Financial Assistance Review

DREAM Study Area

City of Neosho, Missouri

May 29, 2009

DOWNTOWN REVITALIZATION AND ECONOMIC ASSISTANCE FOR MISSOURI

D·R·E·A·M

INITIATIVE

Acknowledgments

Downtown Revitalization and Economic Assistance for Missouri (DREAM) Program Sponsors:

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SECTION I

INTRODUCTION

The revitalization of Downtown Neosho ("Downtown") will require a combination of private and public funds to carry out and sustain the Community's vision and objectives for Downtown. Fostering and developing new or expanded business and residential growth in Downtown will require the continued enhancement of Downtown's public infrastructure, reinvestment in buildings and property, active marketing, and ongoing organizational and business cooperation. The financial resources required to implement a revitalization program are often the largest "barrier" to ultimate success in achieving downtown objectives. Yet, studies consistently demonstrate that "successful" downtowns are occurring and evolving in no small part thanks to broad public/private investment more often taking place in the form of "public/private partnerships." There are significant costs associated with revitalization, but the economic benefits can be greater.

Traditionally, the role of public investment and that of private investment was more clearly defined. The public sector focused on basic infrastructure needs, parking and public services. The private sector invested in buildings, businesses, and residential units. There was indirect cooperation between the sectors in terms of actions such as public parking spaces being leased to individual businesses for private use or the private sector donating funding or joining membership to the special business district, but by and large the mingling or "sharing" of financial and intellectual resources did not often occur.

The resurgence of urban and rural downtowns throughout the United States has benefited from recognition of the benefits derived from the shared responsibility of the public and private sectors in addressing the economic risks and physical challenges associated with deteriorating buildings and aging infrastructure. In response to the economic realities of downtown revitalization, the entrepreneurial collaboration of both sectors' expertise and fiscal resources has lifted the "public/private partnership" to a prominent position in the hierarchy of tools necessary for sustainable downtown revitalization. The private sector often contributes the ability to respond quickly and efficiently to economic and market realities, is freed from the legal constraints embedded in the public sector and cultivates expertise in profitability and business acumen. The public sector often contributes planning (short and long-term) for a sustainable future, offers expanded and more secure fiscal resources for investment and provides a vehicle for public input and stewardship of limited resources.

The traditional roles of the public and private sector have not gone away but have overlapped to some degree, thereby creating an opportunity to share the responsibility, risks, benefits and rewards of effective downtown revitalization. Public/private partnerships occur on many levels of coordination. Downtown strategic planning seeks to involve the private sector in visioning and the prioritization of goals and objectives. This "macro-level" partnership allows both sectors to reflect and address long-range objectives.

Yet, public/private partnerships may also take on a high level of specificity by occurring on a single "project" such as applying tax increment financing to a development project transforming an underutilized building into a productive contributor to downtown's "sense of place." By extension, public/private partnership occurs in organizational collaboration, marketing and promotion, strategic planning, and, in select cases, development/redevelopment. The DREAM Program reinforces the need for strong partnerships across all contributors (including City/State) to effectively address the substantive challenges associated with downtown revitalization. For example, the Organizational Structure Review provides an assessment of the current "organizational" public/private partnership and makes recommendations about enhancing the capacity of this partnership to address existing or future needs.

The Financial Assistance Review provides an "order of magnitude" analysis of the economic value resulting from the possible implementation of various statutory financing mechanisms that may be utilized in an effort to implement strategies and achieve the economic development goals of Neosho which preceded or have been formulated during the DREAM Initiative. In doing so, the Financial Assistance Review provides recommendations to achieve public/private partnerships on a project by project basis or to support the traditional role of the public sector in providing aesthetically engaging and functional infrastructure to Downtown. No matter the application of these financing mechanisms, the underlying objective is to leverage the distribution of public financing sources to attract private investment which leads to high quality development/redevelopment, business expansion or attraction, new or enhanced residential living spaces, and/or job creation.

The various financing alternatives summarized and quantified herein are not intended to supplant any existing financial commitment of the City or its partners in executing programs for Downtown's revitalization. Ongoing commitments from the City's general fund, capital fund, etc. will continue to be a necessary component in fulfilling the goals and objectives for Downtown Neosho. The application of these additional financing mechanisms is necessary to provide a targeted and dedicated source (or sources) of funding to accelerate public and private sector investment. These financing mechanisms capitalize on future economic activity to earmark financial revenues to support reinvestment in eligible costs within the Downtown Area.

SECTION II

PROJECTS, QUANTITATIVE METHODOLOGY, AND TABLES

CITY OF NEOSHO PROJECTS

The Financial Assistance Review provides preliminary projections illustrating the possible revenue streams created via potential redevelopment projects within Downtown Neosho. The area addressed specifically is a proposed CID Area, which contains the city's DREAM Initiative area boundary and surrounding environs.

The Financial Assistance Review projections address, generally, the possible redevelopment of vacant space inventoried during the Land Use and Building Inventory Survey task of the DREAM Initiative and also address directly any currently proposed redevelopment projects. The currently proposed redevelopment projects addressed by the analysis include three projects that are in the planning or predevelopment stage:

(1) The Sterling Building: A nearly complete rehabilitation of the Sterling Building and adjacent strip of stores fronting Wood Street which have historical and architectural significance. The project would consist of a fully rehabilitated two-story building with architectural restoration consistent with Historic Guidelines. The uses include first floor retail, office and residential space and apartments on the second floor.

(2) Newton Place Apartments: A developer has also proposed an adaptive reuse of the former Newton Place Hotel Building into senior apartments. The development will feature a community center, computer facility in addition to the 15 apartments.

(3) The Neosho Municipal Auditorium: They city is working to rehabilitate the Auditorium into community and event space utilizing a community-wide sales tax levy.

It is important to note that these projections provide estimates of future revenue. Any assumptions made regarding projects that are in the planning stages represent estimates of possible future performance; as time passes and these projects may change, these projections may change as well and such changes may be substantial and material. For the projections contained herein that do not address projects in the planning stage, but only address possible outcomes of developed space not yet addressed by specific plans, it is important to take note of the assumptions employed and also to recognize that these assumptions may need to be changed at the point in time at which any project(s) is (are) implemented.

QUANTITATIVE METHODOLOGY

The assumptions governing the projections shown in the Financial Assistance Review tables were formulated based on observations of the City of Neosho real estate market and retail market; providing a baseline scenario for development projections to which certain growth assumptions are applied over time in order to gauge, or paint a picture of, what future market performance might be under certain redevelopment scenarios.

The primary variables have to do with real estate values, retail sales, rates of redevelopment, and growth rates applied to sales and market values. These and other variables are listed in Table R-1 and are described briefly below.

Redevelopment Project Area Space: 150,000 square feet

The Land Use and Building Infrastructure survey revealed approximately 150,000 square feet of vacant first-floor and second floor building space. The redevelopment project area space number above represents an assumption that 80% of the available vacant space and buildings will be redeveloped in addition to new projects currently planned or under way. The number above includes the total square feet of the development projects identified in previously

Insofar as the financial assistance review projections evaluate the potential development/redevelopment of a certain amount of retail space, the feasibility of such a scenario will be addressed directly by the Retail Market Study task of the DREAM Initiative. Upon completion of this task, the City of Neosho will have information detailing retail demand in the City Neosho, and can use the Retail Market Study, coupled with this Financial Assistance Review, to develop strategies to meet the demand at whatever level it may or may not exist as revealed by the Retail Market Study.

Annual Rates of Redevelopment: Annually Rolling Rates

PGAV assumes that, yearly, one or two smaller redevelopment projects will be completed within the TIF Area; thusly, have rolling rates of redevelopment been used to reflect such redevelopment pace and scale. These rates are enumerated in Table R-1.

Market Value After Redevelopment: $25 per square foot

Based on information provided by the Newton County Assessor's office on recently redeveloped buildings, PGAV determined that an adequate assumption for the market value of redeveloped space would be $25 per square foot.

Retail Sales: $110 per square foot

To arrive at a current retail sales per square foot number, PGAV obtained an estimate of gross retail sales (less automobile purchases) within the DREAM Area and divided that number by the current operating retail square footage within the DREAM Area. The result is approximately $110 per square foot.

Low Income and Market Rates Apartment Rents: $550 – low income; $600 market rate

Average rents per apartment have been estimated to be $550 for low-income rental apartments and $700 for market rate apartments. These are developer-provided estimates.

Annual Rate of Increase in Sales per square foot: Two percent (2%)

PGAV has conservatively estimated an annual rate of increase in retail sales per square foot of two percent (2%), a figure that should outpace, if only slightly, annual inflation. The reason for the conservative estimate is that the Financial Assistance Review also assumes an annual addition of retail sales space which might dampen the annual rates of increase in existing retail sales.

Bi-annual Rate of Increase – Real Property Established Uses: Three percent (3%)

The three-percent (3%) rate of increase at reassessment (odd) years assumption is based on recent trends in the City of Neosho real estate market.

Bi-annual Rate of Increase – Redeveloped Real Property: Five percent (3%)

It is assumed that redeveloped property will appreciate in value at a rate equal to that of undeveloped property; hence, PGAV assumes a bi-annual rate of increase in the value of redeveloped real property of five percent (3%).

The goal of the analysis, and the goal to which these assumptions are tailored, is to provide an estimate of possible future performance by basing assumptions on observed phenomena within the Neosho market.

The Financial Assistance Review contemplates and illustrates the implementation of the following incentives:

(1) TIF Redevelopment Area,
(2) Local Option Economic Development Sales Tax,
(3) A Community Improvement District equal in size to the contemplated TIF Redevelopment Area, and
(4) A Transportation Development District equal in size to the contemplated TIF Redevelopment Area.

TABLES SUMMARY

Table R-1 – Summary of Financial Assistance Review Assumptions:

This table provides the reader with a listing of the major assumptions governing the financial projections.

Table R-2A – Summary of Projected Market and Assessed Valuations Upon Redevelopment:

This table summarizes the projected market and assessed valuations of new uses established via a comprehensive redevelopment program undertaken to redevelop the vacant space observed during the Land Use and Building Infrastructure Survey task.

Table R-2B – Redevelopment Project Concept and Projected Valuation Upon Project Redevelopment:

This table summarizes the projected market and assessed valuations of new uses established via the redevelopment projects, which are currently in the planning/predevelopment stage. The developer of the Newton Place project and Sterling Building have received tax abatement, so any real property tax increment for the majority of that project will not impact the TIF. However, any retail portion of the projects will provide real property tax increment for the TIF and CID as sales taxes are not abated for retail uses.

Table R-3 – Base Economic Activity Taxes:

This table shows the baseline sales volume for the Area, as well as applicable sales tax rates and possible sales tax revenue generators such as Local Option Economic Development Sales Tax, Community Improvement District and Transportation Development District Sales Tax.

Table R-4 – 2007 Real Property Tax Rates:

This table illustrates applicable real property tax rates, effective 2007, and those taxes which are eligible for deposit to a TIF Special Allocation Fund.

Table R-5 – Impact of Redevelopment on Real Property Assessments:

This table illustrates the annual and cumulative delivery of redeveloped space to the study area, and it also shows the assessed valuations for taxation created by these projects. The table further presumes assessment of redevelopment projects in the year following completion, hence the two different timelines on this table. The top one represents delivery, the timeline below represents reassessment.

Table R-6 – Impact of Redevelopment on Future Retail Sales:

This table illustrates the net and cumulative annual delivery of redeveloped retail space to the study area, and it also shows the net and cumulative addition of gross retail sales volume to the area per net addition of redeveloped retail space per year.

Table TIF-1 – Revenue Projections:

The first of two TIF Revenue Projection tables illustrates the incremental real property taxes (also called Payments In Lieu of Taxes, or "PILOTS") possibly created over the life of a TIF Program.

Table TIF-2 – Revenue Projections:

The second of two TIF Revenue Projection tables illustrates the incremental sales tax revenues (Economic Activity Taxes, or "EATS") potentially generated over the life of a TIF Program.

Table EDS-1 – Projected Revenues Possible from a Half-Percent Local Option Economic Development Sales Tax:

This table illustrates the revenues that could possibly be generated via the establishment of a Local Option Economic Sales Tax. Per the Act governing the levy and collection of this type of sales tax, not more than 25% of the revenues may be use for administrative expenses, while at least 20% must be used for economic development activities. The analysis on this sheet provides 25% of revenues for administrative costs, 15% of revenues earmarked for downtown economic development activities, and 60% of revenues for economic development activities. The maximum sales tax that can be levied under this mechanism is one-half-percent (0.5%).

Table CID-1 – Projected Revenues Possible from a CID Sales Tax at rates of 0.25%, 0.5%, 0.75%, and 1%:

This table illustrates the potential revenues derived from the levy of a Community Improvement District (CID) Sales Tax over an area equal in size to the TIF Area. The table shows proceeds from a CID Sales Tax at rates of 0.25%, 0.5%, 0.75%, and 1%.

Table TDD-1 – Projected Revenues Possible from a TDD Sales Tax at rates of 0.25%, 0.5%, 0.75%, and 1%:

This table illustrates the potential revenues derived from the levy of a Transportation Development District (TDD) Sales Tax over an area equal in size to the TIF Area. The table shows proceeds from a CID Sales Tax at rates of 0.25%, 0.5%, 0.75%, and 1%.

Table GR-1 – Summary of Gross Revenues:

This table shows the gross total revenues provided by each revenue stream created via the funding mechanisms contemplated by the analysis, and also gives a net-present value for each revenue stream.

CITY OF NEOSHO PROJECT TABLES

The following pages contain tables that illustrate the fiscal impacts of the aforedescribed projects.

Table R-1
Summary of Financial Assistance Review Assumptions
City of Neosho Financial Assistance Review

* These projections are based on a series of assumptions and should be used only to provide an indication of possible tax revenues generated from potential, and as yet undefined, redevelopment projects.
* Tax revenues displayed in year generated.
* Administrative Fee and Early Discount have been subtracted from projected tax revenues.

Redevelopment Project Assumptions	
Street Level Retail/Restaurants	50,000
Commercial/Service	25,000
Office Space	25,000
Apartments	50,000
Total[1]	150,000
Assessment Valuation Assumptions	
Market Value After Redevelopment (per sq.ft.)	$25
Retail Sales (per sq.ft.)	$110
Rents[4]	
Market Rate Apartments	$600
Low-Income Apartments	$550
Avg. Apartment Size	800 SF
Tax Rate Assumptions	
CID Sales Tax	1/4% to 1%
TDD Sales Tax	1/4% to 1%
Local Option Economic Development Sales Tax Rate	0.50%
Total Sales Tax Rate	7.60%
TIF Sales Tax Rate (See Table R-3)	3.375%
Total Property Tax Rate	$5.116
TIF Property Tax Rate (See Table R-4)	$5.086
Growth Escalator Assumptions	
Annual Rate of Increase in Sales per sq.ft.	2%
Bi-Annual Rate of Increase - Real Property Established Uses	3%
Bi-Annual Rate of Increase - Redeveloped Real Property	3%

Annual Rates of Redevelopment[2,3]	
Year	**Rate**
2008	
2009	2%
2010	4%
2011	5%
2012	7%
2013	2%
2014	4%
2015	5%
2016	7%
2017	4%
2018	6%
2019	8%
2020	4%
2021	6%
2022	8%
2023	2%
2024	4%
2025	6%
2026	4%
2027	6%
2028	6%

[1] 80% of total vacant space observed during Land Use and Building Inventory Task, plus planned new construction
[2] 2008 Absorption blank. Only project planned for completion in 2008 is Sterling Building, otherwise, it's assumed development completed in 2009.
[3] Absorption schedule assumes the completion of two or more projects per year, at rolling, cyclical rates.
[4] Rental rates given per Residential Demand Analysis conducted by the Missouri Housing Development Commission, 2007.

Table R-2A
Summary of Projected Market and Assessed Valuations Upon General Redevelopment
City of Neosho Financial Assistance Review

Use	Size (sq.ft.)[1]	Apartment Units	Market Value (sq.ft.)	Total Projected Market Value after Improvements	Assessment Rate	Total Projected Assessed Value after Improvements
Street-Level Retail & Restaurants	50,000		$25	$ 1,250,000	32%	$ 400,000
Commercial/Service	25,000		$25	$ 625,000	132%	$ 825,000
Office	25,000		$25	$ 625,000	32%	$ 200,000
Low-Income Apartments[2]	25,000	31	$25	$ 625,000	19%	$ 118,750
Market Rate Apartments[3]	25,000	31	$25	$ 625,000	19%	$ 118,750
Totals				**$ 3,750,000**		**$ 1,662,500**

[1] Square footage outlined in this column based on inventory of vacant space provided by City of Neosho.
[2] 64 low-income apartments, avg. 800 SF in size, renting at an average of $550 per month.
[3] 64 market-rate apartments, qvg. 800 SF in size, renting at an average of $600 per month.

