

DOWNTOWN  
REVITALIZATION &  
ECONOMIC  
ASSISTANCE FOR  
MISSOURI

Farmington, Missouri

# FINANCIAL ASSISTANCE REVIEW

## DREAM STUDY AREA

CITY OF FARMINGTON, MISSOURI  
JANUARY 2012

**PGAV** PLANNERS





# ACKNOWLEDGMENTS



## DOWNTOWN REVITALIZATION AND ECONOMIC ASSISTANCE FOR MISSOURI (DREAM)

### PROGRAM SPONSORS:



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## SECTION I

### INTRODUCTION

The goal of the Financial Assistance Review, and the underlying assumptions within, is to provide an estimate based on observed market realities within the Farmington real estate and retail markets of the future performance of various financing mechanisms. An objective of the Downtown Revitalization and Economic Assistance for Missouri (DREAM) Initiative is to leverage limited public funding to attract private investment leading to high quality development/redevelopment, business expansion and attraction, new and rehabilitated housing, and job creation. This Financial Assistance Review is intended as a review of existing and potential methods of financing Downtown Farmington development activities. The mechanisms discussed are not recommendations, but important reference material for the revitalization efforts of the City of Farmington (City), Downtown Development Association (DDA), and the Farmington Chamber of Commerce (Chamber) as they proceed with other DREAM recommendations.

Farmington has an attractive and vibrant Downtown that traces its history back to 1822 when settler David Murphy contributed 52 acres to establish the St. Francois County Seat. Downtown Farmington grew as a stop on the Plank Road, which ran from Pilot Knob to St. Genevieve. The road ran directly through Downtown, following what is now Columbia Street. Downtown had been the primary retail district for the City until the growth toward Highway 67 and the arrival of big box retailers such as Wal-Mart and Lowe's. Downtown is still an activity center and contains the St. Francois County Courthouse and Annex, City Hall, U.S. Post Office, Fire and Police Departments, library, skate park, places of worship, historical sites, and small businesses and neighborhood services.

Downtown has enjoyed revitalization over the past few years. Recent successes have included construction of the courthouse annex, beautification of Columbia Street, rehabilitation of historic buildings, and bringing the Tour of Missouri bicycle race and other special events and festivals to Downtown. The City, DDA, and Chamber have been actively involved in past and present revitalization efforts. The DREAM Initiative seeks to build upon these past successes through the provision of technical assistance, culminating in a strategic plan for the DREAM study area.

Participants in the DREAM focus groups and respondents to the DREAM community telephone survey felt that Downtown is moving in the right direction. Nearly two-thirds of residents surveyed said they visited Downtown regularly for shopping and dining. Shopping was also the number one reason given for visiting Downtown. Half of those surveyed said they visited Downtown regularly for special events. In general, respondents rated the characteristics of Downtown as excellent or good, but found entertainment options lacking. These responses indicate that Downtown is a destination for members of the community, but that there is still room for improvement in providing retail, restaurant, and entertainment options. Those participating in the focus groups and survey also wanted to see the existing infrastructure improved, specifically moving the utilities underground, enhancing building façades, and improving and expanding the streetscape (particularly along Liberty Street).

The continued revitalization of Downtown will require the coordination of multiple entities and an infusion of both private and public funds to carry out and sustain the Community's vision. Encouraging the establishment and retention of businesses and greater residential options in Downtown will require projects to improve public infrastructure and enhance the appearance of Downtown buildings, as well as provide active and effective marketing for Downtown. The implementation of all of these efforts requires funding for the projects themselves and for an effective organization focused on driving Downtown revitalization forward.

A lack of financial resources is typically the greatest barrier to implementing a downtown revitalization program. However an engaged community with broad public and private involvement can energize downtown and drive revitalization efforts. There are significant costs associated with downtown revitalization, both in terms of infrastructure and reinvestment of private funds. Traditionally, the public sector focuses on basic infrastructure, parking, and public services while the private sector invests in buildings, businesses, and housing. Coordinating the public and private sector roles helps to leverage limited resources to achieve greater results. Additionally, effective downtown planning integrates the private and public sectors. Involvement in the visioning and prioritization process allows both sectors to reflect upon and address long-range objectives. Many cities in Missouri and throughout the United States, including the City of Farmington, have undertaken public/private partnerships to better impact downtown revitalization efforts.

The Farmington DREAM Initiative has involved community organizations, the public sector, and private businesses in planning for continued revitalization. The DREAM Organizational Structure Review provided an assessment of existing organizational partnerships and recommendations about enhancing the capacity of these partnerships. Key groups identified included the City, DDA, Chamber, the Historic Preservation Commission (HPC), and the Tourism & Convention Bureau (Tourism). These organizations represent both the public and private sectors and are critical to implementing successful Downtown initiatives. The organizational review recommended establishing a Community Improvement District (CID) to provide funding and leadership, separate from that provided by the City. The organizational review also included a recommendation for the DDA to form a Community Development Corporation (CDC), to include local banks and investors, which will facilitate real estate development activities. Using a CDC has proven effective in many Missouri communities for championing projects and raising the capital from private funding sources required for their completion. These and other mechanisms such as the existing Tax Increment Financing (TIF) District are considered in this Financial Assistance Review.

The City has established a TIF district along Karsch Boulevard and another in Downtown Farmington. Established in 2003, The Downtown district includes the majority of the DREAM Study Area, but also stretches north to Karsch Boulevard. The overlapping of the Downtown TIF with the DREAM Study Area is depicted in **Section VI on page 80** of this report. The inclusion of businesses located along Karsch Boulevard, such as Lowes, in the Downtown TIF allows tax revenue generated to be available for Downtown projects. The Downtown TIF collects incremental economic activity taxes (EAT's), but declares all incremental real property taxes (PILOT's) as surplus and returns this surplus to the taxing districts as normal. Projects identified in the Downtown TIF Redevelopment Plan include:

“property acquisition, the construction of an annex for county governmental services, historic preservation, the construction of streets and sidewalks, curb and guttering, infrastructure improvements including water, sewer and electric, parking lot improvements and retail development... housing development and downtown revitalization and demolition of acquired structures...municipal facilities including a municipal library... planning, administration and legal work, along with engineering associated with redevelopment of the area.”

To date, the Downtown TIF has been used to fund numerous such projects including the \$1.8 Million Courthouse Annex, fire station, restoration of City Hall and construction of its parking lot, rehabilitation and conversion of the old jail building into a hostel for bicyclists, streetscape work, and redevelopment of the site of a former fitness gym. Currently, TIF revenues are being used to pay the debt service on the new fire station, acquire a former restaurant building for rehabilitation, and provide a fund of \$150,000 available to Downtown property owners for historic building rehabilitation. Future projects to be funded by the TIF include the redevelopment of the old fire house. The Downtown TIF has 15 years left and may be used to fund a variety of the improvements identified through the DREAM Initiative, should funds be available after existing obligations are met.

The DREAM Study Area not included within the Downtown TIF boundaries, consists of a primarily residential area south of 1<sup>st</sup> Street, the Foundry Building located at 1<sup>st</sup> and Franklin streets, the skate park and police station, and the five blocks east of Middle Street. These areas do not currently have significant building vacancies, but do present some redevelopment opportunities. In particular, the areas north of the skate park and to the east of Middle Street present opportunities for infrastructure improvements and potentially some infill redevelopment. While not included in the revenue projections outlined in this report, the boundary of the Downtown TIF could be amended by procedures as defined in Missouri State Statutes to include these areas if the scope of a redevelopment project supported the use of such a financing mechanism. These areas could also benefit from a CID or TDD overlapping the area and the existing TIF.

The financing alternatives summarized and quantified herein should not supplant any existing mechanism or financial commitment of the City or its partners in executing programs for Downtown’s revitalization. Future commitments from sources such as the City’s general fund and capital fund will continue to be a necessary component in fulfilling the goals and objectives for Downtown Farmington. The application of additional financing mechanisms may be necessary to provide targeted and dedicated funding to accelerate public and private investment. These financing mechanisms, if implemented, will capitalize on future economic activity to support reinvestment in Downtown by offsetting eligible project costs in the DREAM Study Area.

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## SECTION II

### PROJECTS, QUANTITATIVE METHODOLOGY, AND TABLES

#### A. CITY OF FARMINGTON PROJECTS

The Financial Assistance Review provides preliminary projections for revenue streams created via potential development and redevelopment projects. The projections address, in a general manner, the possible absorption of vacant space inventoried during the Land Use, Building, and Infrastructure Survey task of the DREAM Initiative and subsequently updated by City staff. For purposes of this analysis, only first floor vacant space is included. Also, due to market conditions, the profile only includes commercial, retail and restaurant uses. While the review follows the above parameters, the review also has the ability to include proposed projects as they are identified. Upon completion of the DREAM Retail Market Analysis task, the project redevelopment profile may include a more refined combination of uses, potentially including second floor residential or office uses. This is contingent on the market realities to be revealed through the Retail Market Analysis, including emerging demographic trends and potential housing demands.

Projects have been identified as part of the DREAM Initiative focus groups and community telephone survey. These projects could benefit from the financial assistance mechanisms included in this review. If determined as a priority by the City, each project will require a unique financing plan, which may or may not include the mechanisms in this report. Possible projects include the rehabilitation of historic buildings, streetscape and accessibility improvements, reuse of the former fire station building, bicycle racks and amenities, development of green space, and other infrastructure improvements, including moving utilities underground.

To generate funding for potential Downtown projects, this Financial Assistance Review considers the following incentives:

- Existing Karsch Boulevard and Downtown TIF District funding
- Local Option Economic Development Sales Tax (EDS)
- A CID equal to the boundaries of the DREAM Study Area
- A TDD equal to the boundaries of the DREAM Study Area

It is important to note that the projections detailed in this review provide estimates of future revenue. Any assumptions made regarding projects that are in the planning stages represent estimates of possible future performance. Due to the speculative nature of such projects, details may change along with these projections. Such changes may be substantial and material. For the projections contained herein that address possible outcomes of developed space not yet addressed by specific plans, it is important to take note of the assumptions employed and recognize that these assumptions may need to be changed at the point in time at which any projects are implemented.

## B. QUANTITATIVE METHODOLOGY

Assumptions formulated from observations of the Farmington real estate and retail markets provided the base for the financial mechanism projections contained herein. These observations present a baseline scenario on which to apply growth assumptions over time in order to gauge future market performance under certain redevelopment scenarios. The primary variables include real estate values, retail sales, rates of redevelopment, and growth rates applied to sales and market values. Listed in Table R-1 and described briefly on page 6 are these, and other, variables. Table R-1 is repeated in Section D for reference.

**Table R-1**  
**Summary of Financial Assistance Review Assumptions**  
**City of Farmington Financial Assistance Review**

**Notes:**

- \* 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 are for the year generated.
- \* Administrative Fee and Early Discount have been subtracted from projected tax revenues.

