



Economic Development

May 2014

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Executive Summary

Better Together has completed its study of Economic Development in St. Louis City and St. Louis County, as well as the 90 municipalities within the County. This study is the second study of six that examine how municipal services are delivered to the people who live within the boundaries of St. Louis City and County, compare the status quo to best practices, and identify potential opportunities for improvement and further conversation.

Co-Chairs Denny Coleman, CEO of the St. Louis Economic Development Partnership, and Brian Murphy, President and Sole Owner of BAM Contracting, led a committee of more than 20 local professionals, entrepreneurs, small business owners, and regional leaders in constructing this report, the goal of which is to better understand the impact of local government on the larger regional economic picture. The efforts of the Committee, Better Together staff, and stakeholders throughout the community have brought to bear information, data, and narratives necessary to further an informed discussion of how the St. Louis region as a whole can strengthen and grow.

The data collected for this community-based study did not come solely from reports and statistics, though many are cited in its findings and available in our database. We also included in our findings the stories and insights of more than 1,500 individuals whose input we gathered over the course of over 100 meetings. These meetings included one-on-one coffees, gatherings with local merchant associations and chambers, and sponsored discussions. Better Together staff conducted business district canvasses to secure feedback from small business owners that are simply too busy to meet anywhere else. Better Together also employed the services of interpreters to gather feedback from immigrant business owners throughout St. Louis City and County, as their stories, insights, and impact are critical to the future of the region.

It is important to note that this report is not meant to compare St. Louis City, St. Louis County, and the County municipalities to one another. Rather, its purpose is to examine and enhance the understanding of how businesses are impacted by their local governments and the structure of the St. Louis region. It seeks to identify successful practices and potential areas for improvement in economic development throughout the region.

An area in need of improvement throughout the region is the use of tax increment financing (TIF). Over \$2 billion of public tax dollars have been diverted to developers as subsidies for private development in the entire St. Louis region over the past 20 years. This large investment coincides with population loss in St. Louis City and St. Louis County over the past decade, as well as a regional unemployment rate that is a full percentage point higher than both the state and national rates. Furthermore, data demonstrates that use of TIF in a municipality, while showing an increase of tax revenue for the host municipality, coincides with declines in tax revenue in neighboring municipalities. Similarly, areas with TIF-related investments have seen an increase in jobs in the years the TIF was active, but such an increase was associated with a decrease in jobs elsewhere. It is clear that such a fragmented approach and the intra-regional competition it fosters should be revisited with a greater emphasis being placed on regional growth and the ability to compete in the national and international economy.

Another area of importance is the creation of workforce goals that ensure continued development of a strong local workforce that is representative of the demographic makeup of St. Louis City and County and that promotes diversity among the current and future generations. An overview of local standards

and regional demographics has been provided as part of this study to facilitate further discussions on this critical issue.

Finally, the St. Louis region would benefit from clarifying and streamlining requirements for starting a business, as well as from incorporating technology and online components into the process. While many municipalities implement practices such as including online access to forms and document, many do not. Furthermore, the varying processes, procedures, and costs required across the region lend themselves to confusion and frustration, especially when taking into account that many small business owners and entrepreneurs frequently receive information on starting a business from existing business owners. In order to foster further discussion on this topic, this report includes a database of the requirements for starting a business in St. Louis City and throughout St. Louis County, as well as information on tools that are currently being utilized in other regions to improve the experience of starting a business.

It is the intent of this study that the input provided by hundreds of citizens and business owners will become part of the criteria when plans are developed and evaluated by the St. Louis community, as it represents the voices of small- and medium-sized businesses from throughout St. Louis City and County.

ECONOMIC DEVELOPMENT REPORT INTRODUCTION

The Better Together Economic Development Committee, led by Co-Chairs Denny Coleman, CEO of the St. Louis Economic Development Partnership, and Brian Murphy, President and Sole Owner of BAM Contracting, has endeavored to better understand the impact of local government on the larger regional economic picture. Through the recently completed Economic Development study and the subsequent report that follows, the committee, Better Together staff, and stakeholders throughout the community have brought to bear information, data, and narratives that we believe can further an informed discussion of how the St. Louis region as a whole can strengthen and grow.

An honest discussion of St. Louis' hopes for its economic future must begin with an honest assessment of the region's current condition. St. Louis has shown stagnant economic growth over the past decade. The regional unemployment rate for St. Louis is 7.7%, placing us 285th out of 372 metropolitan statistical areas for employment. Meanwhile state and the national unemployment rates are a full percentage point lower at 6.7%, according to the Bureau of Labor Statistics. In addition, the United States Census Bureau found that between 2000 and 2012 St. Louis City saw a decline in population of 29,773, while the County experienced a population loss of 15,842. These figures are not fatal, but they are important. They are particularly significant when coupled with the relative lack of immigrants in the region, a factor shown to directly correlate with economic growth in other regions.¹ Furthermore, the numbers highlight the need for the St. Louis region to assess its approach to economic development and continue its efforts to attract immigrants, shown to be 60% more likely to be entrepreneurs, as a way to grow the region and its economy².

We know what is needed for economic development: immigration, innovation, entrepreneurship, a friendly business climate, and a collaborative regional approach to economic development. These components do not comprise a secret formula for regional growth and success. Their importance is well known. Growth will result from their execution.

Better Together is seeking, through this study, to examine and better understand how businesses are impacted by their local government and the structure of our region, so that we can see what we do well and what could possibly be done better. As part of these efforts, Better Together has participated in more than 100 meetings in the course of this study; through these one-on-one, small group, neighborhood and organizational meetings, and sponsored discussions, we have solicited input from 1,500 people directly. Additionally, Better Together has conducted business-district canvasses to secure feedback from small business owners that are simply too busy to meet anywhere else. We employed the services of interpreters to gather feedback from immigrant business owners throughout St. Louis City and County, as their stories and their insights are critical to the future of our region.

¹ Jack Strauss, The Economic Impact of Immigration in St. Louis 2 (2012), available at: http://www.stlpartnership.com/cmss_files/attachmentlibrary/Economic%20impact%20study%20-%20Immigration1.pdf

² Strauss, 2 (2012)

In addition, our research efforts have led us to examine the use of economic development tools and incentives, investigate the processes and requirements for starting a business, and investigate how St. Louis can take steps towards a more inclusive workforce.

One thing is clear: we must move forward as a region. St. Louis can no longer direct its energy and effort toward intra-regional competition and expect to succeed in an increasingly international economy. We, as a region, must have an honest and informed discussion about the future of economic development and realize that our fate will be determined by our ability to do so.

It is our hope that the input provided by hundreds of citizens and business owners who participated with us will become part of the criteria when plans are developed and evaluated by our community. This data represents the voices of small and medium-sized businesses from throughout St. Louis City and County.

KEY ECONOMIC DEVELOPMENT PROGRAMS

COMMUNITY IMPROVEMENT DISTRICT

OVERVIEW

A community improvement district (CID) may be organized either as a political subdivision or a non-profit corporation. CIDs are organized to finance a wide variety of public facilities and to manage policies and public services for the needs of the district. A CID is established by the enactment of an ordinance and it may have directional or operational ties to the local government. A CID produces a five-year plan with a series of proposed projects it seeks to complete or enact; accompanying this plan is an estimate of the costs of the services and improvement and the maximum rates of property taxes and special assessments that may be imposed.

CREATION OF A CID

The creation of a Community Improvement District (CID) is authorized by the state of Missouri through Missouri Revised Statute §67.1401 through §67.1571. Any municipality or county may establish a CID, though that CID must have boundaries that are contiguous, the CID shall be a political subdivision of the state or a not-for-profit corporation, and the name of the district shall include “community improvement district¹.”

Creating a CID starts with a petition filed with the municipal clerk of the governing body of the municipality in which the proposed district would be located. The petition must also meet the following requirements²:

1. It must be signed by property owners collectively owning more than 50% by assessed value of the real property within the boundaries of the proposed district.
2. It must be signed by more than 50% per capita of all owners of real property within the boundaries of the proposed district.³

Beyond those two requirements, the petition must be accompanied by a legal description and map of the proposed district, the name of the proposed district, a five-year plan stating the purpose of the proposed district, services it will provide, improvements it will make, and an estimate of the costs for those improvements. Further, the above mentioned documents need to include a statement of intention for the district either to be a political subdivision or a non-profit corporation, a statement of the total assessed value of all real property in the proposed district, a statement of whether the petitioners seek recognition of any portion of the district as blighted, the maximum rates of real property taxes, business license taxes, special assessments, the limitation on borrowing, or the powers of the proposed district.⁴

WHAT DOES IT DO?

A CID can be used to finance various projects via (1) special assessments that specifically benefit the properties within the CID, (2) property taxes, or (3) a sales tax of up to 1%. Non-profit CIDs are unable to levy property taxes or sales taxes; those districts are only capable of leveling a special assessment. A CID may also issue bonds, notes, or other obligations to finance projects.⁵

A CID can use those financing methods to improve a community through projects like pedestrian malls and plazas, landscaping, convention centers, public arenas, or sidewalk, street, alley, and bridge improvements. Parking structures and other venues are all capable of being financed by the CID as well. This is not an

¹ Revised Statutes of Missouri §67.1411.1-5

² *Missouri Municipal Finance Guide* by Gilmore & Bell, P.C., p. 22.

³ Revised Statutes of Missouri §67.1421.2(1)-(2)

⁴ Missouri Revised Statute §67.1421.2(3)(a)-(q)

⁵ *Missouri Municipal Finance Guide* by Gilmore & Bell, P.C., p. 22.

exhaustive list, of course; so long as the project falls in to a useful, necessary or desired improvement there is a possibility that the CID could fund it.⁶

HOW HAVE WE USED IT?

- Downtown St. Louis CID has helped attract \$5 million in new public and private investment, manifested as over 160 new restaurants, shops and service providers. The Downtown residential population has doubled, hotel room inventory has doubled, and over 100 historic buildings have been restored and redeveloped.⁷
- The South Grand CID has helped develop amenities and public works like a free, 95-spot public parking lot at 3500 Hartford, a rain garden and a pocket park.⁸
- Fountain Plaza CID in Ellisville, MO financed traffic improvements to Clarkson and Clayton Roads plus fountains and entrance monuments.⁹
- TIF, a TDD and a CID were used in Crestwood to redevelop the Crestwood Point development at Watson and Sappington to improve the city's government center and relocate a local swim club¹⁰.
- The Hazelwood Commerce Center CID has financed public improvements to the 151-acre development, including commercial and retail components.¹¹

TRANSPORTATION DEVELOPMENT DISTRICT

OVERVIEW

A transportation development district (TDD) may be created by petition filed with the court the TDD is located in. The TDD can be organized for the purpose of developing, improving, and maintaining or operating one or more projects related to the transportation needs of the area. The TDD may be funded either by a district-wide property or sales tax, which requires approval of the voters in a district, or by bonds, notes, or other obligations.

