

DOWNTOWN
REVITALIZATION &
ECONOMIC
ASSISTANCE FOR
MISSOURI

Monett, Missouri

FINANCIAL ASSISTANCE REVIEW

DREAM STUDY AREA

CITY OF MONETT, MISSOURI
AUGUST 2013

PGAV PLANNERS



ACKNOWLEDGMENTS



DOWNTOWN REVITALIZATION AND ECONOMIC
ASSISTANCE FOR MISSOURI (DREAM)
PROGRAM SPONSORS:



PLANNING CONSULTANT:



This page intentionally left blank

TABLE OF CONTENTS

<u>SECTION</u>	<u>PAGE</u>
I. INTRODUCTION	1
II. PROJECTS, QUANTITATIVE METHODOLOGY, & TABLES.....	3
A. City of Monett Projects	3
B. Quantitative Methodology	4
C. Tables Summary.....	6
D. City of Monett Project Tables.....	8
i. Table R-1 – Summary of Financial Assistance Review Assumptions	4, 8
ii. Table R-2 – Summary of Projected Market and Assessed Valuations Upon Redevelopment.....	9
iii. Table R-3 – Estimated Base Sales Taxes and Most Recent Equalized Assessed Valuation.....	10
iv. Table R-4 – 2012 Real Property Tax Rates per \$100	11
v. Table R-5 – Impact of Redevelopment on Real Property Assessments.....	12
vi. Table R-6 – Impact of Redevelopment on Future Retail Sales.....	13
vii. Table TIF-1 – Summary of Projected TIF Revenues (PILOTS)	14
viii. Table TIF-2 – Summary of Projected TIF Revenues (EATS)	15-16
ix. Table EDS-1 – Projected Revenues Possible from a Half-Percent Local Option Economic Development Sales Tax.....	17
x. Table CID-1 – Projected Revenues Possible from CID Sales Tax at rates of 0.25%, 0.5%, 0.75%, and 1%.....	18
xi. Table CID-2 – Projected CID Special Property Tax Revenues	19
xii. Table SBD-1 – Projected Special Business District Property Tax Revenues	20
xiii. Table TDD-1 – Projected Revenues Possible from TDD Sales Tax at rates of 0.25%, 0.5%, 0.75%, and 1%.....	21
xiv. Table GR-1 – Summary of Gross Revenues	22
III. FINANCING MECHANISM OVERVIEW	23

- LOCAL INCENTIVES 25**
- A. Tax Increment Financing..... 27
- B. Urban Redevelopment Corporations..... 31
- C. Community Improvement Districts..... 33
- D. Transportation Development Districts 36
- E. Neighborhood Improvement Districts..... 38
- F. Special Business Districts..... 40
- G. Development/Cooperation Agreements 42
- H. Local Option Economic Development Sales Tax 43
- I. Land Clearance for Redevelopment Authority..... 44
 - For-Sale Tax Abatement
 - i. Table 1 – Summary of Project Concept & Sales Proceeds 46
 - ii. Table 2 – Uses of Funds 47
 - iii. Table 3 – Historic Tax Credit Calculation 48
 - iv. Table 4 – Permanent Sources of Funds & Allowable Developer’s Fee..... 49
 - For-Lease Tax Abatement
 - i. Table 1 – Summary of Project Sources & Uses..... 50
 - ii. Table 2 – Summary of Project Financing 51
 - iii. Table 3 – Summary of Historic Tax Credits Pricing & Proceeds..... 52
 - iv. Table 4 – Summary of Revenue & Expense Assumptions..... 53
 - v. Table 5 – Projected Rent Roll..... 54
 - vi. Table 6 – Summary of Assessment Information 55
 - vii. Table 7 – Estimated Fiscal Impact of Tax Abatement on Affected Taxing Jurisdictions..... 56
 - viii. Table 8 – Cash Flow Projections 57
 - ix. Table 9 – Developer Fee Check 58

- STATE INCENTIVES 59**

- A. Missouri Downtown and Rural Economic Stimulus Act 61
- B. Missouri Downtown Preservation Act (MoDESA Light) 63
- C. Historic Preservation Credit 65
- D. Brownfield Remediation 66
- E. Community Development Block Grant Funds 67
- F. Neighborhood Assistance Program 68

IV. SUMMARY OF FINANCIAL INCENTIVE RESOURCES69

V. MONETT DREAM STUDY AREA MAP73

VI. CID BOUNDARY75

This Page Intentionally Left Blank

SECTION I

INTRODUCTION

The City of Monett has a long history of active civic involvement and community progress. No one area of a city more demonstrates the civic image of the community than its Downtown. Monett's Downtown, while attractive, faces a range of issues including aging buildings and infrastructure, periodic flooding, and lack of space for public gatherings. As is the case for most communities, a lack of financial resources is the greatest barrier to implementing a downtown revitalization program. However, throughout Missouri, a number of small towns have consistently demonstrated that a community with broad public and private involvement can realize successful revitalization. Traditionally, the public sector focuses on basic infrastructure, parking, and public services while the private sector invests in buildings, businesses, and housing. There is typically indirect cooperation between the two, but the mingling or sharing of financial resources and knowledge is limited.

Monett, is no stranger to public/private partnerships. Throughout the City's rich history, its business and civic community have repeatedly stepped up to fund major projects and to attract economic development to the community. One recent example is the funding of the new YMCA in Monett. Downtowns throughout the United States have benefitted from public/private partnerships. Shared activities provide the community an increased ability to address challenges, deploy resources efficiently, and maximize rewards. Coordinating the traditional public and private sector roles creates an opportunity to share responsibility, benefits, and recognition. The public body provides an investment in downtown that signals a commitment to improving the area. Private investors receive this message and seek development opportunities. In this way, both the public and private sectors can employ their unique capabilities for revitalization that may include absorbing economic risk, enhancing public improvements, addressing deteriorating buildings and aging infrastructure, and conducting effective public outreach. The public sector provides planning, expanded and secure fiscal resources, community input, and provision of key infrastructure and utilities. The private sector can respond quickly and efficiently to changing economic and market conditions and is typically free of many of the limitations inherent to public organizations and therefore able to use business acumen to pursue project profitability.

To date, the Monett DREAM Initiative has involved community organizations, the public sector, and private businesses in planning for the revitalization of Downtown. The DREAM Initiative involved significant input from the City, Chamber of Commerce, Monett Main Street, and other civic leaders and organizations, as well as residents. These represent both the public and private sectors of Downtown Monett and all are critical to realizing the community's vision for Downtown.

Downtown Monett has already realized some revitalization success. The public entities involved in Downtown have made several investments designed to spur private projects. Some public projects in Downtown Monett have included:

- The Downtown streetscape along a portion of Broadway

- Support by the City and Chamber of the formation of Monett Main Street
- Installation of the first set of wayfinding signs for Downtown per the Downtown Wayfinding Plan
- Encouragement of the annual Strawberry Festival and Hispanic Festival
- Support for rehabilitation of local historic landmarks
- Engagement of the public, including the Hispanic business community, in planning for future improvements to Downtown

These and other public projects have encouraged some private projects in Downtown Monett. Some of these projects have included public funding and represent public/private partnerships. Some private investment examples include:

- Rehabilitation of multiple buildings, including Bruner's Pharmacy and Mocha Joe's
- Façade improvements, funded in part, by Monett Main Street
- The purchase of 418, 420 and 422 East Broadway by Bob and Debbie Berger for rehabilitation
- Establishment of multiple new businesses Downtown including a host of Hispanic-owned businesses

A sustained Downtown revitalization effort will require continued coordination of the existing Monett organizations lead by Monett Main Street and the City to efficiently direct both private and public funds for Downtown improvements. Encouraging the establishment and retention of businesses and greater residential options in Downtown will require improvements to the existing infrastructure, ongoing cooperation among stakeholders, active and effective marketing, and programs for property owners to enhance their buildings. All of these initiatives will require funding solutions.

The Financial Assistance Review provides an analysis of potential revenues resulting from various statutory financing mechanisms. The City can use these financial mechanisms to implement strategies and achieve revitalization goals, as formulated during the DREAM Initiative. The underlying objective is to leverage limited public funding sources to attract private investment leading to high quality development/redevelopment, business expansion and attraction, new and rehabilitated housing, and job creation.

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, capital fund, or other taxes will continue to be a necessary component in fulfilling the goals and objectives for Downtown Monett. The application of additional financing mechanisms may be necessary to provide targeted and dedicated funding to accelerate investment. These financing mechanisms, if implemented, will capitalize on future economic growth to support reinvestment in projects by offsetting eligible costs. In most cases, the incentive district considered is the DREAM Study Area as depicted in Section V on page 74.

The goal of the Financial Assistance Review, and the underlying assumptions within, is to provide an "order of magnitude" estimate of revenues generated by these funding mechanisms based on observed market realities of the Monett area economy.