<b>Redevelopment Project Assumptions</b>		<b>Square Feet</b>	<b>Annual Rates of Redevelopment<sup>2</sup></b>	
Commercial		28,854	<b>Year</b>	<b>Rate</b>
Retail		28,525	2012	0%
Restaurant		1,922	2013	10%
Total <sup>1</sup>		59,300	2014	10%
			2015	15%
<b>Assessment Valuation Assumptions</b>			2016	0%
Market Value After Redevelopment (per sq.ft.)		\$50	2017	10%
Retail Sales (per sq.ft.)		\$100	2018	10%
			2019	15%
<b>Tax Rate Assumptions</b>			2020	10%
CID Sales Tax		1/4% to 1%	2021	0%
TDD Sales Tax		1/4% to 1%	2022	10%
Local Option Economic Development Sales Tax Rate		0.50%	2023	10%
Total Sales Tax Rate		7.975%		
TIF Sales Tax Rate (See Table R-3)		3.750%		
Total Property Tax Rate		5.2113		
TIF Property Tax Rate (See Table R-4)		4.9813		
<b>Growth Escalator Assumptions</b>				
Annual Rate of Increase in Sales per sq.ft.		1%		
Bi-Annual Rate of Increase - Real Property Established Uses		3%		
Bi-Annual Rate of Increase - Redeveloped Real Property		3%		

<sup>1</sup> 80% of total first floor non-residential vacant space observed during the DREAM Land Use, Building, and Infrastructure Survey Task.

<sup>2</sup> Absorption schedule assumes the completion of two or more projects per year, at rolling, cyclical rates.

Redevelopment Project Area Space: 59,300 square feet

The DREAM Land Use, Building, and Infrastructure Survey revealed about 74,126 square feet of vacant, first floor, nonresidential building space. The projections assume redevelopment of eighty percent (80%) of this vacant space, or 59,300 square feet.

The Financial Assistance Review projections evaluate the potential economic impact of development/redevelopment of a certain amount of retail space. The DREAM Retail Market Analysis task, once completed, will investigate the feasibility of business development and will provide Farmington with information and recommendations concerning Downtown retail demand.

Annual Rates of Redevelopment: Annually Rolling Rates

PGAV PLANNERS assumes one or two smaller redevelopment projects will occur annually within the DREAM Study Area. The projections use these rolling rates of redevelopment and absorption to reflect such activity. Table R-1 enumerates these rates.

Market Value After Redevelopment: \$50 per square foot

Based on information provided by the Saint Francois County Assessor's office on recently redeveloped buildings, PGAV PLANNERS determined a reasonable assumption for the market value of redeveloped space is \$50 per square foot.

Retail Sales: \$100 per square foot

To arrive at current retail sales per square foot, PGAV PLANNERS obtained an estimate of gross retail sales (less automobile purchases and gasoline station purchases) within the DREAM Study Area and divided that estimate by current operating retail space. Resulting retail sales is approximately \$100 per square foot.

Annual Rate of Increase in Sales per square foot: One percent (1%)

PGAV PLANNERS estimated an annual rate of increase in retail sales per square foot of one percent (1%). This conservative estimate 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 statewide reassessment trends and practices for undeveloped property.

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

PGAV PLANNERS assumes that redeveloped property will appreciate in value at a rate equal to that of undeveloped property. As indicated, this is a bi-annual rate of increase of three percent (3%).

## C. TABLES SUMMARY

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

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

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

This table summarizes projected market and assessed valuations of new uses established via a comprehensive redevelopment program undertaken to redevelop the vacant space observed during the DREAM Land Use, Building, and Infrastructure Survey and subsequently updated by the City of Farmington.

### Table R-3 – Estimate Base Sales Taxes and Most Recent Equalized Assessed Valuation:

This table provides a baseline sales volume and assessment information for the DREAM Study Area and indicates applicable existing and possible sales tax rates to financial mechanisms such as a Local Option EDS, CID, and TDD.

### Table R-4 – 2010 Real Property Tax Rates per \$100:

This table itemizes existing taxing jurisdictions and their real property tax rates from 2010. The table also shows jurisdictions whose tax revenues are ineligible for deposit into a TIF Special Allocation Fund.

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

This table illustrates annual and cumulative delivery of redeveloped retail space to the DREAM study area and assessed valuations created. The table further presumes assessment of redevelopment projects in the year following completion, hence two different timelines. The top timeline represents delivery, the bottom reassessment.

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

This table illustrates annual and cumulative delivery of redeveloped retail space to the DREAM study area, as well as the net and cumulative addition of gross retail sales volume per net addition of redeveloped retail space.

### Table TIF-1 – Summary of Projected TIF Revenues (PILOTS):

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

### Table TIF-2 – Summary of Projected TIF Revenues (EATS):

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

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

This table depicts potential revenues generated via the establishment of a half-percent Local Option EDS Tax. According to state legislation governing the levy and collection of this tax, administrative expenses cannot account for more than twenty-five percent (25%) of the revenues collected and economic development activities must comprise at least twenty percent (20%). The analysis on this table assumes the full percentage of allowable revenues for administrative costs, twenty-five percent (25%) of revenues for Downtown specific economic development activities, and applies the remaining fifty percent (50%) of revenues for City-wide economic development activities. Under this mechanism, the maximum sales tax levy 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 shows potential revenues derived from the levy of various levels of a CID Sales Tax based on a district equal to the boundaries of the DREAM Study Area.

Table CID-2 – Projected CID Special Property Tax Revenues:

This table provides potential revenues derived from the levy of various levels of a CID Property Tax based on a district equal to the boundaries of the DREAM Study Area. The table shows proceeds from an ad valorem Property Tax at rates of \$0.50, \$1.00, and \$1.50 per \$100 of assessed valuation on all classes of property within the DREAM Study Area.

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 potential revenues derived from the levy of various levels of a Transportation Development District (TDD) Sales Tax based on a district equal to the boundaries of the DREAM Study Area.

Table GR-1 – Summary of Gross Revenues:

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

## **D. CITY OF FARMINGTON PROJECT TABLES**

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

**Table R-1  
 Summary of Financial Assistance Review Assumptions  
 City of Farmington Financial Assistance Review**

**Notes:**

- \* 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 are for the year generated.
- \* Administrative Fee and Early Discount have been subtracted from projected tax revenues.

<b>Redevelopment Project Assumptions</b>		Square Feet	<b>Annual Rates of Redevelopment<sup>2</sup></b>	
Commercial		28,854	<b>Year</b>	<b>Rate</b>
Retail		28,525	2012	0%
Restaurant		1,922	2013	10%
Total <sup>1</sup>		59,300	2014	10%
			2015	15%
			2016	0%
			2017	10%
			2018	10%
			2019	15%
			2020	10%
			2021	0%
			2022	10%
			2023	10%
<b>Assessment Valuation Assumptions</b>				
Market Value After Redevelopment (per sq.ft.)		\$50		
Retail Sales (per sq.ft.)		\$100		
<b>Tax Rate Assumptions</b>				
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		7.975%		
TIF Sales Tax Rate (See Table R-3)		3.750%		
Total Property Tax Rate		5.2113		
TIF Property Tax Rate (See Table R-4)		4.9813		
<b>Growth Escalator Assumptions</b>				
Annual Rate of Increase in Sales per sq.ft.		1%		
Bi-Annual Rate of Increase - Real Property Established Uses		3%		
Bi-Annual Rate of Increase - Redeveloped Real Property		3%		

<sup>1</sup> 80% of total first floor non-residential vacant space observed during the DREAM Land Use, Building, and Infrastructure Survey Task.

<sup>2</sup> Absorption schedule assumes the completion of two or more projects per year, at rolling, cyclical rates.

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

Use	Size (sq.ft.) <sup>1</sup>	Market Value (sq.ft.)	Total Projected Market Value after Improvements <sup>2</sup>	Assessment Rate	Total Projected Assessed Value after Improvements
Commercial	28,854	\$50	\$ 1,442,700	32%	\$ 461,664
Retail	28,525	\$50	\$ 1,426,250	32%	\$ 456,400
Restaurant	1,922	\$50	\$ 96,100	32%	\$ 30,752
<b>Totals</b>	59,301		<b>\$ 2,965,050</b>		<b>\$ 948,816</b>

<sup>1</sup> Square footage based on inventory of non-residential first floor vacant space provided by City of Farmington & DREAM Land Use, Building and Infrastructure Survey

<sup>2</sup> Total Projected Value after Improvements based on total valuation after full absorption, which is projected to occur in 2023. Please see Table R-5 for detail.

**Table R-3**  
**Estimated Base Sales Taxes (2010) and Most Recent Equalized Assessed Valuation (EAV)(2011)<sup>1</sup>**  
**City of Farmington Financial Assistance Review**

<i>Estimated Downtown Base EAV<sup>2</sup></i>	\$5,870,100
<i>Total Citywide Taxable Sales Volume Estimate<sup>3</sup></i>	\$321,791,300
<i>Estimated DREAM Study Area Base Taxable Sales Volume<sup>4</sup></i>	\$17,587,800

<i>Estimated Taxable Downtown Base Sales Volume</i>		\$17,587,800
<b>Sales Taxes</b>	<b>Tax Rate</b>	<b>Base Taxes (\$)<sup>5</sup></b>
<b>Local Sales Taxes Captured by TIF</b>		
City of Farmington General Fund	1.000%	170,602
City of Farmington Capital Improvements	1.000%	170,602
St. Francois County General Fund	0.500%	85,301
St. Francois County Road Improvement	0.250%	42,650
St. Francois County Law Enforcement	0.500%	85,301
St. Francois County Ambulance District	0.500%	85,301
<b>Total Base Local Sales Taxes</b>	<b>3.750%</b>	<b>\$639,756</b>
<b>State Sales Tax</b>	<b>4.225%</b>	<b>\$720,792</b>
<b>Total Sales Tax Rate</b>	<b>7.975%</b>	
<b>Local Option Economic Development Sales Tax</b>	0.500%	
<b>CID Sales Tax</b>	.25% to 1%	
<b>TDD Sales Tax</b>	.25% to 1%	

<sup>1</sup> Information provided by the Missouri Department of Revenue, City of Farmington, and St. Francois County.  
<sup>2</sup> For purposes of comparison, the base EAV was calculated using 2011 data. The existing TIF does not capture real property taxes.  
<sup>3</sup> Source: Missouri Department of Revenue  
<sup>4</sup> Source: ESRI. Taxable Sales do not include automobile or gasoline sales.  
<sup>5</sup> Base Taxes totals given are shown after accounting for Administration Fee and Early Pay Discounts, as required by the Missouri Department of Revenue.

**Table R-4**  
**2010 Real Property Tax Rates per \$100 <sup>1</sup>**  
**City of Farmington Financial Assistance Review**

<b>Taxing Jurisdiction</b>	<b>Rate</b>
St. Francois County Senior Services	0.0488
Mineral Area College	0.4720
City of Farmington General Revenue	0.4421
St. Francois County Health Center	0.0901
Farmington R-VII School District	3.5190
St. Francois County General Revenue	0.0751
St. Francois County Road & Bridge	0.2441
St. Francois County Developmentally Disabled	0.0901
<b>Total Tax Rate for TIF</b>	<b>4.9813</b>
<b>Property Tax Not Applicable for TIF</b>	
Commercial Surcharge	0.2000
State of Missouri <sup>2</sup>	0.0300
<b>Total Tax Rate</b>	<b>5.2113</b>

Source: St. Francois County

<sup>1</sup>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.

