  
21 structures in the area have an age of thirty-five years or more. Such an area is not yet a blighted  
22 area but is detrimental to the public health, safety, morals, or welfare and may become a blighted  
23 area because of any one or more of the following factors: dilapidation; obsolescence; deterioration;  
24 illegal use of individual structures; presence of structures below minimum code standards;  
25 abandonment; excessive vacancies; overcrowding of structures and community facilities; lack of  
26 ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land  
27 use or layout; depreciation of physical maintenance; and lack of community planning. A  
28 conservation area shall meet at least three of the factors provided in this subdivision for projects  
29 approved on or after December 23, 1997;

30 [(4)] (5) "Economic activity taxes", the total additional revenue from taxes which are  
31 imposed by a municipality and other taxing districts, and which are generated by economic  
32 activities within a redevelopment area over the amount of such taxes generated by economic  
33 activities within such redevelopment area in the calendar year prior to the adoption of the ordinance  
34 designating such a redevelopment area, while tax increment financing remains in effect, but  
35 excluding personal property taxes, taxes imposed on sales or charges for sleeping rooms paid by  
36 transient guests of hotels and motels, licenses, fees or special assessments, or sales taxes dedicated

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1 by a vote of the people to specific purposes or projects. For redevelopment projects or  
 2 redevelopment plans approved after December 23, 1997, if a retail establishment relocates within  
 3 one year from one facility to another facility within the same county and the governing body of the  
 4 municipality finds that the relocation is a direct beneficiary of tax increment financing, then for  
 5 purposes of this definition, the economic activity taxes generated by the retail establishment shall  
 6 equal the total additional revenues from economic activity taxes which are imposed by a  
 7 municipality or other taxing district over the amount of economic activity taxes generated by the  
 8 retail establishment in the calendar year prior to its relocation to the redevelopment area;

9 ~~[(5)] (6)~~ "Economic development area", any area or portion of an area located within the  
 10 territorial limits of a municipality, which does not meet the requirements of subdivisions (1) and  
 11 ~~[(3)] (4)~~ of this section, and in which the governing body of the municipality finds that  
 12 redevelopment will not be solely used for development of commercial businesses which unfairly  
 13 compete in the local economy and is in the public interest because it will[:

14 (a) discourage commerce, industry or manufacturing from moving their operations to  
 15 another state[; or

16 (b) Result in increased employment in the municipality; or

17 (c) Result in preservation or enhancement of the tax base of the municipality];

18 ~~[(6)] (7)~~ "Gambling establishment", an excursion gambling boat as defined in section  
 19 313.800 and any related business facility including any real property improvements which are  
 20 directly and solely related to such business facility, whose sole purpose is to provide goods or  
 21 services to an excursion gambling boat and whose majority ownership interest is held by a person  
 22 licensed to conduct gambling games on an excursion gambling boat or licensed to operate an  
 23 excursion gambling boat as provided in sections 313.800 to 313.850. This subdivision shall be  
 24 applicable only to a redevelopment area designated by ordinance adopted after December 23, 1997;

25 ~~[(7)] (8)~~ "Greenfield area", any vacant, unimproved, or agricultural property that is located  
 26 wholly outside the incorporated limits of a city, town, or village, or that is substantially surrounded  
 27 by contiguous properties with agricultural zoning classifications or uses unless said property was  
 28 annexed into the incorporated limits of a city, town, or village ten years prior to the adoption of the  
 29 ordinance approving the redevelopment plan for such greenfield area;

30 (9) "High unemployment", unemployment in the proposed redevelopment area of at least  
 31 one and one-half times that of the metropolitan statistical area in which the area is located or one  
 32 and one-half times the unemployment rate of nonmetropolitan counties if the area is not located in a  
 33 metropolitan statistical area;

34 (10) "Low fiscal capacity", per capita assessed valuation of property in the municipality of  
 35 less than sixty percent of the entire county in which it is located or, in unincorporated areas, if the  
 36 per capita assessed valuation of property in the school district is less than sixty percent of the entire  
 37 county in which it is located;

38 (11) "Moderate income", either a Missouri municipality that has a population of at least one  
 39 thousand five hundred within a metropolitan statistical area and has a median household income of  
 40 under eighty percent of the median household income for the metropolitan statistical area according  
 41 to the last decennial census, or a United States census block group or contiguous group of block  
 42 groups within a metropolitan statistical area that has a population of at least one thousand five  
 43 hundred and has, for each block group, a median household income for the metropolitan area in  
 44 Missouri according to the last decennial census;