Table R-2B
Redevelopment Project Concept and Projected Valuation Upon Project Redevelopment
City of Neosho Financial Assistance Review

Use	Construction Date	Size (sq.ft.)	Apartment Units	Market Value (sq.ft.)	Projected Total Market Value	Assessment Rate	Projected Assessed Value
The Sterling Building							
Apartments	2009	12,200	12	$25	$ 305,000	19%	$ 57,950
Retail	2009	4,300		$25	$ 107,500	32%	$ 34,400
Newton Place							
Low-Income Apartments[1]	2009	23,000	15	$25	$ 575,000	19%	$ 109,250
City Auditorium							
Event Space[2]	2009	21,798		$0	$ -	19%	$ -
Total New Improvements					**$ 987,500**		**$ 201,600**

[1] 25 low-income apartments, 800 SF in size, renting at $550 per month. Construction likely to be complete in 2010.
[2]Project to be developed and owned by the City of Neosho and, as such, will have no market or taxable value.

Table R-3

Estimated Base Sales Taxes and Most Recent Equalized Assessed Valuation (EAV)(2007)[1]
City of Neosho Financial Assistance Review

Estimated Downtown Base EAV	*$3,892,510*
Total Sales Tax Collections from State	*$17,314,142*
Total Citywide Sales Volume Estimate [4]	*$409,802,178*
Estimated Taxable Downtown Base Sales Volume [3]	*$15,916,000*

Estimated Taxable Downtown Base Sales Volume [3]		*$15,916,000*
Sales Taxes	**Tax Rate**	**Base Taxes ($)[2]**
Local Sales Taxes Captured by TIF		
Newton County Sales Tax	0.875%	135,087
City General Fund	1.000%	154,385
Fire	0.125%	19,298
Economic Development	0.250%	38,596
Streets	0.375%	57,894
Parks/Recreation/Drainage	0.375%	57,894
Transportation Tax	0.125%	19,298
Auditorium/Senior Center	0.250%	38,596
Total Base Local Sales Taxes	**3.375%**	**$521,050**
State Sales Tax	**4.225%**	**$652,277**
Total Sales Tax Rate	**7.600%**	
Local Option Economic Development Sales Tax	0.500%	
CID Sales Tax	.25% to 1%	
TDD Sales Tax	.25% to 1%	

[1] Information provided by the Newton County Clerk's Office and the City of Neosho
[2] Base Taxes totals given are shown after accounting for Administration Fee and Early Pay Discounts, as required by the Missouri Dept. of Revenue.
[3] Source: ESRI Retail Market Profile
[4] Source: MERIC

Table R-4
2007 Real Property Tax Rates per $100 [1]
City of Neosho Financial Assistance Review

Taxing Jurisdiction	Rate
County Fair	0.0100
County Health Department	0.0500
County Mental Health	0.0800
County Ambulance District	0.1890
County Library	0.0997
County Sur-tax	0.4000
Neosho School District	3.1100
Crowder College	0.4000
Neosho Fire District	0.4071
Neosho Special Road District	0.3400
Total Tax Rate for TIF	**5.0858**
Property Tax Not Applicable for TIF	
State of Missouri[2]	0.0300
Total Tax Rate	**5.1158**

Source: Pettis County and the City of Sedalia.

[1]Actual tax rates will vary from year-to-year due to changes in adopted tax rates, State mandated rollbacks resulting from increased assessed value through reassessment and/or bond issues and debt retirement.

[2] State of Missouri Blind Pension Fund tax is excluded from TIF per the TIF Act.

Table R-5
Impact of Redevelopment on Real Property Assessments
City of Neosho Financial Assistance Review

	Redevelopment Absorption											
	2009	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Base EAV	**$ 3,892,510**	**$ 3,892,510**	**$ 3,892,510**	**$ 3,892,510**	**$ 3,892,510**	**$ 3,892,510**	**$ 3,892,510**	**$ 3,892,510**	**$ 3,892,510**	**$ 3,892,510**	**$ 3,892,510**	**$ 3,892,510**
Cumulative Retail Use Redevelopment	4,300	5,300	7,300	9,800	13,300	14,300	16,300	18,800	22,300	24,300	27,300	31,300
Cumulative Nonretail Commercial Redevelopment	0	500	1,500	2,750	4,500	5,000	6,000	7,250	9,000	10,000	11,500	13,500
Cumulative Office Use Redevelopment	0	500	1,500	2,750	4,500	5,000	6,000	7,250	9,000	10,000	11,500	13,500
Cumulative Residential Use Redevelopment	35,200	1,000	24,798	27,298	30,798	31,798	33,798	36,298	39,798	41,798	44,798	48,798
Net Redevelopment	**39,500**	**7,300**	**27,798**	**7,500**	**10,500**	**3,000**	**6,000**	**7,500**	**10,500**	**6,000**	**9,000**	**12,000**
Cumulative Total Redevelopment	**39,500**	**46,800**	**74,598**	**82,098**	**92,598**	**95,598**	**101,598**	**109,098**	**119,598**	**125,598**	**134,598**	**146,598**
	Increase in Valuation of Real Property											
	2010	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Increase in Commercial Real Property Market Value	4,300	29,429	129,429	258,312	433,312	496,311	596,311	739,201	914,201	1,041,627	1,191,627	1,427,375
Increase in Residential Real Property Market Value	0	25,000	619,950	701,049	788,549	837,205	887,205	976,321	1,063,821	1,145,736	1,220,736	1,357,358
Increase in Commercial Real Property Assessed Value	1,376	9,417	41,417	82,660	138,660	158,820	190,820	236,544	292,544	333,321	381,321	456,760
Increase in Residential Real Property Assessed Value	0	4,750	117,791	133,199	149,824	159,069	168,569	185,501	202,126	217,690	231,940	257,898
Total Assessed Value from Redevelopment	**1,376**	**14,167**	**159,208**	**215,859**	**288,484**	**317,889**	**359,389**	**422,045**	**494,670**	**551,010**	**613,260**	**714,658**
Cumulative Increase in Real Property Assessed Value	**1,376**	**$ 15,543**	**$ 174,751**	**$ 390,610**	**$ 679,094**	**$ 996,983**	**$ 1,356,371**	**$ 1,778,416**	**$ 2,273,087**	**$ 2,824,097**	**$ 3,437,357**	**$ 4,152,015**

	Redevelopment Absorption										
	2021	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**
Base EAV	**$ 3,892,510**	**$ 3,892,510**	**$ 3,892,510**	**$ 3,892,510**	**$ 3,892,510**	**$ 3,892,510**	**$ 3,892,510**	**$ 3,892,510**	**$ 3,892,510**	**$ 3,892,510**	**$ 3,892,510**
Cumulative Retail Use Redevelopment	33,300	36,300	40,300	41,300	43,300	46,300	48,300	50,000	50,000	50,000	50,000
Cumulative Nonretail Commercial Redevelopment	14,500	16,000	18,000	18,500	19,500	21,000	22,000	23,500	25,000	25,000	25,000
Cumulative Office Use Redevelopment	14,500	16,000	18,000	18,500	19,500	21,000	22,000	23,500	25,000	25,000	25,000
Cumulative Residential Use Redevelopment	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Net Redevelopment	**5,202**	**6,000**	**8,000**	**2,000**	**4,000**	**6,000**	**4,000**	**4,700**	**3,000**	**0**	**0**
Cumulative Total Redevelopment	**151,800**	**157,800**	**165,800**	**167,800**	**171,800**	**177,800**	**181,800**	**186,500**	**189,500**	**189,500**	**189,500**
	Increase in Valuation of Real Property										
	2022	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**2030**	**2031**	**2032**
Increase in Commercial Real Property Market Value	1,527,375	1,723,197	1,923,197	2,030,893	2,130,893	2,344,819	2,444,819	2,635,664	2,710,664	2,791,984	2,791,984
Increase in Residential Real Property Market Value	1,387,408	1,429,030	1,429,030	1,471,901	1,471,901	1,516,058	1,516,058	1,561,540	1,561,540	1,608,386	1,608,386
Increase in Commercial Real Property Assessed Value	488,760	551,423	615,423	649,886	681,886	750,342	782,342	843,412	867,412	893,435	893,435
Increase in Residential Real Property Assessed Value	263,607	271,516	271,516	279,661	279,661	288,051	288,051	296,693	296,693	305,593	305,593
Total Assessed Value from Redevelopment	**752,368**	**822,939**	**886,939**	**929,547**	**961,547**	**1,038,393**	**1,070,393**	**1,140,105**	**1,164,105**	**1,199,028**	**1,199,028**
Cumulative Increase in Real Property Assessed Value	**$ 4,904,383**	**$ 5,727,321**	**$ 6,614,260**	**$ 7,543,807**	**$ 8,505,354**	**$ 9,543,747**	**$ 10,614,140**	**$ 11,754,245**	**$ 12,918,350**	**$ 14,117,378**	**$ 15,316,406**

*Assessment lags development one year. Increases in assessments of real property for taxation purposes are shown occuring the year following development or absorption.
NOTE: In 2008, Newton Place and Sterling Building projects are developed. The Projects will be real estate tax abated. While it is delivered to the market in 2008, this table charts the addition of further development after 2008 in order to project the impact of future assessed valuation of possible projects.
The full assessed valuations of the tax abated projects impact the table after 2009, when taxes begin to be paid on 30% of the improvements of the project, and after 2010 when taxes begin to be paid on 100% of the improvements.

Table R-6
Impact of Redevelopment on Future Retail Sales*
City of Neosho Financial Assistance Review

	Sales	Increase in Retail Sales									
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
	Prog.Yr.	1	2	3	4	5	6	7	8	9	10
Base Sales Volume		$15,916,000	$15,916,000	$15,916,000	$15,916,000	$15,916,000	$15,916,000	$15,916,000	$15,916,000	$15,916,000	$15,916,000
Cumulative Addition of Retail Square Footage		4,300	5,300	7,300	9,800	13,300	14,300	16,300	18,800	22,300	24,300
Net Yearly Addition of Retail Square Footage		4,300	1,000	2,000	2,500	3,500	1,000	2,000	2,500	3,500	2,000
Sales per Square Foot of Retail Space		$110	$112	$114	$117	$119	$121	$124	$126	$129	$131
Additional Sales per Program Year		**236,500**	**112,200**	**228,888**	**291,832**	**416,736**	**121,449**	**247,756**	**315,889**	**451,089**	**262,920**
Cumulative Increase in Sales		**$236,500**	**$594,660**	**$835,441**	**$1,143,982**	**$1,583,598**	**$1,736,719**	**$2,019,209**	**$2,375,482**	**$ 2,874,080**	**$ 3,194,482**

	Sales	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	Prog.Yr.	11	12	13	14	15	16	17	18	19	20
Base Sales Volume		$15,916,000	$15,916,000	$15,916,000	$15,916,000	$15,916,000	$15,916,000	$15,916,000	$15,916,000	$15,916,000	$15,916,000
Cumulative Addition of Retail Square Footage		27,300	31,300	33,300	36,300	40,300	41,300	43,300	46,300	48,300	50,000
Net Yearly Addition of Retail Square Footage		3,000	4,000	2,000	3,000	4,000	1,000	2,000	3,000	2,000	1,700
Sales per Square Foot of Retail Space		$134	$137	$140	$142	$145	$148	$151	$154	$157	$160
Additional Sales per Program Year		**402,268**	**547,085**	**279,013**	**426,890**	**580,571**	**148,046**	**302,013**	**462,080**	**314,214**	**272,424**
Cumulative Increase in Sales		**$ 3,660,640**	**$ 4,280,938**	**$ 4,645,570**	**$ 5,165,371**	**$ 5,849,249**	**$ 6,114,280**	**$ 6,538,578**	**$ 7,131,430**	**$ 7,588,272**	**$ 8,012,461**

*Note: Retail Sales projection on this Table stops when full retail space has been absorbed by market, which is projected to occur in 2027. After this year, a growth rate assumption is applied. See Tables R-1 and TIF - 2 for detail.
NOTE THE MATH - CUMULATIVE VIS-À-VIS ANNUAL SALES GROWTH.

Table TIF-1
Summary of Projected TIF Revenues (PILOTS)
City of Neosho Financial Assistance Review

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars										
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
		1	2	3	4	5	6	7	8	9	10	11
Real Property Tax Revenues												
Market Value from Redevelopment		0	4,300	54,429	749,379	959,360	1,221,860	1,333,516	1,483,516	1,715,522	1,978,022	2,187,362
Assessed Value from Redevelopment		0	1,376	14,167	159,208	215,859	288,484	317,889	359,389	422,045	494,670	551,010
Assessed Value of Remaining Uses*		3,892,510	3,892,510	4,009,285	4,009,285	4,129,564	4,129,564	4,253,451	4,253,451	4,381,054	4,381,054	4,512,486
Total Projected Assessed Value		3,892,510	3,893,886	4,023,453	4,168,493	4,345,423	4,418,048	4,571,339	4,612,839	4,803,099	4,875,724	5,063,496
Base Assessed Value for 2007		3,892,510	3,892,510	3,892,510	3,892,510	3,892,510	3,892,510	3,892,510	3,892,510	3,892,510	3,892,510	3,892,510
Incremental EAV		0	1,376	130,943	275,983	452,913	525,538	678,829	720,329	910,589	983,214	1,170,986
Per $100 of EAV & Multiply by 2007 Tax Rate		5.0858	5.0858	5.0858	5.0858	5.0858	5.0858	5.0858	5.0858	5.0858	5.0858	5.0858
Total Projected Incremental Real Property Taxes for TIF		**0**	**100**	**6,700**	**14,000**	**23,000**	**26,700**	**34,500**	**36,600**	**46,300**	**50,000**	**59,600**
Total Projected Incremental EATS for TIF (Table TIF 2A)		**3,728**	**10,588**	**19,426**	**29,432**	**41,607**	**49,371**	**59,281**	**70,463**	**84,000**	**94,842**	**108,097**
Total Annual Incremental Revenues for TIF		**$ 3,728**	**$ 10,688**	**$ 26,126**	**$ 43,432**	**$ 64,607**	**$ 76,071**	**$ 93,781**	**$ 107,063**	**$ 130,300**	**$ 144,842**	**$ 167,697**

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars											
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
		12	13	14	15	16	17	18	19	20	21	22	23
Real Property Tax Revenues													
Market Value from Redevelopment		2,412,362	2,784,733	2,914,783	3,152,227	3,352,227	3,502,793	3,602,793	3,860,877	3,960,877	4,197,204	4,272,204	4,400,370
Assessed Value from Redevelopment		613,260	714,658	752,368	822,939	886,939	929,547	961,547	1,038,393	1,070,393	1,140,105	1,164,105	1,199,028
Assessed Value Remaining from Existing Uses		4,414,310	4,102,909	4,086,645	3,853,094	3,685,312	3,607,462	3,599,689	3,366,138	3,362,803	3,129,253	3,052,638	3,052,638
Total Projected Assessed Value		5,027,570	4,817,567	4,839,012	4,676,033	4,572,251	4,537,009	4,561,236	4,404,531	4,433,196	4,269,358	4,216,743	4,251,666
Base Assessed Value for 2007		3,892,510	3,892,510	3,892,510	3,892,510	3,892,510	3,892,510	3,892,510	3,892,510	3,892,510	3,892,510	3,892,510	3,892,510
Incremental EAV		1,135,060	925,057	946,502	783,523	679,741	644,499	668,726	512,021	540,686	376,848	324,233	359,156
Per $100 of EAV & Multiply by 2007 Tax Rate		5.0858	5.0858	5.0858	5.0858	5.0858	5.0858	5.0858	5.0858	5.0858	5.0858	5.0858	5.0858
Total Projected Incremental Real Property Taxes for TIF		**57,700**	**47,000**	**48,100**	**39,800**	**34,600**	**32,800**	**34,000**	**26,000**	**27,500**	**19,200**	**16,500**	**18,300**
Total Projected Incremental EATS for TIF (Table TIF 2A)		**123,900**	**135,793**	**150,256**	**167,430**	**178,129**	**191,470**	**207,600**	**221,723**	**235,469**	**245,196**	**255,117**	**265,237**
Total Annual Incremental Revenues for TIF		**$ 181,600**	**$ 182,793**	**$ 198,356**	**$ 207,230**	**$ 212,729**	**$ 224,270**	**$ 241,600**	**$ 247,723**	**$ 262,969**	**$ 264,396**	**$ 271,617**	**$ 283,537**

*Assessed Values of Remaining Uses fluctuates over time as the base assessed values of properties that undergo redevelopment are removed from the base EAV, while, overall, the assessed values of remaining, undeveloped properties continue to increase over time.
See Table R-1 for detail on assumptions governing these projections.

