

ECONOMIC DEVELOPMENT INCENTIVES
POLICY MANUAL
CITY OF NIXA
MISSOURI

Introduction

The City of Nixa is a community that supports its existing businesses and welcomes new business investment. It is our businesses either through the provision of goods and services or their accommodation of place of employment that contribute towards Nixa's economic stability. Therefore, Nixa recognizes that development incentives can advance these same opportunities while strengthening its quality of life.

This document is intended to identify official policies of the City of Nixa when development incentives are requested. The City will evaluate each project on its own merits while referring to the General Policies as well as the specific policies of the particular incentive.

The City of Nixa has four (4) incentive categories:

- Special taxing district—pursuant to State law, the City may establish or approve the establishment of special districts that can impose special assessments and/or taxes in order to pay for public improvements or to eliminate blight. These districts require the cooperation of a majority of the property owners inside of the proposed district's boundary. Typical taxing districts include Neighborhood Improvement Districts (NID), Community Improvement Districts (CID), and Transportation Development Districts (TDD).
- Property tax abatement—Tax abatement is offered through a variety of programs geared to job creation, private investment and redevelopment. Typically, the development continues to pay taxes on land and improvements based on their value prior to the new investment. All or a portion of the incremental increase in property taxes is abated for a set period of time. This incentive is sometimes referred to as Chapter 99 (Land Clearance for Redevelopment Authority), Chapter 100 (Industrial Development Bonds), or Chapter 353 (Urban Redevelopment Corporation).
- Redirection of incremental increases in taxes—the development pays all taxes owed and a portion or all of the incremental increase in taxes resulting from development are captured and redirected to pay redevelopment project costs. Taxing jurisdictions continue to receive the taxes based on the pre-development value. This is referred to as a Tax Increment Finance (TIF). The (TIF) may also capture new taxes imposed after the TIF is approved.
- Brownfields programs—assistance is available for environmental assessments and for environmental cleanup.

These incentives can be further defined as discretionary and non-discretionary. The majority of the City's incentives are discretionary; however, in some instances non-discretionary incentives are available and the City must pay them when the applicant meets certain conditions.

General Policies

1. It is the policy of the City to consider the careful use of incentives for projects that demonstrate a substantial and significant public benefit consisting of but not limited to constructing public improvements in support of development that creates new jobs, retains existing employment, eliminates blight, increases property values and tax revenues, contributes towards reducing poverty, stabilizes the economy, upgrades older neighborhoods, conforms to the City's Comprehensive Plan and Economic Strategic Plan.
2. Pre-applications with City staff are mandatory when a developer anticipates filing for the use of an incentive.
3. If other taxing jurisdictions are affected in the use of an incentive the developer shall meet with the respective taxing board.
4. The "but-for" test shall apply to all discretionary incentives. City Council shall find that "but-for" the incentive the project would not occur or that it would occur at a significantly smaller scale, or would not be financially feasible, or that the public benefit would not be realized. City Council may at its discretion determine, absent a "but-for" test, that there exists an overriding public benefit or a reduction in costs that the City would have otherwise paid for.
5. Discretionary incentives will be granted only at the level necessary to make the project financially feasible.
6. The City encourages sustainable development and will consider additional incentives for those projects that achieve a Silver rating or higher from the U.S. Green Building Council's Leadership in Energy and Environmental Design (LEED) program.
7. The City will consider additional incentives for projects that create or retain quality jobs that pay wages equal to or higher than Christian County average wage and offer competitive benefits.
8. Taxes will not be reduced below the base year, as established by the individual redevelopment plans, after an incentive is approved.
9. The City will not waive City permit, development, or incentive fees.
10. All projects receiving incentives must conform to the City's Comprehensive Plan and must comply with all applicable City zoning and building code regulations.
11. Since each project is unique, every proposal will be evaluated under the City's Policies and on its individual merit and overall contribution to the local economy and the City's goals.
12. The City shall require periodic reporting evidencing compliance with the requirements of the program and measuring the economic benefit to the City and the region.

Economic Development Incentive Application Fee(s)

The use of economic development incentives is subject to the fees set forth in General Ordinance _____, adopted _____. Please refer to the *Economic Development Incentive Resource Guide (Resource Guide)* for fee schedule.

