

Chapter 100 Bonds

Chapter 100 bonds are a mechanism by which County and municipal governments in Missouri can offer tax abatement on both real and personal property. Proceeds from the sale of the bonds are used to take title to the real estate and equipment “in name only.” Since the local government owns the assets “in name only,” all assets are exempt from state and local taxes. Most local governments do not offer 100% exemption on real and personal property under the Chapter 100 bond mechanism but rather negotiate a payment in lieu of taxes (PILOT). In effect, this creates a contractual agreement with wide latitude for deal points (length, amount of abatement, etc).

The following reflects an example of annual tax-cost savings to be realized by a project when \$40 million has been fully invested. These computations are intended to serve only as a sample savings for year one, and do not take into account real estate appreciation, equipment depreciation schedules, length of bonds, present value, or other factors.

Assumptions:

- \$35M Building and \$5M Equipment.
- 40% Tax Abatement on Real and Personal Property.
- Actual tax rates/savings will vary by location.

Real Estate @ \$35M	40% Abatement
Real Estate Value	\$35,000,000
Assessment at 32%	\$11,200,000
Total Taxes Due	\$1,133,440
40% Abatement-Real Estate	\$453,376
Equipment/Personal Property @ \$5M	
Equipment Value	\$5,000,000
Assessment at 33%	\$1,650,000
Total Taxes Due	\$138,930
40% Abatement-Equipment	\$55,572
Total Annual Company Benefit	\$508,948