

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>