Preliminary Funding Agreement

Some projects requesting incentives are fairly straight forward and can be handled by existing City staff and with the current annual work program. Larger projects, particularly those that request establishment of a TIF or use of multiple financing tools, require substantial staff commitment and usually the engagement of professional consultants. The City does not have a source of funds to pay for costs incurred for additional professional consultants or out of pocket expenses or other costs resulting from services to research, analyze and plan for the most appropriate mixture of funding sources. In those cases, the City will require that the applicant enter into a Preliminary Funding Agreement. An example of this agreement is found in the *Resource Guide*.

State of Missouri Economic Development Incentives

The State of Missouri offers economic development incentives including programs directed at job creation projects and downtown redevelopment. The City will work closely with the State of Missouri to coordinate the economic development incentives administered by the City Administrator's office.

(Insert Economic Development Incentives Matrix)

Community Improvement District

A Community Improvement District (CID) is a non-profit corporation or a separate political subdivision of the state that may be created for the purpose of issuing bonds, levying taxes and applying special assessments to finance public improvements, public services, and blight removal within a defined area.

Authorization: Section(s) 67.1401 to 67.1571 RSMo.

Eligible Activities

Public improvements and services and blight removal may be financed by a CID. The improvements or services must be located or provided within the district boundaries. Eligible public improvements and services include, but are not necessarily limited to the following:

Improvements

Parks
Convention Centers
Parking lots
Sidewalks
Streets
Bridges
Stormwater facilities
Sanitary Sewer
Facility operation

Services

Economic planning, marketing or
other studies
Waste collection/disposal
Recreational and cultural activities
Special events
Cleaning and maintenance of public
and private property Security

Blight removal—CIDs may pay for the costs of demolishing, renovating and rehabilitating structures (either public or private) that are located within blighted areas.

Financing

The following sources of revenue may be utilized by CIDs organized as either political subdivisions or non-profit corporations:

- Special assessments—if approved by owners collectively owning more than 50% of the assessed value, and by more than 50% per capita of property owners in the district
- Fees and rents—for the district property or services
- Grants, gifts or donations

The following sources of revenue are available only to CIDs organized as political subdivisions:

- Property tax—may be imposed if approved by majority vote of qualified voters in the district
- Sales tax—may be imposed in one-eighth of one percent increments up to a maximum of one percent if approved by majority of vote of qualified voters in the district

Qualified voters are defined as registered voters living in the district or, if there are no registered voters, the property owners within the district.

Bonds—Community Improvement Districts may issue bonds, notes and other obligations. Such obligations shall mature within 20 years of the date they are issued.

Approval Process

A Community Improvement District is created by petition of the property owners. The petition must contain the signatures of property owners collectively owning more than 50% of the assessed value of real property and more than 50% per capita of all owners of real property within the district. The petition must also contain the following elements:

1. A 5-year plan that describes the purposes of the proposed district, the proposed public improvements and services and the estimate costs of those improvements and services.
2. Information on the type of district being proposed and its governance. CIDs may be organized either a separate political subdivision of the state or as a non-profit corporation (this affects how the district may fund improvements and select its board of directors).
3. The maximum rates of property taxes and special assessments, if any, that may be imposed
4. A statement concerning whether a sales tax will be sought
5. A statement of limitations on the borrowing capacity and revenues of the district; and
6. The period of time the CID will exist

State law provides specific direction concerning the elements that must be contained in the petition. The City of Nixa has adopted a form petition and cooperative agreement that developers are strongly encouraged to use in drafting documents for establishment of a CID.

State law also provides specific direction concerning the time period for certification of the petition by the City Clerk and for notice to property owners and the public. After giving property notice, City Council shall hold a public hearing. Following the public hearing, City Council may adopt an ordinance establishing the district. The process for creating a CID is relatively short, usually taking no longer than two (2) months.

Board of Directors

Political Subdivision— The petition specifies whether the Board of Directors will be elected by qualified voters or appointed by City Council. The Board of Directors shall consist of at least 5 but not more than 30 members. Each director must either be a registered voter or an owner or authorized representative of a business or property in the district.