45 ~~[(8)] (12)~~ "Municipality", a city, village, or incorporated town or any county of this state.  
 46 For redevelopment areas or projects approved on or after December 23, 1997, "municipality"  
 47 applies only to cities, villages, incorporated towns or counties established for at least one year prior  
 48 to such date;

1           (13) "New job", a job in a new or expanding redevelopment project not including jobs of  
 2 recalled workers, replacement jobs, or jobs that formerly existed in the same industry in the area;

3           [(9)] (14) "Obligations", bonds, loans, debentures, notes, special certificates, or other  
 4 evidences of indebtedness issued by a municipality to carry out a redevelopment project or to refund  
 5 outstanding obligations;

6           [(10)] (15) "Ordinance", an ordinance enacted by the governing body of a city, town, or  
 7 village or a county or an order of the governing body of a county whose governing body is not  
 8 authorized to enact ordinances;

9           [(11)] (16) "Payment in lieu of taxes", those estimated revenues from real property in the  
 10 area selected for a redevelopment project, which revenues according to the redevelopment project or  
 11 plan are to be used for a private use, which taxing districts would have received had a municipality  
 12 not adopted tax increment allocation financing, and which would result from levies made after the  
 13 time of the adoption of tax increment allocation financing during the time the current equalized  
 14 value of real property in the area selected for the redevelopment project exceeds the total initial  
 15 equalized value of real property in such area until the designation is terminated pursuant to  
 16 subsection 2 of section 99.850;

17           [(12)] (17) "Redevelopment area", an area designated by a municipality, in respect to which  
 18 the municipality has made a finding that there exist conditions which cause the area to be classified  
 19 as a blighted area, a conservation area, an economic development area, an enterprise zone pursuant  
 20 to sections 135.200 to 135.256, or a combination thereof, which area includes only those parcels of  
 21 real property directly and substantially benefitted by the proposed redevelopment project;

22           [(13)] (18) "Redevelopment plan", the comprehensive program of a municipality for  
 23 redevelopment intended by the payment of redevelopment costs to reduce or eliminate those  
 24 conditions, the existence of which qualified the redevelopment area as a blighted area, conservation  
 25 area, economic development area, or combination thereof, and to thereby enhance the tax bases of  
 26 the taxing districts which extend into the redevelopment area. Each redevelopment plan shall  
 27 conform to the requirements of section 99.810;

28           [(14)] (19) "Redevelopment project", any development project within a redevelopment area  
 29 in furtherance of the objectives of the redevelopment plan; any such redevelopment project shall  
 30 include a legal description of the area selected for the redevelopment project;

31           [(15)] (20) "Redevelopment project costs" include the sum total of all reasonable or  
 32 necessary costs incurred or estimated to be incurred, and any such costs incidental to a  
 33 redevelopment plan or redevelopment project, as applicable. Such costs include, but are not limited  
 34 to, the following:

35           (a) Costs of studies, surveys, plans, and specifications;

36           (b) Professional service costs, including, but not limited to, architectural, engineering, legal,  
 37 marketing, financial, planning or special services. Except the reasonable costs incurred by the  
 38 commission established in section 99.820 for the administration of sections 99.800 to 99.865, such  
 39 costs shall be allowed only as an initial expense which, to be recoverable, shall be included in the  
 40 costs of a redevelopment plan or project;

41           (c) Property assembly costs, including, but not limited to, acquisition of land and other  
 42 property, real or personal, or rights or interests therein, demolition of buildings, and the clearing and  
 43 grading of land;

44           (d) Costs of rehabilitation, reconstruction, or repair or remodeling of existing buildings and  
 45 fixtures;

46           (e) Initial costs for an economic development area;

47           (f) Costs of construction of public works or improvements;

48           (g) Financing costs, including, but not limited to, all necessary and incidental expenses

1 related to the issuance of obligations, and which may include payment of interest on any obligations  
 2 issued pursuant to sections 99.800 to [99.865] 99.873 accruing during the estimated period of  
 3 construction of any redevelopment project for which such obligations are issued and for not more  
 4 than eighteen months thereafter, and including reasonable reserves related thereto;