<sup>2</sup> 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<sup>1</sup>  
City of Farmington Financial Assistance Review

	Redevelopment Absorption											
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Base EAV</b>	\$ 5,870,060	\$ 5,870,060	\$ 5,870,060	\$ 5,870,060	\$ 5,870,060	\$ 5,870,060	\$ 5,870,060	\$ 5,870,060	\$ 5,870,060	\$ 5,870,060	\$ 5,870,060	\$ 5,870,060
Cumulative Commercial Redevelopment <sup>2</sup>	0	2,885	5,771	10,099	10,099	12,984	15,870	20,198	23,083	23,083	25,969	28,854
Cumulative Retail Redevelopment <sup>2</sup>	0	2,853	5,705	9,984	9,984	12,836	15,689	19,968	22,820	22,820	25,673	28,525
Cumulative Restaurant Redevelopment <sup>2</sup>	0	0	1,922	1,922	1,922	1,922	1,922	1,922	1,922	1,922	1,922	1,922
<b>Net Redevelopment</b>	<b>0</b>	<b>5,738</b>	<b>7,660</b>	<b>8,607</b>	<b>0</b>	<b>5,738</b>	<b>5,738</b>	<b>8,607</b>	<b>5,738</b>	<b>0</b>	<b>5,738</b>	<b>5,738</b>
<b>Cumulative Sq Ft of Total Redevelopment</b>	<b>0</b>	<b>5,738</b>	<b>13,398</b>	<b>22,005</b>	<b>22,005</b>	<b>27,743</b>	<b>33,480</b>	<b>42,087</b>	<b>47,825</b>	<b>47,825</b>	<b>53,563</b>	<b>59,301</b>
	Increase in Valuation of Real Property											
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Increase in Commercial Real Property Market Value	0	286,895	295,502	725,844	747,620	1,034,515	1,065,550	1,495,893	1,540,769	1,540,769	1,586,992	1,873,887
Increase in Commercial Real Property Assessed Value	0	91,806	94,561	232,270	239,238	331,045	340,976	478,686	493,046	493,046	507,838	599,644
<b>Total Assessed Value from Redevelopment</b>	<b>0</b>	<b>91,806</b>	<b>94,561</b>	<b>232,270</b>	<b>239,238</b>	<b>331,045</b>	<b>340,976</b>	<b>478,686</b>	<b>493,046</b>	<b>493,046</b>	<b>507,838</b>	<b>599,644</b>
<b>Cumulative Increase in Real Property Assessed Value</b>	<b>0</b>	<b>\$ 91,806</b>	<b>\$ 186,367</b>	<b>\$ 418,637</b>	<b>\$ 657,875</b>	<b>\$ 988,920</b>	<b>\$ 1,329,896</b>	<b>\$ 1,808,582</b>	<b>\$ 2,301,628</b>	<b>\$ 2,794,674</b>	<b>\$ 3,302,512</b>	<b>\$ 3,902,156</b>

	Redevelopment Absorption										
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
<b>Base EAV</b>	\$ 5,870,060	\$ 5,870,060	\$ 5,870,060	\$ 5,870,060	\$ 5,870,060	\$ 5,870,060	\$ 5,870,060	\$ 5,870,060	\$ 5,870,060	\$ 5,870,060	\$ 5,870,060
Cumulative Commercial Redevelopment <sup>2</sup>	28,854	28,854	28,854	28,854	28,854	28,854	28,854	28,854	28,854	28,854	28,854
Cumulative Retail Redevelopment <sup>2</sup>	28,525	28,525	28,525	28,525	28,525	28,525	28,525	28,525	28,525	28,525	28,525
Cumulative Restaurant Redevelopment <sup>2</sup>	1,922	1,922	1,922	1,922	1,922	1,922	1,922	1,922	1,922	1,922	1,922
<b>Net Redevelopment</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cumulative Total Redevelopment</b>	<b>59,301</b>	<b>59,301</b>	<b>59,301</b>	<b>59,301</b>	<b>59,301</b>	<b>59,301</b>	<b>59,301</b>	<b>59,301</b>	<b>59,301</b>	<b>59,301</b>	<b>59,301</b>
	Increase in Valuation of Real Property										
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Increase in Commercial Real Property Market Value	1,930,104	1,930,104	1,988,007	1,988,007	2,047,647	2,047,647	2,109,077	2,109,077	2,172,349	2,172,349	2,237,520
Increase in Commercial Real Property Assessed Value	617,633	617,633	636,162	636,162	655,247	655,247	674,905	674,905	695,152	695,152	716,006
<b>Total Assessed Value from Redevelopment</b>	<b>617,633</b>	<b>617,633</b>	<b>636,162</b>	<b>636,162</b>	<b>655,247</b>	<b>655,247</b>	<b>674,905</b>	<b>674,905</b>	<b>695,152</b>	<b>695,152</b>	<b>716,006</b>
<b>Cumulative Increase in Real Property Assessed Value</b>	<b>\$ 4,519,789</b>	<b>\$ 5,137,422</b>	<b>\$ 5,773,585</b>	<b>\$ 6,409,747</b>	<b>\$ 7,064,994</b>	<b>\$ 7,720,241</b>	<b>\$ 8,395,146</b>	<b>\$ 9,070,051</b>	<b>\$ 9,765,202</b>	<b>\$ 10,460,354</b>	<b>\$ 11,176,360</b>

<sup>1</sup>Redeveloped Property Assessment lags development one year. Increases in assessments of real property for taxation purposes are shown occurring the year following development or absorption.

<sup>2</sup>These are estimated space allocations for each type of use calculated by year. Actual square feet of each land use will vary depending on the timing and nature of multiple anticipated redevelopment projects.

**Table R-6**  
**Impact of Redevelopment on Future Retail Sales<sup>1</sup>**  
**City of Farmington Financial Assistance Review**

	Sales	Increase in Retail Sales									
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	Prog.Yr.	1	2	3	4	5	6	7	8	9	10
Base Sales Volume		\$17,587,800	\$17,587,800	\$17,587,800	\$17,587,800	\$17,587,800	\$17,587,800	\$17,587,800	\$17,587,800	\$17,587,800	\$17,587,800
Cumulative Addition of Retail Square Footage		0	2,885	5,771	10,099	10,099	12,984	15,870	20,198	23,083	23,083
Net Yearly Addition of Retail Square Footage		0	2,885	2,885	4,328	0	2,885	2,885	4,328	2,885	0
Sales per Square Foot of Retail Space		\$100	\$101	\$102	\$103	\$104	\$105	\$106	\$107	\$108	\$109
<b>Additional Sales per Program Year</b>		<b>0</b>	<b>291,425</b>	<b>294,340</b>	<b>445,925</b>	<b>0</b>	<b>303,258</b>	<b>306,291</b>	<b>464,031</b>	<b>312,447</b>	<b>0</b>
<b>Cumulative Increase in Sales</b>		<b>\$0</b>	<b>\$291,425</b>	<b>\$588,679</b>	<b>\$1,040,491</b>	<b>\$1,050,896</b>	<b>\$1,364,663</b>	<b>\$1,684,601</b>	<b>\$2,165,478</b>	<b>\$ 2,499,580</b>	<b>\$ 2,524,576</b>

	Sales	Increase in Retail Sales									
		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
	Prog.Yr.	11	12	13	14	15	16	17	18	19	20
Base Sales Volume		\$17,587,800	\$17,587,800	\$17,587,800	\$17,587,800	\$17,587,800	\$17,587,800	\$17,587,800	\$17,587,800	\$17,587,800	\$17,587,800
Cumulative Addition of Retail Square Footage		25,969	28,854	28,854	28,854	28,854	28,854	28,854	28,854	28,854	28,854
Net Yearly Addition of Retail Square Footage		2,885	2,885	0	0	0	0	0	0	0	0
Sales per Square Foot of Retail Space		\$110	\$112	\$113	\$114	\$115	\$116	\$117	\$118	\$120	\$121
<b>Additional Sales per Program Year</b>		<b>318,728</b>	<b>321,915</b>	<b>0</b>							
<b>Cumulative Increase in Sales</b>		<b>\$ 2,868,549</b>	<b>\$ 3,219,149</b>	<b>\$ 3,251,341</b>	<b>\$ 3,283,854</b>	<b>\$ 3,316,693</b>	<b>\$ 3,349,860</b>	<b>\$ 3,383,358</b>	<b>\$ 3,417,192</b>	<b>\$ 3,451,364</b>	<b>\$ 3,485,878</b>

<sup>1</sup> Retail Sales projection on this Table stops when full retail space has been absorbed by market, which is projected to occur in 2023. After this year, a growth rate assumption is applied. See Tables R-1 and TIF - 2 for detail.

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

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars										
		2012 1	2013 2	2014 3	2015 4	2016 5	2017 6	2018 7	2019 8	2020 9	2021 10	2022 11
<b>Real Property Tax Revenues</b>												
Market Value from Redevelopment		0	0	286,895	295,502	725,844	747,620	1,034,515	1,065,550	1,495,893	1,540,769	1,540,769
Assessed Value from Redevelopment		0	0	91,806	94,561	232,270	239,238	331,045	340,976	478,686	493,046	493,046
Assessed Value of Remaining Uses <sup>1</sup>		5,870,060	5,982,672	5,919,183	6,005,334	6,005,334	6,128,671	6,065,181	6,162,378	6,098,889	6,297,093	6,233,604
<b>Total Projected Assessed Value</b>		<b>5,870,060</b>	<b>5,982,672</b>	<b>6,010,989</b>	<b>6,099,894</b>	<b>6,237,604</b>	<b>6,367,909</b>	<b>6,396,226</b>	<b>6,503,354</b>	<b>6,577,575</b>	<b>6,790,139</b>	<b>6,726,650</b>
Base Assessed Value for 2011		5,870,060	5,870,060	5,870,060	5,870,060	5,870,060	5,870,060	5,870,060	5,870,060	5,870,060	5,870,060	5,870,060
Incremental EAV		0	112,612	140,929	229,834	367,544	497,849	526,166	633,294	707,515	920,079	856,590
Per \$100 of EAV & Multiply by 2011 Tax Rate		4.9813	4.9813	4.9813	4.9813	4.9813	4.9813	4.9813	4.9813	4.9813	4.9813	4.9813
<b>Total Projected Incremental Real Property Taxes for TIF<sup>2</sup></b>		<b>0</b>	<b>5,600</b>	<b>7,000</b>	<b>11,400</b>	<b>18,300</b>	<b>24,800</b>	<b>26,200</b>	<b>31,500</b>	<b>35,200</b>	<b>45,800</b>	<b>42,700</b>
<b>Total Projected Incremental EATS for TIF (Table TIF 2)</b>		<b>0</b>	<b>8,499</b>	<b>17,136</b>	<b>28,617</b>	<b>32,101</b>	<b>41,137</b>	<b>50,318</b>	<b>62,459</b>	<b>71,965</b>	<b>75,884</b>	<b>85,638</b>
<b>Total Annual Incremental Revenues for TIF</b>		<b>\$ -</b>	<b>\$ 14,099</b>	<b>\$ 24,136</b>	<b>\$ 40,017</b>	<b>\$ 50,401</b>	<b>\$ 65,937</b>	<b>\$ 76,518</b>	<b>\$ 93,959</b>	<b>\$ 107,165</b>	<b>\$ 121,684</b>	<b>\$ 128,338</b>