Non-profit Corporation—Directors are elected in accordance with Chapter 343 RSMo.

Economic Development Incentives Resource Guide

The following information is available in the *Economic Development Incentives Resource Guide*:

- CID Formation Timeline
- CID Annual Timeline
- CID Petition Template
- CID Cooperative Agreement Template

Community Improvement District Policies

1. The City of Nixa will consider the establishment of a CID to finance public improvements and/or public services that will directly benefit the property owners, business owners, customers and residents of the district.
2. CID formed for the purpose of financing public improvements will terminate when the public improvement expense has been reimbursed
3. Perpetual CIDs are discouraged
4. The developer and/or CID shall be responsible for paying for the district public improvements and seeking reimbursement through district revenues. The City will not typically provide upfront financing.
5. CIDs established to provide additional funding to expedite retiring TIF districts are encouraged, especially when non-captured CID revenues are pledged to assist the payment of the TIF obligations that are CID eligible.
6. The developer and the CID will enter into a cooperative agreement with the City of Nixa detailing the eligible CID projects and reimbursement schedule.
7. The CID petition must contain a provision that terminates the district after six (6) months if a cooperative agreement acceptable to the City and the district has not been executed.
8. To ensure consistency and ease of administration, developers will use the City's preferred petition and cooperative agreement forms.
9. The City may charge an administrative fee for work performed by the City for the CID. This is typically one and one-half (1 ½%) percent of the district's revenues.
10. The CID will comply with all applicable open meetings and open records laws.

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Transportation Development District

A Transportation Development District (TDD) is a separate political subdivision of the state that may be created for the purpose of issuing bonds, levying taxes and applying special assessments or tolls to finance transportation related improvements. A TDD may finance transportation improvements outside of its boundaries so long as the improvements directly benefit the TDD.

Authorization Section 238.200 through 238.275 RSMo

Eligible Activities

TDDs may be utilized to fund, promote, plan, design, construct, improve, maintain, and operate transportation related projects. Eligible projects include but are not limited to the following:

Bridges	Signalization	Docks
Road	Parking lots	Airport
Highways	Bus stops	Railroad
Interchanges	Terminals	Mass transit
Intersections	Hangars	Any similar or related improvement or
Signing	Rest areas	Infrastructure project

Eminent Domain if approved by the local transportation authority or the Missouri Highways and Transportation Commission, the district may use the power of eminent domain to acquire land for the district project(s).

Financing

- Sales Tax—may be imposed in increments of one-eighth of one percent (1/8%) up to a maximum of one percent (1%) upon approval of the majority of qualified voters in the district.
- Property Tax—may be levied with the approval of at least 4/7 of the qualified voters within the district and may impose a property tax not to exceed the annual rate of \$0.10/\$100.00 of assessed value.
- Special Assessments—may be imposed for improvements that specifically benefit properties within the district. Majority voter approval is required. More than one special assessment may be imposed with the district.
- Bonds—notes and other obligations—may be issued to finance the transportation-related improvements. Term may not exceed 40 years.

Qualified voters are defined as registered voters living in the district or, if there are no registered voters, the property owners within the district.

Approval Process

TDDs may be created by a petition filed with the Circuit Court of the county in which the district is located. The petition shall consist of at least fifty registered voters with the proposed district or all owners of real property within the district if there are no registered voters in the district boundaries. A TDD petition may also be filed by the governing body of a city, or by two or more local transportation authorities (i.e. cities) by adoption of resolutions calling for the joint establishment of a district and then filing a petition with the Circuit Court requesting the creation of a district. The Circuit Court shall hear the case and determine whether the petition is defective, or the district is illegal or unconstitutional, or constitutes an undue burden on any property owner or is unjust and unreasonable. If the court determines the petition is valid, it may enter judgment declaring the district formed.

Board of Directors

Because a TDD is a separate political subdivision of the state, it has its own board of directors that serves as its governing body. Directors are elected by qualified voters within the district if it was created by petition of registered voters, property owners or the governing body of a city. If created by petition of two or more local transportation authorities, the board of directors consists of the presiding officers of the local transportation authorities and a second representative of each local transportation authority.