SECTION II

PROJECTS, QUANTITATIVE METHODOLOGY, AND TABLES

A. CITY OF MONETT PROJECTS

The Financial Assistance Review provides preliminary projections of revenue streams created via possible development and redevelopment projects within Downtown Monett. 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 PGAVPLANNERS and City staff. For purposes of this analysis, first and second floor vacant spaces were considered for residential, commercial and mixed-use space. However; only vacant space on the first floors were considered for retail and restaurants

The City and Monett Main Street have identified some projects in planning or development stages that could benefit from the financial assistance mechanisms identified in this review. Possible projects include rehabilitation of vacant or underutilized structures, filling vacant spaces on upper floors, the implementation of the Downtown Wayfinding Plan, Downtown events, a pocket park, streetscape improvements, and mitigation of current flooding issue. If determined to be priority projects for the DREAM Strategic Plan, these projects would benefit from the financing mechanisms identified within this review, depending on the eligibility of the project. For example, the revenues generated by a CID could be used for event planning and marketing of Downtown, while a TDD could be used to implement the Downtown Wayfinding Plan.

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

- Tax Increment Financing (TIF)
- Local Option Economic Development Sales Tax (EDS)
- A Community Improvement District (CID) equal in size to the DREAM Study Area
- A Transportation Development District (TDD) equal in size to 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 project(s) is(are) implemented.

B. QUANTITATIVE METHODOLOGY

Assumptions formulated from observations of the Monett 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 5 are these, and other, variables. Section D repeats Table R-1 for reference.

Table R-1
Summary of Financial Assistance Review Assumptions
City of Monett Financial Assistance Review^{3,4,5}

Redevelopment Project Assumptions		Sq. Ft.	Annual Rates of Redevelopment²	
			Year	Rate
Street Level Retail/Restaurants		22,970	2014	8%
Commercial/Service		158,317	2015	7%
Mixed-use		1,760	2016	9%
Residential Apartments		12,510	2017	12%
Total ¹		195,557	2018	10%
Assessment Valuation Assumptions			2019	8%
Market Value After Redevelopment (per sq.ft.)		\$25	2020	9%
Retail Sales (per sq.ft.)		\$50	2021	12%
Tax Rate Assumptions			2022	8%
CID Sales Tax		1/4% to 1%	2023	5%
TDD Sales Tax		1/4% to 1%	2024	4%
Local Option Economic Development Sales Tax Rate		0.50%	2025	4%
Total Sales Tax Rate		7.475%	2026	4%
TIF Sales Tax Rate (See Table R-3)		3.250%	TOTAL:	100%
Total Property Tax Rate		4.748%		
TIF Property Tax Rate (See Table R-4)		4.391%		
Growth Escalator Assumptions				
Annual Rate of Increase in Sales per sq.ft.		1%		
Bi-Annual Rate of Increase - Real Property Established Uses		2%		
Bi-Annual Rate of Increase - Redeveloped Real Property		3%		

¹ 80% of total vacant space observed during Land Use, Building and Infrastructure Survey Task.

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

³ These projections are based on assumptions and are only used to provide an indication of possible revenues generated from potential, and as yet undefined, redevelopment projects.

⁴ Tax revenues displayed in year generated.

⁵ Administrative Fee and Early Discount have been subtracted from projected tax revenues.

Redevelopment Project Area Space: 195,557 square feet

The DREAM Land Use, Building, and Infrastructure Survey revealed about 244,446 square feet of vacant, first floor, building space. The projections assume redevelopment of eighty percent (80%) of this vacant space, or 195,557 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 Monett with information and recommendations concerning Downtown retail demand.

Annual Rates of Redevelopment: Annually Rolling Rates

PGAVPLANNERS 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 this activity and Table R-1 enumerates these rates.

Market Value After Redevelopment: \$25 per square foot

Based on calculations using the 2012 Assessed Values and building squared footage, PGAVPLANNERS calculated the market value to be \$24 per square foot on commercial space, \$26 per square foot on single-family residential and \$33 per square foot on condos/apartments. \$25 is a conservative estimate, included for projection purposes – hopefully the market value would be significantly greater than this amount.

Retail Sales: \$50 per square foot

To arrive at current retail sales per square foot, PGAVPLANNERS 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. The number generated was increased to account for the type of retail and restaurants that would warrant newly-rehabilitated construction.

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

PGAVPLANNERS 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: Two percent (2%)

The two-percent (2%) 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%)

PGAVPLANNERS 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 PGAVPLANNERS and the City of Monett.

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

This table provides 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 – 2012 Real Property Tax Rates per \$100:

This table itemizes existing taxing jurisdictions and their real property tax rates from 2012. 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, based on a district equal in size to the DREAM Study Area.

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, based on a district equal in size to the DREAM Study Area.

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 in size to 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 over an area equal in size to 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 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 (NPV) for each revenue stream.

D. CITY OF MONETT 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 Monett Financial Assistance Review ^{3,4,5}

Redevelopment Project Assumptions		Sq. Ft.	Annual Rates of Redevelopment²	
			Year	Rate
Street Level Retail/Restaurants		22,970	2014	8%
Commercial/Service		158,317	2015	7%
Mixed-use		1,760	2016	9%
Residential Apartments		12,510	2017	12%
Total ¹		195,557	2018	10%
Assessment Valuation Assumptions			2019	8%
Market Value After Redevelopment (per sq.ft.)		\$25	2020	9%
Retail Sales (per sq.ft.)		\$50	2021	12%
Tax Rate Assumptions			2022	8%
CID Sales Tax		1/4% to 1%	2023	5%
TDD Sales Tax		1/4% to 1%	2024	4%
Local Option Economic Development Sales Tax Rate		0.50%	2025	4%
Total Sales Tax Rate		7.475%	2026	4%
TIF Sales Tax Rate (See Table R-3)		3.250%	TOTAL:	100%
Total Property Tax Rate		4.748%		
TIF Property Tax Rate (See Table R-4)		4.391%		
Growth Escalator Assumptions				
Annual Rate of Increase in Sales per sq.ft.		1%		
Bi-Annual Rate of Increase - Real Property Established Uses		2%		
Bi-Annual Rate of Increase - Redeveloped Real Property		3%		

¹ 80% of total vacant space observed during Land Use, Building and Infrastructure Survey Task.

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

³ These projections are based on assumptions and are only used to provide an indication of possible revenues generated from potential, and as yet undefined, redevelopment projects.

⁴ Tax revenues displayed in year generated.

⁵ Administrative Fee and Early Discount have been subtracted from projected tax revenues.

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

Use	Size (sq.ft.) ¹	Total Projected Market Value after Improvements ²	Assessment Rate	Total Projected Assessed Value after Improvements
Street-Level Retail & Restaurants	22,970	\$ 502,726	32%	\$ 160,872
Commercial/Service (1st or 2nd Floor)	158,317	\$ 3,464,892	32%	\$ 1,108,765
Mixed-Use	1,760	\$ 38,519	32%	\$ 12,326
Residential Apartments	12,510	\$ 310,222	19%	\$ 58,942
Totals	195,557	\$ 4,316,359		\$ 1,340,906

¹ Square footage outlined in this column based on inventory of vacant space observed in the Land Use, Building and Infrastructure Survey.

² Total Projected Market Value after Improvements based on total valuation after full absorption, which is projected to occur in 2026. Please see Table R-6 for detail.

Table R-3
Estimated Base Sales Taxes and Most Recent Equalized Assessed Valuation (EAV)(2012)¹
City of Monett Financial Assistance Review

<i>Estimated Downtown Base EAV</i>	\$3,129,159
<i>Total Citywide Sales Volume Estimate²</i>	\$175,431,453
<i>Estimated Taxable Downtown Base Sales Volume³</i>	\$3,286,136

<i>Estimated Taxable Downtown Base Sales Volume</i>		\$3,286,136
Sales Taxes	Tax Rate	Base Taxes (\$)⁴
Local Sales Taxes Captured by TIF		
City of Monett General Sales Tax	1.750%	56,000
Barry County General	0.500%	16,000
Barry County Roads & Bridges	0.500%	16,000
Barry County 911	0.375%	12,000
Barry County Additional Tax	0.125%	4,000
Total Base Local Sales Taxes	3.250%	104,000
State Sales Tax	4.225%	\$135,000
Total Sales Tax Rate	7.475%	
Local Option Economic Development Sales Tax	0.500%	
CID Sales Tax	.25% to 1%	
TDD Sales Tax	.25% to 1%	

¹ Information provided by the Missouri Department of Revenue and the City of Monett.

² Source: Missouri Department of Revenue (2012)

³ Source: ESRI. Taxable Sales do not include automobile or gasoline sales.

⁴ 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
2012 Real Property Tax Rates per \$100 ¹
City of Monett Financial Assistance Review

Taxing Jurisdiction	Rate
School District	3.746%
Road District	0.178%
Library	0.150%
Health	0.071%
Handicapped	0.070%
Senior Citizens	0.050%
North Ambulance District	0.126%
Total Tax Rate for TIF	4.391%
Property Tax Not Applicable for TIF	
Commercial Surcharge	0.327%
State of Missouri ²	0.030%
Total Tax Rate	4.748%

Source: Barry County and the City of Monett.