CREATION OF TDD

The creation of a Transportation Development District (TDD) is authorized by the state of Missouri through Missouri Revised Statute §238.200 through §238.275. Any county or municipality is authorized to create a TDD in order to fund, promote, plan, design, construct, improve, maintain, and operate one or more projects. Unlike a CID, a TDD may not be organized as a not-for-profit corporation. TDDs may only be organized as political subdivisions.¹²

Creating a TDD begins with a petition of (1) at least 50 registered voters within the proposed district or (2) if there are no registered voters within the district, the owners of all the real property located within the proposed district. Additionally, two or more local transportation authorities may adopt resolutions calling for the joint establishment of a district and then file a petition requesting the creation of a district.¹³

This petition must be filed with the circuit court of the county in which the TDD would be located. The petition should be accompanied by a description of the projects the proposed TDD would be undertaking, including a description of the locations, costs, and anticipated revenues of the project. After being filed with the circuit court, a judgment and order will be entered by a circuit court judge. The judge also will call an election of qualified voters within the district; voter approval is required for any property tax, sales tax, or special assessment.¹⁴

⁶ *Summary of Economic Development Tools* by Gilmore & Bell, P.C., p.15.

⁷ <http://www.downtownstl.org/DowntownCID.aspx>

⁸ <http://southgrand.org/who-we-are/south-grand-projects/>

⁹ <http://www.armstrongteasdale.com/community-improvement-districts/>

¹⁰ <http://www.armstrongteasdale.com/community-improvement-districts/>

¹¹ <http://www.armstrongteasdale.com/community-improvement-districts/>

¹² Revised Missouri Statute §238.205.1-2

¹³ *Missouri Municipal Finance Guide* by Gilmore & Bell, P.C., p. 23.

¹⁴ Revised Statutes of Missouri §238.207.4

WHAT DOES IT DO?

A TDD can finance projects through (1) a special assessment 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 to finance projects.¹⁵

A TDD funds various transportation-related improvements to things like bridges, streets, roads, highways, highway interchanges, road signs, parking lots, bus stops, transit stations, garages, or light rail. This is not an exhaustive list of projects that can be financed through a TDD; these are various examples of what might be financed.¹⁶

HOW HAVE WE USED IT?

- A little over 1/3rd of all TDDs in the state of Missouri are located in St. Louis County and St. Louis City.¹⁷
- Brentwood Square Redevelopment Area (Brentwood) – TDD used in conjunction with TIF to fund transit-related public improvement that otherwise would not be funded by TIF alone.¹⁸
- Chesterfield Valley Transportation Development District (Chesterfield) – TDD financed over \$25 million in transit improvements in Chesterfield Valley area.¹⁹
- Gravois Bluffs Redevelopment Area (Fenton) – TDD used in conjunction with TIF to reduce TIF obligations needed to fund public improvements. TDD sales tax used to generate additional TIF revenues.²⁰
- Missouri Bottom Road Redevelopment Area (Bridgeton, Hazelwood) – TDD used in conjunction with TIF to finance significant transportation-related public improvements along State Highway 370 and other local roads as part of a planned commercial development.²¹
- Loop Trolley Transportation Development District (University City, City of St. Louis) – TDD used to push for alternative transit method around Forest Park, Washington University, and the Delmar Loop.²² Loop Trolley TDD recently won a court case to proceed with their work developing a trolley system in St. Louis.²³

TAX ABATEMENT

OVERVIEW

Tax abatement is a redevelopment tool that freezes the assessed value of real estate at pre-development levels. This keeps the tax rate low while the property is developed, a process that otherwise would raise the tax obligation on the property.

CHAPTER 100 TAX ABATEMENT

Tax abatement authorized under Chapter 100 of the Revised Statutes of Missouri authorizes cities, counties, towns and villages to issue industrial development bonds to finance projects for private corporations, partnerships and individuals. These bonds are used to finance the costs of warehouses, distribution facilities, and the like. This qualifies as tax abatement because the local government entity holds title to the property, develops it and leases it to a business; property owned by government entities is exempt from taxation.²⁴

¹⁵ *Missouri Municipal Finance Guide* by Gilmore & Bell, P.C., p. 23.

¹⁶ *Missouri Municipal Finance Guide* by Gilmore & Bell, P.C., p. 23.

¹⁷ <http://dor.mo.gov/business/sales/tdd/list/>

¹⁸ *Summary of Missouri Transportation Development District Act* by Armstrong Teasdale, August 2010.

¹⁹ *Summary of Missouri Transportation Development District Act* by Armstrong Teasdale, August 2010.

²⁰ *Summary of Missouri Transportation Development District Act* by Armstrong Teasdale, August 2010.

²¹ *Summary of Missouri Transportation Development District Act* by Armstrong Teasdale, August 2010.

²² <http://looptrolley.com/loop-trolley-tdd-board/>

²³ <http://www.bizjournals.com/stlouis/news/2014/04/28/loop-trolley-lawsuit-dismissed.html>

²⁴ *Summary of Economic Development Tools* by Gilmore & Bell, P.C., p.31.

CHAPTER 353 TAX ABATEMENT

Tax abatement authorized under Chapter 353 of the Revised Statutes of Missouri specifically targets tax abatements to “blighted area.” An eligible city or county may approve a redevelopment plan that provides for tax abatement for up to 25 years. The first ten years of the abatement 100% of real property taxes on the land are abated, 100% of the real property taxes on improvements are abated, and the property owner continues to pay real property taxes on the land in the amount of the taxes that would have been owed before the redevelopment corporation took title. The last 15 years of the abatement 50-100% of the incremental real property taxes on all land and all improvements are abated. ²⁵

HOW HAVE WE USED IT?

- Watlow Electric Manufacturing Co. was offered a \$4 million Chapter 100 tax abatement by St. Louis County for the expansion of its Maryland Heights headquarters and the development of an advanced technology center.²⁶ Additionally, Chapter 100 has been successfully utilized in the job growth and expansion of campuses for Express Scripts, Monsanto, and Edward Jones in St. Louis County.
- Chapter 353 has seen extensive use throughout the entirety of St. Louis City.

²⁵ *Summary of Economic Development Tools* by Gilmore & Bell, P.C., p.29.

²⁶ <http://www.bizjournals.com/stlouis/blog/2014/03/watlow-plans-30-million-expansion.html?page=all>

TAX INCREMENT FINANCING IN THE ST. LOUIS REGION

As discussed in the introduction to this report, the Better Together Economic Development Study is focused on examining the impact that St. Louis City, St. Louis County, and county municipalities have on our regional economy. A significant aspect of that impact is shown in how the City, County, and 90 municipalities utilize economic development tools and incentives. We have provided numerous source materials on our website that provide an explanation and look at many of the commonly employed tools including tax abatements and taxing districts¹. However, one particular incentive that was prominent in academic and professional research – and that was repeatedly voiced as a concern of members of the Economic Development Committee and members of the St. Louis community at large – is the use of tax increment financing (TIF) in the St. Louis region.

Simply put, both the research and individual insights and experiences that were provided during Better Together’s outreach for this report indicate that current use of tax increment financing is failing to spur regional growth. This is not to say that there are not positive examples of TIF utilization in all parts of the region. There are, and they will be discussed. However, the current structure for approval and oversight, as well as the fragmentation of the St. Louis region, have created an economic environment where resources are being expended on intraregional competition rather than regional growth and international competition.

Interest in the effectiveness of TIF is not new to the St. Louis region. In 2011, the East-West Gateway Council of Governments issued a report assessing the effectiveness and impact of development incentives in the St. Louis region. Analysis of TIFs in the region comprised a large portion of the overall report, which can also be found in our source materials. While we will not recount the findings of the report regarding TIF in their entirety, we would be remiss to not include findings that led us to want study this topic further, which include:

- In the past 20 years, over \$2 billion of public tax dollars have been diverted to developers as subsidies for private developments through tax increment financing across the entire St. Louis region.² (Retail development can be found in about 80% of Missouri’s TIFs.)³
- An examination of sales tax revenues and the use of TIF demonstrate that declining shares of sales tax revenue in one municipality often coincides with the use of incentives and growth of tax revenue share in neighboring municipalities.⁴
- Local governments have increasingly turned to using economic development incentives, particularly TIF and special taxing districts, as a mechanism to fund services. They are tools that local governments can use to control an additional revenue stream without a

¹ www.bettertogether.com

² East-West Gateway Council of Gov’t, *An Assessment of the Effectiveness and Fiscal Impacts of the Use of Local Development Incentives in the St. Louis Region: Final Report* 35 (2011) – this figure includes the entire St. Louis Metropolitan region.

³ George Lefcoe, *Competing for the Next Hundred Million Americans: The Uses and Abuses of Tax Increment Financing*, 43 *Urban Lawyer* 427, 452 (2011).

⁴ East-West Gateway Council of Gov’t 35-36 (2011)

popular vote and while avoiding legislative caps on major revenue sources. This is not a sustainable means of financing government.⁵

- Development incentives have primarily acted to redistribute spending and taxes.⁶
- Household income is lower and increasing more slowly than in most of our peer regions.⁷

Given the sizable amount of public tax dollars being diverted to private developers and the lack of resulting regional economic growth, the question becomes why the use of tax increment financing remains so widespread. The answer lies both in Missouri statute and in the structure of regional governance.

TAX INCREMENT FINANCING IN MISSOURI

Missouri's tax increment financing law can be found in the the Real Property Tax Allocation Redevelopment Act.⁸ In Missouri, tax increment financing can be utilized to capture incremental tax revenues resulting from redevelopment and apply those revenues to pay redevelopment project costs. As in 48 other states with TIF legislation, Missouri allows for the capture of 100% of local property tax. In addition, Missouri allows for the capture of 50% of local incremental economic activity, including sales tax, generated within a redevelopment area.⁹ The provision allowing for the capture of sales tax revenue is much rarer, as only 14 other states allow for it in their statutes.¹⁰ As we will discuss in greater depth, it also lends to the common but seemingly ineffective use of TIF in the St. Louis region.