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars											
		2023 12	2024 13	2025 14	2026 15	2027 16	2028 17	2029 18	2030 19	2031 20	2032 21	2033 22	2034 23
<b>Real Property Tax Revenues</b>													
Market Value from Redevelopment		1,586,992	1,873,887	1,930,104	1,930,104	1,988,007	1,988,007	2,047,647	2,047,647	2,109,077	2,109,077	2,172,349	2,172,349
Assessed Value from Redevelopment		507,838	599,644	617,633	617,633	636,162	636,162	655,247	655,247	674,905	674,905	695,152	695,152
Assessed Value Remaining from Existing Uses		6,374,265	6,374,265	6,584,539	6,584,539	6,801,122	6,801,122	7,024,203	7,024,203	7,253,976	7,253,976	7,490,642	7,490,642
<b>Total Projected Assessed Value</b>		<b>6,882,102</b>	<b>6,973,909</b>	<b>7,202,173</b>	<b>7,202,173</b>	<b>7,437,285</b>	<b>7,437,285</b>	<b>7,679,450</b>	<b>7,679,450</b>	<b>7,928,880</b>	<b>7,928,880</b>	<b>8,185,794</b>	<b>8,185,794</b>
Base Assessed Value for 2011		5,870,060	5,870,060	5,870,060	5,870,060	5,870,060	5,870,060	5,870,060	5,870,060	5,870,060	5,870,060	5,870,060	5,870,060
Incremental EAV		1,012,042	1,103,849	1,332,113	1,332,113	1,567,225	1,567,225	1,809,390	1,809,390	2,058,820	2,058,820	2,315,734	2,315,734
Per \$100 of EAV & Multiply by 2011 Tax Rate		4.9813	4.9813	4.9813	4.9813	4.9813	4.9813	4.9813	4.9813	4.9813	4.9813	4.9813	4.9813
<b>Total Projected Incremental Real Property Taxes for TIF</b>		<b>50,400</b>	<b>55,000</b>	<b>66,400</b>	<b>66,400</b>	<b>78,100</b>	<b>78,100</b>	<b>90,100</b>	<b>90,100</b>	<b>102,600</b>	<b>102,600</b>	<b>115,400</b>	<b>115,400</b>
<b>Total Projected Incremental EATS for TIF (Table TIF 2)</b>		<b>521,180</b>	<b>532,259</b>	<b>540,781</b>	<b>549,387</b>	<b>558,080</b>	<b>566,860</b>	<b>575,727</b>	<b>584,683</b>	<b>593,729</b>	<b>602,865</b>	<b>612,092</b>	<b>621,412</b>
<b>Total Annual Incremental Revenues for TIF</b>		<b>\$ 571,580</b>	<b>\$ 587,259</b>	<b>\$ 607,181</b>	<b>\$ 615,787</b>	<b>\$ 636,180</b>	<b>\$ 644,960</b>	<b>\$ 665,827</b>	<b>\$ 674,783</b>	<b>\$ 696,329</b>	<b>\$ 705,465</b>	<b>\$ 727,492</b>	<b>\$ 736,812</b>

<sup>1</sup>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.

<sup>2</sup>The existing Karsch Boulevard and Downtown Farmington TIF captures real property tax increments, but returns these to the taxing districts as surplus revenues. The existing TIF will expire in 2026, as denoted by shading.

Table TIF-2  
Summary of Projected TIF Revenues (EATS) <sup>1</sup>  
City of Farmington Financial Assistance Review  
Sheet 1 of 2

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars <sup>2</sup>										
		2012 1	2013 2	2014 3	2015 4	2016 5	2017 6	2018 7	2019 8	2020 9	2021 10	2022 11
<b>Projected Taxable Sales Volume</b>		17,587,800	18,055,103	18,529,994	19,161,219	19,352,831	19,849,618	20,354,405	21,021,980	21,544,647	21,760,093	22,296,422
<b>Projected Sales Tax Revenues</b>												
City of Farmington General Fund	1.000%	170,602	175,135	179,741	185,864	187,722	192,541	197,438	203,913	208,983	211,073	216,275
City of Farmington Capital Improvements	1.000%	170,602	175,135	179,741	185,864	187,722	192,541	197,438	203,913	208,983	211,073	216,275
St. Francois County General Fund	0.500%	85,301	87,567	89,870	92,932	93,861	96,271	98,719	101,957	104,492	105,536	108,138
St. Francois County Road Improvement	0.250%	42,650	43,784	44,935	46,466	46,931	48,135	49,359	50,978	52,246	52,768	54,069
St. Francois County Law Enforcement	0.500%	85,301	87,567	89,870	92,932	93,861	96,271	98,719	101,957	104,492	105,536	108,138
St. Francois County Ambulance District	0.500%	85,301	87,567	89,870	92,932	93,861	96,271	98,719	101,957	104,492	105,536	108,138
<b>Total Projected Sales Tax Revenues</b>	<b>3.750%</b>	<b>639,756</b>	<b>656,754</b>	<b>674,029</b>	<b>696,989</b>	<b>703,959</b>	<b>722,030</b>	<b>740,391</b>	<b>764,675</b>	<b>783,687</b>	<b>791,523</b>	<b>811,032</b>
<b>Base Sales Taxes</b>												
City of Farmington General Fund	1.000%	170,602	170,602	170,602	170,602	170,602	170,602	170,602	170,602	170,602	170,602	170,602
City of Farmington Capital Improvements	1.000%	170,602	170,602	170,602	170,602	170,602	170,602	170,602	170,602	170,602	170,602	170,602
St. Francois County General Fund	0.500%	85,301	85,301	85,301	85,301	85,301	85,301	85,301	85,301	85,301	85,301	85,301
St. Francois County Road Improvement	0.250%	42,650	42,650	42,650	42,650	42,650	42,650	42,650	42,650	42,650	42,650	42,650
St. Francois County Law Enforcement	0.500%	85,301	85,301	85,301	85,301	85,301	85,301	85,301	85,301	85,301	85,301	85,301
St. Francois County Ambulance District	0.500%	85,301	85,301	85,301	85,301	85,301	85,301	85,301	85,301	85,301	85,301	85,301
<b>Total Base Sales Taxes</b>	<b>3.750%</b>	<b>639,756</b>	<b>639,756</b>	<b>639,756</b>	<b>639,756</b>	<b>639,756</b>	<b>639,756</b>	<b>639,756</b>	<b>639,756</b>	<b>639,756</b>	<b>639,756</b>	<b>639,756</b>
<b>Total Incremental Sales Taxes</b>												
City of Farmington General Fund	1.000%	0	4,533	9,139	15,262	17,121	21,940	26,836	33,312	38,381	40,471	45,674
City of Farmington Capital Improvements	1.000%	0	4,533	9,139	15,262	17,121	21,940	26,836	33,312	38,381	40,471	45,674
St. Francois County General Fund	0.500%	0	2,266	4,570	7,631	8,560	10,970	13,418	16,656	19,191	20,236	22,837
St. Francois County Road Improvement	0.250%	0	1,133	2,285	3,816	4,280	5,485	6,709	8,328	9,595	10,118	11,418
St. Francois County Law Enforcement	0.500%	0	2,266	4,570	7,631	8,560	10,970	13,418	16,656	19,191	20,236	22,837
St. Francois County Ambulance District	0.500%	0	2,266	4,570	7,631	8,560	10,970	13,418	16,656	19,191	20,236	22,837
<b>100% of Incremental Sales Taxes</b>	<b>3.750%</b>	<b>0</b>	<b>16,998</b>	<b>34,272</b>	<b>57,233</b>	<b>64,203</b>	<b>82,274</b>	<b>100,635</b>	<b>124,918</b>	<b>143,930</b>	<b>151,767</b>	<b>171,276</b>
<b>50% of Incremental Sales Taxes</b>												
City of Farmington General Fund	1.000%	0	2,266	4,570	7,631	8,560	10,970	13,418	16,656	19,191	20,236	22,837
City of Farmington Capital Improvements	1.000%	0	2,266	4,570	7,631	8,560	10,970	13,418	16,656	19,191	20,236	22,837
St. Francois County General Fund	0.500%	0	1,133	2,285	3,816	4,280	5,485	6,709	8,328	9,595	10,118	11,418
St. Francois County Road Improvement	0.250%	0	567	1,142	1,908	2,140	2,742	3,355	4,164	4,798	5,059	5,709
St. Francois County Law Enforcement	0.500%	0	1,133	2,285	3,816	4,280	5,485	6,709	8,328	9,595	10,118	11,418
St. Francois County Ambulance District	0.500%	0	1,133	2,285	3,816	4,280	5,485	6,709	8,328	9,595	10,118	11,418
<b>50% of Incremental Sales Taxes</b>	<b>3.750%</b>	<b>0</b>	<b>8,499</b>	<b>17,136</b>	<b>28,617</b>	<b>32,101</b>	<b>41,137</b>	<b>50,318</b>	<b>62,459</b>	<b>71,965</b>	<b>75,884</b>	<b>85,638</b>

<sup>1</sup> Projected Sales Tax totals are shown after accounting for Administration Fee and Early Pay Discounts, as required by the Missouri Department of Revenue.

<sup>2</sup> Administrative Fee (1%) and Early Pay Discount (2%) have been deducted from projected total revenues, per State of Missouri Department of Revenue.