Transportation Development District Policies

The City of Nixa answers the TDD petition in court and can effectively block a TDD by refusing to enter into a contract with the TDD. The following policies apply to those TDDs where the City participates in the TDD establishment by virtue of the financed project(s) being City initiated or the TDD is part of a larger public/private partnership.

1. The City will consider supporting the establishment of a TDD to finance public improvements and/or public services that will directly benefit the property owners, business owners, customers and residents of the district.
2. TDDs formed for the purpose of financing public improvements will terminate when the public improvement expense has been reimbursed unless the TDD is also intended to fund ongoing maintenance.
3. The developer and/or TDD will be responsible for paying for the district public improvements and seeking reimbursement through district revenues. The City will not typically provide upfront financing.
4. The developer and TDD will enter into a cooperative agreement with the City of Nixa detailing the eligible TDD projects, financing arrangements and reimbursement schedule.
5. To ensure consistency and ease of administration, developers will use the City's preferred cooperative agreement forms.
6. If the City administers the TDD sales tax, the City will typically deduct one and one-half percent (1-½%) from district revenues collected for its administration fee.

7. The TDD will comply with all applicable open meetings and open records laws

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Neighborhood Improvement District

Neighborhood Improvement District (NIDs) are designed to finance public improvements that will benefit the district through assessments on properties within the district.

Authorization Article II, Section 38(c) of the Missouri Constitution and Section 67.453 through 67.475 RSMo

Eligible Activities

Only public improvements or facilities may be financed by a NID. Such improvement must benefit property located within the district. However, the improvement must benefit property located with the district. However, the improvement may be located outside the district if the improvement benefits the property in the district. Eligible improvements include but are not limited to the following:

Property acquisition	Storm water facilities	Streets
Sanitary sewer	Gutters	Off street parking
Sidewalks	Engineering/legal fee(s)	Water, gas and utility
Maintenance of project for the term of the bond or note	Parks and playgrounds	Street lights

Financing

Bonds—project improvements may be financed with general obligation bonds issued by the City (maximum bond term is 20 years).

Special Assessment—the bonds are repaid by special assessments placed on the properties within the district. Property owners may make a one-time lump sum payment before assessments are imposed.

Approval Process

Unlike CIDs and TDDs, NIDs are not separate political subdivisions. NIDs can be established in one of two ways. The City Council may adopt a resolution calling for an election of voters within the proposed district. The election to establish the NID must pass by a least a 4/7 majority of district voters. Alternatively, a petition signed by at least 2/3 of property owners by area of all real property within the proposed district may be submitted for City Council consideration. Under both methods, the petition or the resolution calling for an election must identify the project name, proposed improvements, district boundaries, method of assessment and other information required by law.

Following the election or petition, the City will prepare plans for the proposed improvements and a preliminary assessment roll. After a public hearing and adoption of the resolution creating the NID, Council will order the improvements constructed and assess the property owners within the district the costs of the project after construction is completed.

Economic Development Incentives Resource Guide

The following information is available in the *Economic Development Incentives Resource Guide*:

- NID Formation Timeline
- NID Petition Template

Neighborhood Improvement District Policies

1. Petitions requesting establishment of a NID must be signed by 2/3 of the owners of all real property within the proposed district.
2. The sale of bonds authorized for an approved NID shall be determined by the City. All costs normally associated with the sale of bonds shall be considered project costs and shall be reimbursed through the special assessments.
3. If development is to occur before bond sale, NID petitioners must provide a written commitment from an acceptable lending institution to finance the NID improvements for the district on an interim basis.
4. The property, in the district liable for the special assessment, must have a value sufficient to service the debt. Value may be determined using the Christian County Assessor's data or an appraisal prepared by an appraiser acceptable to the City.
5. NID petitions must indicate the intent of each petitioner to dedicate without cost right-of-way and easements needed to carry out the NID projects.
6. Each petitioner must certify that he does not have a financial interest in an existing development that has delinquent special assessments or taxes.
7. NID petitioner will be financially responsible for any project cost overruns in excess of the maximum bonding amount authorized by City Council.
8. NID petitioner will be financially responsible for any costs involved in the preparation of preliminary plans regardless of the outcome of the district formation.
9. NID petitioners must provide an acceptable market analysis and feasibility study to establish economic viability of the project and the rate of development that can be supported.
10. For developer-initiated NIDs, the developer shall indemnify the City against any non-payment of assessments.
11. The City retains the right to place a lien on properties for non-payment of special assessments.