Once a municipality or the County would like to create a TIF, certain steps must be undertaken. Specifically:

1. **Creation of a TIF Commission** – The municipality must create a TIF commission as provided in the TIF Act.¹¹ In all cities and counties, the governing body creates the TIF Commission. St. Louis County and cities in St. Louis County have 12-member TIF Commissions composed of 6 members appointed by the governing body, 3 members appointed by St. Louis County, 2 members appointed by the school boards of the affected school districts and, and 1 member appointed by the other taxing districts who levy ad valorem taxes. All other counties and the City of St. Louis have 9-member TIF commissions composed of 6 members appointed by the governing body, 2 members by the school boards of the affected school districts, and 1 member appointed by the other taxing districts who levy ad valorem taxes.¹²
2. **Redevelopment Plan** – A redevelopment plan, including a description of the redevelopment area and the redevelopment projects therein, must be prepared,¹³

⁵ East-West Gateway Council of Gov't 36 (2011)

⁶ East-West Gateway Council of Gov't 37 (2011)

⁷ East-West Gateway Council of Gov't 37 (2011)

⁸ Mo. Rev. Stat. §§ , 99.800-99.865 (2010)

⁹ Gilmore & Bell, P.C., Summary of Economic Development Tools (2012), available at: http://www.gilmorebell.com/ED_Memo_6_22_12.pdf

¹⁰ Lincoln Institute for Land Policy, State Tax Increment Finance Programs (2010), available at: www.lincolninst.edu/subcenters/...tax/upload/.../TIF_Table_2010.xls

¹¹ Gilmore & Bell, P.C. 3 (2012)

¹² Missouri Economic Development Financing Association, available at http://www.medfa.com/faq_q14.htm

¹³ Gilmore & Bell, P.C. 3 (2012)

3. **Public Hearing** – 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
4. **Adoption by Municipality** – The municipality must adopt an ordinance approving the redevelopment plan, the redevelopment projects and the designation of the redevelopment area as discussed below. If a TIF commission makes a recommendation in opposition to a proposed redevelopment plan, redevelopment project, or designation of a redevelopment area, or amendments thereto, the governing body of the municipality may only approve such plan, project, designation or amendment upon a two-thirds majority vote. Once the ordinance is adopted, tax increment financing may be implemented for one or more redevelopment projects within a redevelopment area.¹⁴

PRISONER’S DILEMMA: THE USE OF TIFs IN THE ST. LOUIS REGION

It is important to note that while the widespread use of tax increment financing in the St. Louis region is seemingly problematic, there are examples of successful TIFs, including Cortex and Pagedale. These projects have provided valuable benefits to our region through additional jobs and much-needed services.

However, there does appear to be a systemic issue with the use of TIFs throughout the St. Louis region. It is our contention that this issue arises from a perfect storm of Missouri law and regional fragmentation.

Under Missouri law, the process for approval of TIFs is seemingly thorough. However, upon closer examination, it is clear that the true power lies with the developer and the municipality seeking to establish the TIF in the first place.

In Missouri, a municipality is given the power to overrule a TIF commission’s recommendation against the establishment of a TIF. All that is required to do so is a 2/3 vote of approval from the governing body, rather than a simple majority.¹⁵ Thus, the TIF commission and public hearings are relegated merely to an advisory role. The ability of a municipality seeking a TIF to bypass a TIF commission’s recommendation is troubling when taking into account the practical application of what is required. There are 584 members of 92 governing bodies in St. Louis (St. Louis City, St. Louis County, and 90 municipalities in St. Louis County). On average, a governing body is composed of 6 members, which means that on average a governing body need only garner at most one additional vote on average to override a 9- or 12-person panel charged with watching over interests larger than those of a single county or municipality.

Furthermore, Missouri’s “but for” test offers little additional protection. In Missouri, a “but for” test must be met prior to a TIF’s approval. Under this test, a governing body must find that the redevelopment area has not been subject to growth and development through private investment and is not reasonably anticipated to be developed “but for” the adoption of tax increment financing.¹⁶ In order to fulfill this requirement, such a determination must be submitted via an

¹⁴ Gilmore & Bell, P.C. 3 (2012)

¹⁵ Gilmore & Bell, P.C. 3 (2012)

¹⁶ Gilmore & Bell, P.C. 7 (2012)

affidavit by the proposed developer along with the redevelopment plan.¹⁷ This test has by many accounts, including those of business and civic leaders, devolved into a relatively easily met requirement that the developer simply show that the developer would not undertake the development without the TIF, rather than show that the redevelopment area would not reasonably be anticipated to be developed by anyone without the adoption of a TIF. This is an important trend, especially since freezing the property tax revenue during the TIF can negatively impact the encompassing school district. A non-TIF project could lead to increased revenues for the district. However, freezing the property tax for the length of a TIF prevents the district from benefitting from increased revenue that would have been available if a non-TIF project had developed in the same period. However, as it stands now, school districts' opinions can be overridden by the municipality.

It is important to note that Missouri is unique in its governing of TIFs. It is one of only two states that allows for revenues beyond property taxes to be captured under a TIF, while only requiring municipal approval for creation of a TIF.¹⁸ On average, most states require in excess of two agencies or bodies to approve a TIF before it can be established.¹⁹ Missouri has created an economic development tool that is readily available and allows for municipalities to chase sales tax revenue. When the lack of regional or state oversight is coupled with the fragmentation of the St. Louis region, a perfect storm is created for widespread use of an economic tool that provides benefits to an individual municipality at the expense of neighboring municipalities and the region. One need look no further than a 2010 TIF approved by the Bridgeton City Council that provided \$7.2 million in tax-increment financing for the creation of a Walmart on St. Charles Rock Road.²⁰ In fact, this TIF was granted so that Walmart could relocate an older store already located on St. Charles Rock Road and only two miles away. The older Walmart was located in both Bridgeton (93%) and St. Ann (7%).²¹ However, when Walmart announced it was seeking to move to another site with expanded space, Bridgeton stepped forward to retain the store and the sales tax revenue. Municipal leadership warned that Walmart would simply close the smaller store and relocate to another city if Bridgeton refused to offer a TIF, and the store would take \$1 million in annual sales tax revenue with it.²² The initial site of the original Walmart remains undeveloped today.

This story highlights a few key issues with the St. Louis region's structure for approving and using TIF. First, large corporations and big-box stores have a strategic advantage. With 92 entities in the St. Louis region chasing sales tax revenue in order to maintain service levels, national franchises can leverage the fragmented nature of our region against individual municipalities.

¹⁷ Gilmore & Bell, P.C. 7 (2012)

¹⁸ Lincoln Institute for Land Policy, State Tax Increment Finance Programs (2010), available at: www.lincolninst.edu/subcenters/...tax/upload/.../TIF_Table_2010.xls

¹⁹ Lincoln Institute for Land Policy, State Tax Increment Finance Programs (2010)

²⁰ Gillerman, Margaret "Walmart Store Gets Bridgeton's Approval." *St. Louis Post Dispatch* 8 July 2010, available at: http://www.stltoday.com/news/local/metro/walmart-store-gets-bridgeton-s-approval/article_8d158273-5237-5e5d-b0d8-fc23c94dc3ff.html

²¹ Gillerman

²² Gillerman

GOOD TIF, BAD TIF

The identification of positive versus negative uses of tax increment financing is not a subjective judgment. Data, analysis, and experience provide an objective measure for analysis of TIFs. Local success stories of tax increment financing include Cortex and Pagedale. Cortex is expected to create 2,400 jobs, predominantly in the technology sector.²³ These jobs will help St. Louis City and County attract and retain well-paid professionals in the region. Pagedale also highlights the potential benefit of TIFs. Beyond Housing utilized the Pagedale TIF to bring a bank to an area that has the third-highest rate of unbanked African-American households in the nation.²⁴ Within the same development, Beyond Housing brought a Save-a-Lot store to fill the need for fresh groceries in the community.²⁵

It is not the contention of this report that all TIFs are bad, or even that all retail TIFs are unbeneficial. However, the widespread use of tax increment financing for retail development and the benefit of individual municipalities is not the recipe for regional economic growth.

In 2011, the East-West Gateway staff and local university researchers tracked a ten-year period in the St. Louis Metropolitan Statistical Area and found that during that period, 598 small retail stores, each employing less than 10 persons, were eliminated.²⁶ During the same period, retail employment actually increased by 2,700 jobs, according to the Bureau of Labor Statistics.²⁷ This indicated an elimination of smaller stores by larger corporations.²⁸ This trend has several impacts. First, simple mathematics leads to the realization that there will be less room in the market for entrepreneurs and local shops. Second, it increases the likelihood that profits will leave the St. Louis region.²⁹ Neither is a result that suggests a positive return on the public financing that some retail TIF projects enjoy.

Finally, the large-scale use of TIFs for retail development has been found to only shift these lower-paying jobs and redistribute the tax revenues available.³⁰ Furthermore, it is estimated that each job that is reported as created or retained in TIF districts comes at a cost of over \$12,000.³¹ These are not trade-offs that are leading to economic growth in the St. Louis region. One need look no further than the combined population loss of 45,615 for St. Louis City and County from

²³ Dwyer, Joe "Cortex Plans \$186 Million in New Biotech Development." St. Louis Business Journal 22 October 2012, available at: <http://www.bizjournals.com/stlouis/blog/BizNext/2012/10/cortex-plans-186-million-in-new.html?page=all>

²⁴ O'Neil, Bridjes "Pagedale Unveils Firsts-Ever Bank." The St. Louis American 29 November 2012, available at: http://www.stlamerican.com/business/local_business/article_bd12e64e-39a6-11e2-ba57-001a4bcf887a.html

²⁵ "Beyond Housing Breaks Ground for Pagedale Senior Housing Development" St. Louis Equity Fund 31 October 2011, available at <http://www.slefi.com/beyond-housing-breaks-ground-for-pagedale-senior-housing-development/>

²⁶ East-West Gateway Council of Gov't 28 (2011)

²⁷ East-West Gateway Council of Gov't 28 (2011)

²⁸ East-West Gateway Council of Gov't 29 (2011)

²⁹ East-West Gateway Council of Gov't 30 (2011)

³⁰ East-West Gateway Council of Gov't iv (2011)

³¹ East-West Gateway Council of Gov't, *The Use of Development Incentives in the St. Louis Region: Update 5* (2012).

2000-2012,³² or the 7.7% regional unemployment rate of St. Louis that ranks us 285th in the country and is a full percentage point higher than both the U.S. and Missouri rates of 6.7%³³.

POSSIBLE SCENARIOS FOR MOVING FORWARD

On average, 39% of a municipality's operating budget is funded by sales tax revenue. Furthermore, evidence suggests that the use of TIF and other incentives provides a positive economic impact for the municipality utilizing the incentive while negatively impacting neighboring municipalities.³⁴ With that in mind, it is difficult to fault individual municipalities or their mayors for utilizing TIFs and other means to garner as large of a portion of the sales tax revenue as possible. Individually, there is very little that a municipality can do to alter the "prisoner's dilemma" that has been created in St. Louis in pursuit of sales tax revenue.³⁵ Municipal leaders are faced with the unattractive choices of placing a tax initiative on the ballot or reducing services if they choose not to participate in the pursuit of sales tax revenue. Therefore, a solution must be implemented at a regional or state level so that the playing field is leveled and the competitive advantage of being the wealthiest market for hundreds of miles is restored to the St. Louis region, rather than placed in the hands of Walmart and other big-box developers.