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

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars <sup>1</sup>											
		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
		12	13	14	15	16	17	18	19	20	21	22	23
<b>Projected Taxable Sales Volume</b>		<b>22,841,301</b>	<b>23,069,714</b>	<b>23,300,411</b>	<b>23,533,415</b>	<b>23,768,750</b>	<b>24,006,437</b>	<b>24,246,501</b>	<b>24,488,966</b>	<b>24,733,856</b>	<b>24,981,195</b>	<b>25,231,007</b>	<b>25,483,317</b>
<b>Projected Sales Tax Revenues</b>													
City of Farmington General Fund	1.000%	221,561	223,776	226,014	228,274	230,557	232,862	235,191	237,543	239,918	242,318	244,741	247,188
City of Farmington Capital Improvements	1.000%	221,561	223,776	226,014	228,274	230,557	232,862	235,191	237,543	239,918	242,318	244,741	247,188
St. Francois County General Fund	0.500%	110,780	111,888	113,007	114,137	115,278	116,431	117,596	118,771	119,959	121,159	122,370	123,594
St. Francois County Road Improvement	0.250%	55,390	55,944	56,503	57,069	57,639	58,216	58,798	59,386	59,980	60,579	61,185	61,797
St. Francois County Law Enforcement	0.500%	110,780	111,888	113,007	114,137	115,278	116,431	117,596	118,771	119,959	121,159	122,370	123,594
St. Francois County Ambulance District	0.500%	110,780	111,888	113,007	114,137	115,278	116,431	117,596	118,771	119,959	121,159	122,370	123,594
<b>Total Projected Sales Tax Revenues</b>	<b>3.750%</b>	<b>830,852</b>	<b>839,161</b>	<b>847,552</b>	<b>856,028</b>	<b>864,588</b>	<b>873,234</b>	<b>881,966</b>	<b>890,786</b>	<b>899,694</b>	<b>908,691</b>	<b>917,778</b>	<b>926,956</b>
<b>Base Sales Taxes</b>													
City of Farmington General Fund	1.000%	170,602	170,602	170,602	170,602	170,602	170,602	170,602	170,602	170,602	170,602	170,602	170,602
City of Farmington Capital Improvements	1.000%	170,602	170,602	170,602	170,602	170,602	170,602	170,602	170,602	170,602	170,602	170,602	170,602
St. Francois County General Fund	0.500%	85,301	85,301	85,301	85,301	85,301	85,301	85,301	85,301	85,301	85,301	85,301	85,301
St. Francois County Road Improvement	0.250%	42,650	42,650	42,650	42,650	42,650	42,650	42,650	42,650	42,650	42,650	42,650	42,650
St. Francois County Law Enforcement	0.500%	85,301	85,301	85,301	85,301	85,301	85,301	85,301	85,301	85,301	85,301	85,301	85,301
St. Francois County Ambulance District	0.500%	85,301	85,301	85,301	85,301	85,301	85,301	85,301	85,301	85,301	85,301	85,301	85,301
<b>Total Projected Sales Tax Revenues</b>	<b>3.750%</b>	<b>639,756</b>	<b>639,756</b>	<b>639,756</b>	<b>639,756</b>	<b>639,756</b>	<b>639,756</b>	<b>639,756</b>	<b>639,756</b>	<b>639,756</b>	<b>639,756</b>	<b>639,756</b>	<b>639,756</b>
<b>Total Incremental Sales Taxes</b>													
City of Farmington General Fund	1.000%	45,674	53,175	55,412	57,672	59,955	62,261	64,589	66,941	69,317	71,716	74,139	76,587
City of Farmington Capital Improvements	1.000%	50,959	53,175	55,412	57,672	59,955	62,261	64,589	66,941	69,317	71,716	74,139	76,587
St. Francois County General Fund	0.500%	25,479	26,587	27,706	28,836	29,978	31,130	32,295	33,471	34,658	35,858	37,070	38,293
St. Francois County Road Improvement	0.250%	12,740	13,294	13,853	14,418	14,989	15,565	16,147	16,735	17,329	17,929	18,535	19,147
St. Francois County Law Enforcement	0.500%	25,479	26,587	27,706	28,836	29,978	31,130	32,295	33,471	34,658	35,858	37,070	38,293
St. Francois County Ambulance District	0.500%	25,479	26,587	27,706	28,836	29,978	31,130	32,295	33,471	34,658	35,858	37,070	38,293
<b>Total Projected Sales Tax Revenues</b>	<b>3.750%</b>	<b>1,042,360</b>	<b>1,064,519</b>	<b>1,081,562</b>	<b>1,098,775</b>	<b>1,116,160</b>	<b>1,133,719</b>	<b>1,151,454</b>	<b>1,169,366</b>	<b>1,187,457</b>	<b>1,205,730</b>	<b>1,224,184</b>	<b>1,242,824</b>
<b>50% of Incremental Sales Taxes</b>													
City of Farmington General Fund	1.000%	22,837	26,587	27,706	28,836	29,978	31,130	32,295	33,471	34,658	35,858	37,070	38,293
City of Farmington Capital Improvements	1.000%	25,479	26,587	27,706	28,836	29,978	31,130	32,295	33,471	34,658	35,858	37,070	38,293
St. Francois County General Fund	0.500%	12,740	13,294	13,853	14,418	14,989	15,565	16,147	16,735	17,329	17,929	18,535	19,147
St. Francois County Road Improvement	0.250%	6,370	6,647	6,927	7,209	7,494	7,783	8,074	8,368	8,665	8,964	9,267	9,573
St. Francois County Law Enforcement	0.500%	12,740	13,294	13,853	14,418	14,989	15,565	16,147	16,735	17,329	17,929	18,535	19,147
St. Francois County Ambulance District	0.500%	12,740	13,294	13,853	14,418	14,989	15,565	16,147	16,735	17,329	17,929	18,535	19,147
<b>Total Projected Sales Tax Revenues</b>	<b>3.750%</b>	<b>521,180</b>	<b>532,259</b>	<b>540,781</b>	<b>549,387</b>	<b>558,080</b>	<b>566,860</b>	<b>575,727</b>	<b>584,683</b>	<b>593,729</b>	<b>602,865</b>	<b>612,092</b>	<b>621,412</b>

<sup>1</sup>Administrative Fee (1%) and Early Pay Discount (2%) have been deducted from projected total revenues, per State of Missouri Department of Revenue.

**Table EDS - 1**  
**Projected Revenues Possible from a Half-Percent Local Option Economic Development Sales Tax**  
**City of Farmington Financial Assistance Review**

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars <sup>1</sup>										
		2012 1	2013 2	2014 3	2015 4	2016 5	2017 6	2018 7	2019 8	2020 9	2021 10	2022 11
Projected City-Wide Sales		321,791,300	325,009,213	328,259,305	331,541,898	334,857,317	338,205,890	341,587,949	345,003,829	348,453,867	351,938,406	355,457,790
Local Option Sales Tax (25% for Admin Expenses)		390,172	394,074	398,014	401,995	406,014	410,075	414,175	418,317	422,500	426,725	430,993
Local Option Sales Tax (50% for Citywide Economic Development Activities)		780,344	788,147	796,029	803,989	812,029	820,149	828,351	836,634	845,001	853,451	861,985
Local Option Sales Tax (25% for Downtown Economic Development Activities)		390,172	394,074	398,014	401,995	406,014	410,075	414,175	418,317	422,500	426,725	430,993
<b>Projected Total Local Option Economic Development Sales Tax Revenue<sup>2</sup></b>	<b>0.5%</b>	<b>1,560,688</b>	<b>1,576,295</b>	<b>1,592,058</b>	<b>1,607,978</b>	<b>1,624,058</b>	<b>1,640,299</b>	<b>1,656,702</b>	<b>1,673,269</b>	<b>1,690,001</b>	<b>1,706,901</b>	<b>1,723,970</b>

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars <sup>1</sup>											
		2023 12	2024 13	2025 14	2026 15	2027 16	2028 17	2029 18	2030 19	2031 20	2032 21	2033 22	2034 23
Projected City-Wide Sales		359,012,368	362,602,491	366,228,516	369,890,801	373,589,709	377,325,607	381,098,863	384,909,851	388,758,950	392,646,539	396,573,005	400,538,735
Local Option Sales Tax (25% for Admin Expenses)		435,302	439,656	444,052	448,493	452,978	457,507	462,082	466,703	471,370	476,084	480,845	485,653
Local Option Sales Tax (50% for Citywide Economic Development Activities)		870,605	879,311	888,104	896,985	905,955	915,015	924,165	933,406	942,740	952,168	961,690	971,306
Local Option Sales Tax (25% for Downtown Economic Development Activities)		435,302	439,656	444,052	448,493	452,978	457,507	462,082	466,703	471,370	476,084	480,845	485,653
<b>Projected Total Local Option Economic Development Sales Tax Revenue</b>	<b>0.5%</b>	<b>1,741,210</b>	<b>1,758,622</b>	<b>1,776,208</b>	<b>1,793,970</b>	<b>1,811,910</b>	<b>1,830,029</b>	<b>1,848,329</b>	<b>1,866,813</b>	<b>1,885,481</b>	<b>1,904,336</b>	<b>1,923,379</b>	<b>1,942,613</b>

<sup>1</sup>Administrative Fee (1%) and Early Pay Discount (2%) have been deducted from projected total revenues, per State of Missouri Department of Revenue.

<sup>2</sup>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 Farmington Financial Assistance Review

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 0.25% CID Sales Tax										
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
		1	2	3	4	5	6	7	8	9	10	11
Projected Sales		17,587,800	18,055,103	18,529,994	19,161,219	19,352,831	19,849,618	20,354,405	21,021,980	21,544,647	21,760,093	22,296,422
<b>Projected CID Sales Tax Revenue</b>	0.25%	<b>43,090</b>	<b>44,235</b>	<b>45,398</b>	<b>46,945</b>	<b>47,414</b>	<b>48,632</b>	<b>49,868</b>	<b>51,504</b>	<b>52,784</b>	<b>53,312</b>	<b>54,626</b>

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 0.25% CID Sales Tax											
		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
		12	13	14	15	16	17	18	19	20	21	22	23
Projected Sales		22,841,301	23,069,714	23,300,411	23,533,415	23,768,750	24,006,437	24,246,501	24,488,966	24,733,856	24,981,195	25,231,007	25,483,317
<b>Projected CID Sales Tax Revenue</b>	0.25%	<b>55,961</b>	<b>56,521</b>	<b>57,086</b>	<b>57,657</b>	<b>58,233</b>	<b>58,816</b>	<b>59,404</b>	<b>59,998</b>	<b>60,598</b>	<b>61,204</b>	<b>61,816</b>	<b>62,434</b>

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 0.5% CID Sales Tax										
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
		1	2	3	4	5	6	7	8	9	10	11
Projected Sales		17,587,800	18,055,103	18,529,994	19,161,219	19,352,831	19,849,618	20,354,405	21,021,980	21,544,647	21,760,093	22,296,422
<b>Projected CID Sales Tax Revenue</b>	0.50%	<b>86,180</b>	<b>88,470</b>	<b>90,797</b>	<b>93,890</b>	<b>94,829</b>	<b>97,263</b>	<b>99,737</b>	<b>103,008</b>	<b>105,569</b>	<b>106,624</b>	<b>109,252</b>

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 0.5% CID Sales Tax											
		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
		12	13	14	15	16	17	18	19	20	21	22	23
Projected Sales		22,841,301	23,069,714	23,300,411	23,533,415	23,768,750	24,006,437	24,246,501	24,488,966	24,733,856	24,981,195	25,231,007	25,483,317
<b>Projected CID Sales Tax Revenue</b>	0.50%	<b>111,922</b>	<b>113,042</b>	<b>114,172</b>	<b>115,314</b>	<b>116,467</b>	<b>117,632</b>	<b>118,808</b>	<b>119,996</b>	<b>121,196</b>	<b>122,408</b>	<b>123,632</b>	<b>124,868</b>

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 0.75% CID Sales Tax										
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
		1	2	3	4	5	6	7	8	9	10	11
Projected Sales		17,587,800	18,055,103	18,529,994	19,161,219	19,352,831	19,849,618	20,354,405	21,021,980	21,544,647	21,760,093	22,296,422
<b>Projected CID Sales Tax Revenue</b>	0.75%	<b>129,270</b>	<b>132,705</b>	<b>136,195</b>	<b>140,835</b>	<b>142,243</b>	<b>145,895</b>	<b>149,605</b>	<b>154,512</b>	<b>158,353</b>	<b>159,937</b>	<b>163,879</b>

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 0.75% CID Sales Tax											
		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
		12	13	14	15	16	17	18	19	20	21	22	23
Projected Sales		22,841,301	23,069,714	23,300,411	23,533,415	23,768,750	24,006,437	24,246,501	24,488,966	24,733,856	24,981,195	25,231,007	25,483,317
<b>Projected CID Sales Tax Revenue</b>	0.75%	<b>167,884</b>	<b>169,562</b>	<b>171,258</b>	<b>172,971</b>	<b>174,700</b>	<b>176,447</b>	<b>178,212</b>	<b>179,994</b>	<b>181,794</b>	<b>183,612</b>	<b>185,448</b>	<b>187,302</b>

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 1% CID Sales Tax										
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
		1	2	3	4	5	6	7	8	9	10	11
Projected Sales		17,587,800	18,055,103	18,529,994	19,161,219	19,352,831	19,849,618	20,354,405	21,021,980	21,544,647	21,760,093	22,296,422
<b>Projected CID Sales Tax Revenue</b>	1.00%	<b>172,360</b>	<b>176,940</b>	<b>181,594</b>	<b>187,780</b>	<b>189,658</b>	<b>194,526</b>	<b>199,473</b>	<b>206,015</b>	<b>211,138</b>	<b>213,249</b>	<b>218,505</b>

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 1% CID Sales Tax											
		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
		12	13	14	15	16	17	18	19	20	21	22	23
Projected Sales		22,841,301	23,069,714	23,300,411	23,533,415	23,768,750	24,006,437	24,246,501	24,488,966	24,733,856	24,981,195	25,231,007	25,483,317
<b>Projected CID Sales Tax Revenue</b>	1.00%	<b>223,845</b>	<b>226,083</b>	<b>228,344</b>	<b>230,627</b>	<b>232,934</b>	<b>235,263</b>	<b>237,616</b>	<b>239,992</b>	<b>242,392</b>	<b>244,816</b>	<b>247,264</b>	<b>249,737</b>

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.  
NOTE: Early Pay Discount (2%) has been deducted from projected total revenues.