Table TIF-2
Summary of Projected TIF Revenues (EATS) [1]
City of Neosho Financial Assistance Review
Sheet 1 of 2

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars										
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
		1	2	3	4	5	6	7	8	9	10	11
Projected Taxable Sales Volume		**16,152,500**	**16,587,750**	**17,148,393**	**17,783,193**	**18,555,593**	**19,048,154**	**19,676,873**	**20,386,299**	**21,245,114**	**21,932,936**	**22,773,863**
Projected Sales Tax Revenues												
Newton County Sales Tax	0.875%	137,094	140,789	145,547	150,935	157,491	161,671	167,007	173,029	180,318	186,156	193,293
City Capital Improvement Sales Tax	1.000%	156,679	160,901	166,339	172,497	179,989	184,767	190,866	197,747	206,078	212,749	220,906
Fire	0.125%	19,585	20,113	20,792	21,562	22,499	23,096	23,858	24,718	25,760	26,594	27,613
Economic Development	0.250%	39,170	40,225	41,585	43,124	44,997	46,192	47,716	49,437	51,519	53,187	55,227
Law Enforcement Sales Tax	0.375%	58,755	60,338	62,377	64,686	67,496	69,288	71,575	74,155	77,279	79,781	82,840
County Capital Improvement Sales Tax	0.375%	58,755	60,338	62,377	64,686	67,496	69,288	71,575	74,155	77,279	79,781	82,840
Auditorium/Senior Center	0.250%	39,170	40,225	41,585	43,124	44,997	46,192	47,716	49,437	51,519	53,187	55,227
Total Projected Sales Tax Revenues	**3.250%**	**509,208**	**522,929**	**540,603**	**560,615**	**584,965**	**600,493**	**620,313**	**642,678**	**669,752**	**691,436**	**717,946**
Base Sales Taxes												
Newton County Sales Tax	0.875%	135,087	135,087	135,087	135,087	135,087	135,087	135,087	135,087	135,087	135,087	135,087
City Capital Improvement Sales Tax	1.000%	154,385	154,385	154,385	154,385	154,385	154,385	154,385	154,385	154,385	154,385	154,385
Fire	0.125%	19,298	19,298	19,298	19,298	19,298	19,298	19,298	19,298	19,298	19,298	19,298
Economic Development	0.250%	38,596	38,596	38,596	38,596	38,596	38,596	38,596	38,596	38,596	38,596	38,596
Law Enforcement Sales Tax	0.375%	57,894	57,894	57,894	57,894	57,894	57,894	57,894	57,894	57,894	57,894	57,894
County Capital Improvement Sales Tax	0.375%	57,894	57,894	57,894	57,894	57,894	57,894	57,894	57,894	57,894	57,894	57,894
Auditorium/Senior Center	0.250%	38,596	38,596	38,596	38,596	38,596	38,596	38,596	38,596	38,596	38,596	38,596
Total Base Sales Taxes	**3.250%**	**501,752**	**501,752**	**501,752**	**501,752**	**501,752**	**501,752**	**501,752**	**501,752**	**501,752**	**501,752**	**501,752**
Total Incremental Sales Taxes												
Newton County Sales Tax	0.875%	2,007	5,701	10,460	15,848	22,404	26,584	31,920	37,942	45,231	51,069	58,206
City Capital Improvement Sales Tax	1.000%	2,294	6,516	11,954	18,112	25,604	30,382	36,480	43,362	51,692	58,364	66,521
Fire	0.125%	287	814	1,494	2,264	3,201	3,798	4,560	5,420	6,462	7,296	8,315
Economic Development	0.250%	574	1,629	2,989	4,528	6,401	7,595	9,120	10,840	12,923	14,591	16,630
Law Enforcement Sales Tax	0.375%	860	2,443	4,483	6,792	9,602	11,393	13,680	16,261	19,385	21,887	24,945
County Capital Improvement Sales Tax	0.375%	860	2,443	4,483	6,792	9,602	11,393	13,680	16,261	19,385	21,887	24,945
Auditorium/Senior Center	0.250%	574	1,629	2,989	4,528	6,401	7,595	9,120	10,840	12,923	14,591	16,630
100% of Incremental Sales Taxes	**3.250%**	**7,456**	**21,177**	**38,851**	**58,863**	**83,213**	**98,741**	**118,562**	**140,926**	**168,000**	**189,684**	**216,194**
50% of Incremental Sales Taxes												
Newton County Sales Tax	0.875%	1,004	2,851	5,230	7,924	11,202	13,292	15,960	18,971	22,615	25,534	29,103
City Capital Improvement Sales Tax	1.000%	1,147	3,258	5,977	9,056	12,802	15,191	18,240	21,681	25,846	29,182	33,261
Fire	0.125%	143	407	747	1,132	1,600	1,899	2,280	2,710	3,231	3,648	4,158
Economic Development	0.250%	287	814	1,494	2,264	3,201	3,798	4,560	5,420	6,462	7,296	8,315
Law Enforcement Sales Tax	0.375%	430	1,222	2,241	3,396	4,801	5,697	6,840	8,130	9,692	10,943	12,473
County Capital Improvement Sales Tax	0.375%	430	1,222	2,241	3,396	4,801	5,697	6,840	8,130	9,692	10,943	12,473
Auditorium/Senior Center	0.250%	287	814	1,494	2,264	3,201	3,798	4,560	5,420	6,462	7,296	8,315
50% of Incremental Sales Taxes	**3.250%**	**3,728**	**10,588**	**19,426**	**29,432**	**41,607**	**49,371**	**59,281**	**70,463**	**84,000**	**94,842**	**108,097**

See Table R-1 for detail on assumptions governing these projections.

[1] Projected Sales Tax totals are shown after accounting for Administration Fee and Early Pay Discounts, as required by the Missouri Dept. of Revenue.

Table TIF 2
Summary of Projected TIF Revenues (EATS)
City of Neosho Financial Assistance Review
Sheet 2 of 2

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars											
		2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
		12	13	14	15	16	17	18	19	20	21	22	23
Projected Taxable Sales Volume		**23,776,425**	**24,530,967**	**25,448,476**	**26,538,017**	**27,216,822**	**28,063,172**	**29,086,515**	**29,982,459**	**30,854,532**	**31,471,623**	**32,101,055**	**32,743,076**
Future Sales Tax Revenues													
Newton County Sales Tax	0.875%	201,802	208,207	215,994	225,241	231,003	238,186	246,872	254,476	261,878	267,115	272,458	277,907
City Capital Improvement Sales Tax	1.000%	230,631	237,950	246,850	257,419	264,003	272,213	282,139	290,830	299,289	305,275	311,380	317,608
Fire	0.125%	28,829	29,744	30,856	32,177	33,000	34,027	35,267	36,354	37,411	38,159	38,923	39,701
Economic Development	0.250%	57,658	59,488	61,713	64,355	66,001	68,053	70,535	72,707	74,822	76,319	77,845	79,402
Law Enforcement Sales Tax	0.375%	86,487	89,231	92,569	96,532	99,001	102,080	105,802	109,061	112,233	114,478	116,768	119,103
County Capital Improvement Sales Tax	0.375%	86,487	89,231	92,569	96,532	99,001	102,080	105,802	109,061	112,233	114,478	116,768	119,103
Auditorium/Senior Center	0.250%	57,658	59,488	61,713	64,355	66,001	68,053	70,535	72,707	74,822	76,319	77,845	79,402
Total Projected Sales Tax Revenues	**3.250%**	**749,552**	**773,339**	**802,263**	**836,611**	**858,010**	**884,691**	**916,952**	**945,197**	**972,689**	**992,143**	**1,011,986**	**1,032,225**
Base Sales Taxes													
Newton County Sales Tax	0.875%	135,087	135,087	135,087	135,087	135,087	135,087	135,087	135,087	135,087	135,087	135,087	135,087
City Capital Improvement Sales Tax	1.000%	154,385	154,385	154,385	154,385	154,385	154,385	154,385	154,385	154,385	154,385	154,385	154,385
Fire	0.125%	19,298	19,298	19,298	19,298	19,298	19,298	19,298	19,298	19,298	19,298	19,298	19,298
Economic Development	0.250%	38,596	38,596	38,596	38,596	38,596	38,596	38,596	38,596	38,596	38,596	38,596	38,596
Law Enforcement Sales Tax	0.375%	57,894	57,894	57,894	57,894	57,894	57,894	57,894	57,894	57,894	57,894	57,894	57,894
County Capital Improvement Sales Tax	0.375%	57,894	57,894	57,894	57,894	57,894	57,894	57,894	57,894	57,894	57,894	57,894	57,894
Auditorium/Senior Center	0.250%	38,596	38,596	38,596	38,596	38,596	38,596	38,596	38,596	38,596	38,596	38,596	38,596
Total Projected Sales Tax Revenues	**3.250%**	**501,752**	**501,752**	**501,752**	**501,752**	**501,752**	**501,752**	**501,752**	**501,752**	**501,752**	**501,752**	**501,752**	**501,752**
Total Incremental Sales Taxes													
Newton County Sales Tax	0.875%	66,715	73,120	80,907	90,154	95,916	103,099	111,785	119,389	126,791	132,028	137,371	142,820
City Capital Improvement Sales Tax	1.000%	76,246	83,565	92,465	103,034	109,618	117,828	127,754	136,445	144,904	150,890	156,995	163,223
Fire	0.125%	9,531	10,446	11,558	12,879	13,702	14,728	15,969	17,056	18,113	18,861	19,624	20,403
Economic Development	0.250%	19,062	20,891	23,116	25,758	27,404	29,457	31,938	34,111	36,226	37,722	39,249	40,806
Law Enforcement Sales Tax	0.375%	28,592	31,337	34,674	38,638	41,107	44,185	47,908	51,167	54,339	56,584	58,873	61,208
County Capital Improvement Sales Tax	0.375%	28,592	31,337	34,674	38,638	41,107	44,185	47,908	51,167	54,339	56,584	58,873	61,208
Auditorium/Senior Center	0.250%	19,062	20,891	23,116	25,758	27,404	29,457	31,938	34,111	36,226	37,722	39,249	40,806
Total Projected Sales Tax Revenues	**3.250%**	**247,800**	**271,587**	**300,511**	**334,859**	**356,258**	**382,940**	**415,200**	**443,445**	**470,937**	**490,391**	**510,234**	**530,474**
50% of Incremental Sales Taxes													
Newton County Sales Tax	0.875%	33,358	36,560	40,453	45,077	47,958	51,550	55,892	59,695	63,395	66,014	68,685	71,410
City Capital Improvement Sales Tax	1.000%	38,123	41,783	46,233	51,517	54,809	58,914	63,877	68,222	72,452	75,445	78,498	81,611
Fire	0.125%	4,765	5,223	5,779	6,440	6,851	7,364	7,985	8,528	9,056	9,431	9,812	10,201
Economic Development	0.250%	9,531	10,446	11,558	12,879	13,702	14,728	15,969	17,056	18,113	18,861	19,624	20,403
Law Enforcement Sales Tax	0.375%	14,296	15,668	17,337	19,319	20,553	22,093	23,954	25,583	27,169	28,292	29,437	30,604
County Capital Improvement Sales Tax	0.375%	14,296	15,668	17,337	19,319	20,553	22,093	23,954	25,583	27,169	28,292	29,437	30,604
Auditorium/Senior Center	0.250%	9,531	10,446	11,558	12,879	13,702	14,728	15,969	17,056	18,113	18,861	19,624	20,403
Total Projected Sales Tax Revenues	**3.250%**	**123,900**	**135,793**	**150,256**	**167,430**	**178,129**	**191,470**	**207,600**	**221,723**	**235,469**	**245,196**	**255,117**	**265,237**

See Table R-1 for detail on assumptions governing these projections.

Table EDS - 1
Projected Revenues Possible from an increase of One Quarter-Percent Local Option Economic Development Sales Tax
City of Neosho Financial Assistance Review

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars										
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
		1	2	3	4	5	6	7	8	9	10	11
Retail Redevelopment and Absorption (square feet)[2]		4,300	5,300	7,300	9,800	13,300	14,300	16,300	18,800	22,300	24,300	27,300
Projected City-Wide Sales		409,802,178	417,998,221	426,358,185	434,885,349	443,583,056	452,454,717	461,503,812	470,733,888	480,148,566	489,751,537	499,546,568
Local Option Sales Tax (25% for Admin Expenses)	0.25	496,885	506,823	516,959	527,298	537,844	548,601	559,573	570,765	582,180	593,824	605,700
Local Option Sales Tax (60% for Citywide Economic Development Activities)	0.6	1,192,524	1,216,375	1,240,702	1,265,516	1,290,827	1,316,643	1,342,976	1,369,836	1,397,232	1,425,177	1,453,681
Local Option Sales Tax (15% for Downtown Economic Development Activities)	0.15	298,131	304,094	310,176	316,379	322,707	329,161	335,744	342,459	349,308	356,294	363,420
Projected Total Local Option Economic Development Sales Tax Revenue[1]	**0.5%**	**1,987,541**	**2,027,291**	**2,067,837**	**2,109,194**	**2,151,378**	**2,194,405**	**2,238,293**	**2,283,059**	**2,328,721**	**2,375,295**	**2,422,801**

	Prog. Yr.	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
		12	13	14	15	16	17	18	19	20	21	22	23
Projected City-Wide Sales		509,537,499	519,728,249	530,122,814	540,725,270	551,539,776	562,570,571	573,821,983	585,298,422	597,004,391	608,944,479	621,123,368	633,545,835
Local Option Sales Tax (25% for Admin Expenses)	0.25	617,814	630,171	642,774	655,629	668,742	682,117	695,759	709,674	723,868	738,345	753,112	768,174
Local Option Sales Tax (60% for Citywide Economic Development Activities)	0.6	1,482,754	1,512,409	1,542,657	1,573,511	1,604,981	1,637,080	1,669,822	1,703,218	1,737,283	1,772,028	1,807,469	1,843,618
Local Option Sales Tax (15% for Downtown Economic Development Activities)	0.15	370,689	378,102	385,664	393,378	401,245	409,270	417,455	425,805	434,321	443,007	451,867	460,905
Projected Total Local Option Economic Development Sales Tax Revenue	**0.5%**	**2,471,257**	**2,520,682**	**2,571,096**	**2,622,518**	**2,674,968**	**2,728,467**	**2,783,037**	**2,838,697**	**2,895,471**	**2,953,381**	**3,012,448**	**3,072,697**

[1]Not more than 25% of Local Option Economic Development Sales Tax Revenue generated can be used for administrative (i.e., staff, facility) costs. At least 20% of revenues collected shall be used for eligible economic development costs.

