



State of Missouri DOWNTOWN ECONOMIC STIMULUS ACT Program Summary

COMMON NAME: Missouri Downtown Economic Stimulus Act (MODESA)

LEGAL NAME: The Missouri Downtown Economic Stimulus Act (MODESA)

STATUTORY CITATION: §§ 99.915 – 99.980 RSMO

PROGRAM TYPE: Redevelopment

FUNDING LIMITS: Projects must generate increment, no greater than 50% of the increment may be used for the project, the program is limited in any year to the General Assembly appropriation and the law does not allow for the appropriation to exceed \$108,000,000, if appropriations do not allow for full payment of the approved disbursements, then the projects will receive a pro-rata share of the increment.

TYPE OF BENEFITS: MODESA is a new form of tax increment financing approved by the General Assembly in 2003. MODESA combines the use of local property tax increment and economic activity taxes with a portion of the State sales tax and State income tax withholding to assist development projects. In this manner, the new tax revenues are not abated, but rather redirected to fund a portion of the costs of the development project.

Projects can be “community enhancement” or “job creation.” Total project costs and/or new job creation minimums are based on the population of the municipality.

DESCRIPTION OF BENEFITS: Funds are used to offset the public infrastructure costs. A portion of the new state and local taxes created by a project can be diverted to fund eligible public infrastructure and related costs for a period of up to 25 years. The local match must be, at a minimum, 50% of the amount of the new local sales tax (and earnings tax in St. Louis and Kansas City) and 100% of the amount of the new real property tax created by the project each year; or a comparable amount of local funds from the city/county or a non-profit organization.

ALLOWED USES OF BENEFITS: Public infrastructure

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ELIGIBLE GEOGRAPHIC AREA: “Central business districts” that are either “blighted” or a “conservation area.” At least 50% of the buildings must be 35 years old or older. Other restrictions apply.

ELIGIBLE BUSINESS TYPES: Municipalities with an annual median household income of \$62,000 or less.

BENEFITS ELIGIBILITY REQUIREMENTS: MODESA may only be utilized for a “major initiative” in a municipality as defined within the MODESA Act.

SPECIAL REQUIREMENTS: An annual report and a Business Relocations report are required. Failure to file the annual report shall make the municipality ineligible to receive disbursements from the program. Approval for MODESA projects are received from DED and the MDFB.

INTERNET LINKS:

Statutes: <http://www.moga.mo.gov/STATUTES/STATUTES.HTM>

Missouri Department of Economic Development: www.MissouriDevelopment.org

SOURCES: “Missouri Downtown Economic Stimulus Act” Missouri Department of Economic Development