1. Require additional approval for the implementation of a TIF

Of the 49 states with TIF legislation, 6 require approval solely by a municipality for the creation of a TIF.³⁶ Of those 6, only Missouri and Colorado allow for revenues beyond those of property tax to be eligible TIF revenues.³⁷ Such an atmosphere creates an environment that is ripe for intraregional competition, especially when coupled with a high level of fragmentation. A possible solution would be to require additional approval for TIF creation. Such a practice is commonplace in other states. On average, the creation of a TIF requires the approval of at least 2 agencies in most states. Typically approval comes from 2 or more of the following: a city, county, school board, the state, a community development agency board, or a TIF commission.³⁸ St. Louis, as a region, would benefit from the implementation of additional oversight and increased scrutiny of the regional benefit for implementing TIFs.

2. Eliminate the availability of sales tax revenues for TIFs

Missouri is one of only 15 states that includes sales tax as an eligible tax revenue for tax increment financing.³⁹ Eliminating this option would reduce the pursuit of the sales tax and bring Missouri in line with the majority of other states.

³² United States Census Bureau, available at <http://www.census.gov/>

³³ Bureau of Labor Statistics, available at <http://www.bls.gov/bls/unemployment.htm>

³⁴ East-West Gateway Council of Gov't 35 (2011)

³⁵ A prisoner's dilemma is a paradox in decision analysis in which two individuals acting in their own best interest pursue a course of action that does not result in the ideal outcome. The typical prisoner's dilemma is set up in such a way that both parties choose to protect themselves at the expense of the other participant. As a result of following a purely logical thought process to help oneself, both participants find themselves in a worse state than if they had cooperated with each other in the decision-making process.

³⁶ Lincoln Institute for Land Policy, State Tax Increment Finance Programs (2010)

³⁷ Lincoln Institute for Land Policy, State Tax Increment Finance Programs (2010)

³⁸ Lincoln Institute for Land Policy, State Tax Increment Finance Programs (2010)

³⁹ Lincoln Institute for Land Policy, State Tax Increment Finance Programs (2010)

WORKFORCE GOALS

An important part of a conversation that examines the future of the St. Louis region is understanding the role local governments play in developing and promoting a workforce that is representative of the citizens who use and fund those governments. As such it is imperative to understand what goals and requirements are in place to promote diversity among the workforces that are employed or contracted with using taxpayer dollars. The following represents a brief overview of workforce utilization standards in three major St. Louis regional governments: St. Louis City, St. Louis County, and the Metropolitan Sewer District (MSD).¹

St. Louis City

The City of St. Louis began utilizing workforce diversity standards in 2009 with the passage of city ordinance 68412. This ordinance established labor diversity participation goals for each City “Public Works Contract for which the design team’s base value of the contract is One Million Dollars or more” (Section Three). These goals indicated that a designated percentage of the labor hours for each qualifying contract be performed by minorities, women, St. Louis City residents, and apprentices. The ordinance outlined definitions for minorities to include Black Americans, Hispanic Americans, Asian Americans, and Native Americans and introduced a goal of 25% of labor hours on public works contracts over \$1 million be performed by members of these groups. Additionally, it set the goals for participation of women to represent at least 5% of the labor hours for such projects (Sections One & Three). Finally, the 2009 measure set a goal of 20% of labor hours to be performed by residents of the City and 15% of hours performed by apprentices (Sections Two & Four).²

In 2013, St. Louis City enacted an updated ordinance relating to workforce diversity goals. This ordinance – #69427 – repeals the 2009 ordinance and adds new standards in lieu of ordinance 68412. In addition to the goals set forth in the previous version, ordinance 69427 expands workforce diversity goals to include not only public works projects but all Tax Increment Financing (TIF) Projects and St. Louis City Bonded Projects with a base value over \$1 million. Further, the new ordinance charges the St. Louis Agency for Training and Employment (SLATE) and the St. Louis Development Corporation (SLDC) with determining the costs associated with implementation of monitoring and compliance on these projects as well as the ability to establish appropriate fees to cover the costs determined (Section Six). Lastly, the 2013 ordinance increased the size of the Community Jobs Board – which reviews and provides feedback to SLATE on the implementation and impact of the ordinance – from nine to thirteen and establishes procedures for non-compliance that include the possible barring of offending developers and/or general contractors from public works contracts or TIF projects for a period of

¹ While MSD is an independent entity and does not provide municipal level services, it maintains a very prominent presence in the regional public works infrastructure and has considerable influence in helping shape the standards that guide diverse workforce development. Further, MSD is consistently a leader in setting inclusive goals and standards among the workforce they employ to maintain St. Louis’ sewer systems.

² The ordinance defined apprentices to be individuals “enrolled in any training program approved or recognized by the United States Department of Labor, Employment and Training Administration (ETA), Office of Apprenticeship (OA).” St. Louis City Ordinance 68412, Section Two.

up to two years with additional sanctions possible (Sections Eight & Ten). The changes from the 2009 ordinance to the present version reflect both an expansion of the scope and potential impact of the workforce participation goals and also empower the agencies overseeing these inclusion goals the necessary authority to enforce them in instances of a breach. This progression affirms St. Louis City's dedication to developing and growing a workforce that is more representative of the citizens it serves.

MSD

In 2012 the Metropolitan Sewer District (MSD) commissioned a study to better understand the workforce in the St. Louis region and help establish its own workforce diversity goals.³ The primary basis for seeking such information was an upcoming \$4.7 billion multi-decade effort to upgrade and improve much of the sewer infrastructure in the St. Louis region and MSD's professed commitment "to ensuring equal employment opportunities for the City of St. Louis and St. Louis County residents who will fund this program through a utility rate increase" (Preface). The resulting workforce goals represent the most ambitious inclusion standards for the region. The goals apply to construction and professional service contracts valued at \$500,000 and above.⁴ For construction contracts, MSD aims to have 30% of the labor hours performed by members of minority classes – African Americans, Asian Americans, Hispanic Americans, or Native Americans. They also have a goal of 7% of construction labor hours being completed by women and 30% being completed by local residents (1-27, 28). Finally, for contractors who utilize apprentice labor, it is required that 40% of those hours worked be performed by apprentices (1-29).

In addition to workforce diversity goals for construction, MSD has established goals for both engineering and non-engineering professional service contracts. Those goals require that 18% of professional service labor hours be performed by minorities and 32% be performed by women.⁵ In an effort to help local firms come into compliance with these goals, MSD is willing to work with contractors who do not yet meet the requirements as long as they have a program in place that demonstrates a good faith effort to meet workforce diversity goals. As expressed in their 2012 Workforce Study, MSD recognizes the scale and magnitude of its Capital Improvement and Replacement Plan and its potential to "create long-term economic and employment benefits within the region."⁶ With the workforce diversity goals currently in place at MSD there is great potential to ensure continued development of a strong local workforce that is representative of the demographic makeup of St. Louis City and County.

³ *Workforce Study*, Metropolitan St. Louis Sewer District, December 2012.

⁴ Memoranda from Metropolitan Sewer District Business Diversity on MBE Utilization and Workforce Program Building Construction Projects and Non-Building Construction Projects (February 2014) (<http://www.stlmsd.com/aboutmsd/diversityinformation/supplierdiversity>).

⁵ Memoranda from Metropolitan Sewer District Business Diversity on Minority and Women Workforce Utilization Program Engineering Professional Service Projects and Non-Engineering Professional Service Projects (August 1, 2013) (<http://www.stlmsd.com/aboutmsd/diversityinformation/supplierdiversity>).

⁶ *Workforce Study*, "Preface," Metropolitan St. Louis Sewer District, December 2012.

St. Louis County

Currently, there are no workforce diversity goals or requirements in place for contracts from St. Louis County. However, in January 2014 St. Louis County hired its first Diversity Program Manager who is currently leading a disparity study. This study will allow St. Louis County to better understand the scope and depth of the issue and how implementing workforce goals might affect our region's ability to develop a workforce that is representative of the citizens who fund its governments.

Conclusion

While St. Louis City and MSD have made great strides in beginning to implement and enforce workforce diversity standards for the region, it is obvious more could be done. In order for the St. Louis region to continue growing and offering strong economic opportunities for its diverse population, it is critical that the region adopt standards to promote diversity among the current and future generations of workers in the region. One way to do this would be to adopt uniform workforce goals across the St. Louis region. An important first step in this effort is St. Louis County implementing its own workforce utilization standards related to contracts it issues. By implementing standards for one of the largest governments in the region, efforts to enhance the diversity of the current and future workforce in St. Louis would be helped greatly and the region would be one step closer to developing a workforce that is representative of the diversity of the citizens who reside here.

REGIONAL DEMOGRAPHICS & WORKFORCE STANDARDS

Regional Demographics (2012 Census Projections)

	Saint Louis City	Saint Louis County	Combined (City & County)
Total Population	319,112	1,000,473	1,319,585
Female	51%	52.7%	52%
White	45.9%	70.5%	65%
African-American	48.5%	23.6%	30%
Asian	3%	3.8%	3.6%

Regional Workforce Goals

	St. Louis City ¹	St. Louis County	MSD – Construction ²	MSD - Construction ³	MSD - Professional Services ⁴
Minority	25%	-	30%	30%	18%
Women	5%	-	-	7%	32%
Resident	20%	-	-	30%	-
Apprentices	15%	-	-	*	-

¹ Applies to each public works contract, tax increment financing project, and St. Louis City Bonded Project with an estimated base value of \$1 million or more

² Projects estimated at \$50,000 and over

³ Projects estimated \$500,000 and over

⁴ Includes both professional engineering and non-engineering professional services

* MSD requires that 40% of apprentices working on projects estimated at \$500,000 and over be minority or female apprentices

BUSINESS LICENSING AND REGULATION

As discussed in the introduction to this report, the Better Together Economic Development Study is focused on examining the impact that St. Louis City, St. Louis County, and county municipalities have on our regional economy. A topic that was of high importance to the small business community is the service and regulatory environment. Many business owners and entrepreneurs provided feedback on the service aspect of their relationship with the City, County, or municipality. This information is noted in the community feedback section of this study and will be further examined in future studies on those particular services, such as public safety and infrastructure.

However, the most prominent aspect of early discussions with business owners, entrepreneurs, and merchant groups was the regulatory environment, specifically licensing regulations and permitting. As this issue was a prevalent topic throughout the community, Better Together compiled the basic information for obtaining a permit and opening a business in St. Louis City, St. Louis County, and its 90 municipalities. The compiled data is included in this report and is also available at www.bettertogetherstl.com.