Table CID - 1
Projected Revenues Possible from a CID Sales Tax at rates of 0.25%, 0.5%, 0.75%, and 1%
City of Neosho Financial Assistance Review

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 0.25% CID Sales Tax										
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
		1	2	3	4	5	6	7	8	9	10	11
Projected Sales		16,152,500	16,587,750	17,148,393	17,783,193	18,555,593	19,048,154	19,676,873	20,386,299	21,245,114	21,932,936	22,773,863
Projected CID Sales Tax Revenue	0.25%	**39,170**	**40,225**	**41,585**	**43,124**	**44,997**	**46,192**	**47,716**	**49,437**	**51,519**	**53,187**	**55,227**

	Prog. Yr.	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
		12	13	14	15	16	17	18	19	20	21	22	23
Projected Sales		23,776,425	24,530,967	25,448,476	26,538,017	27,216,822	28,063,172	29,086,515	29,982,459	30,854,532	31,471,623	32,101,055	32,743,076
Projected CID Sales Tax Revenue	0.25%	**57,658**	**59,488**	**61,713**	**64,355**	**66,001**	**68,053**	**70,535**	**72,707**	**74,822**	**76,319**	**77,845**	**79,402**

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 0.5% CID Sales Tax										
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
		1	2	3	4	5	6	7	8	9	10	11
Projected Sales		16,152,500	16,587,750	17,148,393	17,783,193	18,555,593	19,048,154	19,676,873	20,386,299	21,245,114	21,932,936	22,773,863
Projected CID Sales Tax Revenue	0.50%	**78,340**	**80,451**	**83,170**	**86,248**	**89,995**	**92,384**	**95,433**	**98,874**	**103,039**	**106,375**	**110,453**

	Prog. Yr.	32101056.33	32101057.33	32101058.33	32101059.33	32101060.33	32101061.33	32101062.33	32101063.33	32101064.33	32101065.33	32101066.33	32101067.33
		12	13	14	15	16	17	18	19	20	21	22	23
Projected Sales		23,776,425	24,530,967	25,448,476	26,538,017	27,216,822	28,063,172	29,086,515	29,982,459	30,854,532	31,471,623	32,101,055	32,743,076
Projected CID Sales Tax Revenue	0.50%	**115,316**	**118,975**	**123,425**	**128,709**	**132,002**	**136,106**	**141,070**	**145,415**	**149,644**	**152,637**	**155,690**	**158,804**

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 0.75% CID Sales Tax										
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
		1	2	3	4	5	6	7	8	9	10	11
Projected Sales		16,152,500	16,587,750	17,148,393	17,783,193	18,555,593	19,048,154	19,676,873	20,386,299	21,245,114	21,932,936	22,773,863
Projected CID Sales Tax Revenue	0.75%	**117,509**	**120,676**	**124,755**	**129,373**	**134,992**	**138,575**	**143,149**	**148,310**	**154,558**	**159,562**	**165,680**

	Prog. Yr.	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
		12	13	14	15	16	17	18	19	20	21	22	23
Projected Sales		23,776,425	24,530,967	25,448,476	26,538,017	27,216,822	28,063,172	29,086,515	29,982,459	30,854,532	31,471,623	32,101,055	32,743,076
Projected CID Sales Tax Revenue	0.75%	**172,973**	**178,463**	**185,138**	**193,064**	**198,002**	**204,160**	**211,604**	**218,122**	**224,467**	**228,956**	**233,535**	**238,206**

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 1% CID Sales Tax										
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
		1	2	3	4	5	6	7	8	9	10	11
Projected Sales		16,152,500	16,587,750	17,148,393	17,783,193	18,555,593	19,048,154	19,676,873	20,386,299	21,245,114	21,932,936	22,773,863
Projected CID Sales Tax Revenue	1.00%	**156,679**	**160,901**	**166,339**	**172,497**	**179,989**	**184,767**	**190,866**	**197,747**	**206,078**	**212,749**	**220,906**

	Prog. Yr.	1	2	3	4	5	6	7	8	9	10	11	12
		12	13	14	15	16	17	18	19	20	21	22	23
Projected Sales		23,776,425	24,530,967	25,448,476	26,538,017	27,216,822	28,063,172	29,086,515	29,982,459	30,854,532	31,471,623	32,101,055	32,743,076
Projected CID Sales Tax Revenue	1.00%	**230,631**	**237,950**	**246,850**	**257,419**	**264,003**	**272,213**	**282,139**	**290,830**	**299,289**	**305,275**	**311,380**	**317,608**

NOTE: Per the CID Act, any bonds or other obligations issued to be paid from CID Revenues ("CID Bonds") are limited to a maturity of 20 years.

Table TDD - 1
Projected Revenues Possible from a TDD Sales Tax at rates of 0.25%, 0.5%, 0.75%, and 1%
City of Neosho Financial Assistance Review

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 0.25% TDD Sales Tax										
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
		1	2	3	4	5	6	7	8	9	10	11
Projected Sales		16,152,500	16,587,750	17,148,393	17,783,193	18,555,593	19,048,154	19,676,873	20,386,299	21,245,114	21,932,936	22,773,863
Projected TDD Sales Tax Revenue	0.25%	**39,170**	**40,225**	**41,585**	**43,124**	**44,997**	**46,192**	**47,716**	**49,437**	**51,519**	**53,187**	**55,227**

	Prog. Yr.	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
		12	13	14	15	16	17	18	19	20	21	22	23
Projected Sales		23,776,425	24,530,967	25,448,476	26,538,017	27,216,822	28,063,172	29,086,515	29,982,459	30,854,532	31,471,623	32,101,055	32,743,076
Projected TDD Sales Tax Revenue	0.25%	**57,658**	**59,488**	**61,713**	**64,355**	**66,001**	**68,053**	**70,535**	**72,707**	**74,822**	**76,319**	**77,845**	**79,402**

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 0.5% TDD Sales Tax										
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
		1	2	3	4	5	6	7	8	9	10	11
Projected Sales		16,152,500	16,587,750	17,148,393	17,783,193	18,555,593	19,048,154	19,676,873	20,386,299	21,245,114	21,932,936	22,773,863
Projected TDD Sales Tax Revenue	0.50%	**78,340**	**80,451**	**83,170**	**86,248**	**89,995**	**92,384**	**95,433**	**98,874**	**103,039**	**106,375**	**110,453**

	Prog. Yr.	32101056.33	32101057.33	32101058.33	32101059.33	32101060.33	32101061.33	32101062.33	32101063.33	32101064.33	32101065.33	32101066.33	32101067.33
		12	13	14	15	16	17	18	19	20	21	22	23
Projected Sales		23,776,425	24,530,967	25,448,476	26,538,017	27,216,822	28,063,172	29,086,515	29,982,459	30,854,532	31,471,623	32,101,055	32,743,076
Projected TDD Sales Tax Revenue	0.50%	**115,316**	**118,975**	**123,425**	**128,709**	**132,002**	**136,106**	**141,070**	**145,415**	**149,644**	**152,637**	**155,690**	**158,804**

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 0.75% TDD Sales Tax										
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
		1	2	3	4	5	6	7	8	9	10	11
Projected Sales		16,152,500	16,587,750	17,148,393	17,783,193	18,555,593	19,048,154	19,676,873	20,386,299	21,245,114	21,932,936	22,773,863
Projected TDD Sales Tax Revenue	0.75%	**117,509**	**120,676**	**124,755**	**129,373**	**134,992**	**138,575**	**143,149**	**148,310**	**154,558**	**159,562**	**165,680**

	Prog. Yr.	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
		12	13	14	15	16	17	18	19	20	21	22	23
Projected Sales		23,776,425	24,530,967	25,448,476	26,538,017	27,216,822	28,063,172	29,086,515	29,982,459	30,854,532	31,471,623	32,101,055	32,743,076
Projected TDD Sales Tax Revenue	0.75%	**172,973**	**178,463**	**185,138**	**193,064**	**198,002**	**204,160**	**211,604**	**218,122**	**224,467**	**228,956**	**233,535**	**238,206**

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 1% TDD Sales Tax										
		2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
		1	2	3	4	5	6	7	8	9	10	11
Projected Sales		16,152,500	16,587,750	17,148,393	17,783,193	18,555,593	19,048,154	19,676,873	20,386,299	21,245,114	21,932,936	22,773,863
Projected TDD Sales Tax Revenue	1.00%	**156,679**	**160,901**	**166,339**	**172,497**	**179,989**	**184,767**	**190,866**	**197,747**	**206,078**	**212,749**	**220,906**

	Prog. Yr.	1	2	3	4	5	6	7	8	9	10	11	12
		12	13	14	15	16	17	18	19	20	21	22	23
Projected Sales		23,776,425	24,530,967	25,448,476	26,538,017	27,216,822	28,063,172	29,086,515	29,982,459	30,854,532	31,471,623	32,101,055	32,743,076
Projected TDD Sales Tax Revenue	1.00%	**230,631**	**237,950**	**246,850**	**257,419**	**264,003**	**272,213**	**282,139**	**290,830**	**299,289**	**305,275**	**311,380**	**317,608**

NOTE: Per the TDD Act, any bonds or other obligations issued to be paid from TDD Revenues ("TDD Bonds") are limited to a maturity of 20 years.

Table GR - 1
Summary of Gross Revenues
City of Neosho Financial Assistance Review

* These projections are based on a series of assumptions and should be used only to provide an indication of possible tax revenues generated from potential, and as yet undefined, redevelopment projects.

TIF		
Gross Revenues	$	3,647,152
NPV @ 6%	$	1,540,228
0.25% CID		
Gross Revenues	$	1,341,277
NPV @ 6%	$	594,071
0.5% CID		
Gross Revenues	$	2,682,553
NPV @ 6%	$	1,188,142
0.75% CID		
Gross Revenues	$	4,023,830
NPV @ 6%	$	1,782,214
1% CID		
Gross Revenues	$	5,365,107
NPV @ 6%	$	2,376,285
0.25% TDD		
Gross Revenues	$	1,341,277
NPV @ 6%	$	658,910
0.5% TDD		
Gross Revenues	$	2,682,553
NPV @ 6%	$	1,317,821
0.75% TDD		
Gross Revenues	$	4,023,830
NPV @ 6%	$	1,976,731
1% TDD		
Gross Revenues	$	5,365,107
NPV @ 6%	$	2,635,641

SECTION III

FINANCING MECHANISM OVERVIEW

The following Section provides a brief summary of various financing mechanisms available to the City or through State partnership. These financing mechanisms have been selected based on their likely applicability and relevance to "Downtown" project needs and economic development issues. This section also provides a qualitative analysis of the potential economic value from a sample of the public financing mechanisms selected by PGAV and the Program Sponsors to illustrate the recommendations of this and other DREAM Initiative elements. The expertise and financial resources of the DREAM Program Sponsors are a significant benefit to Neosho and should be fully utilized as needed. Please also refer to the websites of the Department of Economic Development (www.ded.mo.gov), Missouri Development Finance Board (www.mdfb.org) and Missouri Housing Development Commission (www.mhdc.com) for further information on these programs.

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LOCAL INCENTIVES

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A. TAX INCREMENT FINANCING
[§§ 99.800-99.865 RSMO]

PURPOSE

Tax increment financing (commonly referred to as "TIF") is a statutory procedure available to cities, villages, incorporated towns or counties to encourage redevelopment of "blighted" or "conservation" areas.

ELIGIBLE COSTS

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;
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. Payments in lieu of taxes.

IMPLEMENTATION

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 the redevelopment project(s) therein, must be completed;
(3) A cost-benefit analysis must be prepared;
(4) The TIF Commission must hold a public hearing and make a recommendation to the municipality pertaining to the redevelopment plan, the redevelopment projects, and the designation of the redevelopment area; and
(5) 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. Then, once a project is identified and underway, the municipality may also enter into one or more redevelopment agreements with a developer, or developers, who will execute the redevelopment plan and project.

The TIF Act requires the municipality to make two key determinations before approving a TIF project. The first is the "blight" or "conservation" determination; the redevelopment area must be classified as a "blighted" or "conservation" area. The second is the "but-for" determination.

Blighted 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 or 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.

Conservation Area

A "conservation area" is any improved area within the boundaries of a redevelopment area located within the territorial limits of a municipality in which fifty percent (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 shall meet at least three of the aforementioned factors.

THE "BUT-FOR" TEST

To satisfy this test, the developer must provide an affidavit of the determination that "but for" the adoption of the redevelopment plan and tax increment financing, the redevelopment area would not reasonably be anticipated to be developed.

FINANCING A PROJECT

Tax increment financing involves the issuance of bonds or other obligations that are secured by a pledge of payments in lieu of taxes attributable to the increase in assessed valuation of taxable real property within the designated area resulting from redevelopment improvements, as well as a portion of the incremental economic activity taxes (sales and utility tax, etc.) generated within the redevelopment area.

When a TIF plan is adopted, the assessed value of real property in the redevelopment area is frozen for tax purposes at the current "base" level before construction of improvements. The owner of the property continues to pay property taxes at this base level. As the property is improved, the assessed value of real property in the redevelopment area increases above the base level. By applying the tax rate of all taxing districts having taxing power within the redevelopment area to the increase in assessed valuation of the improved property over the base level, a "tax increment" is produced. The tax increments, referred to as "payments in lieu of taxes" or "PILOTS," are paid by the owner of the property in the same manner as regular property taxes. The payments in lieu of taxes are transferred by the collecting agency to the treasurer of the municipality and deposited in a segregated account referred to in the TIF Act as a "special allocation fund." In addition, the county and city transfer 50% of all incremental sales and utility tax revenues, referred to as "economic activity taxes" or "EATS," to the treasurer of the municipality for deposit into the special allocation fund. All or a portion of the money in the fund can then be used to pay directly for redevelopment project costs or to retire bonds or other obligations issued to pay such costs.

STATE TIF

In certain limited cases, the State may make a portion of its revenues available to pay for redevelopment project costs. Among the conditions precedent for the appropriation of State revenues are the following:

(1) Approval by the Department of Economic Development and the Office of Administration of an application for State rebate;
(2) Submission of an affidavit signed by the developer stating the project would not be developed "but for" the rebate;
(3) Submission of a fiscal impact study upon the State, demonstrating the "net new" benefit the State will receive from the project; and

(4) Addition of the project by name to the Department of Economic Development's budget legislation.

In addition, the redevelopment plan must ensure that 100% of the payments in lieu of taxes and 50% of the economic activity taxes will be used for eligible redevelopment project costs, and will not be distributed to taxing districts as surplus funds.

If a project is eligible for application of State revenues, up to 50% of any new State revenues generated within a redevelopment area may, under certain circumstances, be rebated to the municipality for reimbursement of eligible redevelopment project costs. "New State revenues" means either (1) State sales taxes except those that are constitutionally dedicated, school district trust fund taxes, and sales and use taxes on motor vehicles, trailers, boats and outboard motors OR (2) State income tax withholding.

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.

PRACTICAL NOTES

TIF Review Committee

A "TIF Review Committee" or some other type of review board is an important administrative tool in the TIF Process. Such a committee should be charged with reviewing developers' applications for TIF prior to appearance before the TIF Commission in order to ensure that the developer is presenting a project that: truly requires TIF, that will provide a benefit worth of utilizing TIF, and is both financially feasible and sustainable.

The Clawback

In addition, a community utilizing TIF should include a "clawback" function in any agreement they enter into with a developer. A "clawback" allows the municipality to go back to the developer after the project is complete and functioning – and, if it's a residential project, all, or a majority, of the residences are sold – so that the municipality can make a determination whether the developer's proceeds from the project have exceeded their original pro forma to an extent that the municipality should be owed, or given back, some of the tax revenue the municipality has invested in the project via TIF.

B. URBAN REDEVELOPMENT CORPORATIONS
[CHAPTER 353 RSMO]

PURPOSE

The Urban Redevelopment Corporations Law (frequently referred to as Chapter 353, or 353) provides real property tax abatement to encourage the redevelopment of "blighted areas" throughout the State.

ELIGIBLE PROJECTS

Tax abatement under the Urban Redevelopment Corporations Law is only available to real property that has been found to be a "blighted area" by an eligible city or county. A "blighted area" is any area in a city or in an unincorporated portion of St. Louis or Jackson County which by reason of age, obsolescence, inadequate or outmoded design or physical deterioration has become an economic and social liability, and that such conditions are conducive to ill health, transmission of disease, crime or inability to pay reasonable taxes.

IMPLEMENTATION

Tax abatement is available for a redevelopment project following:

(1) The creation of a redevelopment plan describing the project and proposed abatement;
(2) A tax impact statement being sent to each taxing district within the boundaries of a proposed redevelopment area;
(3) A public hearing;
(4) Approval of the redevelopment plan by the governing body of the city or county; and
(5) Creation of an Urban Redevelopment Corporation under the general corporation laws of Missouri (i.e., articles of incorporation being filed with the Secretary of State).

To be eligible for the abatement, the Corporation must take title to the property to be redeveloped. Until December 31, 2006, an eligible city or county could grant the power of eminent domain to the Corporation to acquire any interest in any real property that is necessary to the redevelopment plan; however, after that date, only the city or county may exercise the condemnation power. Since tax abatement is triggered on the day that the Corporation takes title to property, it is common for a Corporation to own property for a moment in time, and immediately transfer title back to the "developer" entity. In this situation, the developer will assume all of the rights, duties and obligations of the Corporation in the property by contract, and will receive the tax abatement as the authorized successor to the Corporation.

PARTICULARS OF TAX ABATEMENT

Tax abatement is available for up to 25 years. In the first period of abatement, not to exceed 10 years, (1) 100% of the incremental increase in real property taxes on the land may be abated, and (2) 100% of the real property taxes on all improvements may be abated. During this period, the property owner continues to pay real property taxes on the land in an amount equal to those assessed in the year before the Corporation took title. During the next abatement period, not to exceed 15 years, at least 50% and up to 100% of the incremental real property taxes on all land and all improvements may be abated. The individual periods of abatement and the total amount of the tax abatement are set by the governing body. The Corporation may take title to lots, tracts or parcels of property within the redevelopment area in phases, to maximize the tax abatement during a phased project.