Table CID - 2  
Projected CID Special Property Tax Revenues<sup>1</sup>  
City of Farmington Financial Assistance Review

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - CID Special Assessment - Base Level										
		2012 1	2013 2	2014 3	2015 4	2016 5	2017 6	2018 7	2019 8	2020 9	2021 10	2022 11
Projected Assessed Valuation		5,870,060	5,982,672	6,010,989	6,099,894	6,237,604	6,367,909	6,396,226	6,503,354	6,577,575	6,790,139	6,726,650
CID Special Assessment Rate	0.5000	29,400	29,900	30,100	30,500	31,200	31,800	32,000	32,500	32,900	34,000	33,600

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - CID Special Assessment - One Step Up <sup>2</sup>											
		2023 12	2024 13	2025 14	2026 15	2027 16	2028 17	2029 18	2030 19	2031 20	2032 21	2033 22	2034 23
Projected Assessed Valuation		6,882,102	6,973,909	7,202,173	7,202,173	7,437,285	7,437,285	7,679,450	7,679,450	7,928,880	7,928,880	8,185,794	8,185,794
CID Special Assessment Rate	0.5000	34,400	34,900	36,000	36,000	37,200	37,200	38,400	38,400	39,600	39,600	40,900	40,900

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - CID Special Assessment - One Step Up <sup>2</sup>										
		2012 1	2013 2	2014 3	2015 4	2016 5	2017 6	2018 7	2019 8	2020 9	2021 10	2022 11
Projected Assessed Valuation		5,870,060	5,982,672	6,010,989	6,099,894	6,237,604	6,367,909	6,396,226	6,503,354	6,577,575	6,790,139	6,726,650
CID Special Assessment Rate	1.0000	58,700	59,800	60,100	61,000	62,400	63,700	64,000	65,000	65,800	67,900	67,300

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - CID Special Assessment - Two Steps Up <sup>2</sup>											
		2023 12	2024 13	2025 14	2026 15	2027 16	2028 17	2029 18	2030 19	2031 20	2032 21	2033 22	2034 23
Projected Assessed Valuation		6,882,102	6,973,909	7,202,173	7,202,173	7,437,285	7,437,285	7,679,450	7,679,450	7,928,880	7,928,880	8,185,794	8,185,794
CID Special Assessment Rate	1.5000	103,200	104,600	108,000	108,000	111,600	111,600	115,200	115,200	118,900	118,900	122,800	122,800

<sup>1</sup> CID revenues projected as revenues from special assessment on all property within the DREAM Study Area.  
<sup>2</sup> Each "step up" indicates an increase in the CID Special Assessment Rate of fifty cents (\$0.50).  
 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 Farmington Financial Assistance Review

Revenue Sources		Projected Revenues by Year in Dollars - 0.25% TDD Sales Tax											
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Prog. Yr.		1	2	3	4	5	6	7	8	9	10	11	
Projected Sales		17,587,800	18,055,103	18,529,994	19,161,219	19,352,831	19,849,618	20,354,405	21,021,980	21,544,647	21,760,093	22,296,422	
Projected TDD Sales Tax Revenue	0.25%	43,090	44,235	45,398	46,945	47,414	48,632	49,868	51,504	52,784	53,312	54,626	

Revenue Sources		Projected Revenues by Year in Dollars - 0.25% TDD Sales Tax											
		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Prog. Yr.		12	13	14	15	16	17	18	19	20	21	22	23
Projected Sales		22,841,301	23,069,714	23,300,411	23,533,415	23,768,750	24,006,437	24,246,501	24,488,966	24,733,856	24,981,195	25,231,007	25,483,317
Projected TDD Sales Tax Revenue	0.25%	55,961	56,521	57,086	57,657	58,233	58,816	59,404	59,998	60,598	61,204	61,816	62,434

Revenue Sources		Projected Revenues by Year in Dollars - 0.5% TDD Sales Tax											
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Prog. Yr.		1	2	3	4	5	6	7	8	9	10	11	
Projected Sales		17,587,800	18,055,103	18,529,994	19,161,219	19,352,831	19,849,618	20,354,405	21,021,980	21,544,647	21,760,093	22,296,422	
Projected TDD Sales Tax Revenue	0.50%	86,180	88,470	90,797	93,890	94,829	97,263	99,737	103,008	105,569	106,624	109,252	

Revenue Sources		Projected Revenues by Year in Dollars - 0.5% TDD Sales Tax											
		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Prog. Yr.		12	13	14	15	16	17	18	19	20	21	22	23
Projected Sales		22,841,301	23,069,714	23,300,411	23,533,415	23,768,750	24,006,437	24,246,501	24,488,966	24,733,856	24,981,195	25,231,007	25,483,317
Projected TDD Sales Tax Revenue	0.50%	111,922	113,042	114,172	115,314	116,467	117,632	118,808	119,996	121,196	122,408	123,632	124,868

Revenue Sources		Projected Revenues by Year in Dollars - 0.75% TDD Sales Tax											
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Prog. Yr.		1	2	3	4	5	6	7	8	9	10	11	
Projected Sales		17,587,800	18,055,103	18,529,994	19,161,219	19,352,831	19,849,618	20,354,405	21,021,980	21,544,647	21,760,093	22,296,422	
Projected TDD Sales Tax Revenue	0.75%	129,270	132,705	136,195	140,835	142,243	145,895	149,605	154,512	158,353	159,937	163,879	

Revenue Sources		Projected Revenues by Year in Dollars - 0.75% TDD Sales Tax											
		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Prog. Yr.		12	13	14	15	16	17	18	19	20	21	22	23
Projected Sales		22,841,301	23,069,714	23,300,411	23,533,415	23,768,750	24,006,437	24,246,501	24,488,966	24,733,856	24,981,195	25,231,007	25,483,317
Projected TDD Sales Tax Revenue	0.75%	167,884	169,562	171,258	172,971	174,700	176,447	178,212	179,994	181,794	183,612	185,448	187,302

Revenue Sources		Projected Revenues by Year in Dollars - 1% TDD Sales Tax											
		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Prog. Yr.		1	2	3	4	5	6	7	8	9	10	11	
Projected Sales		17,587,800	18,055,103	18,529,994	19,161,219	19,352,831	19,849,618	20,354,405	21,021,980	21,544,647	21,760,093	22,296,422	
Projected TDD Sales Tax Revenue	1.00%	172,360	176,940	181,594	187,780	189,658	194,526	199,473	206,015	211,138	213,249	218,505	

Revenue Sources		Projected Revenues by Year in Dollars - 1% TDD Sales Tax											
		2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Prog. Yr.		12	13	14	15	16	17	18	19	20	21	22	23
Projected Sales		22,841,301	23,069,714	23,300,411	23,533,415	23,768,750	24,006,437	24,246,501	24,488,966	24,733,856	24,981,195	25,231,007	25,483,317
Projected TDD Sales Tax Revenue	1.00%	223,845	226,083	228,344	230,627	232,934	235,263	237,616	239,992	242,392	244,816	247,264	249,737

NOTE: Early Pay Discount (2%) has been deducted from projected total revenues.

**Table GR - 1  
 Summary of Gross Revenues  
 City of Farmington 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 revenues contemplate the capture of PILOTS, which are not captured by the existing TIF, per its redevelopment plan.

<b>TIF</b>		
Gross Revenues	\$	8,591,909
NPV @ 6%	\$	3,308,023
<b>0.25% CID</b>		
Gross Revenues	\$	1,247,538
NPV @ 6%	\$	588,224
<b>0.5% CID</b>		
Gross Revenues	\$	2,495,075
NPV @ 6%	\$	1,176,448
<b>0.75% CID</b>		
Gross Revenues	\$	3,742,613
NPV @ 6%	\$	1,764,673
<b>1% CID</b>		
Gross Revenues	\$	4,990,150
NPV @ 6%	\$	2,352,897
<b>0.25% TDD</b>		
Gross Revenues	\$	1,247,538
NPV @ 6%	\$	639,727
<b>0.5% TDD</b>		
Gross Revenues	\$	2,495,075
NPV @ 6%	\$	1,279,454
<b>0.75% TDD</b>		
Gross Revenues	\$	3,742,613
NPV @ 6%	\$	1,919,181
<b>1% TDD</b>		
Gross Revenues	\$	4,990,150
NPV @ 6%	\$	2,558,908
<b>\$0.50 Property Tax CID</b>		
Gross Revenues	\$	801,400
NPV @ 6%	\$	378,695
<b>\$1.00 Property Tax CID</b>		
Gross Revenues	\$	1,603,000
NPV @ 6%	\$	757,264
<b>\$1.50 Property Tax CID</b>		
Gross Revenues	\$	2,404,400
NPV @ 6%	\$	1,135,956

## SECTION III

### FINANCING MECHANISM OVERVIEW

The following Section provides a brief summary of various financing mechanisms available to the City or through State partnership. This report selected financing mechanisms 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 PLANNERS and the Program Sponsors to illustrate the recommendations of this and other DREAM Initiative elements. For information regarding project incentives, the City of Farmington should fully utilize the expertise of the DREAM Program Sponsors as needed by providing specific project details as they become available. Please also refer to the websites of the Department of Economic Development ([www.ded.mo.gov](http://www.ded.mo.gov)), Missouri Development Finance Board ([www.mdfb.org](http://www.mdfb.org)) and Missouri Housing Development Commission ([www.mhdc.com](http://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.

### Existing Karsch Boulevard and Downtown Farmington TIF

A majority of the DREAM Area is currently within the Karsch Boulevard and Downtown Farmington TIF. The TIF is a conservation area TIF primarily tasked with improvement to Downtown's historic buildings and surrounding public infrastructure. As required by state statute, the TIF collects both PILOTS and EATS; however, all PILOTS are considered surplus revenues and passed to the taxing districts. The district is set up as a "pay-as-you-go" TIF, with revenues assigned to projects as they are presented. As of Fall 2010, the TIF had \$153,722.38 in its special allocation fund. So far, the TIF has generated about \$2.7 Million over the past eight years. There 15 years remaining in the life of the TIF. If the City desired, the TIF could be amended to expand its area or to capture its PILOTS.

## 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 effective 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. The CID's Board of Directors must be at least five members appointed by the municipality, have staggered terms, and each represent an owner or business within the district.

#### 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?

The fiscal year for the CID is the same as that of the municipality. A CID's board must submit for approval an annual budget to the municipality's governing board no later than ninety days prior to the first day of each fiscal year. The annual budget must contain the information required by 67.010 RSMO. The municipality has the ability to review and comment on the CID's budget. The CID must hold an annual meeting and adopt an annual budget no later than 30 days prior to the beginning of the fiscal year.

Within 120 days after the conclusion of each fiscal year, the CID board sends an annual report to the Department of Economic Development and to the municipal clerk. As with all political subdivisions, the CID also must submit an annual report of financial transactions to the State Auditor pursuant to 105.145 RSMO within four months of fiscal year end (or six months, if an audited report is submitted). The annual report of financial transactions must follow the requirements set out in Code of State Regulations, Division 40, Chapter 3 (15 CSR 40-3.030).