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

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

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

	Redevelopment Absorption													
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
Base EAV	\$ 3,129,159	\$ 3,129,159	\$ 3,129,159	\$ 3,129,159	\$ 3,129,159	\$ 3,129,159	\$ 3,129,159	\$ 3,129,159	\$ 3,129,159	\$ 3,129,159	\$ 3,129,159	\$ 3,129,159	\$ 3,129,159	\$ 3,129,159
Cumulative Retail/Restaurant Use Redevelopment	1,838	3,446	5,513	8,269	10,566	12,404	14,471	17,228	19,065	20,214	21,133	22,052	22,970	
Cumulative Nonretail Commercial Redevelopment	12,665	23,748	37,996	56,994	72,826	85,491	99,740	118,738	131,403	139,319	145,651	151,984	158,317	
Cumulative Mixed-Use Redevelopment	0	0	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	1,760	
Cumulative Residential Use Redevelopment	1,001	1,876	3,002	4,503	5,754	6,755	7,881	9,382	10,383	11,008	11,509	12,009	12,510	
Net Redevelopment (Sq.Ft.)	15,504	13,566	19,202	23,256	19,380	15,504	17,442	23,256	15,504	9,690	7,752	7,752	7,752	
Cumulative Total Redevelopment	15,504	29,070	48,271	71,527	90,907	106,410	123,852	147,108	162,611	172,301	180,053	187,805	195,557	
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	
Increase in Commercial Real Property Market Value	348,071	386,662	832,082	1,354,189	1,829,904	2,177,975	2,634,895	3,157,002	3,599,784	3,817,328	4,105,884	4,279,920	4,582,353	
Increase in Residential Real Property Market Value	26,020	48,787	79,524	118,553	154,635	180,655	215,347	254,377	288,028	304,291	326,430	339,440	362,633	
Increase in Commercial Real Property Assessed Value	111,383	123,732	266,266	433,340	585,569	696,952	843,166	1,010,241	1,151,931	1,221,545	1,313,883	1,369,574	1,466,353	
Increase in Residential Real Property Assessed Value	4,944	9,270	15,109	22,525	29,381	34,324	40,916	48,332	54,725	57,815	62,022	64,494	68,900	
Net Assessed Value from Redevelopment	116,327	133,001	281,376	455,866	614,950	731,277	884,082	1,058,572	1,206,656	1,279,360	1,375,904	1,434,068	1,535,253	
Cumulative Increase in Real Property Assessed Value	116,327	\$ 249,328	\$ 530,704	\$ 986,569	\$ 1,601,519	\$ 2,332,796	\$ 3,216,878	\$ 4,275,451	\$ 5,482,107	\$ 6,761,467	\$ 8,137,371	\$ 9,571,439	\$11,106,692	

*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.

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

Sales	Increase in Retail Sales									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Prog. Yr.	1	2	3	4	5	6	7	8	9	10
Base Sales Volume	\$3,286,136	\$3,286,136	\$3,286,136	\$3,286,136	\$3,286,136	\$3,286,136	\$3,286,136	\$3,286,136	\$3,286,136	\$3,286,136
Cumulative Addition of Retail Square Footage	1,838	3,446	5,513	8,269	10,566	12,404	14,471	17,228	19,065	20,214
Net Yearly Addition of Retail Square Footage	1,838	1,608	2,067	2,756	2,297	1,838	2,067	2,756	1,838	1,149
Sales per Square Foot of Retail Space	\$50	\$51	\$51	\$52	\$52	\$53	\$53	\$54	\$54	\$55
Additional Sales per Program Year	45,941	81,200	105,444	141,999	119,515	96,568	109,726	147,764	99,495	62,806
Cumulative Increase in Sales	\$45,941	\$174,001	\$281,185	\$425,996	\$549,771	\$651,837	\$768,082	\$923,527	\$ 1,032,257	\$ 1,105,385

Sales	Increase in Retail Sales									
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Prog. Yr.	11	12	13	14	15	16	17	18	19	20
Base Sales Volume	\$3,286,136	\$3,286,136	\$3,286,136	\$3,286,136	\$3,286,136	\$3,286,136	\$3,286,136	\$3,286,136	\$3,286,136	\$3,286,136
Cumulative Addition of Retail Square Footage	21,133	22,052	22,970	22,970	22,970	22,970	22,970	22,970	22,970	22,970
Net Yearly Addition of Retail Square Footage	919	919	919	0	0	0	0	0	0	0
Sales per Square Foot of Retail Space	\$55	\$56	\$56	\$57	\$57	\$58	\$59	\$59	\$60	\$60
Additional Sales per Program Year	50,747	51,255	51,767	0						
Cumulative Increase in Sales	\$ 1,167,186	\$ 1,230,113	\$ 1,294,181	\$ 1,307,123	\$ 1,320,194	\$ 1,333,396	\$ 1,346,730	\$ 1,360,197	\$ 1,373,799	\$ 1,387,537

Table TIF-1
Summary of Projected TIF Revenues (PILOTS)²
City of Monett Financial Assistance Review

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars										
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
		1	2	3	4	5	6	7	8	9	10	11
Real Property Tax Revenues												
Market Value from Redevelopment		0	374,091	435,449	911,605	1,472,743	1,984,539	2,358,630	2,850,242	3,411,379	3,887,812	4,121,619
Assessed Value from Redevelopment		0	116,327	133,001	281,376	455,866	614,950	731,277	884,082	1,058,572	1,206,656	1,279,360
Assessed Value of Remaining Uses ¹		3,129,159	3,158,726	3,129,837	3,156,529	3,107,006	3,130,847	3,097,832	3,127,103	3,077,579	3,112,305	3,091,670
Total Projected Assessed Value		3,129,159	3,275,053	3,262,839	3,437,905	3,562,871	3,745,797	3,829,108	4,011,185	4,136,151	4,318,961	4,371,030
Base Assessed Value for 2012		3,129,159	3,129,159	3,129,159	3,129,159	3,129,159	3,129,159	3,129,159	3,129,159	3,129,159	3,129,159	3,129,159
Incremental EAV		0	145,894	133,680	308,746	433,712	616,638	699,949	882,026	1,006,992	1,189,802	1,241,871
Per \$100 of EAV & Multiply by 2012 Tax Rate		4.3910	4.3910	4.3910	4.3910	4.3910	4.3910	4.3910	4.3910	4.3910	4.3910	4.3910
Total Projected Incremental Real Property Taxes for TIF		0	6,400	5,900	13,600	19,000	27,100	30,700	38,700	44,200	52,200	54,500
Total Projected Incremental EATS for TIF (Table TIF 2A)		500	2,300	4,500	7,300	9,800	12,000	14,300	17,300	19,600	21,300	22,800
Total Annual Incremental Revenues for TIF		\$ 500	\$ 8,700	\$ 10,400	\$ 20,900	\$ 28,800	\$ 39,100	\$ 45,000	\$ 56,000	\$ 63,800	\$ 73,500	\$ 77,300

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars												
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	
		12	13	14	15	16	17	18	19	20	21	22	23	
Real Property Tax Revenues														
Market Value from Redevelopment		4,432,313	4,619,359	4,944,986	4,944,986	5,093,335	5,093,335	5,246,135	5,246,135	5,403,519	5,403,519	5,565,625	5,565,625	
Assessed Value from Redevelopment		1,375,904	1,434,068	1,535,253	1,535,253	1,581,311	1,581,311	1,628,750	1,628,750	1,677,613	1,677,613	1,727,941	1,727,941	
Assessed Value Remaining from Existing Uses		3,140,132	3,123,624	3,181,722	3,181,722	3,277,174	3,277,174	3,375,489	3,375,489	3,476,754	3,476,754	3,581,056	3,581,056	
Total Projected Assessed Value		4,516,036	4,557,692	4,716,975	4,716,975	4,858,484	4,858,484	5,004,239	5,004,239	5,154,366	5,154,366	5,308,997	5,308,997	
Base Assessed Value for 2012		3,129,159	3,129,159	3,129,159	3,129,159	3,129,159	3,129,159	3,129,159	3,129,159	3,129,159	3,129,159	3,129,159	3,129,159	
Incremental EAV		1,386,877	1,428,533	1,587,816	1,587,816	1,729,325	1,729,325	1,875,080	1,875,080	2,025,207	2,025,207	2,179,838	2,179,838	
Per \$100 of EAV & Multiply by 2012 Tax Rate		4.3910	4.3910	4.3910	4.3910	4.3910	4.3910	4.3910	4.3910	4.3910	4.3910	4.3910	4.3910	
Total Projected Incremental Real Property Taxes for TIF		60,900	62,700	69,700	69,700	75,900	75,900	82,300	82,300	88,900	88,900	95,700	95,700	
Total Projected Incremental EATS for TIF (Table TIF 2A)		24,400	26,000	26,700	27,500	28,300	29,100	29,900	30,700	31,600	32,400	33,300	34,100	
Total Annual Incremental Revenues for TIF		\$ 85,300	\$ 88,700	\$ 96,400	\$ 97,200	\$ 104,200	\$ 105,000	\$ 112,200	\$ 113,000	\$ 120,500	\$ 121,300	\$ 129,000	\$ 129,800	

¹ 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.