Payments in lieu of taxes ("PILOTS") may be imposed on the Corporation by contract with the eligible city or county, as applicable, to achieve effective tax abatement that is less than the abatement established by statute. For example, PILOTs could be used to achieve an affective tax abatement of 20% for a 25-year period. PILOTS are paid on an annual basis to replace all or part of the real estate taxes that are abated. PILOTS are allocated to each taxing district according to their proportionate share of ad valorem property taxes.

Unless approved by three-fourths of the governing body of the eligible city or county, tax abatement benefits under this program are not available on property within a Planned Industrial Expansion Area (Sections 100.300 to 100.620 of the Revised Statutes of Missouri, as amended).

C. COMMUNITY IMPROVEMENT DISTRICTS
[§§ 67.1401-67.1475 RSMO]

PURPOSE

A Community Improvement District ("CID") may be created for the purpose of financing a wide range of public facilities, improvements or services within a municipality. A CID is either a separate political subdivision with the power to impose a sales tax, a special assessment or a real property tax, or a nonprofit corporation with the power to impose special assessments.

ELIGIBLE PROJECTS

A CID may fund public facilities or improvements within its boundaries, including the following:

(1) Pedestrian or shopping malls and plazas;
(2) Parks, lawns, trees and any other landscape;
(3) Convention centers, arenas, aquariums, aviaries and meeting facilities;
(4) Sidewalks, streets, alleys, bridges, ramps tunnels, overpasses and underpasses, traffic signs and signals, utilities, drainage, water, storm and sewer systems and other site improvements;
(5) Parking lots, garages or other facilities;
(6) Lakes, dams and waterways;
(7) Streetscape, lighting, benches or other seating furniture, trash receptacles, marquees, awnings, canopies, walls and barriers.
(8) Telephone and information booths, bus stop and other shelters, rest rooms and kiosks;
(9) Paintings, murals, display cases, sculptures and fountains;
(10) Music, news and child-care facilities; and
(11) Any other useful, necessary or desired improvement.

A CID may also provide, or contract to provide, a variety of public services within its boundaries, including the following:

(1) With the municipality's consent, prohibiting or restricting vehicular and pedestrian traffic and vendors on streets;
(2) Operating or contracting for the provision of music, news, child-care or parking facilities, and buses, mini-buses or other modes of transportation;
(3) Leasing space for sidewalk café tables and chairs;

(4) Providing or contracting for the provision of security personnel, equipment or facilities for the protection of property and persons;
(5) Providing or contracting for cleaning, maintenance and other services to public and private property;
(6) Promoting tourism, recreational or cultural activities or special events;
(7) Promoting business activity, development and retention;
(8) Providing refuse collection and disposal services; and
(9) Contracting for or conducting economic, planning, marketing or other studies.

A CID may also demolish, renovate or rehabilitate any building or structure, if the area has been found blighted and the governing body of the municipality has determined that such action is reasonably anticipated to remediate the blighting conditions and will serve a public purpose.

IMPLEMENTATION

A CID is created by filing with the municipality where the proposed district will be located a petition signed by property owners that:

(1) Collectively own at least 50% of the assessed value of the real property within the proposed district; and
(2) More than 50% per capita of all owners of real property within the proposed district.

The petition must include a five-year plan that describes the purposes of the proposed district, the services it will provide, the improvements it will make and an estimate of the costs of the project.

Once the petition is filed, the governing body of the municipality shall hold a public hearing and may approve the creation of the proposed district by ordinance.

FUNDING

A CID may be created as either a political subdivision or a nonprofit corporation. Once created, a CID that is created as a nonprofit corporation can finance the costs of a project through the imposition of special assessments for those improvements that specifically benefit the properties within the district. A CID that is created as a political subdivision can finance the costs of a project through the imposition of:

(1) Special assessments for those improvements that specifically benefit the properties within the district;
(2) Property taxes; or
(3) A sales tax up to a maximum of 1%.

Either type of CID may finance the costs of a project through the imposition of fees, rents and charges for district property or services or grants, gifts and donations.

A CID may also issue bonds, notes and other obligations and may secure any of such obligations by mortgage, pledge, assignment or deed of trust of any or all of the property and income of the district. However, the bonds or other obligations of a CID that is created as a nonprofit corporation will not be tax-exempt.

PRACTICAL NOTES

Are there any reporting requirements?
A CID's board must submit for approval an annual budget to the municipality's governing board around the beginning of the municipality's fiscal year. Upon approval, the CID board sends a copy of their budget to the Department of Economic Development.

D. TRANSPORTATION DEVELOPMENT DISTRICTS [§§ 238.200-238.275 RSMO]

PURPOSE

A transportation development district ("TDD") is a separate political subdivision that may be created to fund, promote, plan, design, construct, improve, maintain and operate one or more transportation-related projects or to assist in such activity.

ELIGIBLE PROJECTS

A TDD can finance any transportation-related improvement, including any bridge, street, road, highway, access road, interchange, intersection, signing, signalization, parking lot, bus stop, station, garage, terminal, hangar, shelter, rest area, dock, wharf, lake or river port, airport, railroad, light rail, or other mass transit and any similar or related improvement or infrastructure. However, before construction or funding of any project, a TDD is required to submit the proposed project, together with the proposed plans and specifications, to the Missouri Highways and Transportation Commission and/or the local transportation authority for their prior approval. A "local transportation authority" is a county, city, town, village, county highway commission, special road district, interstate compact agency, or any local public authority or political subdivision having jurisdiction over any bridge, street, highway, dock, wharf, ferry, lake or river port, airport, railroad, light rail or other transit improvement or service.

IMPLEMENTATION

A TDD may be created by petition of:

(1) At least fifty registered voters within the proposed district;
(2) If there are no registered voters within the district, the owners of all of the real property located within the proposed district; or
(3) The governing body of any local transportation authority in which a proposed project may be located.

In addition, two or more local transportation authorities may adopt resolutions calling for the joint establishment of a district and then file a petition requesting its creation. In all cases, the petition is filed in the circuit court of the county in which the proposed project is to be located.

Once the petition is filed, the circuit court will certify the petition for voter approval by the qualified voters within the boundaries of the proposed district. A "qualified voter" means (1) any registered voter residing within the proposed district or (2) if no persons eligible to be registered voters reside within the proposed district, the owners of real property located within the proposed district.

FUNDING

Once created, a TDD can finance the costs of a project through the imposition of:

(1) Special assessments for those improvements that specifically benefit the properties within the district;
(2) A property tax in an amount not to exceed $0.10 per $100 of assessed valuation;
(3) A sales tax up to a maximum of one percent; or
(4) Tolls and fees for use of the project.

A TDD may also issue bonds, notes and other obligations and may secure its obligations by mortgage, pledge, assignment or deed of trust of any or all of the property and income of the district.

PRACTICAL NOTES

How is a TDD different from a CID, and vice versa?
A transportation development district (a "TDD") can only finance transportation-related improvements, while a CID can finance a wide-array of public improvements and services. A TDD can finance improvements that benefit the property within its boundaries; a CID generally cannot spend money on projects outside of its boundaries. TDD bonds can have a 40-year maturity, while CID bonds are limited to 20 years. A TDD property tax cannot exceed $0.10; there is no limit on the CID property tax.

E. NEIGHBORHOOD IMPROVEMENT DISTRICTS
[§§ 67.453-67.475 RSMO]

PURPOSE

A neighborhood improvement district ("NID") may be created for the purpose of financing public facilities or improvements that confer a benefit upon property within the district.

ELIGIBLE PROJECTS

A NID may fund public facilities or improvements including the following:

(1) Acquisition of property;
(2) Improvement of streets, gutters, curbs, sidewalks, crosswalks, driveway entrances and structures, drainage works incidental thereto and service connections from sewer, water, gas and other utility mains, conduits or pipes;
(3) Improvement of storm and sanitary sewer systems;
(4) Improvement of streetlights and street lighting systems;
(5) Improvement of waterworks systems;
(6) Improvement of parks, playgrounds and recreational systems;
(7) Landscaping streets or other public facilities;
(8) Improvement of flood control works;
(9) Improvement of pedestrian and vehicle bridges, overpasses, and tunnels;
(10) Improvement of retaining walls and area walls on public ways;
(11) Improvement of property for off-street parking;
(12) Acquisition and improvement of other public facilities or improvements; and
(13) Improvements for public safety.

IMPLEMENTATION

A NID is created by either an election held or petition circulated within the proposed district. If created pursuant to an election, the proposal must be approved by the percentage of voters within the proposed district voting thereon required for general obligation bonds (four-sevenths or two-thirds depending on the date of the election). Alternatively, a NID may be created by resolution or ordinance of the governing body of a municipality upon receipt of a petition signed by the owners of record of at least two-thirds by area of all real property located within the proposed district.

FUNDING

A NID finances improvements through the imposition of special assessments apportioned against the property within the district. Once the creation of the NID has been approved, plans and specifications for the project and a preliminary assessment roll will be prepared and the governing body of the municipality will hold a public hearing. Following the completion of the construction of the project, the final costs and assessments will be computed and notice mailed to taxpayers. Charges may be assessed equally per front foot or per square foot or pursuant to any other reasonable assessment plan; provided, the amount of the assessment correlates to the benefits accruing to the property by reason of the improvements.

Once the preliminary assessment roll is prepared and following submission of a petition signed by a specified number of property owners or, in certain cases, an election, the governing body of the municipality can issue general obligation bonds.

The bonds are a form of general obligation bonds. The bonds are payable as to both principal and interest from the assessments and, if not so paid, from current income and revenue and revenues and surplus funds of the city or county that formed the district. The city or county is not authorized to impose any new or increased ad valorem property tax to pay principal of or interest on the bonds without voter approval. If the city or county uses funds on hand to pay debt service, the issuer can reimburse itself from assessments at a later date.

The maximum amount of general obligation indebtedness incurred by a municipality for all NIDs approved by the municipality is limited to 10% of assessed value of all taxable tangible property within the municipality, as shown by the last completed assessment. The maturity of the bonds is limited to 20 years.

PRACTICAL NOTES

How is a NID different than a CID or a TDD?

Unlike other entities that could be created to finance improvements, a NID is not a separate legal entity. A NID has no power to impose a property tax or sales tax and is subject to the municipality's constitutional debt limitation.

F. SPECIAL BUSINESS DISTRICTS
[§§ 71.790 - 71.808 RSMO]

PURPOSE

A special business district ("SBD") may be created for the purpose of, among other things, carrying out public capital improvements, the addition of special police or cleaning facilities, and to grant permits for desired private usage of public property.

IMPLEMENTATION

A special business district is established by a resolution of the city. Prior to this, the city must first conduct a survey to determine the best location for the district, and the need for special services to be provided for and funded by the district.

ELIGIBLE PROJECTS AND POWERS OF SPECIAL BUSINESS DISTRICT

An SBD may fund public facilities or improvements within its boundaries, including the following:

(1) Close, open, or widen streets or alleys in whole or in part;
(2) To construct or install pedestrian or shopping malls, plazas, sidewalks or moving sidewalks, parks, meeting and display facilities;
(3) Convention centers or Arenas;
(4) Sculpture;
(5) Landscaping;
(6) To install, operate, or lease public music and news facilities;
(7) To purchase and operate buses, minibuses, mobile benches, and other modes of transportation;
(8) Child-care facilities;
(9) To lease space for sidewalk café tables and chairs;
(10) To construct lakes, dams, and waterways of whatever size;
(11) To provide special police or cleaning facilities;
(12) To maintain municipality-owned property;
(13) To grant permits for newsstands, sidewalk cafes, and other desired private usages of public property;

(14) To prohibit or restrict vehicular traffic within the SBD as the governing body may deem necessary;
(15) To lease, acquire, dispose of, construct, reconstruct, extend, maintain, or repair parking garages; and
(16) Business activity promotion;

FUNDING

An SBD finances improvements through the imposition of special assessments, not to exceed eighty-five cents on the one-hundred dollar assessed valuation, apportioned against the property within the district. Once the SBD has been established, it may incur indebtedness or issues bonds or notes upon approval of a majority of the voters of the district.

PRACTICAL NOTES

How is an SBD different than a NID, CID or TDD?

An SBD can finance a variety of public improvements, just like a NID, CID, or TDD. However, the difference is that the city can establish the SBD directly and can determine the costs and debts incurred by the district.

G. DEVELOPMENT/COOPERATION AGREEMENTS
[§§ 70.210-70.320 RSMO]

PURPOSE

As an alternative to tax increment financing ("TIF"), a municipality may enter into an agreement (commonly referred to as a "sales tax rebate agreement," a "development agreement" or a "cooperative agreement") with a property owner, whereby the private owner agrees to fund the costs of certain public improvements.

AGREEMENT STRUCTURE

Many retail developments require the installation of public improvements (such as roads, traffic signals and utilities) to accommodate the development. Under the typical agreement, the developer agrees to advance the costs of the public improvements. The political subdivision agrees to reimburse the developer for such costs, with interest, over a specified period of time. The agreement usually provides that only a portion of the incremental (i.e., new) sales tax revenues generated from the development will be used to reimburse the cost of the public improvements. This results in immediate new revenue to the municipality, while also providing a source of repayment for the public improvements. Because the developer usually assumes responsibility for initial construction of the public improvements, the agreement will provide for payment of prevailing wages, payment and performance bonds, and indemnification of the governing body.

PRACTICAL NOTES

Who may enter into a development agreement?
Any political subdivision, private person or firm. The political subdivision must authorize the contract by ordinance, order or resolution.

How is a development agreement different than a TIF?
Undertaking a sales tax rebate agreement is a fairly simple process, since the governing body is obligating only its funds – not the funds of any other political subdivision. No public hearing or consultation with other political subdivisions is required. The municipality need only approve the agreement by resolution, order or ordinance.

H. LOCAL OPTION ECONOMIC DEVELOPMENT SALES TAX
[§§ 67.1305 RSMO]

PURPOSE

Allows citizens to authorize a supplemental sales tax dedicated to certain economic development initiatives in their home municipality.

IMPLEMENTATION

The Local Option Economic Development Sales Tax may only be imposed by a municipality after majority approval by voters of the municipality in a citywide, county or state general, primary or special election. Upon voter approval, the governing body of the municipality establishes an Economic Development Tax Board to oversee project proposals, construction activities, and distribution of Local Option Sales Tax funds and to prepare required annual reports. The members of the Board are not compensated and are appointed by the subject city and county governing bodies, and by the school district(s) included within any economic development plan area funded by the Local Option Tax.

USES OF FUNDS

Revenues generated by the tax may not be used for retail developments unless such retail projects are limited exclusively to the redevelopment of downtown areas and historic districts. Not more than twenty-five percent (25%) of the revenue generated by this tax shall be used annually for administrative purposes, including staff and facility costs. At least twenty percent (20%) of the revenue generated by the tax shall be used solely for projects directly related to long-term economic development, including, but not limited to, the following:

(1) Land acquisition;
(2) Installation of infrastructure for industrial or business parks;
(3) Extension of streets;
(4) Public facilities directly related to economic development and job creation; and
(5) Providing matching dollars for state or federal grants relating to such long-term projects.

Remaining revenues, or any revenues not used for administrative costs or economic development projects, may be used for:

(1) Marketing;
(2) Providing grants or loans to companies for job training, equipment acquisition, site development, and infrastructures;
(3) Training programs to prepare workers for advanced technologies and high skill jobs;
(4) Legal and accounting expenses directly associated with the economic development planning and preparation process; and
(5) Developing value-added and export opportunities for Missouri agricultural products.

I. LAND CLEARANCE FOR REDEVELOPMENT AUTHORITY
[§§ 99.300 – 99.660 RSMO]

PURPOSE

A Land Clearance for Redevelopment Authority (an "Authority") may be created to assist counties and municipalities to redevelop blighted or insanitary areas for residential, recreational, commercial, industrial or public uses.

IMPLEMENTATION

Before an Authority may operate in a city or county, the governing body of the city or county must (1) find that one or more "blighted" or "insanitary" areas (each as defined in the LCRA law) exist in the community and that the redevelopment of such area or areas is necessary in the interest of the public health, safety, morals or welfare of the residents of the community, and (2) approve the conduct of business by the Authority. Although any municipality or county can authorize the operation of an Authority, any municipality that contains less than 75,000 inhabitants is required to obtain majority voter approval to allow the Authority to operate. Regional authorities may also be created where two or more cities or counties cooperate to do so.