### Who collects the tax?

The CID must notify the County Assessor if a real property tax or special assessment is imposed. If a sales and use tax is imposed by the CID, the Board of Directors must notify the Missouri Department of Revenue 90 days prior to the start date of the tax in order to ensure that it is collected. The CID must also provide a map of the district, CID petition, and list of known existing businesses within the district to the Missouri Department of Revenue. If a CID were created for Downtown, 50% of its revenues collected within the boundaries of the existing Karsch Boulevard and Downtown Farmington TIF, would be captured by the TIF.

## 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 1%; 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.

### Are there any reporting requirements?

The fiscal year for the TDD is the set by the district. The TDD must hold an annual meeting and adopt an annual budget prior to the beginning of the fiscal year. The annual budget must contain the information required by 67.010 RSMO.

As with all political subdivisions, the TDD also must submit an annual report of financial transactions to the State Auditor pursuant to 105.145 RSMO within four months of fiscal year end (or six months, if an audited report is submitted). The annual report of financial transactions must follow the requirements set out in Code of State Regulations, Division 40, Chapter 3 (15 CSR 40-3.030).

### Who collects the tax?

If a sales tax is imposed by the TDD, the Board of Directors must notify the Missouri Department of Revenue 90 days prior to the start date of the tax in order to ensure that it is collected. The TDD must also provide a map of the district, TDD petition, and list of known existing businesses within the district to the Missouri Department of Revenue.

## 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 receive 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
<b>TOTAL SALES PROCEEDS:</b>					<b>\$200,000</b>	<b>1,600</b>

Residential sales price/sq. ft.: \$ 125

Table 2 illustrates the developer's Uses of Funds. The table includes the major categories of costs incurred by the developer, though it can change as needed. The developer at the request of the Authority should supply this information.

**Table 2  
 Uses of Funds  
 Tax Abatement Analysis**

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

Table 3 illustrates possible state historic tax credits generated by the project. These credits are only included in the analysis for historic property redevelopment, or when a property is 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 <sup>1</sup>	25%	24,938
State tax credit pricing rate:		84.00%
<b>State tax credit proceeds</b>		<b>20,948</b>

<sup>1</sup> 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)
<b>Total sales proceeds:</b>		<b>\$</b>	<b>186,000</b>
PLUS: Historic tax credit proceeds:		\$	20,948
<b>Total proceeds:</b>		<b>\$</b>	<b>206,948</b>
LESS: Total costs:		\$	(155,000)
<b>Total Development Proceeds After Historic Tax Credits:</b>		<b>\$</b>	<b>51,948</b>

**Allowable Developer's Fee**

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

## 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 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**

<b>Sources &amp; Uses of Funds</b>		
<b>Sources</b>		<b>% of Total</b>
Mortgage Debt	\$ 2,977,823	66%
Subordinated Debt	\$ -	0%
Equity	\$ -	0%
Tax Credit Proceeds	\$ 1,521,214	34%
<b>Total Sources</b>	<b>\$ 4,499,037</b>	<b>100%</b>
<b>Uses</b>		
		<b>Per Unit</b>
<b>Acquisition Costs</b>	\$ 742,000	\$ 22,485
<b>Hard Construction Costs</b>		\$ 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
<b>Soft Costs</b>		
	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
<b>Financing Costs</b>		
	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
<b>Marketing Costs</b>		
	Advertising & Promotion	\$ 2,400
	Sales Literature	\$ -
	Miscellaneous	\$ -
<b>Total Uses:</b>	<b>\$ 4,992,802</b>	

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**

<b>Financing Information</b>	
<b><u>Loan Amount</u></b>	\$ 2,977,823
Interest Rate	6.50%
Amortization (Years)	30
Mortgage Constant	0.075848
Interest Only Financing?	<b>no</b>
Monthly Debt Service Payment	\$ 18,822
<b><u>Subordinated Debt Assumptions</u></b>	
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**

<b>Historic Tax Credit Calculator</b>	
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%
<b>State tax credit proceeds:</b>	<b>\$817,806</b>
Federal tax credit pricing rate:	93.00%
Percent of Costs Eligible:	20.00%
<b>Federal tax credit proceeds:</b>	<b>\$703,408</b>
<b>Total Historic Credit Proceeds</b>	<b>\$1,521,214</b>

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**

<b>Revenue &amp; Expense Assumptions</b>	
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	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
<b>Totals</b>	<b>33</b>	<b>100%</b>	<b>1102</b>	<b>36,377</b>	<b>\$31,800</b>	<b>\$88,750</b>	<b>\$381,600</b>

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**

<b>Assessment Information</b>	
Residential Assessment Rate	19%
Commercial Assessment Rate	32%
<b>Checks</b>	
Residential?	<b>x</b>
Commercial?	
<b>Tax Abatement Term:</b>	<b>5</b>
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 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
<b>Total Annual Revenues</b>	<b>\$ 6.3125</b>	<b>\$ 6.3125</b>	<b>\$ 8,899.36</b>	<b>\$ 53,894.18</b>

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, the project is able to continue providing an acceptable rate of return. If the project were not able to maintain a feasible rate of return the developer would have to reexamine his/her number of units and rental rates, 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	
<b>Income</b>																
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)	
<b>Net Rental Income</b>	<b>362,520</b>	<b>372,489</b>	<b>382,733</b>	<b>393,258</b>	<b>404,072</b>	<b>415,184</b>	<b>426,602</b>	<b>438,334</b>	<b>450,388</b>	<b>462,773</b>	<b>475,500</b>	<b>488,576</b>	<b>502,012</b>	<b>515,817</b>	<b>530,002</b>	
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Effective Gross Income</b>	<b>\$ 362,520</b>	<b>\$ 372,489</b>	<b>\$ 382,733</b>	<b>\$ 393,258</b>	<b>\$ 404,072</b>	<b>\$ 415,184</b>	<b>\$ 426,602</b>	<b>\$ 438,334</b>	<b>\$ 450,388</b>	<b>\$ 462,773</b>	<b>\$ 475,500</b>	<b>\$ 488,576</b>	<b>\$ 502,012</b>	<b>\$ 515,817</b>	<b>\$ 530,002</b>	
<b>Expenses</b>																
	<b>Year 1 Per Unit</b>															
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	8,899	8,899	8,899	8,899	8,899	8,899	8,899	8,899	8,899	8,899
Total Expenses	\$ 157.47	\$ 62,359	\$ 63,562	\$ 64,792	\$ 66,050	\$ 67,336	\$ 68,645	\$ 70,000	\$ 71,369	\$ 72,775	\$ 74,212	\$ 75,681	\$ 77,184	\$ 78,721	\$ 80,291	
<b>Net Operating Income</b>	<b>\$ 300,161</b>	<b>\$ 308,927</b>	<b>\$ 317,941</b>	<b>\$ 327,208</b>	<b>\$ 336,737</b>	<b>\$ 346,539</b>	<b>\$ 356,602</b>	<b>\$ 366,964</b>	<b>\$ 377,613</b>	<b>\$ 388,598</b>	<b>\$ 399,888</b>	<b>\$ 411,495</b>	<b>\$ 423,428</b>	<b>\$ 435,696</b>	<b>\$ 448,311</b>	
<b>Financial Expense</b>																
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)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Financial Expense</b>	<b>\$ 225,862</b>	<b>\$ 225,862</b>	<b>\$ 225,862</b>	<b>\$ 225,862</b>	<b>\$ 225,862</b>	<b>\$ 225,862</b>	<b>\$ 225,862</b>	<b>\$ 225,862</b>	<b>\$ 225,862</b>	<b>\$ 225,862</b>	<b>\$ 225,862</b>	<b>\$ 225,862</b>	<b>\$ 225,862</b>	<b>\$ 225,862</b>	<b>\$ 225,862</b>	
<b>Cash Flow</b>	<b>\$ 74,298</b>	<b>\$ 83,065</b>	<b>\$ 92,078</b>	<b>\$ 101,346</b>	<b>\$ 110,874</b>	<b>\$ 120,677</b>	<b>\$ 130,740</b>	<b>\$ 141,102</b>	<b>\$ 151,756</b>	<b>\$ 162,736</b>	<b>\$ 174,026</b>	<b>\$ 185,633</b>	<b>\$ 197,566</b>	<b>\$ 209,837</b>	<b>\$ 222,442</b>	
<b>Debt-Coverage Ratio</b>	<b>1.33</b>	<b>1.37</b>	<b>1.41</b>	<b>1.45</b>	<b>1.49</b>	<b>1.54</b>	<b>1.58</b>	<b>1.63</b>	<b>1.67</b>	<b>1.72</b>	<b>1.77</b>	<b>1.82</b>	<b>1.87</b>	<b>1.92</b>	<b>1.97</b>	

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%
<b>Total Sources</b>	<b>\$4,499,036.72</b>	100%

**DEVELOPER FEE CHECK:**

Acquisition costs:	\$ 742,000
Development costs w/o developer fee:	\$ 4,278,168
Developer fee on acquisition @ 4%:	\$ 29,680
Developer fee on development costs @ 15%:	\$ 641,725
<b>Total allowable developer fee:</b>	<b>\$ 671,405</b>
Total developer fee in proforma:	\$ 714,634
LESS: Equity or deferred developer fee:	0
<b>Actual developer fee:</b>	<b>\$ 714,634</b>
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
<b>Construction interest calculated:</b>	<b>\$ 145,169</b>
Construction interest per developer:	\$ -
Excess construction interest:	\$ (145,169)
Construction interest OK?	YES

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

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## 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.

<u>Population of Municipality</u>	<u>Estimated Project Costs</u>	<u>New Jobs Created</u>
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:

<u>Population of Municipality</u>	<u>Estimated Project Costs</u>
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

#### What if the tax credit exceeds the total State income tax liability?

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.

#### Are the tax credits transferable?

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

#### 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 such owner within the next five years.

#### Are the tax credits transferable?

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.

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## 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.