It is important to note that this information was not compiled to compare municipalities to one another. Rather, it was meant to take a look at the number of similarities and differences that are present in the regulation of businesses throughout our region. As you can see, there are differences in permits required, costs, required paperwork, online availability, and the organization responsible for carrying out inspections. Similarly, the experiences of business owners was just as varied. However, two elements emerged as the key factors in determining whether starting a business was a positive or negative experience: clarity and certainty. Business owners, whether operating in the City of St. Louis, unincorporated St. Louis County, or a municipality, expressed either their gratitude for the clear requirements that were provided or their frustration over the lack of the same.

Specific examples of positive experiences included the online availability of requirements and forms, as well as a direct contact for questions. Business owners expressed appreciation for online access to these resources because it allowed them to complete much of the paperwork outside of business hours and reduced the trips required during the work day. Conversely, frustrations were expressed at the lack of available online resources, lack of clear requirements, and multiple trips required in some cases to multiple offices. In the City of St. Louis, one business owner recounted his frustration with the lack of communication between the License Collector's Office and the Collector of Revenue's Office. Upon further examination, because St. Louis is a city-not-within-a-county and its charter is 100 years old, the License Collector and the Collector of Revenue are each independent elected officials and have no obligation to share data, staff or even philosophy. This underlying structure spawns many of the problems the business owners described. This disconnect creates an obstacle and confusion, leaving individuals uncertain and frustrated.

In addition to the individual frustrations that are present in the current structure, the presence of such a wide variety of licensing regulations, governing bodies, and inspectors is in itself an issue. First, it can add difficulty to operating more than one business. Most owners we spoke with

shared that if they had to open a second business, it would be so much simpler having gone through the process and knowing who to contact. The issue with the current structure in the region is that is only true in some cases where the second business is located in the same city as the first. Government should make starting a business as easy as possible; the current structure lends itself to uncertainty and the absence of specific, commonly known requirements for establishing a business in the St. Louis region is problematic.

This issue is magnified when approaching it from the standpoint of making St. Louis more attractive to immigrants. St. Louis continues to see neighborhoods revitalized and business districts thriving as the result of immigration. The Mosaic Project and the International Institute of St. Louis are pivotal to an increase in immigration. In a short time, the Mosaic Project has dramatically increased St. Louis' marketing as a destination for immigrants. Similarly, the International Institute has assisted thousands of immigrants in gaining employment, accessing loans to start businesses, and acclimating to a new country. Simple changes can be made to help support their efforts to attract and retain immigrants including altering the complex scheme of starting a business here.

As part of Better Together's outreach on this topic, interpreters were paired with research fellows as they canvassed Spanish-speaking business owners on Cherokee Street, Chinese entrepreneurs on Olive Street, and African business owners in the region. In addition, the International Institute provided further connections to other immigrant business owners who were interviewed. These conversations served to emphasize the importance of a straightforward and more uniform regulatory environment for businesses in our region. For example, several owners described the difficulty of passing along first-hand knowledge of the process of starting a business to others because many lived in different municipalities and under different rules and requirements. They explained that this was especially frustrating given the added difficulty of navigating such a nuanced process with a limited ability to speak English.

SUGGESTIONS FOR MOVING FORWARD

Over the past months, Better Together's Economic Development Committee has walked through myriad regulations and requirements for starting a business. It is apparent that the procedures and regulations are confusing to many business owners. As one owner shared, "a person shouldn't feel like they need to have an MBA to start a business in our region." The frustration in that statement is a common sentiment shared across the region. Starting a business can be confusing and it is certainly a challenge, but as a region we should work to reduce unnecessary barriers. We have several possible scenarios that we feel would do just that.

First, St. Louis City, St. Louis County, and the 90 county municipalities would be well served to collaborate on ways in which to streamline and make the process for starting a business more universal in our region. Given the fragmentation in the St. Louis region, we also have intermediate steps for regional improvement.

The Welcoming Center for New Pennsylvanians has recognized the complexity of starting a business, particularly in a new city. To address this, they have created a "How to Start a Business" resource center on their website. An entrepreneur can go to this site and select a short ten-page guide on requirements for the type of business they would like to start and the location

where they would like to open the business. Each of these resources also provides the key points of contact and identifies common pitfalls to avoid. Finally, there is also a guide available that provides resources and information on how a merchant can protect his business and who to contact for common issues. All of these resources are available at <http://www.welcomingcenter.org/immigrants/start-business> or www.bettertogetherstl.com.

Resources like those available at The Welcoming Center serve two purposes. They provide a blueprint for the St. Louis region, but they also offer a warning. Other cities are competing for entrepreneurs and immigrants. The regions that grow will do so because of their willingness and ability to implement business-friendly practices. We must not simply try to measure up to other regions. We must surpass them.

A simple step would be for every municipality to provide checklists for starting a business. These resources could be modeled after the materials produced by The Welcoming Center. The checklists could be improved further if they were also provided in Bosnian, Mandarin, Spanish, and Vietnamese. We must become the region that other cities want to emulate when looking to create a welcoming, business-friendly community for residents, whether they have lived here their whole lives or have recently arrived from other countries. Providing resources that support business owners and provide clarity is a necessary first step.

Municipality	Municipality Website - Business Information	Is a business license required? Where do you apply for a business license?	Is there a business license fee?	Does the business license have to be renewed? If so, how often?	Is a commercial occupancy permit required? If different from location of business license application, where can it be applied?	Is there a commercial occupancy permit fee?	Is a picture ID required? (Y/N)	Is a copy of signed lease or settlement required? (Y/N)	Is a building inspection required? (Y/N, Agency, and Fee)	Is a fire inspection required? (Y/N, including location)	Is a copy of Missouri sales tax I.D. required? (Y/N)	Is a copy of Missouri Certificate of No Tax Due required? (Y/N)	Is verification of registration required? (Y/N)	Is a separate letter to describing the business required? (Y/N)	Is a layout and/or site plan of space to scale required? (Y/N)	Is an emergency contact form required? (Y/N, including location)	Is a letter of intent required? (Y/N)	Is a liquor license required?	Notes		
Ballwin	http://www.ballwin.mo.us/For-Businesses/	Refer to finance department	Yes, \$1 for every \$1,000 in gross receipts	Annually, with \$100 minimum charge.	Yes	15	No											No	Required if serving liquor	Most forms not available online because they want to help with everything. Sign permits required for external signage. Inspections and occupancy permits are also required.	
Bel-Nor		Yes, forms not available online	\$100 unless you are considered a merchant then it is \$1 per \$1,000 in gross receipts	Annually, with \$100 minimum charge or \$1 per \$1,000 merchant fee	Yes	Discussed at meeting														Applicant must contact City Hall to set up a meeting to discuss getting a business license.	
Bel-Ridge	http://bel-ridge.us/?page_id=163	Yes, application online	Fee varies depending on business type	Annually	Yes						Yes	Yes	Yes								
Bella Villa																					
Belfontaine					Yes	30	Yes														
Bellerive																					
Berkeley	http://www.cityofberkeley.us/index.aspx?nid=146																				
Beverly Hills																					
Black Jack	http://www.cityofblackjack.com/141/Eestablishing-a-Business	Yes	Fee varies depending on business type: \$30 Home Businesses, \$60 for offices, \$60 for manufacturing, \$60 for retailers	Annually, renewal fee is the same as licensing fee	Yes	50				Yes										Required if serving liquor	Also requires STL County health inspection for food service. Sign permits required for external signage. Forms for all licenses and permits are not kept online.
Breckenridge Hills		Yes, application available at City Hall	Fee based on gross sales receipts (no home offices)	Annually	Yes		Yes	Yes	No	Yes, local fire district performs inspection.										STL County for health inspections.	
Brentwood	https://www.brentwoodmo.org/index.aspx?nid=20	Yes, available online	Costs depend on business type. Retail and restaurants are \$1.25 per \$1,000 in gross receipts. Office and manufacturers are \$0.10 per square foot. Banks are \$100-\$3,000	Annually	Yes	\$30 permit fee, \$30 inspection fee				Yes	Yes									Contact Barb Cross for more information if needed	
Bridgeton	http://www.bridgetonmo.com/Modules/ShowDocument.aspx?documentid=838	Yes		Annually	Yes					Yes	Yes										
Calverton Park																					
Champ																					
Charlack																					
Chesterfield	http://www.chesterfield.mo.us/opening-a-business.html	Yes, available online	Fee Per Square Foot: Retail - \$0.08 Service Office - \$0.04 Manufacturing/Warehouse - \$0.02	Annually	Yes	Yes, price varies.				Yes	Yes	Yes	Yes							Required if serving liquor	Signage license and fee may apply
Clarkson Valley	http://www.clarksonvalley.org/Business%20License.htm	Yes, available online	75	Annually, renewal fee is the same as license fee	Yes																Signage license and fee may apply
Clayton	http://www.claytonmo.gov/Government/Departments/Planning_Development_Services/Locating_Your_Business_in_Clayton.htm	Yes, forms not available online		Annually	Yes		Yes			Yes	Yes	Yes	Yes							Required if serving liquor	All businesses with a sign will require a sign license.
Cool Valley																					
Country Club Hills	http://countryclubhills.org/business-license/	Yes	40	Annually	Yes																
Country Life Acres																					
Crestwood	http://ci.crestwood.mo.us/yourtable/mpalle.com/pdf/3.%20New%20Business%20Flow%20Chart.pdf	Yes	Depends on the business	Annually	Yes	125					Yes	Yes	Yes								
Creve Coeur	http://www.crevecoeur.org/index.aspx?nid=77	Yes, all forms online	\$30 per 1,000 square feet. Minimum \$40 and maximum \$1,000.	Annually, if strict late penalties are applied	Yes	65	Yes			Yes	Yes	Yes	Yes							Required if serving liquor	
Crystal Lake Park			n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	No business licenses needed
Dellwood	http://cityofdelwoodmo.com/35/Business	Yes, forms available online	\$1.25 per \$1,000 in gross receipts	Annually	Yes	75				Yes	Yes	Yes	Yes							Required if serving liquor	Sign permit \$50. There is also an extra \$50 charge for "saloons"
Des Peres	http://mo-desperes3.civictplus.com/index.aspx?nid=713	Yes, forms available online	Retail/Sales - \$1.25 per \$1,000 in gross receipts (\$100 minimum); Office and Manufacturing - \$0.20 per square foot	Annually	Yes	50														Required if serving liquor	Must submit license and permit together
Edmundson																					
Ellisville	http://www.ellisville.mo.us/index.aspx?type=B_BASIC&SEC=(FE0098F-E660-4292-A1A4-5C7C24792933)&DE	Yes, forms available online	\$0.50 per \$1,000 in gross receipts. Home businesses are \$25 per year.	Annually	Yes																Must also have inspection done
Eureka	http://www.eureka.mo.us/wp-content/uploads/2014/01/Eureka_Business_License_Application_2014.pdf	Yes, forms available online	\$25 per year (pro-rated after June)	Annually	Yes					Yes, Ferguson Fire Department performs inspections	Yes	Yes								Required if serving liquor	Sign permit required for external signage. Per phone call March '12: There is no business license required in Fenton, however, an occupancy permit must be applied for and obtained. The occupancy permits are obtained from St. Louis County and inspections are completed by the Fenton Fire Protection District
Fenton	http://www.fentonmo.org/index.aspx?nid=35	None required	N/A	N/A	St. Louis County - see Fenton website first for form (usually commercial re-occupancy permit)	50				Yes, Fenton Fire Protection District performs inspections				Yes	Yes, Available through St. Louis County Police and Fenton District.	Yes	Yes	Available through City Clerk		Applied for and obtained. The occupancy permits are obtained from St. Louis County and inspections are completed by the Fenton Fire Protection District	
Ferguson	http://www.fergusoncity.com/124/Starting-Locating-a-Business	Yes, Available through Finance Department - City Collector	\$30 - \$50,000	Annually	Yes, Available through Public Works Inspection Department	100	Yes	Yes		Yes, Ferguson Fire Department performs inspections	Yes				Yes				Available through City Clerk		
Flordell Hills		Yes, Available through City Clerk	50		Yes, Available through City Clerk	75		Yes		Inspection required, fee \$100. Who performs inspection was not specified			Yes	Yes					Available through City Clerk	First step is board (council) approval. Once approval is obtained, paperwork can be started. Available through Public Works Department for occupancy permit, however, the Finance Department handles everything to do with business licensing. All applications may be picked up at Florissant City Hall on 956 Rue St Francois	
Florissant	http://www.florissantmo.com/top/c?topicid=195	Yes, Available through Florissant Business Licenses (via Finance Department)	Based on gross receipts, but new businesses may pay the minimum of \$25 for first year or estimate first year sales	Annually	Yes, Available through Florissant Finance Department														Available through City Clerk		
Frontenac	http://www.cityoffrontenac.org/index.php?id=90	Yes	Varies by business, minimum of \$100	Calendar year (1 January - 31 December)	Yes, Available through Public Works Department																Village clerk returned call on 28 March - municipality is all residential, there are no business licenses.
Glen Echo Park		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
Glendale	http://www.glendalemo.org/index.php?option=com_content&view=article&id=23&Itemid=6	Yes, Available through City Clerk (combined application: business/occupancy license)	Minimum of \$25		Yes, Available through St. Louis County	126															Special note - zoning review is required. Business license and occupancy permit are on the same application.
Grantwood Village	http://www.grantwoodvillage.org/2012/06/05/resident-information/																				