² See Table R-1 for detail on assumptions governing these projections.

Table TIF-2
Summary of Projected TIF Revenues (EATS) ^{1,2}
City of Monett Financial Assistance Review
Sheet 1 of 2

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars										
		2014 1	2015 2	2016 3	2017 4	2018 5	2019 6	2020 7	2021 8	2022 9	2023 10	2024 11
Projected Taxable Sales Volume		3,332,077	3,446,598	3,586,508	3,764,372	3,921,531	4,057,315	4,207,614	4,397,454	4,540,924	4,649,139	4,746,377
Projected Sales Tax Revenues												
City of Monett General Sales Tax	1.750%	56,562	58,506	60,881	63,900	66,568	68,873	71,424	74,647	77,082	78,919	80,570
Barry County General	0.500%	16,161	16,716	17,395	18,257	19,019	19,678	20,407	21,328	22,023	22,548	23,020
Barry County Roads & Bridges	0.500%	16,161	16,716	17,395	18,257	19,019	19,678	20,407	21,328	22,023	22,548	23,020
Barry County 911	0.375%	12,120	12,537	13,046	13,693	14,265	14,758	15,305	15,996	16,518	16,911	17,265
Barry County Additional Tax	0.125%	4,040	4,179	4,349	4,564	4,755	4,919	5,102	5,332	5,506	5,637	5,755
Total Projected Sales Tax Revenues	3.250%	105,044	108,654	113,065	118,672	123,626	127,907	132,645	138,630	143,153	146,564	149,630
Base Sales Taxes												
City of Monett General Sales Tax	1.750%	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000
Barry County General	0.500%	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
Barry County Roads & Bridges	0.500%	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
Barry County 911	0.375%	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Barry County Additional Tax	0.125%	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Total Base Sales Taxes	3.250%	104,000	104,000	104,000	104,000	104,000	104,000	104,000	104,000	104,000	104,000	104,000
Total Incremental Sales Taxes												
City of Monett General Sales Tax	1.750%	562	2,506	4,881	7,900	10,568	12,873	15,424	18,647	21,082	22,919	24,570
Barry County General	0.500%	161	716	1,395	2,257	3,019	3,678	4,407	5,328	6,023	6,548	7,020
Barry County Roads & Bridges	0.500%	161	716	1,395	2,257	3,019	3,678	4,407	5,328	6,023	6,548	7,020
Barry County 911	0.375%	120	537	1,046	1,693	2,265	2,758	3,305	3,996	4,518	4,911	5,265
Barry County Additional Tax	0.125%	40	179	349	564	755	919	1,102	1,332	1,506	1,637	1,755
100% of Incremental Sales Taxes	3.250%	1,044	4,654	9,065	14,672	19,626	23,907	28,645	34,630	39,153	42,564	45,630
50% of Incremental Sales Taxes												
City of Monett General Sales Tax	1.750%	281	1,253	2,440	3,950	5,284	6,436	7,712	9,323	10,541	11,460	12,285
Barry County General	0.500%	80	358	697	1,129	1,510	1,839	2,203	2,664	3,012	3,274	3,510
Barry County Roads & Bridges	0.500%	80	358	697	1,129	1,510	1,839	2,203	2,664	3,012	3,274	3,510
Barry County 911	0.375%	60	268	523	846	1,132	1,379	1,653	1,998	2,259	2,456	2,632
Barry County Additional Tax	0.125%	20	89	174	282	377	460	551	666	753	819	877
50% of Incremental Sales Taxes	3.250%	500	2,300	4,500	7,300	9,800	12,000	14,300	17,300	19,600	21,300	22,800

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

² Projected Sales Tax totals are shown after accounting for Administration Fee and Early Pay Discounts, as required by the Missouri Dept. of Revenue.

Table TIF 2
Summary of Projected TIF Revenues (EATS)¹
City of Monett Financial Assistance Review
Sheet 2 of 2

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars											
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
		12	13	14	15	16	17	18	19	20	21	22	23
Projected Taxable Sales Volume		4,845,096	4,945,314	4,994,767	5,044,715	5,095,162	5,146,114	5,197,575	5,249,551	5,302,046	5,355,067	5,408,617	5,462,703
Projected Sales Tax Revenues													
City of Monett General Sales Tax	1.750%	82,246	83,947	84,786	85,634	86,490	87,355	88,229	89,111	90,002	90,902	91,811	92,729
Barry County General	0.500%	23,499	23,985	24,225	24,467	24,712	24,959	25,208	25,460	25,715	25,972	26,232	26,494
Barry County Roads & Bridges	0.500%	23,499	23,985	24,225	24,467	24,712	24,959	25,208	25,460	25,715	25,972	26,232	26,494
Barry County 911	0.375%	17,624	17,989	18,168	18,350	18,534	18,719	18,906	19,095	19,286	19,479	19,674	19,871
Barry County Additional Tax	0.125%	5,875	5,996	6,056	6,117	6,178	6,240	6,302	6,365	6,429	6,493	6,558	6,624
Total Projected Sales Tax Revenues	3.250%	152,742	155,901	157,460	159,035	160,625	162,231	163,854	165,492	167,147	168,818	170,507	172,212
Base Sales Taxes													
City of Monett General Sales Tax	1.750%	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000	56,000
Barry County General	0.500%	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
Barry County Roads & Bridges	0.500%	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
Barry County 911	0.375%	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Barry County Additional Tax	0.125%	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Total Projected Sales Tax Revenues	3.250%	104,000	104,000	104,000	104,000	104,000	104,000	104,000	104,000	104,000	104,000	104,000	104,000
Total Incremental Sales Taxes													
City of Monett General Sales Tax	1.750%	26,246	27,947	28,786	29,634	30,490	31,355	32,229	33,111	34,002	34,902	35,811	36,729
Barry County General	0.500%	7,499	7,985	8,225	8,467	8,712	8,959	9,208	9,460	9,715	9,972	10,232	10,494
Barry County Roads & Bridges	0.500%	7,499	7,985	8,225	8,467	8,712	8,959	9,208	9,460	9,715	9,972	10,232	10,494
Barry County 911	0.375%	5,624	5,989	6,168	6,350	6,534	6,719	6,906	7,095	7,286	7,479	7,674	7,871
Barry County Additional Tax	0.125%	1,875	1,996	2,056	2,117	2,178	2,240	2,302	2,365	2,429	2,493	2,558	2,624
Total Projected Sales Tax Revenues	3.250%	48,742	51,901	53,460	55,035	56,625	58,231	59,854	61,492	63,147	64,818	66,507	68,212
50% of Incremental Sales Taxes													
City of Monett General Sales Tax	1.750%	13,123	13,973	14,393	14,817	15,245	15,678	16,114	16,556	17,001	17,451	17,906	18,365
Barry County General	0.500%	3,749	3,992	4,112	4,233	4,356	4,479	4,604	4,730	4,857	4,986	5,116	5,247
Barry County Roads & Bridges	0.500%	3,749	3,992	4,112	4,233	4,356	4,479	4,604	4,730	4,857	4,986	5,116	5,247
Barry County 911	0.375%	2,812	2,994	3,084	3,175	3,267	3,359	3,453	3,548	3,643	3,740	3,837	3,935
Barry County Additional Tax	0.125%	937	998	1,028	1,058	1,089	1,120	1,151	1,183	1,214	1,247	1,279	1,312
Total Projected Sales Tax Revenues	3.250%	24,400	26,000	26,700	27,500	28,300	29,100	29,900	30,700	31,600	32,400	33,300	34,100

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

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

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars										
		2014 1	2015 2	2016 3	2017 4	2018 5	2019 6	2020 7	2021 8	2022 9	2023 10	2024 11
Projected City-Wide Sales ²		175,431,453	177,185,768	178,957,625	180,747,201	182,554,673	184,380,220	186,224,022	188,086,263	189,967,125	191,866,797	193,785,464
Local Option Sales Tax (25% for Admin Expenses)	25%	212,700	214,850	216,975	219,150	221,350	223,550	225,800	228,050	230,325	232,650	234,975
Local Option Sales Tax (20% for Citywide Economic Development Activities)	20%	170,160	171,880	173,580	175,320	177,080	178,840	180,640	182,440	184,260	186,120	187,980
Local Option Sales Tax (55% for Downtown Economic Development Activities)	55%	467,940	472,670	477,345	482,130	486,970	491,810	496,760	501,710	506,715	511,830	516,945
Projected Total Local Option Economic Development Sales Tax Revenue¹	0.5%	850,800	859,400	867,900	876,600	885,400	894,200	903,200	912,200	921,300	930,600	939,900

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars											
		2025 12	2026 13	2027 14	2028 15	2029 16	2030 17	2031 18	2032 19	2033 20	2034 21	2035 22	2036 23
Projected City-Wide Sales ²		195,723,319	197,680,552	199,657,358	201,653,931	203,670,471	205,707,175	207,764,247	209,841,890	211,940,309	214,059,712	216,200,309	218,362,312
Local Option Sales Tax (25% for Admin Expenses)	25%	237,325	239,700	242,075	244,500	246,950	249,425	251,925	254,425	256,975	259,550	262,150	264,775
Local Option Sales Tax (20% for Citywide Economic Development Activities)	20%	189,860	191,760	193,660	195,600	197,560	199,540	201,540	203,540	205,580	207,640	209,720	211,820
Local Option Sales Tax (55% for Downtown Economic Development Activities)	55%	522,115	527,340	532,565	537,900	543,290	548,735	554,235	559,735	565,345	571,010	576,730	582,505
Projected Total Local Option Economic Development Sales Tax Revenue	0.5%	949,300	958,800	968,300	978,000	987,800	997,700	1,007,700	1,017,700	1,027,900	1,038,200	1,048,600	1,059,100

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

² Year One Source: Missouri Department of Revenue sales tax public reports, last half of 2011 through first half of 2012.