5 (h) All or a portion of a taxing district's capital costs resulting from the redevelopment  
 6 project necessarily incurred or to be incurred in furtherance of the objectives of the redevelopment  
 7 plan and project, to the extent the municipality by written agreement accepts and approves such  
 8 costs;

9 (i) Relocation costs to the extent that a municipality determines that relocation costs shall be  
 10 paid or are required to be paid by federal or state law;

11 (j) Payments in lieu of taxes;

12 (21) "Retail project", any development project that devotes more than fifty percent of the  
 13 total estimated redevelopment project costs to the construction, reconstruction, or expansion of retail  
 14 establishments or infrastructure or facilities ancillary to sales at retail;

15 [(16)] (22) "Special allocation fund", the fund of a municipality or its commission which  
 16 contains at least two separate segregated accounts for each redevelopment plan, maintained by the  
 17 treasurer of the municipality or the treasurer of the commission into which payments in lieu of taxes  
 18 are deposited in one account, and economic activity taxes and other revenues are deposited in the  
 19 other account;

20 [(17)] (23) "Taxing districts", any political subdivision of this state having the power to levy  
 21 taxes;

22 [(18)] (24) "Taxing districts' capital costs", those costs of taxing districts for capital  
 23 improvements that are found by the municipal governing bodies to be necessary and to directly  
 24 result from the redevelopment project; and

25 [(19)] (25) "Vacant land", any parcel or combination of parcels of real property not used for  
 26 industrial, commercial, or residential buildings.

27 99.810. 1. Each redevelopment plan shall set forth in writing a general description of the  
 28 program to be undertaken to accomplish the objectives and shall include, but need not be limited to,  
 29 the estimated redevelopment project costs, the anticipated sources of funds to pay the costs,  
 30 evidence of the commitments to finance the project costs, the anticipated type and term of the  
 31 sources of funds to pay costs, the anticipated type and terms of the obligations to be issued, the most  
 32 recent equalized assessed valuation of the property within the redevelopment area which is to be  
 33 subjected to payments in lieu of taxes and economic activity taxes pursuant to section 99.845, an  
 34 estimate as to the equalized assessed valuation after redevelopment, and the general land uses to  
 35 apply in the redevelopment area. No redevelopment plan shall be adopted by a municipality  
 36 without findings documented by substantial and competent evidence on the record that a reasonable  
 37 person would believe that:

38 (1) The redevelopment area on the whole is a blighted area, a conservation area, or an  
 39 economic development area, and has not been subject to growth and development through  
 40 investment by private enterprise and would not reasonably be anticipated to be developed without  
 41 the adoption of tax increment financing. Such a finding shall include, but not be limited to, a  
 42 detailed description of the factors that qualify the redevelopment area or project pursuant to this  
 43 subdivision [and]; an affidavit[,] signed by the developer or developers, [and] submitted with the  
 44 redevelopment plan, and attesting that the provisions of this subdivision have been met; and a study  
 45 stating that records were reviewed, inspections were made, comparisons were made, or tasks were  
 46 undertaken demonstrating that the property was not developed through private enterprise over a  
 47 period of time. Such a study shall be signed by a responsible party or some party shall otherwise be  
 48 designated as being responsible for the study's representations. The study shall be of sufficient

1 specificity to allow representatives of the tax increment financing commission, the municipality, or  
 2 both to conduct investigations deemed necessary in order to confirm its findings;

3 (2) The redevelopment plan conforms to the comprehensive plan for the development of the  
 4 municipality as a whole;

5 (3) The estimated dates, which shall not be more than twenty-three years from the adoption  
 6 of the ordinance approving a redevelopment project within a redevelopment area, of completion of  
 7 any redevelopment project and retirement of obligations incurred to finance redevelopment project  
 8 costs have been stated, provided that no ordinance approving a redevelopment project shall be  
 9 adopted later than ten years from the adoption of the ordinance approving the redevelopment plan  
 10 under which such project is authorized and provided that no property for a redevelopment project  
 11 shall be acquired by eminent domain later than five years from the adoption of the ordinance  
 12 approving such redevelopment project;

13 (4) A plan has been developed for relocation assistance for businesses and residences;