Green Park		N/A	N/A	N/A	Yes. Available through St. Louis County via Green Park City Hall (only after zoning approval)	126					Yes, Mehlville Fire Protection District performs inspection						Available through City Clerk	Green Park contracts with St. Louis County for all inspections (fire safety inspection excluded). Zoning approval must be obtained prior to applying for an occupancy permit via City Clerk: zpopo@cityofgreenpark.com or 314.894.7336	
Greendale		Yes. Available through City Clerk				25	100												
Hanley Hills		Yes. Available through Village Hall (questions via email are directed to the Village Finance Office: vhfina@cityofgreenpark.com)	Yes, based on Gross Fees: x \$2.00 Gross Sales Made, x \$1.00 Gross Wholesale Sales, x \$3.00 Gross Retail Sales = Total Amount Due	All applications (2014-2015 due April 1st 2014, penalty of \$500 applies for businesses that do not have application completed and submitted on time)	Yes but it is a combined business license and commercial occupancy permit	N/A		Y (Driver's License or State ID)		Y (Hanley Hills Building Inspection - Fee \$100)		N (Number is required, on application)	Yes				Available through Village Hall	Potential Business owners must go to Village Hall in order to begin process and to receive packet. ***No home-based business permitted in Hanley Hills.	
Hazelwood	http://www.hazelwoodmo.org/wp-content/uploads/2008/02/How2Obtain02a20Business20License.pdf	Yes. Available through Finance Department			Yes. Available through Finance Department													Available through City Clerk	
Hillsdale		N/A	N/A	N/A	N/A	N/A				N/A				N/A	N/A	N/A	N/A	N/A	Town is all residential
Jennings	http://www.cityofjennings.org/collector.html	Yes. Available through City Collector	Yes. Minimum \$15	1 July - 30 June														Available through City Collector	
Kinloch	http://www.kirkwoodmo.org/content/For-Business/2350-a-to-zs-of-opening-a-business-in-kirkwood.aspx	Yes. Available through Finance Department	Varies	Calendar year (1 January - 31 December)	Yes. Available through Building Commissioner													Available through Finance Department	
Ladue	http://www.cityofladue-mo.gov/licenses.aspx	Yes. Available through Finance Department	Minimum \$50	Calendar year (1 January - 31 December)	Finance Department/City Hall	0												Finance Department	
Lakeshire																			
Mackenzie																			
Manchester	http://www.manchestermo.gov/verical/sites/%7B6F338B63-52EE-4FAE-BED8-05DD42A8F253%7D/uploads/2014_Business_License_Application_-_Sample.pdf	Yes. Available through Finance Department	Minimum \$50	Calendar year (1 January - 31 December)	N/A	N/A	No	No		Yes. West County EMS performs inspections	Yes		No	No			Yes. Available through Manchester Police Department	No	Available through City Clerk
Maplewood		Yes. Available through City Manager or Community Development Director	Commercial Businesses are charged per square footage, others (restaurants or other conditional use businesses) are based on gross receipts. Minimum of \$75	Annually	Yes. Commercial occupancy permit combined with Business License	N/A	Yes			Yes. Maplewood Fire Department performs inspections	Yes	Yes						No information on city website, however if you call community development director they will explain what is needed, but best to go in to receive packet and all pertinent	
Marlborough		Yes. Available through Village Clerk	50	Annually	Yes. Available through St. Louis County after zoning approval via Marlborough Village	126									Only if changes will be made			Available through Village Clerk	No information on village website, Village Clerk is available for assistance and can be contacted at 314.962.5055 (Joy Porter Drennan).
Maryland Heights	http://www.marylandheights.com/index.aspx?page=206	Yes. Available through City Clerk	Minimum of \$25	Annually - NLT 30 June	Yes. Available through Building and Code Enforcement Division	Minimum of \$100						Yes	Yes				Yes. Available through Maryland Heights Police Department	Available through City Clerk	
Moline Acres	http://www.molineacres.org/Businesses.aspx	Yes. Available through City Clerk	Minimum of \$25	Calendar year (1 January - 31 December)	Yes. Available through Public Works Department	30				Yes. Riverview Fire Department performs inspection		Yes	Yes, but it is not required to be to scale				Yes. Available through Normandy Police Department which is located in City Hall	No	Available through City Administrator or City Clerk
Normandy	http://www.cityofnormandy.gov/index.aspx?nid=167	Yes. Available through City Clerk: 314.385.3300 (ext 4)	Minimum of \$25	1 February - 31 January	Yes. Housing Department performs inspection				Yes. Housing Department performs inspection	No. However, sales tax ID number is required on application.	Yes, for retail only	Yes	No	No	No			Utilities must be inspected by St. Louis County prior to full approval	
Northwoods																			
Norwood Court																			
Oakland																			
Olivette	http://www.olivette-mo.com/pview.aspx?id=3248	Yes. Available at City Hall	Minimum of \$25	1 February - 31 January	Yes. Available through Building Department	*\$90-\$170 ("\$10 is for certificate)						Yes		Yes				Available through City Clerk	
Overland	http://www.overlandmo.org/index.aspx?nid=171	Yes. Available through City Clerk	Varies	1 August - 31 July	Yes. Available through Community Fire Protection District	25				Yes. Community Fire Protection District performs inspection								Available through City Clerk	
Pacific	http://www.pacificmissouri.com/Administration/Forms.aspx	Yes. Available at City Hall	50		Yes. Available at City Hall	77												Available at City Hall	
Pagedale		Yes. Available through City Clerk	\$22.50	1 June - 31 May															
Pasadena Hills			Minimum of \$50	NLT 1 December	N/A	N/A	Yes	Provide name of landlord			Yes	Yes	No	No	No	Yes	No	Yes	Need to provide any criminal history of permit applicant
Pasadena Park																			
Pine Lawn		Yes. Available at City Hall but most start online	Yes, based on gross sales	Annually	Yes														
Richmond Heights	http://www.richmondheights.org/index.aspx?nid=24	Yes, available online	Yes. \$5 per employee, minimum of \$30	Annually	Yes	100	No					Yes	No						
Riverview																			
Rock Hill	http://www.rockhillmo.net/uploads/Forms/Permits/Businesses/Business%20License.pdf	Yes, available online	Yes. Based on square footage of space and number of employees	Annually, valid August 1 to July 31st								Yes	Yes						
Shrewsbury		Yes. Available through City Clerk, information obtained from city code	Yes. Based on gross receipts, initial fee is flat \$25	Annually, valid July 1 to June 30	Yes														Proof of workers compensation insurance required
St. Ann	http://www.stannmo.org/174/Opening-a-Business	Yes. Available through City Clerk	Yes. \$1 per \$1,000 in gross profits (for merchants); Per square footage if in manufacturing or general office business	Annually	Yes	\$80 inspection fee, \$50 permit fee	Yes			Yes	Yes	Yes	Yes	No	No			Required if serving liquor	The website has some permits and applications on it but also says before filing anything out that you should contact the clerk's office.
St. John	http://www.cityofstjohn.org/index.php/business/business-license.html	Yes. Available through City Clerk			Yes	\$75 for first 5,000 square feet and additional \$5 for each additional 1,000 square feet	No	Yes		Yes	Yes	Yes	Yes	No	No	Yes	No	Yes, if selling liquor on premises. Also need health inspection	If having more than 5 employees, need to provide proof of workers compensation liability insurance
St. Louis City	http://stlouis-mo.gov/government/departments/license/business-license-info/	Yes. Available online	200	Annually, June 1-May 31. Graduated renewal fee based on number of St. Louis employees	Yes	Yes, based on square footage of the property	No	No, but must provide owner's contact information if leased property		No	Yes	Yes	No	No	No	No	No	No	Several types of licenses for various industries. Fees calculated based on number of St. Louis employees for initial license and renewal fee.
St. Louis County																			
Sunset Hills	http://www.sunset-hills.com/index.aspx?page=60	Yes. Available online, Lori Stone is the contact person (lstone@sunset-hills.com)	Yes, based on square footage of business	Annually	Yes	N/A	No	No, but must provide owner's contact information if leased property		Yes	Yes	Yes	No	No	No	Yes	No	Yes, if selling liquor on premises. Annual renewal required.	Board of Aldermen meets to approve the license.
Sycamore Hills																			