GOVERNANCE

An Authority is governed by a board of five commissioners appointed by the mayor for a municipal authority or county commission for a county authority. Commissioners must be taxpayers who have resided in the city or county forming the Authority for at least 5 years. In the case of a regional Authority, each city or county appoints one commissioner.

POWERS

The LCRA law provides for the financing of any land clearance or urban renewal project.

A "land clearance project" includes any work or undertaking to acquire blighted or insanitary areas or portions thereof; clearing any such areas by demolition or removal of structures and improvements thereon and to install, construct or reconstruct streets, utilities, and site improvements essential to the preparation of sites for uses in accordance with a redevelopment plan; retain, sell or lease the land; and develop, construct, repair or improve residences, houses, buildings, structures and other facilities.

An "urban renewal project" includes any surveys, plans, undertakings and activities for the elimination and for the prevention of the spread or development of insanitary, blighted, deteriorated or deteriorating areas and may involve any work or undertaking for such purpose constituting a land clearance project or any rehabilitation or conservation work, or any combination of such undertaking or work in accordance with an urban renewal project.

"Rehabilitation or conservation work" is also defined in the statute and may include such things as carrying out plans for rehabilitation of buildings and other improvements, acquiring real property and demolition and clearing of such property to accomplish certain enumerated purposes; developing buildings and other structures; installing improvements necessary for carrying out the urban renewal project; and the disposition of the urban renewal project and related land.

Funding & Tax Abatement

An Authority may issue bonds and may secure any of such obligations by mortgage, pledge, assignment or deed of trust of any or all of the property and income of the Authority, respectively. If the bonds are issued to pay the costs of certain types of projects (e.g., manufacturing facilities or governmental purposes), the bonds may be able to be issued as tax-exempt bonds for federal income tax purposes, carrying lower interest rates than those obtained through conventional financing. Bond issues in excess of $10,000,000 must be sold at public sale.

Any property held by the Authority in fee simple is subject to property tax abatement. A developer could enter into a financing arrangement similar to Chapter 100 where the developer receives the benefit of the abatement during the period any bonds remain outstanding.

In addition, in any constitutional charter city, any person may apply to that community's Authority for certification that real property owned, leased or rented by such person is located in a blighted area. After the Authority receives acceptable plans demonstrating that the person making the application is engaged in new construction or rehabilitation of the real property in accordance with an approved urban renewal or redevelopment plan, the Authority shall issue a certificate of qualification for tax abatement to the applicant.

Other Considerations

No real property can be acquired by the Authority until a plan is adopted by the governing body. An Authority may use the power of eminent domain to acquire any interest in any real property that is necessary to the redevelopment plan.

An Authority is a separate political entity required to comply with all Missouri laws applicable to political subdivisions (e.g., public meetings, Sunshine Law requirements, annual budgets, etc.). At least once a year the Authority must file a report of its activities with the city or county clerk where the Authority is located. Also, every five years the governing body of the city or county is to have a hearing to determine whether the Authority is making satisfactory progress under the time schedules in plans that have been approved.

Many provisions of the LCRA law are similar to the Planned Industrial Expansion Authority ("PIEA") law. However, the PIEA law is available only to cities with a population of at least 400,000 and to home rule charter cities. Additionally, the PIEA law is focused on industrial development.

PRACTICAL CONSIDERATIONS

When a developer applies to an Authority for tax abatement, the Authority should perform an analysis of the project and the potential return the project could generate to the developer with or without tax abatement in an effort to discern whether the project requires tax abatement in order to be successful. The following spreadsheets present examples of methods for such an analysis for both for-sale and for-lease projects. In addition to the following illustrative spreadsheets, the City will be delivered a digital file with these spreadsheets so that the City's staff can conduct these analyses using the methods herein described.

FOR-SALE TAX ABATEMENT

Table 1 presents a summary of a for-sale residential project applying for tax abatement. Basic information about the project is included in this table.

Table 1
Summary of Project Concept & Sales Proceeds
Tax Abatement Analysis

Address: 1234 Xyz Lane
Parcel ID: 123456789101

BUILDING CHARACTERISTICS:

Bedrooms	Bathrooms	Size (sq.ft.)	Anticipated Sale Price	Units	Total Proceeds	Total Saleable Area
2	**2.5**	1,600	**200,000**	1	$200,000	1,600
					$0	0
					$0	0
					$0	0
TOTAL SALES PROCEEDS:					**$200,000**	**1,600**

Residential sales price/sq. ft.: $ 125

Table 2 illustrates the developer's Uses of Funds. The table includes the major categories of costs that would be incurred by the developer, though it can, of course, be changed as needed. This information should be supplied by the developer at the request of the Authority.

Table 2
Uses of Funds
Tax Abatement Analysis

Acquisition Costs		$	50,000
Hard Construction Costs			
	Demolition		
	Construction/Rehabilitation	$	93,700
	Site Work	$	2,000
	Construction Contingency		
Soft Costs			
	Architectural	$	4,000
	Construction Permits		
	Engineering		
	Property Survey		
	Property Appraisal		
	Consultant Fees	$	1,500
Financing Costs			
	Construction Period Insurance	$	800
	Construction Period Interest	$	3,000
	Construction Loan Fee		
	Construction Period Taxes		
	Title, Recording & Disbursing		
	Misc. Closing Costs		
	Accounting Fees		
Marketing Costs			
	Advertising & Promotion		
	Sales Literature		
	Miscellaneous		
Total Uses:		**$**	**155,000**
Costs Per Square Foot		$	97

Table 3 illustrates possible state historic tax credits generated by the project. These should only be included in the analysis where applicable, which is to say when a historic property is being redeveloped, or a property located in a state historic district.

Table 3
Historic Tax Credit Calculation
Tax Abatement Analysis

Total cost less acquisition:		105,000
Discount		95.00%
Eligible costs[1]	25%	24,938
State tax credit pricing rate:		84.00%
State tax credit proceeds		**20,948**

[1] 25% of costs, less acquisitions, are eligible for reimbursement via the state historic tax credit program.

Table 4 illustrates sources of funds and the developer fee (or profit) the project could generate. This table compares an acceptable developer fee equal to four percent of the original purchase price and fifteen percent of the development ("other") costs.

Table 4
Permanent Sources of Funds & Allowable Developer's Fee
Tax Abatement Analysis

Residential sales proceeds:		$	200,000
LESS: Commissions:	7.00%	$	(14,000)
Total sales proceeds:		**$**	**186,000**
PLUS: Historic tax credit proceeds:		$	20,948
Total proceeds:		**$**	**206,948**
LESS: Total costs:		$	(155,000)
Total Development Proceeds After Historic Tax Credits:		**$**	**51,948**

Allowable Developer's Fee

Acquisition:	4.00%		$	2,000
Other costs:	15.00%		$	15,750
Total allowable developer's fee:			**$**	**17,750**
Excess/(deficit) developer's fee:			**$**	**34,198**
% excess developer fee:			**192.66%**	

FOR-LEASE TAX ABATEMENT

Commercial or residential for-lease projects applying for tax abatement should be analyzed differently from for-sale projects because these projects generate annual cash-flows instead of a lump-sum return. To that end, the Authority should analyze the potential annual cash-flow generated by a project applying for tax abatement in order to determine whether or not the project requires tax abatement in order to be successful.

Table 1, at right, illustrates the Sources and Uses information that should be requested from the developer by the Authority. This list differs slightly from the Sources and Uses list in the For-Sale Tax Abatement sheet primarily due to the fact that there can be more than one source of debt and equity in commercial or residential for-lease projects.

Table 1
Summary of Project Sources and Uses

Sources & Uses of Funds

Sources			% of Total
Mortgage Debt		$ 2,977,823	66%
Subordinated Debt		$ -	0%
Equity		$ -	0%
Tax Credit Proceeds		$ 1,521,214	34%
Total Sources		**$ 4,499,037**	100%

Uses			Per Unit
Acquisition Costs		$ 742,000	$ 22,485
Hard Construction Costs			$ 98,144
	Demolition	$ -	
	Construction: New	$ 270,000	
	Construction: Rehabilitation	$ 2,810,168	
	Construction: Owner provided	$ 38,100	
	Construction Contingency	$ 100,000	
	Construction Utilities & Deposits	$ 20,500	
Soft Costs			
	Architectural& Engineering	$ 104,000	
	Developer fee	$ 714,634	
	Property Survey	$ -	
	Market Study/Appraisal	$ 11,000	
	Consultant	$ 28,000	
	Legal Fees	$ 30,000	
	Accounting Fees	$ 10,000	
	Soft Cost Contingency	$ 40,000	
Financing Costs			
	Construction Period Insurance	$ 37,500	
	Construction Period Interest	$ -	
	Construction Loan Fee	$ 10,000	
	Construction Period Taxes	$ -	
	Title, Recording & Disbursing	$ 24,000	
	Tax Credit Fees	$ 500	
Marketing Costs			
	Advertising & Promotion	$ 2,400	
	Sales Literature	$ -	
	Miscellaneous	$ -	
Total Uses:		**$ 4,992,802**	

Table 2 provides a Summary of Project Financing. Information on the project's debt-financing structure should be provided to the Authority by the developer upon the Authority's request.

Table 2
Summary of Project Financing

Financing Information

Loan Amount	$	2,977,823
Interest Rate		6.50%
Amortization (Years)		30
Mortgage Constant		0.075848
Interest Only Financing?		**no**
Monthly Debt Service Payment	$	18,822

Subordinated Debt Assumptions

Loan Amount	$	-
Interest Rate		7.50%
Amortization (Years)		30
Mortgage Constant		0.000000
Monthly Debt Service Payment	$	-

Table 3 illustrates possible proceeds from state and federal historic tax credits, should the developer be utilizing this source of equity for the project. This table is only necessary when a project is situated in a historic district or affects a historic structure that is on the national historic register or state historic register.

Table 3
Summary of Historic Tax Credits Pricing & Proceeds

Historic Tax Credit Calculator	
Total cost less acquisition:	4,250,802
Eligible costs:	3,980,802
% eligible for historic tax credits:	95%
State tax credit pricing rate:	86.50%
Percent of Costs Eligible:	25.00%
State tax credit proceeds:	$817,806
Federal tax credit pricing rate:	93.00%
Percent of Costs Eligible:	20.00%
Federal tax credit proceeds:	$703,408
Total Historic Credit Proceeds	$1,521,214

Table 4 illustrates assumptions relative to per-unit expenses, potential vacancy and collection loss rates, as well as inflation rates for costs and revenues

Table 4
Summary of Revenue & Expense Assumptions

Revenue & Expense Assumptions	
Vacancy & Collection Loss Factor	5.00%
(less taxes)	$135
Annual per-unit operating expense before taxes:	$1,620
Rent Inflation Factor	2.75%
Parking Inflation Factor	0.50%
Other Income Inflation Factor	0.50%
Expense Inflation Factor	2.25%
RE Tax Inflation Factor	1.00%

Table 5 illustrates unit rents and monthly and annual rents generated by the project. Listed are hypothetical rents and unit mix for a hypothetical project.

Table 5
Projected Rent Roll

Unit Type	# of Units	% of Total	Unit Area (SF)	Total SF	Monthly Rent per Unit	Total Monthly Rent	Annual Rents
A	4	12%	*900*	*3,600*	*$750.00*	*$3,000.00*	$36,000
B	3	9%	*750*	*2,250*	*$650.00*	*$1,950.00*	$23,400
C	2	6%	*1,100*	*2,200*	*$900.00*	*$1,800.00*	$21,600
D	4	12%	*630*	*2,520*	*$700.00*	*$2,800.00*	$33,600
E	2	6%	*1,750*	*3,500*	*$1,000.00*	*$2,000.00*	$24,000
F	4	12%	*825*	*3,300*	*$700.00*	*$2,800.00*	$33,600
G	4	12%	*825*	*3,300*	*$750.00*	*$3,000.00*	$36,000
H	2	6%	*912*	*1,824*	*$800.00*	*$1,600.00*	$19,200
I	2	6%	*2,142*	*4,283*	*$2,275.00*	*$4,550.00*	$54,600
J	2	6%	*3,000*	*6,000*	*$2,550.00*	*$5,100.00*	$61,200
K	2	6%	*900*	*1,800*	*$800.00*	*$1,600.00*	$19,200
L	2	6%	*900*	*1,800*	*$800.00*	*$1,600.00*	$19,200
Totals	**33**	**100%**		**36,377**	**$31,800**	**$88,750**	**$381,600**

Table 6 summarizes assessment information. It shows the proposed term of tax abatement, the current assessment, total cost of improvements, current market value based on the acquisition price, and market value after redevelopment based on acquisition plus cost of improvements. The table allows the user to determine the ratio of uses for the project in order to properly assess projects that have a mix of residential and commercial uses.

This table also presumes assessment of the value after redevelopment based on the cost approach to property value assessment. An income approach to assessment may also be used instead if the Authority prefers that method.

Table 6
Summary of Assessment Information

Assessment Information	
Residential Assessment Rate	19%
Commercial Assessment Rate	32%
Checks	
Residential?	x
Commercial?	
Tax Abatement Term:	**5**
Current Assessment	$140,980.00
Improvements (less acq. Cost)	$4,250,802.00
Current Market Value (acquisition price)	$742,000.00
Market Value upon Redevelopment	$4,992,802.00
Assessed-Value Calc for tax abated period	$1,409.80
Assessed Value Calc without tax abatement	$8,537.69

Table 7 estimates the fiscal impact of tax abatement to affected taxing jurisdictions. Sample local taxing jurisdiction rates are included below for the project example. The table shows the estimated annual revenue to the taxing jurisdictions during and after the tax abatement period based on the conditions noted below the table.

Table 7
Estimated Fiscal Impact of Tax Abatement on Affected Taxing Jurisdictions (2008)
Tax Abatement Analysis

Taxing Jurisdiction and Purpose	Est. Annual Share of Property Tax		Est. Annual Revenue	Est. Annual Revenue
	Fractions	Whole	Years 1-5	Year 6+
State-Blind Pension	0.0300	0.03	$42.29	$256.13
School District-General Fund	3.9720	3.97	$5,599.73	$33,911.71
Community College District	0.2231	0.22	$314.53	$1,904.76
Library	0.5104	0.51	$719.56	$4,357.64
Sheltered Workshop District	0.1368	0.14	$192.86	$1,167.96
City				
Municipal Operation	0.8687	0.87	$1,224.69	$7,416.69
County Purposes	0.3134	0.31	$441.83	$2,675.71
Hospital Purposes	0.0895	0.09	$126.18	$764.12
Public Health Purposes	0.0179	0.02	$25.24	$152.82
Recreation Purposes	0.0179	0.02	$25.24	$152.82
Interest and Public Debt	0.1328	0.13	$187.22	$1,133.81
M & M Surtax (Commercial Only)	1.6400	1.64	$2,312.07	$2,312.07
Total Annual Revenues	**$ 6.3125**	**$ 6.3125**	**$ 8,899.36**	**$ 53,894.18**

ASSUMPTIONS:

For period of tax abatement: No change in property tax; Values not adjusted for inflation; Property will be taxed at full assessment after expiration of abatement period; Assessment at such time is based on cost of project as described herein; Project assumed to result in an assessed value after end of tax abatement period of $4,992,802.00

Table 8 presents a projected cash flow for this hypothetical project. Particular attention should be paid to the Debt-Coverage Ratio, which measures the project's ability to repay its debt and to provide a return to the developer and/or investors. It appears that this hypothetical project does okay with five-year tax abatement. At the conclusion of the five-year tax abatement period, however, the project goes "under water" and produces negative revenue. In this scenario, the developer would have to reexamine their units and rents, or apply to the Authority for a tax abatement period of 10 years in order to make the project sustainable.