14 (5) A cost-benefit analysis showing the economic impact of the plan on each taxing district  
 15 which is at least partially within the boundaries of the redevelopment area. The analysis shall show  
 16 the impact on the economy if the project is not built, and is built pursuant to the redevelopment plan  
 17 under consideration. The cost-benefit analysis shall include a fiscal impact study on every affected  
 18 political subdivision, and sufficient information from the developer for the commission established  
 19 in section 99.820 to evaluate whether the project as proposed is financially feasible;

20 (6) A finding that the plan does not include the initial development or redevelopment of any  
 21 gambling establishment, provided however, that this subdivision shall be applicable only to a  
 22 redevelopment plan adopted for a redevelopment area designated by ordinance after December 23,  
 23 1997; and

24 (7) For redevelopment projects involving more than two hundred fifty thousand dollars in  
 25 tax increment financing, an economic feasibility analysis including a pro forma financial statement  
 26 indicating the return on investment expected without any public assistance. The financial statement  
 27 shall detail any assumptions made. The pro forma statement analysis shall state the amount of  
 28 assistance required to bring the return into a range deemed attractive to private investors. The  
 29 amount of assistance shall be equal to the estimated reimbursable project costs.

30 2. All documentation and findings established under subsection 1 of this section shall be  
 31 published and made available at no more than the cost of publication as a public document no later  
 32 than thirty days prior to adoption of the plan by the municipality. Any resident of the municipality,  
 33 or the county if in an unincorporated area, may file a petition in circuit court to enjoin the adoption  
 34 of any redevelopment plan for which any requirement of subsection 1 or 3 of this section has not  
 35 been complied with, and such injunction may extend until all such requirements have been complied  
 36 with.

37 3. By the last day of February each year, each commission shall report to the director of  
 38 economic development the name, address, phone number and primary line of business of any  
 39 business which relocates to the district. The director of the department of economic development  
 40 shall compile and report the same to the governor, the speaker of the house and the president pro  
 41 tempore of the senate on the last day of April each year."; and

42  
 43 Further amend said bill, Section 99.845, Page 10, Line 125, by deleting all of said line and inserting  
 44 in lieu thereof the following:

45  
 46 "allocation fund established [pursuant to section 99.805] under sections 99.800 to 99.865."; and

47  
 48 Further amend said bill and section, Page 11, Line 163, by deleting all of said line and inserting in

1 lieu thereof the following:

2  
3 "(1) Blighted areas located in distressed communities under section 135.530, blighted areas  
4 located in enterprise zones, pursuant to sections 135.200 to 135.256,"; and

5  
6 Further amend said bill, Section 99.845, Page 16, Line 335, by inserting after all of said section and  
7 line the following:

8  
9 "99.867. 1. Except as provided under subsections 2 and 3 of this section and under section  
10 99.868, sections 99.867 to 99.873 shall apply to any municipality located within the state. Sections  
11 99.867 to 99.873 shall apply to all redevelopment projects which are approved by a municipality  
12 after June 30, 2017.

13 2. Any redevelopment project consisting solely of public infrastructure improvements on  
14 public land requiring two hundred fifty thousand dollars or less in tax increment financing, wherein  
15 the bonds for such project will be paid off in seven years or less, shall be exempt from the  
16 provisions of sections 99.867 to 99.873, provided, no stringing of projects shall be allowed. No  
17 exempt project under this section shall be combined with another exempt project pursuant to this  
18 section for a period of five years.

19 3. Any redevelopment project for which eligible project redevelopment costs are to be paid  
20 from only the portion of the total economic activity taxes and payments in lieu of taxes imposed by  
21 the municipality and for which no real or potential revenues from other taxing jurisdictions are  
22 involved is exempt from the provisions of sections 99.867 to 99.873.

23 99.868. 1. For redevelopment projects located entirely or partially within metropolitan  
24 statistical areas of the state, as defined by the federal Office of Management and Budget, the  
25 municipality and any proposed redevelopment area shall meet the requirements of section 99.810  
26 and this section. An area may qualify if:

27 (1) The host municipality or, for unincorporated areas, the host school district has low fiscal  
28 capacity;

29 (2) The census block group or groups, as defined in the most recent decennial census,  
30 containing the proposed redevelopment area have high unemployment; or

31 (3) The municipality, census block group or groups, as defined in the most recent decennial  
32 census, containing the proposed redevelopment area are characterized by moderate income.