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Special Business District

A Special Business District (SBD) is a separate political subdivision of the state that may impose additional property taxes and business license taxes to fund certain public improvements and services within the district. City Council may create a SBD upon receipt of a petition requesting the SBD's formation.

Authorization: Section 71.790 through 71.808 RSMo.

Eligible Activities

Special Business Districts may be used to fund the following types of public improvements and services:

Improvements

Streets and sidewalks
Bus stops
Convention centers and arenas
Street furniture
Landscaping
Childcare facilities

Parking facilities

Services

Public transportation
Lease space for outdoor dining
Security and janitorial personnel
Maintenance of public property
(e.g. streets, sidewalks, street
furniture/landscaping
Grant permits for private use of public
space (e.g. newsstands, pushcart
vendor, sidewalk cafes
Promote business activity within the
District

Financing

With the approval of qualified voters, SBDs may issue general obligation bonds or notes for a maximum of 20 years and in a maximum amount of 10% of the total assessed value of all land within the district. Districts are also authorized to issue revenue bonds to pay for the costs of acquiring, constructing, or improving revenue producing facilities. However, such bonds shall be repaid only by the revenue-generating facilities.

The following sources of revenue may be used by the SBD located in cities with populations under 350,000 to fund improvements and services and to amortize outstanding bonds:

- Property Taxes—may be imposed in an amount not to exceed \$0.85 per \$100 of assessed valuation, and;
- Business License Tax—may be imposed in an amount not to exceed 50% of the other business license taxes in the district

Section 71.798 RSMo states that the City Council has the sole discretion as to how the revenue derived from any SBD tax or any revenue derived from disposition of assets of the district shall be used with the scope of the SBD purposes. This section also states that the City shall not decrease the level of publicly funded services in the district existing prior to creation of the district or transfer the financial burden of providing the services to the district unless the services at the same time are decreased throughout the city.

Approval Process

One or more owners of real property subject to real property taxes may petition the City Council to establish, enlarge or decrease the size of SBD. The Council may then adopt a resolution of intent to establish or change a SBD. Prior to the establishment of a SBD, the City Council shall conduct a survey and investigation to determine the improvements needed in the proposed district, the approximate cost of land acquisition, the area to be included in the district, the need for special services and other matters related to the establishment of the district. A written report of the survey must be filed in the office of the City Clerk and made public record. After proper notice, Council may vote to establish the SBD and set the initial rate of levy to be imposed on the property.

Governance

In cities with population under 350,000 people, the City Council serves as the governing body of the SBD. The City Council also appoints a seven member SBD board that serves as an advisory board to City Council. In cities with populations greater than 350,000 people, the SBD board is the governing body of the SBD.

Special Business District Policy

1. The City will encourage applicants to consider the use of the Community Improvement District (CID) instead of SBD since CID legislation provides for more community input and representation than does the SBD legislation.

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LAND Clearance for Redevelopment Authority
“Chapter 99”

The Land Clearance for Redevelopment Authority (LCRA) provides incentives to encourage investment and the removal of blight and blighting conditions within designated urban renewal areas. The LCRA designates urban renewal areas and associated redevelopment plans. It has the ability to authorize property tax abatement for redevelopment projects that conform to an approved redevelopment plan.

Authorization Section 99.300 through 99.715 RSMo.

Eligible Activities

Within the approved redevelopment area, the LCRA may undertake the following types of activities:

- Land acquisition
- Land disposition
- Building construction and rehabilitation
- Blight removal activities

Eminent Domain—if approved as part of a redevelopment plan, the LCRA may acquire property through the use of eminent domain.

Blight—The statute defines “blighted area” as an “an area which, by reason of the predominance of defective or inadequate street layout, insanitary or unsafe conditions, deterioration of site improvements, improper subdivision or obsolete platting, or the existence of conditions which 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.”

Program Benefits

- Property tax abatement—100% of the taxes on the increase in assessed value of both land improvements for 10 years. During the abatement period, the property owner continues to pay taxes on the land and improvements that existed prior to redevelopment.
- Bonds—the LCRA may issue bonds to finance redevelopment and blight remediation.