Town & Country	http://www.town-and-country.org/uploads/Forms/Business%20License%20for%20web%202013.pdf	Yes. Application available online	Yes, based on estimated gross receipts and square footage computation	Annually. Renewal must be submitted 30 days before expiration of current license. Renewal fee based on annual gross receipts from previous year's license fee computation formula found in application		No	No		Yes	Yes	Yes	No	No, detailed description included in application	No	Yes	No	Yes, if serving alcohol on premises		
Twin Oaks		Yes. Available through City Clerk	25	Annually, valid July 1 to June 30. Renewal fee based on gross receipts from previous year	Yes		Yes		Yes	Yes	Yes	No	No	No	No	No	Yes, if selling liquor on the premises		
University City	http://www.ucitymo.org/index.aspx?nid=281	Yes. Available through Finance Department at City Hall	\$35 for restaurants, \$30 for all other businesses. Renewal fee based upon annual gross receipts	Annually, valid May 1 to April 30	Yes		Depends on the square footage of the business location, ranging from \$12 to \$30	No	No	Yes	Yes. Certificate of tax exempt status	Yes. Copy of retail sales tax certificate	No	No	Yes, need to depict parking allotment of occupancy permit application	Yes	No	Yes, if selling liquor on the premises	Must display license in prominent location in business
Uplands Park																			No businesses, but actively seeking both businesses and space for businesses.
Valley Park	http://www.valleyparkmo.org/?q=content/city-clerk-department-business-license-application	Yes. Available online, submit to City Hall	Determined based on Estimated Gross Receipts or Actual Gross Receipts from previous year	Annually, by January 1st and delinquent by March 1	Yes	75	No	No	Yes	Provide number on application	No, but must provide MO Sales Tax number	No	No, but must be describe fully on application	No	Yes	No	No	No	Photograph of exterior of building housing business required. Proof of workers compensation policy required if more than 3 employees. Must have Zoning Commission look at parking space allotment.
Velda City																			
Velda Village Hills																			
Vinita Park		Yes. Available through City Hall	Based on gross sales receipts	Annual	Yes	Not specified	Yes	Yes	Yes						Yes. Available through City Hall				Background investigation conducted with occupancy permit.
Vinita Terrace																			
Warson Woods		Yes. Available through City Clerk, information also found in Warson Woods city code	Various computations, pay the highest fee from the three computations provided: 1. Gross receipts. The rate of \$1.00 per \$1,000 of gross receipts or fraction thereof during the preceding license year. 2. Occupied space. The rate of \$0.125 per square foot of occupied space of the business. 3. Flat fee. \$100.00	Annually	Yes					Yes	Yes							Yes	Need evidence of workers compensation insurance
Webster Groves	http://www.webstergroves.org/index.aspx?nid=238	Yes. Available through Customer Service Desk, City Hall	Minimum of \$35, based upon reported gross receipts	Annually, expires on Dec. 31st	Yes		No		Yes									Yes	Police background check required
Wellston																			
Westwood	Residential only	May not have a license, no businesses in Westwood																	
Wilbur Park	http://www.villageofwilburpark.com/ordinances/title-vi-business-occupations/	Yes. Available through Village Clerk (Neal Vohann)	25																Limited in types of businesses allowed: bakery, barber shop, confectionary, beauty shop, office, deli
Wildwood	http://www.cityofwildwood.com/125/City-Licenses	Yes. Available online, mailed to City Hall	Minimum \$25 (square footage x business category rate x percentage = amount due)	Annually	Yes	25	No	No	No	No, just include number on application	No	No	No, space included on application	No	No	No	Yes, if selling liquor		
Winchester																			
Woodson Terrace																			

COMMUNITY OUTREACH DATA

Introduction

Throughout this study, we have conducted over 100 meetings with 1,500 people. The input of these individuals, organizations and the citizens they represent helped guide the process of this study and provided invaluable first-hand experiences and resources. While the influence of the community involvement, expert insight, and personal experiences has impacted the whole of this study, there are several specific suggestions and narratives common throughout this process to the extent that they merited direct note and researched suggestions. Most of the comments and feedback fell primarily into three categories: Communication & Responsiveness, Licensing & Permits, and Supports & Services. It should be noted that much of the feedback can fall into multiple categories and the following is only a sampling of the input received.

Communication & Responsiveness

- A member of the West County Chamber of Commerce noted that their municipality assigns a police officer to work with businesses in the community. The officer helps monitor the area for suspicious activity and advises business owners/operators on ways to reduce theft in their stores. The community has grown to view this officer as a welcome liaison between the city and their businesses. (March 18, 2014)
- A participant at a sponsored discussion in the Old North neighborhood of St. Louis City commented on the convenience of the Citizens' Service Bureau and the ability to report any problems to the city government and track the progress of their issue online. (April 9, 2014)
- A member of the Young Asian American Professionals Association commented that he has moved his business from one municipality to another because of the difficulty in dealing with a larger city. The new home to his business had the city's treasurer walk him through the process of permitting and licensing his business and he regularly received check-ins from the mayor or other city officials. This was described as a welcome change. (March 12, 2014)
- A participant in the sponsored discussion at Afro World described an experience of trying to start a business and not receiving any assistance from an alderperson to whom she had reached out. Communication was lacking and others also noted the frustration with simply receiving follow up when reaching out to elected officials. The experience encouraged one participant to end pursuing a business in that municipality and to seek a friendlier environment in the area. (April 8, 2014)
- When canvassing immigrant-owned businesses with an interpreter, it was noted that health inspection of restaurants was often frustrating. Restaurant owners described inspectors coming to the business, looking around and "slapping a sticker on the window" without any explanation of how to comply better with the regulations. (April 22, 2014)
- Another non-native English-speaking business owner spoke of his frustration with the lack of effort to communicate with individuals for whom English was a second language.

The individual felt as though he was trying to contribute positively to his community but was not valued by the government of his city enough to get beyond language barriers. (April 22, 2014)

Licensing & Permits

- An officer of the Chinese Chamber of Commerce described an instance in which one of its members submitted plans to a municipality in the county for approval and waited nearly two months before hearing back. The potential business owner only heard back after calling the city permitting office and discovered the plans had been reviewed and were sitting in wait without notice to the business owner. The chamber officer also noted that the city in question was generally lacking in its responsiveness to requests of business owners. (February 20, 2014)
- A startup business owner expressed frustration with the lack of options for acceptable forms of payment when it came to paying fees for licensing, taxing, and permitting. The city he lives in only accepts cash or money orders and he wanted to see that expanded to checks and electronic payments. (March 27, 2014)
- A staff member at the International Institute of St. Louis indicated sometimes their clients are frustrated by receiving incorrect advice and information from municipal employees regarding compliance with regulations. She spoke of at least one instance in which business owners were told one thing by an onsite inspector then advised differently by either another inspector or an employee in the city's office. (April 17, 2014)
- Another employee of the International Institute noted the cost of doing business in the area was sometimes prohibitively high. This was particularly challenging for many of their clients because of their desire to start business in the area and limited resources. Further, he noted that often the presence of multiple taxing districts made it difficult to fully understand whether a business was in compliance with local regulations. This was especially difficult in areas where there were multiple layers of government such as community or neighborhood improvement districts. (April 17, 2014)
- A business owner on Cherokee Street noted the difficulty in complying with regulations and standards around street signage. In addition to having to navigate somewhat complex rules, the process was costly and left the owner frustrated. (January 24, 2014)
- Multiple business owners and entrepreneurs at the Fortune Teller Bar sponsored discussion on Cherokee Street noted frustration with having to visit multiple offices at city hall to even understand the process of licensing a business. They were further frustrated by inconsistent information from office to office and at times a perceived lack of knowledge and communication between the various offices. (April 2, 2014)
- A business owner in the Soulard neighborhood spoke of wanting to expand his business to another community in the region but was so overwhelmed by the prospect of learning a new set of rules and navigating an entirely new system of government that he decided against it altogether. (April 17, 2014)
- A developer from the Chesterfield Chamber of Commerce noted his frustration with the permitting process in some cities in the county. The offices were not always responsive

or receptive to anticipated new development and it was often tiresome and untimely trying to get approval, even for seasoned veterans. (May 6, 2014)

Supports & Services

- An employee at MOKAN expressed dissatisfaction with the lack of workforce utilization standards in parts of the region and the difficulty that presented in developing a diverse and representative workforce for the future. (April 14, 2014)
- Individuals at sponsored discussions on Cherokee Street, in Old North, and at the West County Chamber of Commerce all noted police protection as the most important service their cities provide them. They also mentioned adequate snow removal and general street maintenance as top priorities to their businesses.
- Individuals at the Mosaic Project, the Cherokee Street sponsored discussion, the West County Chamber of Commerce, and the Old North sponsored discussion all mentioned a desire for a more accessible way to understand the business licensing procedures across the region. Suggestions included a central website for guidance in each of the communities and having designated staff members whose job it is to guide new business owners through the process.
- Community members at sponsored discussions in Old North, on Cherokee Street, at the West County Chamber, and in several other community forums expressed a strong desire to see many of the aforementioned processes explained in a centralized website. In addition to wanting information online, business owners at the Fortune Teller Bar discussion indicated their hope to be able to apply for licenses and permits online in the future.

Conclusion

While the above represents only a portion of the feedback provided to Better Together, there are some overarching themes that ultimately helped guide the research and findings. The cities that received consistently positive feedback were the ones whose leadership had prioritized relations with the business community. Often this meant dedicated staff members to work with business owners or clearly stated processes in city communications. Likewise, the frustrations of individuals, regardless of location, typically stemmed from poor communication and lack of consistency. There was a strong desire from emerging and young business owners to move many of these systems online and to use local governments' websites to streamline the business licensing processes. The overwhelming message received by Better Together was that simplification of processes across jurisdictions and responsiveness to the everyday needs could go a long way to creating a friendlier environment for current and future small- to medium-sized business owners in the region.

GLOSSARY OF TERMS FOR ECONOMIC DEVELOPMENT STUDY

BLIGHTED AREA

A “blighted area” is an area that, 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 that endanger life or property by fire and 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.

BOND FINANCING

Bond financing is a funding mechanism that uses tax incentives to lower financing costs for businesses by having a government entity act as a conduit borrower for a private entity. Bond financing is particularly useful for several reasons: local government acting as the borrower enhances the credit of borrower, the bonds are exempt from federal and state taxes, and bonds provide lower-interest financing options than are otherwise available.

“BUT FOR” TEST

The “but for” test is a required statutory finding that each governing body must make for each tax increment financing (TIF) redevelopment plan. The governing body must find that the redevelopment area has not been subject to growth and development through private investment and is not reasonably anticipated to be developed “but for” the adoption of tax increment financing. To make such a finding, there must be detailed evidence of the factors that support the finding and a signed affidavit of the developer attesting to the conditions supporting this finding.