33 2. For retail projects not located entirely or partially within a metropolitan statistical area in  
34 the state, tax increment financing may be used if the municipality has made a finding that conditions  
35 exist which cause the area to be classified as a blighted area or a conservation area. Such area shall  
36 have the following additional characteristics:

37 (1) It is located in the central business district of a city, town, or village;

38 (2) It includes only those parcels of real property directly and substantially benefitted by the  
39 proposed redevelopment plan;

40 (3) It can be renovated through one or more redevelopment projects;

41 (4) The establishments in the area have generally suffered from stagnant or declining  
42 taxable sales or corporate receipts during the preceding three years;

43 (5) It is contiguous or includes up to three noncontiguous areas selected for redevelopment  
44 projects, provided that each noncontiguous area meets the requirements of subdivisions (1) to (4) of  
45 this subsection; and

46 (6) The redevelopment area shall not exceed ten percent of the entire area of the  
47 municipality.

48

1 Tax increment financing shall not be used to develop retail projects in areas outside the metropolitan  
2 statistical areas of the state unless the area meets the criteria above.

3 3. Tax increment financing shall not be used for more than five percent of the total  
4 estimated redevelopment costs or thirty percent of the infrastructure costs, whichever is greater, of a  
5 project that is primarily retail unless the redevelopment is in a municipality, census block group, or  
6 group of block groups with a median household income less than seventy percent of that of the  
7 metropolitan area, a distressed community as defined in section 135.530, a federal enterprise zone,  
8 or a federal empowerment zone. Tax increment financing shall not be used to develop sites in  
9 which twenty-five percent or more of the area is vacant and was not previously developed, presently  
10 qualifies as "open space" under section 67.900, or is presently used for agricultural or horticultural  
11 purposes, except if the redevelopment project is contained in the municipality's comprehensive plan  
12 or consumes less than ten acres of land contiguous to a central business district located outside a  
13 metropolitan statistical area of the state.

14 99.870. Commencing with the first fiscal year in which any municipality receives any  
15 payments in lieu of taxes from a redevelopment project and continuing through the last fiscal year in  
16 which the municipality receives such payments, the municipality shall pay to any other taxing  
17 entities entitled to receive revenue from levies on real property in such municipality, an amount  
18 equal to twenty-five percent of the payments in lieu of taxes received by the municipality. This  
19 amount shall be divided among the other affected taxing entities on a basis that is proportional to the  
20 collections of revenue from real property in the development area to which each such taxing district  
21 is entitled during that tax year. If a tax increment financing project includes residential uses, absent  
22 a recommendation to the contrary from commission members representing the affected school board  
23 or boards, real property tax levies attributable to the residential portion of the development shall  
24 pass through to the school district or districts.

25 99.872. The municipality and the developer shall annually submit information to the  
26 department regarding the approved plan. The department shall establish reporting requirements by  
27 rule promulgated under chapter 536. The report shall, at a minimum, identify the number and  
28 location of redevelopment areas, quantify public investment in each, assess the public benefit as  
29 quantified in terms of tax revenue and net new job creation, and show the economic impact of the  
30 project on each taxing district which is at least partially within the boundaries of the redevelopment  
31 area. Any rule or portion of a rule, as that term is defined in section 536.010, that is created under  
32 the authority delegated in this section shall become effective only if it complies with and is subject  
33 to all of the provisions of chapter 536 and, if applicable, section 536.028. This section and chapter  
34 536 are nonseverable, and if any of the powers vested with the general assembly pursuant to chapter  
35 536 to review, to delay the effective date, or to disapprove and annul a rule are subsequently held  
36 unconstitutional, then the grant of rulemaking authority and any rule proposed or adopted after  
37 August 28, 2016, shall be invalid and void. The department shall submit a report to the governor  
38 and the general assembly by the last day of April of each year.

39 99.873. Any district providing emergency services under chapter 190 or 321 shall be  
40 entitled to reimbursement from the special allocation fund for direct costs. However, such  
41 reimbursement shall not be less than twenty-five percent nor more than one hundred percent of the  
42 district's tax increment."; and

43  
44 Further amend said bill by amending the title, enacting clause, and intersectional references  
45 accordingly.