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

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 0.25% CID Sales Tax											
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Projected Sales	1	3,332,077	3,446,598	3,586,508	3,764,372	3,921,531	4,057,315	4,207,614	4,397,454	4,540,924	4,649,139	4,746,377	
Projected CID Sales Tax Revenue	0.25%	8,100	8,400	8,700	9,100	9,500	9,800	10,200	10,700	11,000	11,300	11,500	
	Prog. Yr.	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Projected Sales	12	4,845,096	4,945,314	4,994,767	5,044,715	5,095,162	5,146,114	5,197,575	5,249,551	5,302,046	5,355,067	5,408,617	5,462,703
Projected CID Sales Tax Revenue	0.25%	11,700	12,000	12,100	12,200	12,400	12,500	12,600	12,700	12,900	13,000	13,100	13,200

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 0.5% CID Sales Tax											
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Projected Sales	1	3,332,077	3,446,598	3,586,508	3,764,372	3,921,531	4,057,315	4,207,614	4,397,454	4,540,924	4,649,139	4,746,377	
Projected CID Sales Tax Revenue	0.50%	16,200	16,700	17,400	18,300	19,000	19,700	20,400	21,300	22,000	22,500	23,000	
	Prog. Yr.	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Projected Sales	12	4,845,096	4,945,314	4,994,767	5,044,715	5,095,162	5,146,114	5,197,575	5,249,551	5,302,046	5,355,067	5,408,617	5,462,703
Projected CID Sales Tax Revenue	0.50%	23,500	24,000	24,200	24,500	24,700	25,000	25,200	25,500	25,700	26,000	26,200	26,500

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 0.75% CID Sales Tax											
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Projected Sales	1	3,332,077	3,446,598	3,586,508	3,764,372	3,921,531	4,057,315	4,207,614	4,397,454	4,540,924	4,649,139	4,746,377	
Projected CID Sales Tax Revenue	0.75%	24,200	25,100	26,100	27,400	28,500	29,500	30,600	32,000	33,000	33,800	34,500	
	Prog. Yr.	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Projected Sales	12	4,845,096	4,945,314	4,994,767	5,044,715	5,095,162	5,146,114	5,197,575	5,249,551	5,302,046	5,355,067	5,408,617	5,462,703
Projected CID Sales Tax Revenue	0.75%	35,200	36,000	36,300	36,700	37,100	37,400	37,800	38,200	38,600	39,000	39,300	39,700

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 1% CID Sales Tax											
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Projected Sales	1	3,332,077	3,446,598	3,586,508	3,764,372	3,921,531	4,057,315	4,207,614	4,397,454	4,540,924	4,649,139	4,746,377	
Projected CID Sales Tax Revenue	1.00%	32,300	33,400	34,800	36,500	38,000	39,400	40,800	42,700	44,000	45,100	46,000	
	Prog. Yr.	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Projected Sales	12	4,845,096	4,945,314	4,994,767	5,044,715	5,095,162	5,146,114	5,197,575	5,249,551	5,302,046	5,355,067	5,408,617	5,462,703
Projected CID Sales Tax Revenue	0	47,000	48,000	48,400	48,900	49,400	49,900	50,400	50,900	51,400	51,900	52,500	53,000

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.

¹ First-year CID revenues reflect an assumption that, if a CID is established, it will be established in 2014.

Table CID - 2
Projected CID Property Tax Revenues¹
City of Monett Financial Assistance Review

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - CID Special Assessment - Base Level										
		2015 1	2016 2	2017 3	2018 4	2019 5	2020 6	2021 7	2022 8	2023 9	2024 10	2025 11
Projected Assessed Valuation		3,129,159	3,275,053	3,262,839	3,437,905	3,562,871	3,745,797	3,829,108	4,011,185	4,136,151	4,318,961	4,371,030
CID Property Tax Rate	0.5000	15,600	16,400	16,300	17,200	17,800	18,700	19,100	20,100	20,700	21,600	21,900

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - CID Special Assessment - Base Level											
		2026 12	2027 13	2028 14	2029 15	2030 16	2031 17	2032 18	2033 19	2034 20	2035 21	2036 22	2037 23
Projected Assessed Valuation		4,516,036	4,557,692	4,716,975	4,716,975	4,858,484	4,858,484	5,004,239	5,004,239	5,154,366	5,154,366	5,308,997	5,308,997
CID Property Tax Rate	0.5000	22,600	22,800	23,600	23,600	24,300	24,300	25,000	25,000	25,800	25,800	26,500	26,500

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - CID Special Assessment - One Step Up ³										
		2015 1	2016 2	2017 3	2018 4	2019 5	2020 6	2021 7	2022 8	2023 9	2024 10	2025 11
Projected Assessed Valuation		3,129,159	3,275,053	3,262,839	3,437,905	3,562,871	3,745,797	3,829,108	4,011,185	4,136,151	4,318,961	4,371,030
CID Property Tax Rate	1.0000	31,300	32,800	32,600	34,400	35,600	37,500	38,300	40,100	41,400	43,200	43,700

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - CID Special Assessment - One Step Up ³											
		2026 12	2027 13	2028 14	2029 15	2030 16	2031 17	2032 18	2033 19	2034 20	2035 21	2036 22	2037 23
Projected Assessed Valuation		4,516,036	4,557,692	4,716,975	4,716,975	4,858,484	4,858,484	5,004,239	5,004,239	5,154,366	5,154,366	5,308,997	5,308,997
CID Property Tax Rate	1.0000	45,200	45,600	47,200	47,200	48,600	48,600	50,000	50,000	51,500	51,500	53,100	53,100

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - CID Special Assessment - Two Steps Up ³										
		2015 1	2016 2	2017 3	2018 4	2019 5	2020 6	2021 7	2022 8	2023 9	2024 10	2025 11
Projected Assessed Valuation		3,129,159	3,275,053	3,262,839	3,437,905	3,562,871	3,745,797	3,829,108	4,011,185	4,136,151	4,318,961	4,371,030
CID Property Tax Rate	1.5000	46,900	49,100	48,900	51,600	53,400	56,200	57,400	60,200	62,000	64,800	65,600

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - CID Special Assessment - Two Steps Up ³											
		2026 12	2027 13	2028 14	2029 15	2030 16	2031 17	2032 18	2033 19	2034 20	2035 21	2036 22	2037 23
Projected Assessed Valuation		4,516,036	4,557,692	4,716,975	4,716,975	4,858,484	4,858,484	5,004,239	5,004,239	5,154,366	5,154,366	5,308,997	5,308,997
CID Property Tax Rate	1.5000	67,700	68,400	70,800	70,800	72,900	72,900	75,100	75,100	77,300	77,300	79,600	79,600

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.

¹ CID revenues projected as revenues from special assessment on all property within the same area as TIF also contemplated herein.

² This table assumes CID implementation in the year 2014 with Property Tax Revenue beginning in 2015.

³ Each "step up" indicates an increase in the CID Property Tax Rate of fifty cents (\$0.50).