Summary of Financial Assistance Resources  
Financial Assistance Review

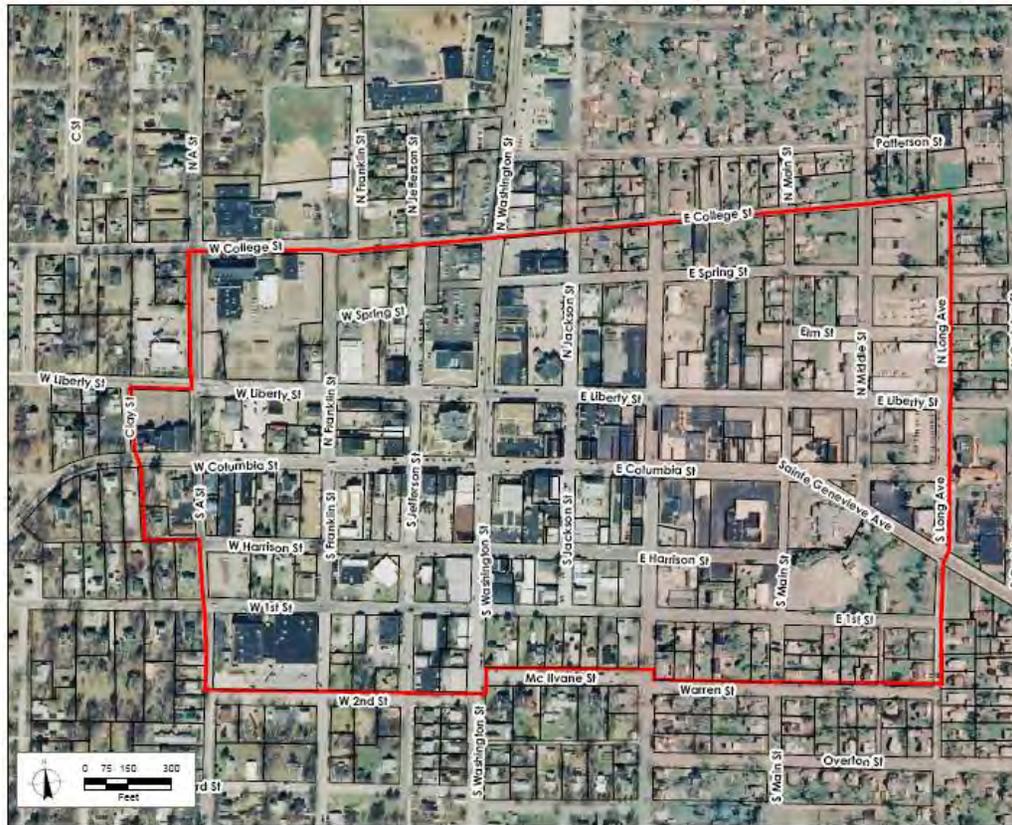
Name	Eligible Uses of Funds	Formation	Powers & Limitations	Governance	Borrowing Authority	Sources of Revenue
<b>Community Improvement District (CID) (Ch. 67, R.S.Mo.)</b>	Public capital improvements; Private capital improvements (located in a blighted area); Special services	By governing body of City, on petition of majority owners by assessed value or number	Petition for district formation specifies: area and duration of district; maximum rate of taxes; method 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/assessments set by Board (within petition limits); District may be terminated by City, upon majority of property owners, by value and per capita	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
<b>Special Business District (SBD) (Ch. 71, R.S.Mo.)</b>	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; Business license taxes if City already imposes tax on businesses licenses, then additional tax cannot exceed 50% of current tax and approved by qualified voters
<b>Neighborhood Improvement District (NID) (Ch. 67, R.S.Mo.)</b>	Public capital improvements	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 district formation must specify general nature of improvement, estimated cost, boundaries, method of assessment; City makes all other decision, including classifications and assessment 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
<b>Tax Increment Financing (99.88-.865 R.S.Mo.)</b>	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, eligibility analysis and other findings per the TIF Act; must pass "but for" test	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 those specifically pledged as security	Special Allocation Fund collects local incremental revenues generated within the district; 100% PILOTS and 50% EATS are captured by the Special Allocation Fund
<b>Community Development Block Grant Funds</b>	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 individual or organization, apply to the appropriate city, state or county for funding. Funding restricted by program guidelines and availability of funding.	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 Assistance Resources  
Financial Assistance Review

Name	Eligible Uses of Funds	Formation	Powers & Limitations	Governance	Borrowing Authority	Sources of Revenue
<b>Missouri Downtown Economic Stimulus Act (MODESA)</b>	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 district; 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
<b>Transportation Development Districts (TDD) (238.200-238.275 R.S.Mo.)</b>	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 valuation or sales tax not to exceed 1%; District may levy tolls or special assessments for improvements benefiting the project
<b>Missouri Historic Preservation Tax Credits (253.545-559 R.S.Mo.) (S.B. 1, 1997) (S.B. 827, 1998)</b>	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 eligible for such credits may transfer, sell (monetize) or assign credits
<b>Brownfield Redevelopment Program (447.700-447.718 R.S.Mo.)</b>	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 Department 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 redevelopment of the site as approved
<b>Urban Redevelopment Corporations (Ch. 353, R.S. Mo.)</b>	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 may 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
<b>Tax Reimbursement Agreements (Ch. 43, R.S. Mo.)</b>	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

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## SECTION V FARMINGTON DREAM STUDY AREA MAP

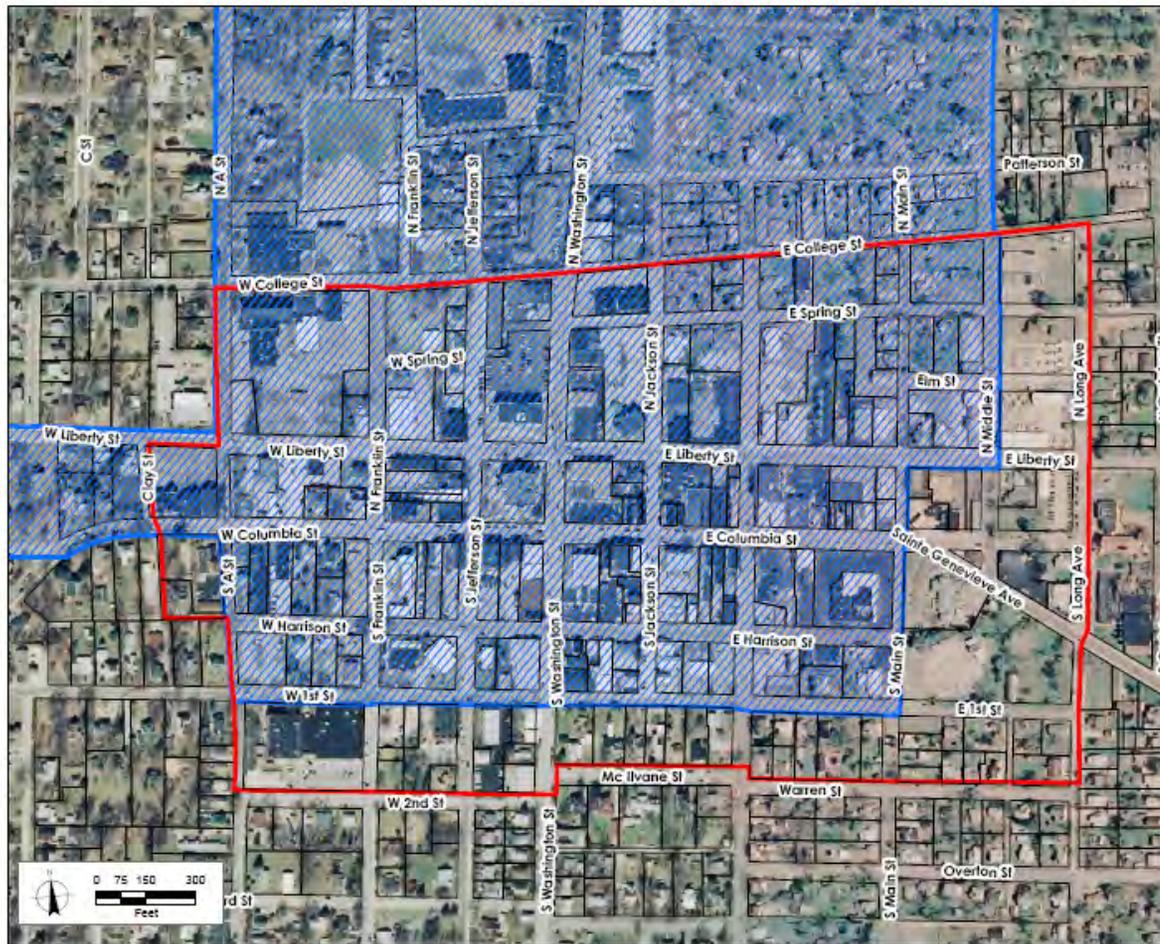


DREAM Study Area  
Boundary Map  
Downtown Study Area  
City of Farmington, Missouri

Legend  
Study Area

## SECTION VI

### MAP OF KARSCH BOULEVARD AND DOWNTOWN FARMINGTON TIF BOUNDARY



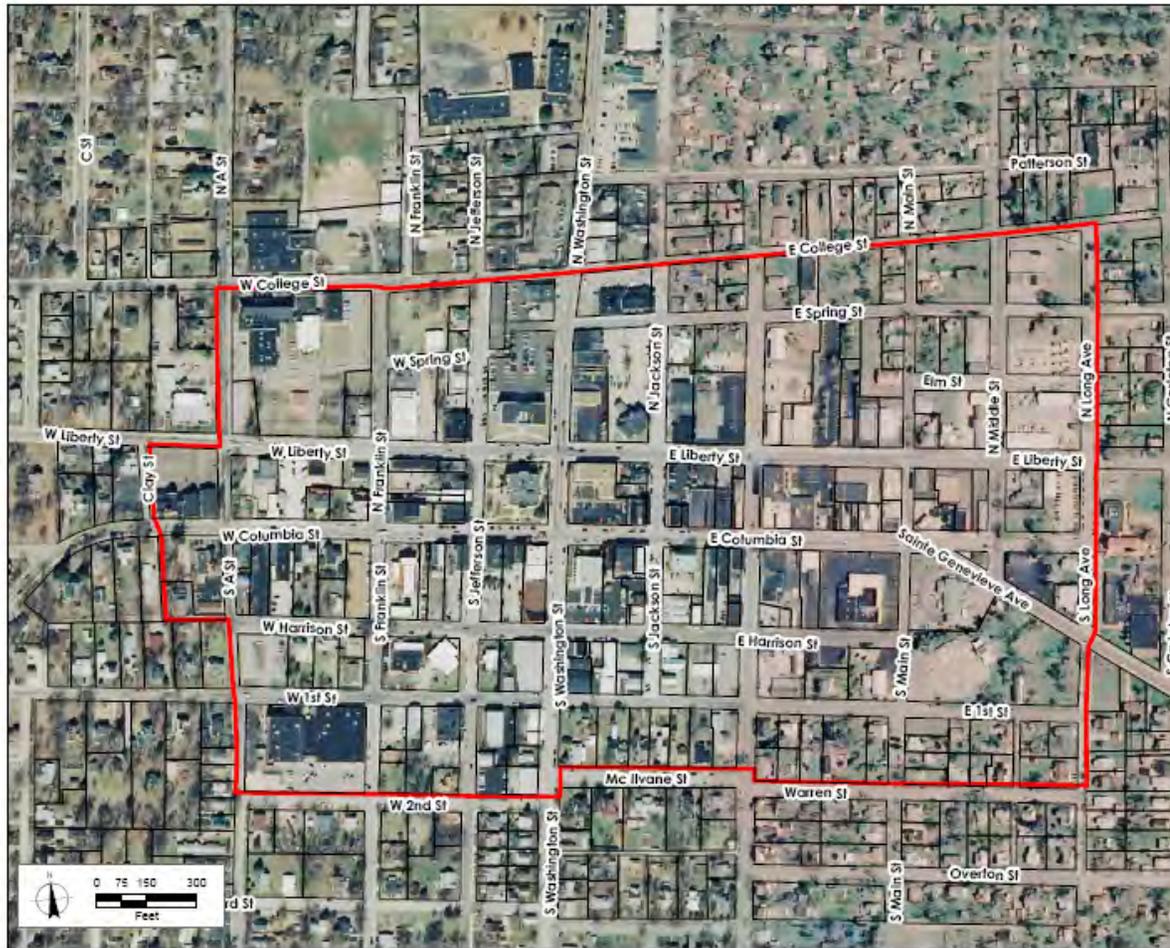
Existing TIF Boundary

Downtown Study Area  
City of Farmington, Missouri

#### Legend

- Study Area
- Karsch Boulevard and Downtown Farmington TIF Redevelopment Area

## SECTION VII MAP OF CID AND TDD BOUNDARY



Potential CID /  
TDD Boundary  
Downtown Study Area  
City of Farmington, Missouri

Legend

 Potential CID /  
TDD Boundary