



State of Missouri TAX INCREMENT FINANCE PROGRAM Program Detail

COMMON NAME: MO TIF

LEGAL NAME: The TIF Act

STATUTORY CITATION: §§ 99.800 – 99.865 RSMO

PROGRAM TYPE: Redevelopment

FUNDING LIMITS: Funding may be up to 100% of the local property tax and 50% of the economic activity taxes. The Bonds or other obligations secured by local TIF revenues must mature within 23 years.

If State revenues are used, the program is limited in any year to the amount appropriated by the General Assembly, not to exceed \$32,000,000 per year. State TIF may be awarded for a period of up to 15 years (a longer period may be requested, but not to exceed 23 years). Any expenditures made before approval of State TIF cannot be reimbursed with State funds.

TYPE OF BENEFITS: Local property tax, local sales tax, utility tax, and earnings tax for Local TIF designations. If a State TIF or Super TIF, then the benefits would also include state sales tax and withholding tax.

DESCRIPTION OF BENEFITS: Local TIF provides for the use of local property tax up to 100% of the incremental value up to 23 years and 50% of the incremental value derived from economic activity taxes (includes sales, utility and earnings taxes) for a period of 23 years. If the TIF is designated as a State TIF, then the incremental value from state sales tax and withholding taxes would also be made available. Requests for a State TIF are made to the Missouri Department of Economic Development.

ALLOWED USES OF BENEFITS: The TIF Act provides for the use of tax increment financing to pay all reasonable or necessary costs incurred or incidental to a redevelopment project. Such costs include the following:

1. Costs of studies, surveys and plans;
2. Professional service costs, such as financial advisory fees, bond counsel fees and planning expenses, subject to certain limitations as provided in the TIF Act;
3. Land acquisition and demolition costs;

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4. Costs of rehabilitating and repairing existing buildings;
5. Initial costs for an economic development area;
6. Costs of constructing public works or improvements, such as street lighting, street repairs or parking;
7. Financing costs, including bond issuance costs, capitalized interest and reasonable reserves;
8. Capital costs incurred by any taxing jurisdiction as a direct result of the project;
9. Relocation costs; and
10. Payment in lieu of taxes.

ELIGIBLE GEOGRAPHIC AREA: Statewide

ELIGIBLE BUSINESS TYPES: Projects are evaluated upon their own merits. A project is reviewed based upon the overall economic impact opportunity after the redevelopment of the specified project area.

BENEFITS ELIGIBILITY REQUIREMENTS: The TIF Act requires the municipality to make two key determinations before approving a TIF project. The first is the “blight” or “conservation” test: the redevelopment area must be classified as a “blighted” or a “conservation” area.

A “blighted area” is defined as an area which, by reason of the predominance of defective or inadequate street layout, unsanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, retards the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, morals, or welfare in its present condition and use.

Blighted areas in enterprise zones, blighted areas in federal empowerment zones, or blighted areas in central business district or urban core areas may qualify for the rebate of new State revenues. The central business district or urban core area must contain one or more buildings at least 50 years old, suffer from generally declining population or property taxes, or be a certain historic hotel described in the TIF Act or a certain federally-approved levee district.

If the TIF Act power of condemnation will be used, the redevelopment plan must include a parcel-by-parcel determination of blight.



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A “conservation area” is any improved area within the boundaries of a redevelopment area located within the territorial limits of a municipality in which 50% or more of the structures in the area have an age of 35 years or more. Such an area is not yet a blighted area but is detrimental to the public health, safety, morals, or welfare and may become a blighted area because of any one or more of the following factors: dilapidation; obsolescence; deterioration; illegal use of individual structures; presence of structures below minimum code standards; abandonment; excessive vacancies; overcrowding of structures and community facilities; lack of ventilation, light or sanitary facilities; inadequate utilities; excessive land coverage; deleterious land use or layout; depreciation of physical maintenance; and lack of community planning. A conservation area is required to meet at least 3 of the above factors.

The second required determination is the “but for” test: but for the adoption of the redevelopment plan, the redevelopment area would not reasonably be anticipated to be developed. The TIF Act requires the developer to provide an affidavit of this determination.

SPECIAL REQUIREMENTS: Any county that desires to implement a TIF project within the boundaries of a city within the county must first obtain the permission of the city’s governing body.

Before a municipality may implement tax increment financing, (1) the municipality must create a TIF commission made up of representatives of all taxing districts within the redevelopment area, (2) a redevelopment plan, including a description of the redevelopment area and redevelopment projects therein and a cost-benefit analysis must be prepared, (3) the TIF commission must hold a public hearing and make a recommendation to the municipality pertaining to the redevelopment plan, the redevelopment project and the designation of the redevelopment area, and (4) the municipality must adopt an ordinance approving the redevelopment plan, the redevelopment projects and the designation of the redevelopment area. Once the ordinance is adopted, tax increment financing may be implemented for one or more redevelopment projects within a redevelopment area.

INTERNET LINKS:

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

Missouri Department of Economic Development: www.MissouriDevelopment.org

SOURCES: “Local TIF” and “State TIF” Missouri Department of Economic Development