Approval Process

The LCRA is governed by a board of five (5) commissioners that are appointed by the Mayor and confirmed by City Council. Commissioners serve three (3) years.

The LCRA may prepare blight studies and redevelopment plans, review privately-prepared blight studies and redevelopment plans, and recommend their approval to City Council. Within designated redevelopment areas, the LCRA reviews redevelopment projects for consistency with the adopted redevelopment plan. Projects that conform to the plan are entitled to property tax abatement equal to 100% of the increase in assessed value of land and improvements for a ten (10) year period. In *Casey’s Marketing Co. v Land Clearance for Redevelopment Authority of Independence, Mo.*, 101 S. W. 3d 23 (Mo.

App. W.D.) the Court determined that under Section 99.700 RSMo., if the property has been blighted and the proposal meets the redevelopment plan, the developer is entitled to tax abatement as a matter of right.

Economic Development Incentives Resource Guide

The following information is available in the Economic Development Incentives Resource Guide:

- LCRA Processing Timeline
- LCRA Application for Property Tax Abatement

Land Clearance for Redevelopment Authority Policies

1. Proposed redevelopment plans must be reviewed by the Planning and Zoning Commission and found to be consistent with the City of Nixa's Comprehensive Plan.
2. Designation of redevelopment areas and adoption of redevelopment plans will be limited to urban core areas where blighting factors are most severe.
3. Proposals for redevelopment plans and property tax abatement pursuant to Chapter 99 RSMo will be strongly discouraged in approved Tax Increment Financing district because tax abatement conflicts with the intent of the TIF statute to capture the incremental increase to fund TIF improvements.
4. Applicants for property tax abatement will be required to enter into a cooperative agreement with the City of Nixa, covenanting that the property will continue to be used in a manner consistent with the redevelopment plan throughout the abatement period or the abatement will be subject to termination.

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Industrial Development Bonds

Chapter 100

Industrial Development Bonds issued pursuant to Chapter 100 RSMo may be used to provide real and personal property tax exemption and to provide sales tax exemption on qualified purchases.

Authorization Article VI, Section 27 and 27 (b), Missouri Constitution; Section 100.010 to 100.200 RSMo.

Eligible Activities

Industrial development bonds may be issued to finance the land, buildings, fixtures, and machinery for warehouses, distribution facilities, research and development facilities, office industries, service industries engaged in interstate commerce, industrial plants and certain types of commercial development. Retail and service industries in intrastate commerce are not eligible.

Approval Process

Chapter 100 RSMo. Allows local governments to issue bonds to finance industrial development projects and certain types of commercial development for private corporations, partnerships and individuals. Upon issuance of bonds, the company transfers ownership of the development site and/or equipment to the local government. The bond proceeds are then used to fund the construction of the development project. The company buys the bonds and repays them over a set time period. Once the bonds are completely repaid, the local government conveys title of the site and/or equipment back to the company.

City Council must hold a public hearing prior to approving Chapter 100 bonds and must notify all taxing jurisdictions of the public hearing.

The use of Chapter 100 Industrial Development Bonds can be particularly beneficial when coupled with the Missouri Quality Jobs program. The Quality Jobs program can provide state tax credits for companies which create at least 100 jobs with an average wage equal to or greater than the County average wage. This portion of Quality Jobs also provides a “local incentive bonus” to the company only when the local community provides a local incentive equal to 50% of the total tax benefit for 10 years. This can be achieved through granting real and personal property tax exemption using Chapter 100 RSMo. The Chapter 100 policy acknowledges this by providing for its use in situations where job creation meets the Quality Job standard. The policy also provides for the use of Chapter 100 bond financing for existing businesses making an additional investment in their facility and creating or retaining quality jobs.