Table SBD - 1
Projected Special Business District Property Tax Revenues^{1,2}
City of Monett Financial Assistance Review

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars										
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
		1	2	3	4	5	6	7	8	9	10	11
Projected Assessed Valuation		3,129,159	3,275,053	3,262,839	3,437,905	3,562,871	3,745,797	3,829,108	4,011,185	4,136,151	4,318,961	4,371,030
CID Property Tax Rate	0.4250	-	13,900	13,900	14,600	15,100	15,900	16,300	17,000	17,600	18,400	18,600

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars											
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
		12	13	14	15	16	17	18	19	20	21	22	23
Projected Assessed Valuation		4,516,036	4,557,692	4,716,975	4,716,975	4,858,484	4,858,484	5,004,239	5,004,239	5,154,366	5,154,366	5,308,997	5,308,997
CID Property Tax Rate	0.4250	19,200	19,400	20,000	20,000	20,600	20,600	21,300	21,300	21,900	21,900	22,600	22,600

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars										
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
		1	2	3	4	5	6	7	8	9	10	11
Projected Assessed Valuation		3,129,159	3,275,053	3,262,839	3,437,905	3,562,871	3,745,797	3,829,108	4,011,185	4,136,151	4,318,961	4,371,030
CID Property Tax Rate	0.8500	-	27,800	27,700	29,200	30,300	31,800	32,500	34,100	35,200	36,700	37,200

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars											
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
		12	13	14	15	16	17	18	19	20	21	22	23
Projected Assessed Valuation		4,516,036	4,557,692	4,716,975	4,716,975	4,858,484	4,858,484	5,004,239	5,004,239	5,154,366	5,154,366	5,308,997	5,308,997
CID Property Tax Rate	0.8500	38,400	38,700	40,100	40,100	41,300	41,300	42,500	42,500	43,800	43,800	45,100	45,100

¹ Section 71.800.5 of the Revised Statutes of Missouri limits any real property tax levy by a Special Business District to a maximum of \$0.85 per \$100 of assessed valuation.

² This table assumes implementation in the year 2014, which would result in no SBD property tax collections for 2014.

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

Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 0.25% TDD Sales Tax											
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Projected Sales ¹		1	2	3	4	5	6	7	8	9	10	11	
Projected Sales		3,332,077	3,446,598	3,586,508	3,764,372	3,921,531	4,057,315	4,207,614	4,397,454	4,540,924	4,649,139	4,746,377	
Projected TDD Sales Tax Revenue	0.25%	8,200	8,400	8,800	9,200	9,600	9,900	10,300	10,800	11,100	11,400	11,600	
Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 0.25% TDD Sales Tax											
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Projected Sales		12	13	14	15	16	17	18	19	20	21	22	23
Projected Sales		4,845,096	4,945,314	4,994,767	5,044,715	5,095,162	5,146,114	5,197,575	5,249,551	5,302,046	5,355,067	5,408,617	5,462,703
Projected TDD Sales Tax Revenue	0.25%	11,900	12,100	12,200	12,400	12,500	12,600	12,700	12,900	13,000	13,100	13,300	13,400
Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 0.50% TDD Sales Tax											
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Projected Sales		1	2	3	4	5	6	7	8	9	10	11	
Projected Sales		3,332,077	3,446,598	3,586,508	3,764,372	3,921,531	4,057,315	4,207,614	4,397,454	4,540,924	4,649,139	4,746,377	
Projected TDD Sales Tax Revenue	0.50%	16,300	16,900	17,600	18,400	19,200	19,900	20,600	21,500	22,300	22,800	23,300	
Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 0.50% TDD Sales Tax											
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Projected Sales		12	13	14	15	16	17	18	19	20	21	22	23
Projected Sales		4,845,096	4,945,314	4,994,767	5,044,715	5,095,162	5,146,114	5,197,575	5,249,551	5,302,046	5,355,067	5,408,617	5,462,703
Projected TDD Sales Tax Revenue	0.50%	23,700	24,200	24,500	24,700	25,000	25,200	25,500	25,700	26,000	26,200	26,500	26,800
Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 0.75% TDD Sales Tax											
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Projected Sales		1	2	3	4	5	6	7	8	9	10	11	
Projected Sales		3,332,077	3,446,598	3,586,508	3,764,372	3,921,531	4,057,315	4,207,614	4,397,454	4,540,924	4,649,139	4,746,377	
Projected TDD Sales Tax Revenue	0.75%	24,500	25,300	26,400	27,700	28,800	29,800	30,900	32,300	33,400	34,200	34,900	
Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 0.75% TDD Sales Tax											
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Projected Sales		12	13	14	15	16	17	18	19	20	21	22	23
Projected Sales		4,845,096	4,945,314	4,994,767	5,044,715	5,095,162	5,146,114	5,197,575	5,249,551	5,302,046	5,355,067	5,408,617	5,462,703
Projected TDD Sales Tax Revenue	0.75%	35,600	36,300	36,700	37,100	37,400	37,800	38,200	38,600	39,000	39,400	39,800	40,200
Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 1% TDD Sales Tax											
		2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	
Projected Sales		1	2	3	4	5	6	7	8	9	10	11	
Projected Sales		3,332,077	3,446,598	3,586,508	3,764,372	3,921,531	4,057,315	4,207,614	4,397,454	4,540,924	4,649,139	4,746,377	
Projected TDD Sales Tax Revenue	1.00%	32,700	33,800	35,100	36,900	38,400	39,800	41,200	43,100	44,500	45,600	46,500	
Revenue Sources	Prog. Yr.	Projected Revenues by Year in Dollars - 1% TDD Sales Tax											
		2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Projected Sales		12	13	14	15	16	17	18	19	20	21	22	23
Projected Sales		4,845,096	4,945,314	4,994,767	5,044,715	5,095,162	5,146,114	5,197,575	5,249,551	5,302,046	5,355,067	5,408,617	5,462,703
Projected TDD Sales Tax Revenue	1.00%	47,500	48,500	48,900	49,400	49,900	50,400	50,900	51,400	52,000	52,500	53,000	53,500

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

¹ First-year TDD revenues reflect an assumption that, if a TDD is established, it will be established in 2014.

² The State of Missouri "early pay" discount has been subtracted from these sales figures. TDD sales taxes are currently exempt from MoDOR's administrative fee.

Table GR - 1¹
Summary of Gross Revenues
City of Monett Financial Assistance Review

		(Average) Annual Estimate ²	(Average) Year 1-3 Estimate ²		(Average) Annual Estimate ²	(Average) Year 1-3 Estimate ²
TIF (EATS & PILOTS)						
Gross Revenues	\$1,726,600	\$75,000	\$6,500			
Net Present Value Estimate*	\$645,703					
Local Option Economic Development (Sales Tax at 0.50%)³						
Projected Citywide EDS Revenue	\$21,880,600					
Potentially dedicated to Downtown Projects (up to 55%)	\$12,034,330	\$523,200	\$472,600			
Net Present Value Estimate*	\$5,731,026					
Special Business District (Property Tax of \$0.425)						
Gross Revenues	\$412,700	\$17,900	\$9,200			
Net Present Value Estimate*	\$166,726					
Special Business District (Property Tax of \$0.85)						
Gross Revenues	\$825,200	\$35,800	\$18,500			
Net Present Value Estimate*	\$333,429					
Transportation Development District (Sales Tax at 0.25%)						
Gross Revenues	\$261,400	\$11,300	\$8,400			
Net Present Value Estimate*	\$120,118					
Transportation Development District (Sales Tax at 0.50%)						
Gross Revenues	\$522,800	\$22,700	\$16,900			
Net Present Value Estimate*	\$240,277					
Transportation Development District (Sales Tax at 0.75%)						
Gross Revenues	\$784,300	\$34,100	\$25,400			
Net Present Value Estimate*	\$360,462					
Transportation Development District (Sales Tax at 1%)						
Gross Revenues	\$1,045,500	\$45,400	\$33,800			
Net Present Value Estimate*	\$480,586					
CID (SALES TAX only at 0.25%)						
Gross Revenues	\$258,700	\$11,200	\$8,400			
Net Present Value Estimate*	\$110,045					
CID (SALES TAX only at 0.50%)						
Gross Revenues	\$517,500	\$22,500	\$16,700			
Net Present Value Estimate*	\$220,085					
CID (SALES TAX only at 0.75%)						
Gross Revenues	\$776,000	\$33,700	\$25,100			
Net Present Value Estimate*	\$330,005					
CID (SALES TAX only at 1%)						
Gross Revenues	\$1,034,700	\$44,900	\$33,500			
Net Present Value Estimate*	\$440,014					
CID (PROPERTY TAX at \$0.50 per \$100 AV)						
Gross Revenues	\$501,200	\$21,700	\$10,600			
Net Present Value Estimate*	\$210,823					
CID (PROPERTY TAX at \$1.00 per \$100 AV)						
Gross Revenues	\$1,002,500	\$43,500	\$21,300			
Net Present Value Estimate*	\$421,737					
CID (PROPERTY TAX at \$1.50 per \$100 AV)						
Gross Revenues	\$1,503,600	\$65,300	\$32,000			
Net Present Value Estimate*	\$632,430					

* Net Present Value Estimate represents a potential borrowing or bonding capacity for the incentive stream. The annual discount rate used is 7%. Other factors such as debt service coverage and fees are not considered.

¹ 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.

² This estimate is based on the average annual income over the life of the incentive. It is not expected that this annual amount will be obtained until sufficient development has occurred in the Study Area. The first three years average income is shown as well.

³ This is a rough estimate based on recent Citywide sales. The Monett retail market could change significantly over the 23-year life of this incentive.

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 PGAVPLANNERS and the DREAM Program Sponsors to illustrate the recommendations of this and other DREAM Initiative elements. For information regarding project incentives, the City of Monett 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), Missouri Development Finance Board (www.mdff.org) and Missouri Housing Development Commission (www.mhdc.com) for further information on these programs.