CHAPTER 100 PROPERTY TAX ABATEMENT

Tax abatement authorized under Chapter 100 of the Revised Statutes of Missouri authorizes cities, counties, towns, and villages to issue industrial development bonds to finance projects for private corporations, partnerships, and individuals. These bonds are used to finance the costs of warehouses, distribution facilities, and the like. This qualifies as tax abatement because the local government entity holds title to the property, develops it, and leases it to a business; property owned by government entities is exempt from taxation.

CHAPTER 353 PROPERTY TAX ABATEMENT

Tax abatement authorized under Chapter 353 of the Revised Statutes of Missouri specifically targeting tax abatements to a “blighted area.” An eligible city or county may approve a redevelopment plan that provides for tax abatement for up to 25 years.

COMMUNITY IMPROVEMENT DISTRICT

A community improvement district (CID) may be organized either as a political subdivision or a non-profit corporation. CIDs are organized to finance a wide variety of public facilities and to manage policies and public services for the needs of the district. A CID is established by the enactment of an ordinance and it may have directional or operational ties to the local government. A CID produces a five-year plan with a series of proposed projects it seeks to complete or enact; accompanying this plan is an estimate of the costs of the services and improvement and the maximum rates of property taxes and special assessments that may be imposed.

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 or more of the structures in the area have an age of thirty-five 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 factors provided in this subdivision for projects approved on or after December 23, 1997.

ECONOMIC ACTIVITY TAXES (EATs)

“Economic activity taxes” are the total additional revenue from taxes that are imposed by a municipality and other taxing districts, and which are generated by economic activities within a redevelopment area over the amount of such taxes generated by economic activities within such redevelopment area in the calendar year prior to the adoption of the ordinance designating such a redevelopment area, while tax increment financing remains in effect, but excluding personal property taxes, taxes imposed on sales or charges for sleeping rooms paid by transient guests of hotels and motels, licenses, fees or special assessments. For redevelopment projects or redevelopment plans approved after December 23, 1997, if a retail establishment relocates within one year from one facility to another facility within the same county and the governing body of the municipality finds that the relocation is a direct beneficiary of tax increment financing, then for purposes of this definition, the economic activity taxes generated by the retail establishment shall equal the total additional revenues from economic activity taxes that are imposed by a municipality or other taxing district over the amount of economic activity taxes generated by the retail establishment in the calendar year prior to its relocation to the redevelopment area.

EXEMPTIONS AND EXCLUSIONS

Exemptions and exclusions to state taxes often operate by a company applying for and receiving an exemption or exclusion and then buying something (machinery, for example), paying for the goods, and simply carrying no sales tax liability at the register.

GENERAL OBLIGATION BONDS

Missouri municipalities are authorized to issue general obligation bonds under Art. VI, §26(b), (c), (d), and (e) of the Missouri Constitution and §§95.115 to 95.130 of the Revised Statutes of Missouri. These bonds carry the full faith, credit, and taxing power of the municipality. Municipalities may issue general obligation bonds for any municipal purpose authorized by charter or Missouri law.

LEASE-PURCHASE FINANCING – SALES TAX FINANCING

A municipality can acquire certain equipment or facilities from a private entity like a bank, manufacturer, or leasing company, pursuant to a lease-purchase agreement that is subject to annual appropriation by the municipality’s governing body. The municipality’s sales tax revenue provides a source of funds for making the lease payments. The municipality receives unencumbered title to the items being leased when the final lease payment is made.

NEIGHBORHOOD IMPROVEMENT DISTRICT

A neighborhood improvement district (NID) may be created in an area seeking specific public-use improvements that are paid for by special tax assessments to property owners in the area in which the improvements are made. An NID is created by election or petition, so while it functions similarly to a CID, the creation of these two economic development entities differs. An NID also produces a plan that discloses the scope of the projects proposed, costs, repayment, and assessment parameters to property owners affected in the NID.

PAY AS YOU GO – SALES TAX FINANCING

As sales tax is collected, it can be used to immediately fund improvement projects. This is a straightforward method for utilizing sales tax revenue, but it is effective mainly for short-term relatively low cost projects such as street repairs.

PAYMENT IN LIEU OF TAXES (PILOTS)

Payment in lieu of taxes are those estimated revenues from real property in the area selected for a redevelopment project, which revenues according to the redevelopment project or plan are to be used for a private use, which taxing districts would have received had a municipality not adopted tax increment allocation financing, and which would result from levies made after the time of the adoption of tax increment allocation financing during the time the current equalized value of real property in the area selected for the redevelopment project exceeds the total initial equalized value of real property in such area until the designation is terminated pursuant to subsection 2 of section 99.850.

POINT-OF-SALE CITIES

Cities that retain most of the sales tax revenues collected from businesses within their boundaries. These cities had local sales taxes before the countywide sales tax was enacted. Legislation passed in 1993 provides for some sharing of revenues by point-of-sale cities: a sliding scale is used to calculate amounts contributed to the pool by point-of-sale cities.

POOL CITIES

Cities that share revenue with other cities from the county in a pool on a per capita basis are “pool cities.” Unincorporated St. Louis County is part of the pool as well.

PROPERTY TAX

Many St. Louis County municipalities levy a property tax for municipal purposes. The reason for a great range of property taxes across the region is because some municipalities have their own fire departments paid for out of city revenues, while most obtain fire protection and ambulance service from fire protection districts that levy a separate property tax. Cities also vary on what is paid for out of the city revenues.

REDEVELOPMENT AREA

A redevelopment area is an area designated by a municipality, in respect to which the municipality has made a finding that there exist conditions that cause the area to be classified as a blighted area, a conservation area, an economic development area, an enterprise zone pursuant to sections 135.200 to 135.256, or a combination thereof, which area includes only those parcels of real property directly and substantially benefitted by the proposed redevelopment project.

REDEVELOPMENT PLAN

A redevelopment plan is the comprehensive program of a municipality for redevelopment intended by the payment of redevelopment costs to reduce or eliminate those conditions, the existence of which qualified the redevelopment area as a blighted area, conservation area, economic development area, or combination thereof, and to thereby enhance the tax bases of the taxing districts that extend into the redevelopment area. Each redevelopment plan shall conform to the requirements of section 99.810.

REVENUE BONDS

Revenue bonds are issued to finance facilities that have a definable use or revenue base. Specific statutory authority is required for the issuance of revenue bonds. Projects financed with revenue bonds include waterworks systems, sewerage systems, and parking facilities.

SALES TAX

Retail sales in St. Louis County are subject to state sales tax (4.225%), a transportation sales tax (0.5%), a mass transit sales tax for Metrolink (0.25%), a children’s service sales tax (0.25%) and a regional parks and trails sales tax (0.1%), plus a 1% local sales tax that is distributed among the municipalities of the county. The retail sales tax in St. Louis County is 6.325%.

SALES TAX REBATE/DEVELOPMENT AGREEMENTS

An alternative to tax increment financing is for a municipality to enter into an agreement with a property owner, whereby the owner of a retail establishment agrees to fund the cost of certain public improvements and the municipality agrees to reimburse the owner for the cost of those improvements, with interest at an agreed-upon taxable interest rate, from the incremental sales tax generated by the project. The owner generally agrees to be paid solely from those incremental sales taxes and not from any other funds of the municipality.

SALES TAX REVENUE BONDS – SALES TAX FINANCING

Certain cities may issue bonds directly to fund capital improvements and pledge sales tax revenues to repay the bonds. Before sales tax revenues can be pledged to the payment of bonds on a long-term basis, the bonds must be approved by the constitutionally required percentage of votes. Sales tax revenue bonds are also subject to the debt limitations of the Missouri Constitution.

SPECIAL ALLOCATION FUND

A special allocation fund is the fund of a municipality or its commission that contains at least two separate segregated accounts for each redevelopment plan, maintained by the treasurer of the municipality or the treasurer of the commission into which payments in lieu of taxes are deposited in one account, and economic activity taxes and other revenues are deposited in the other account.

SPECIAL BUSINESS DISTRICT

A special business district (SBD) is a political subdivision with the power to impose a real property tax, a business license tax, and special assessments, depending upon the size of the City in which the SBD is created. The funding sources can be spent on certain public improvements and services listed in the statute. The SBD is created by a city following submission of a petition by property owners that pay real property taxes within the proposed district. SBD can finance certain public infrastructure improvements like widening existing streets and alleys, landscaping, installation and operation of public music and news facilities, or the construction of pedestrian plazas.

TAX ABATEMENT

Tax abatement is a redevelopment tool that freezes the assessed value of real estate at pre-development levels. This keeps the tax rate low while the property is developed, a process that otherwise would raise the tax obligation on the property.

TAX ANTICIPATION NOTES – SALES TAX FINANCING

At the beginning of the sales tax collection year, cities can issue tax anticipation notes in an amount not to exceed a percentage of the estimated taxes and revenues for the year yet collected. The proceeds of the notes are available for capital improvements and the sales tax receipts are accumulated and used to pay off the notes at maturity. Since such notes must mature within 12 months of their date of issuance or by the end of the fiscal period, this is a short-term financing method.

TAX CREDIT

A tax credit is a reduction in the tax liability owed by an individual or a business. There are three general stages in the lifetime of a tax credit: first, the state government authorizes the creation a tax credit, which is awarded based on established criteria; then, the state issues a tax credit once it receives proof that certain requirements are met; and finally, the state redeems a tax credit when the taxpayer uses the credits to offset taxes owed to the state.

TAX INCREMENT FINANCING

Tax increment financing (TIF) is an economic development and redevelopment tool that generates a pool of money, which is used for reinvestment within a designated area. The money is generated by freezing the assessed value of property that is to be developed. Taxing districts (municipal, county, school) continue to collect property tax based on the frozen assessed value. As property values in the TIF district increase as a result of the development, additional tax reserves resulting from the increased values are placed into a TIF fund for TIF

development projects. That additional reserve from increased property values is the “increment.” A municipality establishes a TIF district and the increment created may be utilized to develop the TIF district. TIF is political process that results from the partnering of developers with local government entities; it is not a matter of filling out forms and checking boxes.

TIF COMMISSION

In all cities and counties, the governing body creates the TIF Commission. St. Louis County and cities in St. Louis County have 12-member TIF Commissions composed of 6 members appointed by the governing body, 3 members appointed by St. Louis County, 2 by the school boards of the affected school districts and 1 member appointed by other taxing districts who levy ad valorem taxes. The City of St. Louis has a 9-member TIF Commission comprised of 6 members appointed by the governing body, 2 by the school boards affected, and 1 by the other taxing districts that levy ad valorem taxes.

TRANSPORTATION DEVELOPMENT DISTRICT

A transportation development district (TDD) may be created by petition filed with the court the TDD is located in. The TDD can be organized for the purpose of developing, improving, and maintaining or operating one or more projects related to the transportation needs of the area. The TDD may be funded either by a district-wide property or sales tax, which requires approval of the voters in a district, or by bonds, notes, or other obligations.