Table 8
Cash Flow Projection

		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
Income																
Gross Potential Rent		$ 381,600	$ 392,094	$ 402,877	$ 413,956	$ 425,339	$ 437,036	$ 449,055	$ 461,404	$ 474,092	$ 487,130	$ 500,526	$ 514,290	$ 528,433	$ 542,965	$ 557,897
Vacancy/Collection Loss	(5.00%)	(19,080)	(19,605)	(20,144)	(20,698)	(21,267)	(21,852)	(22,453)	(23,070)	(23,705)	(24,356)	(25,026)	(25,715)	(26,422)	(27,148)	(27,895)
Net Rental Income		362,520	372,489	382,733	393,258	404,072	415,184	426,602	438,334	450,388	462,773	475,500	488,576	502,012	515,817	530,002
Other Income			-	-	-	-	-	-	-	-	-	-	-	-	-	-
Effective Gross Income		**$ 362,520**	**$ 372,489**	**$ 382,733**	**$ 393,258**	**$ 404,072**	**$ 415,184**	**$ 426,602**	**$ 438,334**	**$ 450,388**	**$ 462,773**	**$ 475,500**	**$ 488,576**	**$ 502,012**	**$ 515,817**	**$ 530,002**
Expenses	**Year 1 Per Unit**															
Misc. Expenses	$ 135.00	53,460	54,663	55,893	57,150	58,436	59,751	61,095	62,470	63,876	65,313	66,782	68,285	69,821	71,392	72,999
Real Estate Taxes	$ 22.47	8,899	8,899	8,899	8,899	8,899	53,894	53,894	53,894	53,894	53,894	53,894	53,894	53,894	53,894	53,894
Total Expenses	$ 157.47	**$ 62,359**	**$ 63,562**	**$ 64,792**	**$ 66,050**	**$ 67,336**	**$ 113,645**	**$ 114,990**	**$ 116,364**	**$ 117,770**	**$ 119,207**	**$ 120,677**	**$ 122,179**	**$ 123,716**	**$ 125,287**	**$ 126,893**
Net Operating Income		**$ 300,161**	**$ 308,927**	**$ 317,941**	**$ 327,208**	**$ 336,737**	**$ 301,539**	**$ 311,612**	**$ 321,969**	**$ 332,618**	**$ 343,566**	**$ 354,823**	**$ 366,397**	**$ 378,296**	**$ 390,531**	**$ 403,109**
Financial Expense																
1st Mortgage Debt Service (P & I)		$ 225,862	$ 225,862	$ 225,862	$ 225,862	$ 225,862	$ 225,862	$ 225,862	$ 225,862	$ 225,862	$ 225,862	$ 225,862	$ 225,862	$ 225,862	$ 225,862	$ 225,862
Subordinated Debt Service (P & I)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Financial Expense		**$ 225,862**	**$ 225,862**	**$ 225,862**	**$ 225,862**	**$ 225,862**	**$ 225,862**	**$ 225,862**	**$ 225,862**	**$ 225,862**	**$ 225,862**	**$ 225,862**	**$ 225,862**	**$ 225,862**	**$ 225,862**	**$ 225,862**
Cash Flow		**$ 74,298**	**$ 83,065**	**$ 92,078**	**$ 101,346**	**$ 110,874**	**$ 75,677**	**$ 85,750**	**$ 96,107**	**$ 106,756**	**$ 117,704**	**$ 128,961**	**$ 140,534**	**$ 152,434**	**$ 164,668**	**$ 177,247**
Debt-Coverage Ratio		**1.33**	**1.37**	**1.41**	**1.45**	**1.49**	**1.34**	**1.38**	**1.43**	**1.47**	**1.52**	**1.57**	**1.62**	**1.67**	**1.73**	**1.78**

Table 9 illustrates a methodology by which to compare an Authority-defined allowable developer fee with the actual developer fee – as submitted by the developer. Most developers will build in to their project's financing a fee so that they can pay themselves and feed their family while the project is beginning. This spreadsheet presents the Authority with a method to determine whether or not they developer is paying themselves too well, and also measures an allowable return to the developers return after they recuperate any funds from a "deferred" developer fee, which is often accounted for as equity for the project.

The table also incorporates a construction loan interest check to make sure that the developer is not either paying too much for their construction loan, or hiding costs in the construction loan amount they've submitted to the Authority.

Table 9
Developer Fee Check

PER ANALYSIS:

Sources

Debt Supported by NOI at 1.25 DSC	$2,977,823	66%
Subordinated Debt		0%
Equity or Deferred Dev. Fee	$0.00	0%
Tax Credit Proceeds	$1,521,213.72	34%
Total Sources	**$4,499,036.72**	100%

DEVELOPER FEE CHECK:

Acquisition costs:	$ 742,000
Development costs w/o developer fee:	$ 4,278,168
Developer fee on acquisiton @ 4%:	$ 29,680
Developer fee on development costs @ 15%:	$ 641,725
Total allowable developer fee:	**$ 671,405**
Total developer fee in proforma:	$ 714,634
LESS: Equity or deferred developer fee:	0
Actual developer fee:	**$ 714,634**
Developer fee OK?	NO

(OK if actual is less than allowable.)

CONSTRUCTION PERIOD INTEREST CHECK:

Loan amount:	$ 2,977,823
Construction period annual interest rate:	6.00%
Average disbursement factor:	65.00%
Construction period--months:	15.00
Construction interest calculated:	**$ 145,169**
Construction interest per developer:	$ -
Excess construction interest:	$ (145,169)
Construction interest OK?	YES

(OK if excess is <25% of calculated.)

STATE INCENTIVES

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A. MISSOURI DOWNTOWN AND RURAL ECONOMIC STIMULUS ACT

[§§ 99.915-99.1060 RSMO]

PURPOSE

The Missouri Downtown and Rural Economic Stimulus Act ("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. MODESA permits cities and counties to use a portion of new tax revenues that otherwise would be paid on a completed project to repay all or a portion of the development costs, thereby reducing the net annual debt service on the completed project. In this manner, new tax revenues are not abated, but rather redirected to fund a portion of the costs of the development project. The availability of these new tax revenues to assist in paying project costs is intended to encourage developers to redevelop deteriorated or deteriorating downtowns.

ELIGIBILITY

MODESA may only be utilized for a "major initiative" in a municipality (a city, village, or incorporated town or any county of the State established on or before January 1, 2001). A "major initiative" is a project that promotes:

(1) Tourism, cultural activities, arts, entertainment, education, research, multipurpose facilities, libraries, ports, mass transit, museums and conventions, the estimated cost of which equals or exceeds the amount set forth below, or

(2) Business locations or expansions which create new jobs as set forth below within three years.

Population of Municipality	Estimated Project Costs	New Jobs Created
300,000 or more	$10,000,000	at least 100
100,000 to 299,999	$5,000,000	at least 50
50,001 to 99,999	$1,000,000	at least 10
50,000 or less	$500,000	at least 5

MODESA authorizes a municipality to provide long-term financing for development projects in designated development areas through the issuance of bonds or other obligations. Such bonds or obligations may be payable from the incremental increase in real estate taxes and 50% of the increase in certain other tax revenues generated by economic activities within the development area (including most sales taxes and earnings taxes). MODESA bonds or other obligations may be issued directly by a municipality or by a downtown economic stimulus authority on behalf of a municipality.

IMPLEMENTATION

Before a municipality may implement financing under MODESA,

(1) The municipality must create a downtown economic stimulus authority;
(2) A development plan, including a description of the development area and the development projects therein, must be prepared;
(3) The authority or municipality must hold a public hearing and the authority must make a recommendation to the municipality pertaining to the development plan, the development projects and the designation of the development area; and
(4) The municipality must adopt an ordinance (resolution in the case of counties) approving the development plan, the development projects and the designation of the development area as discussed below.

Once the ordinance or resolution is adopted, development financing under MODESA may be implemented for one or more development projects within a development area. Because of various notice and hearing requirements, it will take at least 90 days (and more commonly 120 days or longer) to establish an authority and adopt a development plan.

CRITERIA FOR ELIGIBLE DEVELOPMENT AREAS UNDER MODESA

1. The development area is at or near the historic downtown;
2. The development area is a blighted area or a conservation area;
3. The median income of the municipality is below $62,000;
4. 50% of the development area's buildings are in excess of 35 years old;
5. The historic land use was mixed use;
6. The development area does not exceed 10% of the entire area of a municipality;

7. The development area is not located in a 100 year flood plain unless the property is protected by a structure certified by the U.S. Army Corps of Engineers; and
8. The development area includes only the property that is directly and substantially benefited by the proposed development plan.

The development area must contain property that may be classified as either a "blighted area" or a "conservation area" as such terms are defined in the MODESA Act. The entire development area need not meet the criteria of one of these two categories, but must include only "those parcels of real property directly and substantially benefited by the proposed development plan." Thus, a larger development area that includes property that is increasing in value can enhance the feasibility of a development project, provided the larger area, on the whole, is a blighted or conservation area and is "directly and substantially benefited" by the development plan.

PRACTICAL NOTES

A MODESA must also, ultimately, be approved by the Missouri Department of Economic Development. Any municipality considering MODESA should also engage the Missouri Department of Economic Development early on in the process.

B. MISSOURI DOWNTOWN PRESERVATION ACT (MODESA LIGHT) [§§ 99. 1080-99.1092 RSMO]

PURPOSE

The purpose of the Downtown Revitalization Preservation Program (the "Downtown Preservation Program"), which is sometimes referred to as MODESA Light, is to facilitate the redevelopment of downtown areas and the creation of jobs by providing essential public infrastructure.

ELIGIBILITY

Any city or county in the state having fewer than 200,000 inhabitants and a median household income of $62,000 or less according to the last decennial census may utilize this program. To be eligible, the community must have a development project with its Central Business District (described below) which promotes tourism, cultural activities, arts, entertainment, education, research, arenas, multipurpose facilities, libraries, ports, mass transit, museums, economic development or conventions (referred to in the statute as a "Major Initiative"). The capital investment within the redevelopment project must be:

Population of Municipality	Estimated Project Costs
100,000 to 199,999	$5,000,000
50,000 to 99,999	$1,000,000
10,000 to 49,999	$500,000
1 to 9,999	$250,000

Eligible project costs that may be paid from revenues of the program include costs expended on public property, buildings or rights-of-way for public purposes to provide infrastructure for the project. Facades are an included eligible cost. Only initial expenses may be paid. Design costs and financing costs related to public infrastructure are among the eligible costs listed in the statute.

IMPLEMENTATION

The procedural requirements of the Downtown Preservation Program have some similarities to MODESA. The municipality designates a "Central Business District" at or near its historic core that is traditionally known as the "downtown." At least half of the existing buildings in the Central Business District must be at least 35 years old or vacant lots that had structures on them that were built at least 35 years prior to the adoption of the redevelopment plan. The historical Central Business District land use emphasis must be mixed uses, including business, commercial, financial, transportation, government and multifamily residential uses.

The municipality then designates a redevelopment area within the central business district and prepares and adopts a redevelopment plan for the redevelopment of the area after a public hearing is held. In addition to other required elements of the redevelopment plan, a displacement study (the Department of Economic Development may exempt smaller projects from this requirement) and an economic feasibility analysis must be included.

As part of adoption of the plan, the municipality must receive a determination of an independent third party that the redevelopment area on the whole is a "blighted" or "conservation" area (both terms are defined in the Downtown Preservation Program statute).

After adoption of the redevelopment plan, application is made to the Department of Economic Development for funding under the Downtown Preservation Program.

OTHER CONSIDERATIONS

There are certain similarities between the Downtown Preservation Program and MODESA. Both allow the capture of certain State funds to pay project costs in the traditional downtown areas of communities. However, there are also a number of differences. Generally speaking, the requirements of the Downtown Preservation Program statute are designed to be an easier application process than MODESA. However, unlike MODESA, only 50% of incremental general revenue portion of State sales tax can be utilized for project costs, and there is no option to capture a portion of State income tax.

In terms of local tax revenues, the only revenues that are captured are one half of the incremental general sales taxes (e.g. not special sales taxes such as capital improvement sales taxes, law enforcement sales taxes, etc.) of the city and county, and the county may choose to opt out. No property taxes are captured under the Downtown Preservation Program. Revenues may be captured for up to 25 years.

A project that receives funding under the Downtown Preservation Program cannot thereafter receive tax increment financing assistance and continue to receive assistance under the program.

C. HISTORIC PRESERVATION CREDIT
[§§ 253.545 - 253.561 RSMO]

PURPOSE

The Historic Preservation Credit program provides an incentive for the redevelopment of commercial and residential historic structures in Missouri.

The Historic Preservation Credit program provides State tax credits equal to 25% of eligible costs and expenses of the rehabilitation of approved historic structures (provided such costs and expenses exceed 50% of the total acquisition cost of the property). Before receiving the tax credits, an application must be submitted to the Department of Economic Development, which will then submit the information to the Missouri Historic Preservation Office to determine the eligibility of the property and proposed rehabilitation. The proposed project will be reviewed based on the "historic" standards defined by the United States Department of the Interior.

An eligible property must be:

(1) Listed individually on the National Register of Historic Places;
(2) Certified by the Missouri Department of Natural Resources as contributing to the historical significance of a certified historic district listed on the National Register of Historic Places; or
(3) In a local historic district that has been certified by the United States Department of the Interior.

ELIGIBILITY

Any taxpayer is eligible to participate in this program. Non-profit and government entities are not eligible.

PRACTICAL NOTES

<u>What if the tax credit exceeds the total State income tax liability?</u>
Any portion of the tax credit may be carried back to satisfy previous State tax liability due during each of the three previous taxable years and may be carried forward and allowed as a credit against any future taxes imposed on the owner within the next ten years.

<u>Are the tax credits transferable?</u>
A taxpayer may sell, assign, exchange or otherwise transfer earned tax credits.

D. BROWNFIELD REMEDIATION
[§§ 447.700 - 447.718 RSMO]

PURPOSE

The Brownfield Remediation Program provides financial incentives for the redevelopment of commercial or industrial sites that are contaminated with hazardous substances and have been abandoned or underutilized for at least 3 years.

The Brownfield Remediation Program provides state tax credits for up to 100% of the cost of remediating eligible properties. Before receiving the tax credits,

(1) An application must be submitted to the Department of Economic Development;
(2) An application must be submitted to the Missouri Department of Natural Resources ("DNR") for acceptance into DNR's "Voluntary Cleanup Program";
(3) If the property is not owned by a public entity, the city or county must endorse the project; and
(4) The project must be projected by the Department of Economic Development to result in the creation of at least 10 new jobs or the retention of 25 jobs by a private commercial operation.

Once both applications are approved, the Department of Economic Development will issue 75% of the credits upon adequate proof of payment of the costs of remediation and the remaining 25% upon issuance of a "clean letter" by DNR.

Remediation that is performed prior to receipt of a written authorization for remediation tax credits from the Department of Economic Development will not be eligible for tax credits and may jeopardize the project's overall eligibility for the program. Applications may be submitted at any time and are reviewed on a case-by-case basis.

ELIGIBILITY

Any taxpayer is eligible to participate in this program, however the applicant cannot be a party who intentionally or negligently caused the release or potential release of hazardous substances at the project site.

PRACTICAL NOTES

What if the tax credit exceeds the total State income tax liability?
Any portion of the tax credit may be carried forward and allowed as a credit against any future taxes imposed on the owner within the next 20 years.

Are the tax credits transferable?
A taxpayer may sell, assign, exchange or otherwise transfer earned tax credits.

E. COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS
[§§ 447.700 - 447.718 RSMO]

PURPOSE

The Community Development Block Grant Program offers grants to Missouri communities to improve local facilities, address health and safety concerns and develop a greater capacity for growth.

ELIGIBLE COMMUNITIES

Community Development Block Grant funds are only available to cities or counties in non-entitlement areas (incorporated municipalities with a population under 50,000 and counties with a population under 200,000). Projects must benefit at least 51% low to moderate income persons, address a slum or blighted condition, or meet an urgent threat to health and safety.

ELIGIBLE PROJECTS

- Action Fund Loan – loans to private companies resulting in the creation of jobs.
- Community Facilities – development of a public facility designed to provide services from a central location (senior center, community center, fire station, etc.)
- Downtown Revitalization – public infrastructure and improvements that significantly contribute to the revitalization or redevelopment of downtown areas.
- Emergency – projects meeting an urgent threat to health and safety.
- Industrial Infrastructure Grant – public infrastructure development that results in the creation of jobs by a private company benefiting from the infrastructure.
- Interim Financing Loan – short-term loan to a private company resulting in the creation of jobs.
- Speculative Industrial Building Loan – loans to a nonprofit development organization to develop a shell building for industrial purposes.
- Water and Wastewater – publicly owned water and wastewater improvements and new construction. Proposals must be reviewed by the Missouri Water and Wastewater Review Committee before application is made.
- Other Public Needs – eligible activities that are not addressed with a specific Community Development Block Grant category as listed above. Examples include: bridges, streets, housing demolition, handicapped accessibility in public buildings, or other activities deemed important for the economic growth of the community.