This Page Intentionally Left Blank

LOCAL INCENTIVES

This Page Intentionally Left Blank

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

PURPOSE

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

ELIGIBLE COSTS

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

1. Costs of studies, surveys and plans;
2. Professional service costs, such as financial advisory fees, bond counsel fees and planning expenses, subject to certain limitations as provided in the TIF Act;
3. Land acquisition and demolition costs;
4. Costs of rehabilitating and repairing existing buildings;
5. Initial costs for an economic development area;
6. Costs of constructing public works or improvements, such as street lighting, street repairs or parking;
7. Financing costs, including bond issuance costs, capitalized interest and reasonable reserves;
8. Capital costs incurred by any taxing jurisdiction as a direct result of the project;
9. Relocation costs; and
10. Payments in lieu of taxes.

IMPLEMENTATION

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

Before a municipality may implement tax increment financing:

- (1) The municipality must create a TIF commission made up of representatives of all taxing districts within the redevelopment area;

- (2) A redevelopment plan, including a description of the redevelopment area and the redevelopment project(s) therein, must be completed;
- (3) A cost-benefit analysis must be prepared;
- (4) The TIF Commission must hold a public hearing and make a recommendation to the municipality pertaining to the redevelopment plan, the redevelopment projects, and the designation of the redevelopment area; and
- (5) The municipality must adopt an ordinance approving the redevelopment plan, the redevelopment projects and the designation of the redevelopment area.

Once the ordinance is adopted, tax increment financing may be implemented for one or more redevelopment projects within a redevelopment area. Then, once a project is identified and underway, the municipality may also enter into one or more redevelopment agreements with a developer, or developers, who will execute the redevelopment plan and project.

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

BLIGHTED AREA

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

CONSERVATION AREA

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

THE “BUT-FOR” TEST

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

FINANCING A PROJECT

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

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

STATE TIF

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

- (1) Approval by the Department of Economic Development and the Office of Administration of an application for State rebate;
- (2) Submission of an affidavit signed by the developer stating the project would not be developed “but for” the rebate;
- (3) Submission of a fiscal impact study upon the State, demonstrating the “net new” benefit the State will receive from the project; and
- (4) Addition of the project by name to the Department of Economic Development’s budget legislation.

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

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

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

PRACTICAL NOTES

TIF Review Committee

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

The Clawback

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

B. URBAN REDEVELOPMENT CORPORATIONS [CHAPTER 353 RSMO]

PURPOSE

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

ELIGIBLE PROJECTS

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

IMPLEMENTATION

Tax abatement is available for a redevelopment project following:

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

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

PARTICULARS OF TAX ABATEMENT

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

Payments in lieu of taxes ("PILOTS") may be imposed on the Corporation by contract with the eligible city or county, as applicable, to achieve effective tax abatement that is less than the abatement established by statute. For example, PILOTS could be used to achieve an 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.

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 for projects directly related to long-term economic development, including, but not limited to:

- (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
TOTAL SALES PROCEEDS:					\$200,000	1,600
					Residential sales price/sq. ft.:	\$ 125

Table 2 illustrates the developer’s Uses of Funds. The table includes the major categories of costs 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**

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

Table 3 illustrates possible state historic tax credits generated by the project. These 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 ¹	25%	24,938
State tax credit pricing rate:		84.00%
State tax credit proceeds		20,948

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

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

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

Residential sales proceeds:		\$	200,000
LESS: Commissions: 7.00%		\$	(14,000)
Total sales proceeds:		\$	186,000
PLUS: Historic tax credit proceeds:		\$	20,948
Total proceeds:		\$	206,948
LESS: Total costs:		\$	(155,000)
Total Development Proceeds After Historic Tax Credits:		\$	51,948
Allowable Developer's Fee			
Acquisition:	4.00%	\$	2,000
Other costs:	15.00%	\$	15,750
Total allowable developer's fee:		\$	17,750
Excess/(deficit) developer's fee:		\$	34,198
% excess developer fee:			192.66%

FOR-LEASE TAX ABATEMENT

Commercial or residential for-lease projects applying for tax abatement should be analyzed differently from for-sale projects because these projects generate annual cash flows instead of a lump-sum return. To that end, the Authority should analyze the potential annual cash flow generated by a project applying for tax abatement in order to determine whether the project requires tax abatement in order to be successful.

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

Table 1
Summary of Project Sources and Uses

Sources & Uses of Funds		
Sources		% of Total
Mortgage Debt	\$ 2,977,823	66%
Subordinated Debt	\$ -	0%
Equity	\$ -	0%
Tax Credit Proceeds	\$ 1,521,214	34%
Total Sources	\$ 4,499,037	100%
Uses		
		Per Unit
Acquisition Costs	\$ 742,000	\$ 22,485
Hard Construction Costs		\$ 98,144
	Demolition	\$ -
	Construction: New	\$ 270,000
	Construction: Rehabilitation	\$ 2,810,168
	Construction: Owner provided	\$ 38,100
	Construction Contingency	\$ 100,000
	Construction Utilities & Deposits	\$ 20,500
Soft Costs		
	Architectural & Engineering	\$ 104,000
	Developer fee	\$ 714,634
	Property Survey	\$ -
	Market Study/Appraisal	\$ 11,000
	Consultant	\$ 28,000
	Legal Fees	\$ 30,000
	Accounting Fees	\$ 10,000
	Soft Cost Contingency	\$ 40,000
Financing Costs		
	Construction Period Insurance	\$ 37,500
	Construction Period Interest	\$ -
	Construction Loan Fee	\$ 10,000
	Construction Period Taxes	\$ -
	Title, Recording & Disbursing	\$ 24,000
	Tax Credit Fees	\$ 500
Marketing Costs		
	Advertising & Promotion	\$ 2,400
	Sales Literature	\$ -
	Miscellaneous	\$ -
Total Uses:	\$ 4,992,802	

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

Table 2
Summary of Project Financing

Financing Information	
<u>Loan Amount</u>	\$ 2,977,823
Interest Rate	6.50%
Amortization (Years)	30
Mortgage Constant	0.075848
Interest Only Financing?	no
Monthly Debt Service Payment	\$ 18,822
<u>Subordinated Debt Assumptions</u>	
Loan Amount	\$ -
Interest Rate	7.50%
Amortization (Years)	30
Mortgage Constant	0.000000
Monthly Debt Service Payment	\$ -

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

Table 3
Summary of Historic Tax Credits Pricing & Proceeds

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

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

Table 4
Summary of Revenue & Expense Assumptions

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

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

**Table 5
 Projected Rent Roll**

Unit Type	# of Units	% of Total	Area (SF)	Total SF	Monthly Rent per Unit	Total Monthly Rent	Annual Rents
A	4	12%	900	3,600	\$750.00	\$3,000.00	\$36,000
B	3	9%	750	2,250	\$650.00	\$1,950.00	\$23,400
C	2	6%	1,100	2,200	\$900.00	\$1,800.00	\$21,600
D	4	12%	630	2,520	\$700.00	\$2,800.00	\$33,600
E	2	6%	1,750	3,500	\$1,000.00	\$2,000.00	\$24,000
F	4	12%	825	3,300	\$700.00	\$2,800.00	\$33,600
G	4	12%	825	3,300	\$750.00	\$3,000.00	\$36,000
H	2	6%	912	1,824	\$800.00	\$1,600.00	\$19,200
I	2	6%	2,142	4,283	\$2,275.00	\$4,550.00	\$54,600
J	2	6%	3,000	6,000	\$2,550.00	\$5,100.00	\$61,200
K	2	6%	900	1,800	\$800.00	\$1,600.00	\$19,200
L	2	6%	900	1,800	\$800.00	\$1,600.00	\$19,200
Totals	33	100%	1102	36,377	\$31,800	\$88,750	\$381,600

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

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

**Table 6
 Summary of Assessment Information**

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

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

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

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

ASSUMPTIONS:

