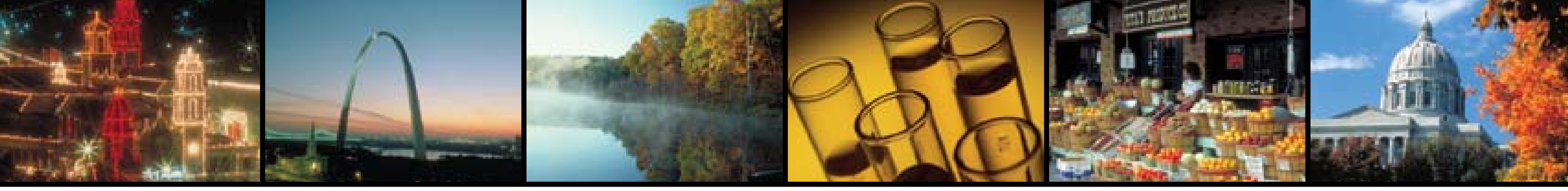

STATE SUPPLEMENTAL TAX INCREMENT FINANCING PROGRAM

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

Facilitate the redevelopment of blighted areas by providing essential public infrastructure.

AUTHORIZATION

Section 99.800, 99.845.4 - .14, RSMo

ELIGIBLE AREAS

To be eligible for State Supplemental Tax Increment Financing (State TIF), the redevelopment project must meet each of the following:

- The redevelopment project area must be blighted.
- The redevelopment project area must be located in:
  - a state enterprise zone;
  - a federal empowerment zone;
  - an urban core area; or
  - a central business district.
- The zone or blighted area must contain at least one building that is 50 years of age or older.
- The redevelopment project area, over the past 20 years, must have experienced a generally declining population or generally declining property taxes.

ELIGIBLE APPLICANTS

Municipalities.

PROGRAM BENEFITS/ELIGIBLE USES

When local tax increment financing leaves a gap for a redevelopment project, a municipality can apply for a portion of the new state tax revenues created by the project to be disbursed to cover the financing gap for eligible redevelopment costs on the project.

To be eligible for State TIF, the underlying local TIF must dedicate at least 50% of the amount of the new local sales tax (and earnings tax in St. Louis and Kansas City) revenue and 100% of the amount of the new real property tax revenue created by the project each year for which state TIF is sought.

An applicant may be approved to receive up to 50% of the net new state sales tax revenue (general revenue portion only; excluding dedicated taxes) generated in the project area OR up to 50% of the increase in state income tax revenue from net new jobs in the project area. An applicant cannot receive both.

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).

The TIF project funds may be derived from a bond issue (retired with the local and state incremental revenues), or a reimbursement to the developer for eligible costs.

Eligible redevelopment project costs include the following:

- studies, surveys, plans and specifications;
- land acquisition, land preparation;
- rehabilitation, reconstruction, repair or remodeling of existing buildings and fixtures;
- construction of public works or public improvements;
- professional services, such as architectural, engineering, legal, financial and planning; and
- financing costs, such as expenses of issuance of bonds.

Any expenditure made prior to approval for State TIF cannot be reimbursed with state funds.

FUNDING LIMITS

- A redevelopment project will not receive funds until it generates increment.
- A redevelopment project cannot receive more than half of the increased amount of state sales tax or income tax it generates.
- The program is limited in any year to the amount appropriated by the General Assembly. The law does not allow an annual appropriation to exceed $32,000,000.

Revised November 2007

APPLICATION/APPROVAL PROCEDURE

Municipalities submit an application to the Department of Economic Development (DED). Applications may be submitted at any time of the year, but only after approval of the local development plan and prior to the commencement of the project (either construction or bond financing).

Both the director of DED and the Commissioner of the Office of Administration must approve a project for the program. If a project is approved for funding, a Certificate of Approval outlining the terms of the financing will be issued.

Criteria to evaluate whether to approve an application for state funding include:

- Meeting all eligibility requirements;
- Demonstrating the need for the proposed project costs in order for the project to occur;
- Demonstrating the need for the state funding, such that the projected return on investment by the developer is below market standards without state/local subsidy, and that such subsidy is the least amount necessary to cause the project to occur;
- Demonstrating that the developer/businesses can successfully implement the project based on prior experience and financial viability;
- A positive net state fiscal benefit (deducting all state costs/incentives related to the project); and
- Availability of funding based on state appropriations.

CONTACT

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