- Rural Affordable Housing Request for Proposals – included as part of the other public needs category listed above. Proposals must address housing development for low to moderate income persons, and must match low-income housing tax credit or other Missouri Housing Development Commission funding applications.

F. NEIGHBORHOOD ASSISTANCE PROGRAM
[§§32.100 - 32.125 RSMO]

PURPOSE

The Neighborhood Assistance Program provides assistance to community-based organizations to enable them to implement community or neighborhood projects in the areas of community service, education, crime prevention, job training and physical revitalization.

The Neighborhood Assistance Program provides State tax credits to an eligible taxpayer in an amount equal to either 50% or 70% of a qualified contribution to an approved Neighborhood Assistance Program project. Prior to receipt of the tax credit, an application must be made to the Department of Economic Development. Applications may be submitted any time after applications become available (March) to qualify for a project the following fiscal year (July 1-June 30) and not later than March 1 of the following year. Applications are reviewed until funding is depleted. Preference is given to projects addressing specified program outcomes. The program also seeks projects located in distressed communities and in target communities as determined by the Department of Economic Development.

ELIGIBLE GROUPS

Any business, non-profit corporation, 501(c)(3) organization or individuals who operate a sole proprietorship, operate a farm, have rental property or have royalty income, individuals who are a shareholder in an s-corporation, a partner in a partnership or a member of a limited liability corporation who make an eligible donation to an approved Neighborhood Assistance Program project.

PRACTICAL NOTES

<u>What if the tax credit exceeds the total State income tax liability?</u>
Any portion of the tax credit may be carried forward and allowed as a credit against any future taxes imposed on such owner within the next five years.

<u>Are the tax credits transferable?</u>
No. The tax credits may not be sold or transferred.

What are the limits on the Neighborhood Assistance tax credits?

Applicant organizations may request a maximum of $250,000 in 50% tax credits per year or $350,000 in 70% tax credits per year if the organization is located in a qualifying rural area. The maximum amount of tax credits available in any year for all participants under the program may not exceed $18,000,000. The tax credits are allocated at the discretion of the Department of Economic Development as follows: $12,000,000 million in 50% credits; and $6,000,000 million in 70% credits (reserved for projects in certain lower population or unincorporated areas). These allocations are subject to change.

G. STATE NEW MARKETS TAX CREDITS PROGRAM

PURPOSE

Essentially a state-level mirror of the Federal New Markets Tax Credit (NMTC) Program, the state NMTC Program permits taxpayers to receive a credit against State income taxes for making qualified equity investments in Community Development Entities (CDEs) certified by the Federal NMTC program. Substantially all of the qualified equity investment must in turn be used by the CDE to provide investments in low-income communities. The state NMTC Program is administered by the Missouri Department of Economic Development (DED).

The credit provided to the investor totals 39 percent of the cost of the investment and is claimed over a seven-year credit allowance period. Here, the state program differs slightly from the federal program in that in each of the first two years the investor receives zero credit, then receives a credit equal to seven percent of the total amount paid for the stock or capital interest at the time of purchase in year three. For the final four years, the value of the credit is eight percent annually. Investors may not redeem their investments in CDEs prior to the conclusion of the seven-year period.

ELIGIBILITY

An organization wishing to receive awards under the state NMTC Program must be certified as a CDE by the Federal NMTC Program.

APPLICATION PROCESS

An Applicant CDE that is certified by the Federal NMTC program and has entered into an allocation agreement with the CDFI is eligible to apply for the state NMTC program. The state application will be a two part process:

(1) An Applicant CDE will apply to the Department of Economic Development on a first come, first serve basis. DED will review the application for eligibility. Once eligibility is determined, DED will send a preliminary approval letter to the applicant CDE which will include an allocated amount of NMTC contingent upon qualified equity investments being made within 30 days of the date of the preliminary approval letter.

(2) When, within the 30-day period, the Applicant CDE has provided proof of investment, an official allocation letter will be sent to the Applicant CDE.

Applicants not successful in gaining proof of investment equal to the total amount of the allocation requested will be required to reapply. The new submittal will require a commitment that secures the investment in the amount of the allocation to accompany the new submittal.

PRACTICAL NOTES

What if the tax credit exceeds the total State income tax liability?
The amount of tax credit claimed shall not exceed the amount of the taxpayer's state tax liability for the tax year for which the tax credit is claimed.

Are the tax credits transferable?
No. The tax credits may not be sold or transferred.

Are there reporting requirements and/or limitations?
Twelve months from the date of the official allocation letter, the Applicant CDE must notify DED where the qualified equity investment was invested, provide adjusted purchase price, Senator and Representative information on where investment was made, and how much of a tax credit will be available to the taxpayer.

The issuer of the qualified equity investment shall certify to the DED the anticipated dollar amount of such investments to be made in Missouri during the first 12 month period following the initial credit allowance date. The DED limits the monetary amount of qualified equity investments to no more than will produce 15 million dollars of tax credits in any fiscal year. The limitation on qualified equity investments shall be based on the anticipated utilization of credits without regard to the potential for taxpayers to carry forward tax credits to later years.

FEDERAL INCENTIVES

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A. NEW MARKETS TAX CREDITS PROGRAM

PURPOSE

The New Markets Tax Credit (NMTC) Program permits taxpayers to receive a credit against Federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs). Substantially all of the qualified equity investment must in turn be used by the CDE to provide investments in low-income communities. The credit provided to the investor totals 39 percent of the cost of the investment and is claimed over a seven-year credit allowance period. In each of the first three years, the investor receives a credit equal to five percent of the total amount paid for the stock or capital interest at the time of purchase. For the final four years, the value of the credit is six percent annually. Investors may not redeem their investments in CDEs prior to the conclusion of the seven-year period.

Throughout the life of the NMTC Program, the Fund is authorized to allocate to CDEs the authority to issue to their investors up to the aggregate amount of $19.5 billion in equity as to which NMTCs can be claimed, including $1 billion of special allocation authority to be used for the recovery and redevelopment of the Gulf Opportunity Zone.

To date, the Fund has made 294 awards totaling $16 billion in allocation authority.

ELIGIBILITY

An organization wishing to receive awards under the NMTC Program must be certified as a CDE by the Fund.

To qualify as a CDE, an organization must:

(1) Be a domestic corporation or partnership at the time of the certification application;
(2) Demonstrate a primary mission of serving, or providing investment capital for, low-income communities or low-income persons; and
(3) Maintain accountability to residents of low-income communities through representation on a governing board of or advisory board to the entity.

PRACTICAL NOTES

How can a community source New Markets Tax Credits?

Unless a community has its own CDE, any community which has one or more projects which may have a gap in financing that requires some creativity to solve, should consider contacting a CDE which has available NMTCs to distribute. Following, is a list of CDEs that have available NMTC allocations, and which also focus on projects within the state of Missouri:

(1) CDF Development, LLC;
(2) Consortium America, LLC;
(3) National Trust Community Investment Corporation;
(4) Stonehenge Community Development, LLC;
(5) MBS Urban Initiatives CDE, LLC; and
(6) National City New Market Fund, Inc.

For further information regarding available NMTCs, please consult the Community Development Financial Institutions Fund website at www.cdfifund.gov.

Can New Markets Tax Credits be paired with other tax credits?

In order to maximize the fiscal benefit to the project, it is recommended that, where possible, a developer or community encourage the utilization of other tax credits in concert with NMTCs. An example would be a scenario in which a developer is redeveloping a historically significant structure and needs other sources of equity to make the project happen. Using state and/or federal historic tax credits along with state and/or federal NMTCs could help fill the equity gap in order to get the project done.

SECTION IV

SUMMARY OF FINANCIAL INCENTIVE RESOURCES

The following Section provides a table summary of various financing mechanisms available to the City or through State partnership. Section IV of this Report provides a brief summary of Section III.

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Summary of Financial Assistance Resources
Financial Assitance Review

Name	Eligible Uses of Funds	Formation	Powers & Limitations	Governance	Borrowing Authority	Sources of Revenue
Community Improvement District (CID) (Ch. 67, R.S.Mo.)	Public capital improvements; Private capital improvements (located in a blighted area); Special services	By governing body of City, on petition of majority owners by assessed value or number	Petition for district formation speficies: area and duration of district; maximum rate of taxes; methor and maximum rate of assessment; types of services; types of improvements; maximum borrowing authority; eligible uses of funds	Program managed by district board, with annual report to City; Board to consist of 5-30 members, appointed by City or elected by "qualified voters" of district, depending on petition; petition may identify original members; annual levy of taxes/assessment	Board may issue obligations payable solely from district revenues and assets pledged; District obligations are not general obligations of the district, unless approved by supermajority of voters in district	Special assessments approved by petition or any reasonable method of assessment; Taxes on real property and/or business license or approved by qualified voters; Authorizes different property classes and levy rates for each class based on level of benefit
Special Business District (SBD) (Ch. 71, R.S.Mo.)	Public capital improvements; special services	By governing body of City, on petition by one or more property owners	City makes all decisions for district	Advisory board of commissioners, with final authority in City governing body	District may issue general obligation bonds, with approval of supermajority of voters of the district; District may issue revenue bonds to finance revenue-producing facilities, payable from from revenue generated by those facilities	Real property taxes with maximum of $0.85 per $100 assessed valuation and approved by qualified voters and property owners; Busines license taxes if City already imposes tax on businesses licenses, then additional tax cannot exceed 50% of current tax and
Neighborhood Improvement District (NID) (Ch. 67, R.S.Mo.)	Public capital improvments	By governing body of City, upon either approval of voters in district or petition signed by 2/3 of owners of property in district by area	Election ballot or petition for distrtict formation must specify general nature of improvement, estimated cost, boundaries, method of assessment; City makes all other decision, including classifications and assessement methods	Governed by City	City must issue general obligation bonds to pay for improvements within district if special assessments are inadequate	Special assessments only; Assessment on per lineal foot or square foot or any other reasonable assessment method; Approved by vote of people in district or petition of property owners
Tax Increment Financing (99.88-.865 R.S.Mo.)	Public capital improvements; property assembly (including acquisition and demolition of buildings); costs or rehabilitation, reconstruction, or repair or remodeling of existing buildings and fixtures; relocation costs	By governing body of City; requires TIF Commission review and public hearing	Requires adoption of Redevelopment Plan which describes the project, redevelopment project costs, sources of funds to pay costs, type and term of sources of funds to pay costs, type and term of obligations, cost-benefit analysis, elgibility analysis and o	Governed by City; Incremental revenues allocated to Special Allocation Fund	Obligations secured by Special Allocation Fund and may be issued by the City; Obligations shall not be a general obligation of the political subdivision and cannot exceed 23 years; Obligations may only be payable out of any funds or properties other than	Special Allocation Fund collects local incremental revenues generated within the distict; 100% PILOTS and 50% EATS are captured by the Special Allocation Fund
Community Development Block Grant Funds	Funds a variety of economic development activities, including site acquisition, assessment, demolition, remediation, public works and support the development of affordable housing	Contingent on annual appropriation by HUD to Metropolitan cities and urban counties (entitlement communities) or State for distribution to non-entitlement communities	Submit a Consolidated Plan, annual action plan, and certifications to HUD. If you are a non-entitlement community, an individiual or organization, apply to the appropriate city, state or county for funding. Funding restricted by program guidelines and a	Entitlement communities or the State receive entitlement funds from HUD that may be used for eligible activities, such as infrastructure. Non-entitlement communities compete for funding via application process to State.	N/A	Funding based on project need, available funding, and program limitations. No match is required, but local in-kind and/or cash matching funds are encouraged.

Summary of Financial Incentive Resources
Financial Assistance Review

Missouri Downtown Economic Stimulus Act (MODESA)	Certain public improvements; Financing; Relocation costs; Property assembly	Governed by local Downtown Development Authority (DDA) appointed by mayor or chief financial officer of municipality; MODESA application reviewed by Missouri Development Finance Board (MDFB); Combined local and state approval	Applies to "major initiative projects only; must pass "but for" test; project must be located in a "blighted" area; Financial threshold based on new jobs and localities population; local development approvals required; DDA has statutory powers to borrow funds, own property,etc., Need MDFB approval from state participation in funding	Governed by City or Downtown Development Authority	Obligations secured by Special Allocation Fund and may be issued by the City, DDA, or MDFB; Obligations shall not be a general obligation of the political subdivision, DDA, MDFB or the state and cannot exceed 35 years; Obligations may only be payable out of any funds or properties other than those specifically pledged as security	Special Allocation Fund collects local incremental revenues generated within the distict; 100% PILOTS and 50% EATS are captured by the Special Allocation Fund; With MDFB approval the Special Allocation Fund may also collect new revenue generated in the form of 3% state sales tax and a 2% portion of the state income tax withholding
Transportation Development Districts (TDD) (238.200-238.275 R.S.Mo.)	Transportation infrastructure	By City or County, by voter petition, local transportation authority petition, property owner petition; must be approved by a majority of those voting	Project improvements shall not be under the control and jurisdiction of a local transportation authority (City) while the TDD retains control and jurisdiction. Power to acquire, sell and convey property subject to local authority approval.	Program managed by district board, with MODOT and Local Authority oversight; Board may consist of at least 5 nor more than 15 persons with one MODOT and one or more Local Authority advisors; Election by voters or Owners require approval of special assessment, tax or funding method	District may contract and incur liabilities, may borrow money and issue bonds, notes and other obligations; May issue bonds payable from its revenues but may not exceed 40 years	District may levy a property tax not to exceed $0.10 per $100 assessed valueation or sales tax not to exceed 1%; District may levy tolls or special assessments for improvements benefiting the project
Missouri Historic Preservation Tax Credits (253.545-.559 R.S.Mo.) (S.B. 1, 1997) (S.B. 827, 1998)	Hard and soft costs of the rehabilitation of buildings on the National Register of Historic Places or in a historic district which is a National Register Certified Historic District	N/A	Any person or entity incurring costs for rehabilitation of eligible property which is a certified historic structure or structure in a certified historic district shall be entitled to a State income tax credit of 25% of the cost of rehabilitation, provided the rehabilitation costs exceed 50% of the total basis in the property and the rehabilitation meets historic standards	Requires project approval by the State Historic Preservation Office and funding approval by the State Department of Economic Development (DED)	N/A	Excess tax credits may be carried back for three years and forward for 10 years or until fully used; Taxpayers eligibile for such credits may transfer, sell (monetize) or assign credits
Brownfield Redevelopment Program (447.700-447.718 R.S.Mo.)	Voluntary brownfield remediation	N/A	Project must anticipate creating at least 10 jobs or retaining at least twenty-five workers and must be found to focus its redevelopment effort on an eligible site. Completion of remediation subject to the State Deparment of Natural Resources and the Environmental Protection Agency	Eligibility for an entity is contingent on being accepted into the Missouri Voluntary Cleanup Program; Entity can then apply to State Department of Economic Development (DED) for financial assistance; DED may approve incentive package that is limited to the least amount necessary to achieve remediation or incur a positive net benefit. Local jurisdictional participation may be required.	N/A	Incentives may include tax credits; tax exemptions; grants; loan guarantees, or loans; once appropriated, these funds can be used to purchase or to offset the purchase of materials, supplies, equipment, or other things related to the redevelopent of the site as approved
Urban Redevelopment Corporations (Ch. 353, R.S. Mo.)	Clearance, replanning, reconstruction or rehabilitation of blighted areas, and the construction of such structures as may be appropriate	Incorporation with the Secretary of State, Application to the City for authorization of a Redevelopment Plan; Requires public hearing and the granting of rights and powers by City ordinance consistent with Ch. 353 provisions	Corporation can only operate in an area with a Redevelopment Plan. Powers of the corporation must be authorized by the local jurisdiction, including the authorization for tax abatement. The provisions of the general corporation law apply unless in conflict with Ch. 353.	A corporation that has been organized to serve a public purpose.	Any Urban Corporation my borrow funds and secure the repayment thereof by mortgage which shall be a lien upon no other real property except that forming the whole or a part of a single development area.	The City may authorize a 100% abatement of taxes in years 1-10 and a 50% abatement of taxes in years 11-25 on properties owned by the Corporation; the Corporation may accept grants or loans from government agencies
Tax Reimbursement Agreements (Ch. 43, R.S. Mo.)	Publicly owned infrastructure	Redevelopment Agreement between the City and Developer; Approved by ordinance	May require all contracts for work to be subject to public bids; Only City's tax revenue is utilized;	City oversees project	N/A	Incremental increase in the City's property taxes and as much as 100% of the City's incremental increase in sales and utility taxes, depending upon municipal charter limitations