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

of \$4,992,802.00

Table 8 presents a projected cash flow for this hypothetical project. Particular attention should be paid to the Debt-Coverage Ratio, which measures the project’s ability to repay its debt and to provide a return to the developer and/or investors. It appears that this hypothetical project does okay with five-year tax abatement. At the conclusion of the five-year tax abatement period, 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	
Income																
Gross Potential Rent	\$ 381,600	\$ 392,094	\$ 402,877	\$ 413,956	\$ 425,339	\$ 437,036	\$ 449,055	\$ 461,404	\$ 474,092	\$ 487,130	\$ 500,526	\$ 514,290	\$ 528,433	\$ 542,965	\$ 557,897	
Vacancy/Collection Loss (5.00%)	(19,080)	(19,605)	(20,144)	(20,698)	(21,267)	(21,852)	(22,453)	(23,070)	(23,705)	(24,356)	(25,026)	(25,715)	(26,422)	(27,148)	(27,895)	
Net Rental Income	362,520	372,489	382,733	393,258	404,072	415,184	426,602	438,334	450,388	462,773	475,500	488,576	502,012	515,817	530,002	
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Effective Gross Income	\$ 362,520	\$ 372,489	\$ 382,733	\$ 393,258	\$ 404,072	\$ 415,184	\$ 426,602	\$ 438,334	\$ 450,388	\$ 462,773	\$ 475,500	\$ 488,576	\$ 502,012	\$ 515,817	\$ 530,002	
Expenses																
	Year 1 Per Unit															
Misc. Expenses	\$ 135.00	53,460	54,663	55,893	57,150	58,436	59,751	61,095	62,470	63,876	65,313	66,782	68,285	69,821	71,392	72,999
Real Estate Taxes	\$ 22.47	8,899	8,899	8,899	8,899	8,899	8,899	8,894	8,894	8,894	8,894	8,894	8,894	8,894	8,894	8,894
Total Expenses	\$ 157.47	\$ 62,359	\$ 63,562	\$ 64,792	\$ 66,050	\$ 67,336	\$ 68,645	\$ 70,000	\$ 71,364	\$ 72,770	\$ 74,207	\$ 75,677	\$ 77,179	\$ 78,716	\$ 80,287	\$ 81,893
Net Operating Income	\$ 300,161	\$ 308,927	\$ 317,941	\$ 327,208	\$ 336,737	\$ 346,539	\$ 356,612	\$ 366,969	\$ 377,618	\$ 388,566	\$ 399,823	\$ 411,397	\$ 423,296	\$ 435,531	\$ 448,109	
Financial Expense																
1st Mortgage Debt Service (P & I)	\$ 225,862	\$ 225,862	\$ 225,862	\$ 225,862	\$ 225,862	\$ 225,862	\$ 225,862	\$ 225,862	\$ 225,862	\$ 225,862	\$ 225,862	\$ 225,862	\$ 225,862	\$ 225,862	\$ 225,862	
Subordinated Debt Service (P & I)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Financial Expense	\$ 225,862	\$ 225,862	\$ 225,862	\$ 225,862	\$ 225,862	\$ 225,862	\$ 225,862	\$ 225,862	\$ 225,862	\$ 225,862	\$ 225,862	\$ 225,862	\$ 225,862	\$ 225,862	\$ 225,862	
Cash Flow	\$ 74,298	\$ 83,065	\$ 92,078	\$ 101,346	\$ 110,874	\$ 120,677	\$ 130,750	\$ 141,107	\$ 151,756	\$ 162,710	\$ 173,935	\$ 185,534	\$ 197,434	\$ 209,669	\$ 222,247	
Debt-Coverage Ratio	1.33	1.37	1.41	1.45	1.49	1.54	1.58	1.63	1.67	1.72	1.77	1.82	1.87	1.92	1.98	

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

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

**Table 9
Developer Fee Check**

PER ANALYSIS:

Sources

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

DEVELOPER FEE CHECK:

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

(OK if actual is less than allowable.)

CONSTRUCTION PERIOD INTEREST CHECK:

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

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

STATE INCENTIVES

This Page Intentionally Left Blank

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 projects therein, must be prepared;
- (3) The authority or municipality must hold a public hearing and 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.

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
Community Improvement District (CID) (Ch. 67, R.S.Mo.)	Public capital improvements; Private capital improvements (located in a blighted area); Special services	By governing body of City, on petition of majority owners by assessed value or number	Petition for district formation 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
Special Business District (SBD) (Ch. 71, R.S.Mo.)	Public capital improvements; special services	By governing body of City, on petition by one or more property owners	City makes all decisions for district	Advisory board of commissioners, with final authority in City governing body	District may issue general obligation bonds, with approval of supermajority of voters of the district; District may issue revenue bonds to finance revenue-producing facilities, payable from from revenue generated by those facilities	Real property taxes with maximum of \$0.85 per \$100 assessed valuation and approved by qualified voters and property owners; 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.
Neighborhood Improvement District (NID) (Ch. 67, R.S.Mo.)	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
Tax Increment Financing (99.88-.865 R.S.Mo.)	Public capital improvements; property assembly (including acquisition and demolition of buildings); costs or rehabilitation, reconstruction, or repair or remodeling of existing buildings and fixtures; relocation costs	By governing body of City; requires TIF Commission review and public hearing	Requires adoption of Redevelopment Plan which describes the project, redevelopment project costs, sources of funds to pay costs, type and term of sources of funds to pay costs, type and term of obligations, cost-benefit analysis, 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
Community Development Block Grant Funds	Funds a variety of economic development activities, including site acquisition, assessment, demolition, remediation, public works and support the development of affordable housing	Contingent on annual appropriation by HUD to Metropolitan cities and urban counties (entitlement communities) or State for distribution to non-entitlement communities	Submit a Consolidated Plan, annual action plan, and certifications to HUD. If you are a non-entitlement community, an 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
Missouri Downtown Economic Stimulus Act (MODESA)	Certain public improvements; Financing; Relocation costs; Property assembly	Governed by local Downtown Development Authority (DDA) appointed by mayor or chief financial officer of municipality; MODESA application reviewed by Missouri Development Finance Board (MDFB); Combined local and state approval	Applies to "major initiative projects only; must pass "but for" test; project must be located in a "blighted" area; Financial threshold based on new jobs and localities population; local development approvals required; DDA has statutory powers to borrow funds, own property, etc., Need MDFB approval from state participation in funding	Governed by City or Downtown Development Authority	Obligations secured by Special Allocation Fund and may be issued by the City, DDA, or MDFB; Obligations shall not be a general obligation of the political subdivision, DDA, MDFB or the state and cannot exceed 35 years; Obligations may only be payable out of any funds or properties other than those specifically pledged as security	Special Allocation Fund collects local incremental revenues generated within the 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
Transportation Development Districts (TDD) (238.200-238.275 R.S.Mo.)	Transportation infrastructure	By City or County, by voter petition, local transportation authority petition, property owner petition; must be approved by a majority of those voting	Project improvements shall not be under the control and jurisdiction of a local transportation authority (City) while the TDD retains control and jurisdiction. Power to acquire, sell and convey property subject to local authority approval.	Program managed by district board, with MODOT and Local Authority oversight; Board may consist of at least 5 nor more than 15 persons with one MODOT and one or more Local Authority advisors; Election by voters or Owners require approval of special assessment, tax or funding method	District may contract and incur liabilities, may borrow money and issue bonds, notes and other obligations; May issue bonds payable from its revenues but may not exceed 40 years	District may levy a property tax not to exceed \$0.10 per \$100 assessed valuation or sales tax not to exceed 1%; District may levy tolls or special assessments for improvements benefiting the project
Missouri Historic Preservation Tax Credits (253.545-559 R.S.Mo.) (S.B. 1, 1997) (S.B. 827, 1998)	Hard and soft costs of the rehabilitation of buildings on the National Register of Historic Places or in a historic district which is a National Register Certified Historic District	N/A	Any person or entity incurring costs for rehabilitation of eligible property which is a certified historic structure or structure in a certified historic district shall be entitled to a State income tax credit of 25% of the cost of rehabilitation, provided the rehabilitation costs exceed 50% of the total basis in the property and the rehabilitation meets historic standards	Requires project approval by the State Historic Preservation Office and funding approval by the State Department of Economic Development (DED)	N/A	Excess tax credits may be carried back for three years and forward for 10 years or until fully used; Taxpayers eligible for such credits may transfer, sell (monetize) or assign credits
Brownfield Redevelopment Program (447.700-447.718 R.S.Mo.)	Voluntary brownfield remediation	N/A	Project must anticipate creating at least 10 jobs or retaining at least twenty-five workers and must be found to focus its redevelopment effort on an eligible site. Completion of remediation subject to the State 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
Urban Redevelopment Corporations (Ch. 353, R.S. Mo.)	Clearance, replanning, reconstruction or rehabilitation of blighted areas, and the construction of such structures as may be appropriate	Incorporation with the Secretary of State, Application to the City for authorization of a Redevelopment Plan; Requires public hearing and the granting of rights and powers by City ordinance consistent with Ch. 353 provisions	Corporation can only operate in an area with a Redevelopment Plan. Powers of the corporation must be authorized by the local jurisdiction, including the authorization for tax abatement. The provisions of the general corporation law apply unless in conflict with Ch. 353.	A corporation that has been organized to serve a public purpose.	Any Urban Corporation 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
Tax Reimbursement Agreements (Ch. 43, R.S. Mo.)	Publicly owned infrastructure	Redevelopment Agreement between the City and Developer; Approved by ordinance	May require all contracts for work to be subject to public bids; Only City's tax revenue is utilized;	City oversees project	N/A	Incremental increase in the City's property taxes and as much as 100% of the City's incremental increase in sales and utility taxes, depending upon municipal charter limitations

This Page Intentionally Left Blank

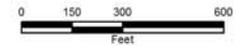
SECTION V MONETT DREAM STUDY AREA MAP



DREAM Study Area Boundary Map

Downtown Study Area
City of Monett, Missouri

Legend
Study Area



JULY 2013



This Page Intentionally Left Blank