Economic Development Incentives Resource Guide

The following information is available in the Economic Development Incentives Resources Guide:

- Industrial Development Bonds (Chapter 100) Process

- Industrial Development Bonds (Chapter 100) pre-application

Industrial Development Bond Policies

1. Real property tax exemption through Chapter 100 RSMo. May be considered for projects that meet the following criteria:
 - For existing businesses, the total new investment in real property must be a minimum of \$5 million and the business must create or retain a minimum of 100 jobs with an average wage equal or greater than the Christian County average wage.
 - For new businesses, the total new investment in real property must be a minimum of \$5 million or the business must create a minimum of 100 jobs with an average wage equal or greater than Christian County average wage within two (2) years.
 - The job creation/retention component may be waived or modified for projects where the City Council finds there to be an overriding public benefit.
 - Property taxes will not be reduced below the amount of tax on land and improvements paid in the year preceding the application for Chapter 100 exemption.
 - The company will be required to annually report employment numbers to the City. Tax exemption shall be terminated effective the last day of the calendar year in the event the company reduces its labor force by more than 25% from the preceding year or by more than 50% from the date of the first year of the abatement.
2. Personal property tax exemption through Chapter 100 RSMo may be considered for projects that meet the following criteria:
 - For existing businesses the total personal property to be acquired an installed must have a cost of at least \$5 million and the business must create or retain a minimum of 100 jobs with an average wage equal or greater than the Christian County average wage.
 - For new businesses, the total personal property to be acquired and installed must have cost of \$5 million or the company must create a minimum of 100 new jobs with an average wage equal or greater than the Christian County average wage within two (2) years.
 - The exemption will typically be granted at a rate of 50% on new personal property for 10 years. The City will require the company to make payments in lieu of taxes to all taxing jurisdictions in an amount equal to 50% of the exempted personal property taxes. These PILOTS will be distributed in accordance with local levels.
 - The company will be required to annually report employment numbers to the City. Tax exemption shall be terminated effective the last day of the calendar year in the event the company reduces its labor force by more than 25% from the

preceding year or by more than 50% from the date of the first year of the abatement.

3. The City will not extend its sales tax exemption for purchases unless City Council finds there to be an extraordinary public benefit or the savings from such exemption will be used to reduce the City's cost in connection with a project.
4. All projects will be subject to the following:
 - The City may consider an increased exemption level in those cases where the jobs created or retained by 150% or more of the Christian County average wage.
 - The beneficiary will be responsible for all costs relating to issuing the bonds and obtaining the exemption.
 - PILOTS are due by December 31 of each year. Failure to pay PILOTS will result in termination of the tax exemption.
 - The beneficiary will be required to submit annual compliance reports. Failure to comply with the terms of the PILOT and lease agreements will result in a loss or reduction in the exemption.

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Urban Redevelopment Corporation

Chapter 353

The purpose of the Urban Redevelopment Corporation Law is to encourage the redevelopment of blighted areas through property tax abatement.

Authorization Chapter 353 RSMo.

Eligible Activities

Within an approved redevelopment area, an Urban Redevelopment Corporation may undertake the following types of activities:

- Land acquisition
- Land disposition
- Building construction and rehabilitation
- Blight removal activities

Eminent Domain—An Urban Redevelopment Corporation operating pursuant to a redevelopment agreement with a municipality for a particular redevelopment area may exercise the power of eminent domain provided the agreement was executed prior to December 31, 2006 (Check this date)

Blight—The statute defines “blighted area” as that portion of the city within which the legislative authority of such city determines that by reason of age, obsolescence, inadequate or outmoded design or physical deterioration have become economic and social liabilities, and that such conditions are conducive to ill health, transmission of disease, crime or inability to pay reasonable taxes.”

Program Benefits

Property tax abatement—100% of the taxes on the increase in assessed value of the land and 100% of the taxes on the value of the improvements for 10 years and 50 % of the taxes on the increase in assessed value of the land and improvements for the next 15 years.

Under this program, real property taxes can be abated for a period up to 25 years. During the first 10 years of tax abatement, 100% of the incremental increase in property taxes for the land and the improvements are abated. The property owner continues to pay property taxes during this period based on the assessed value of the land only (exclusive of improvements) during the year preceding the Urban Redevelopment Corporation obtaining title of the property.

During the last 15 years of tax abatement, 50% of real property taxes on the land and improvements may be abated.

Payments in lieu of taxes (PILOTS) may be imposed on the Urban Redevelopment Corporation by contract with the City. They are paid on an annual basis to offset a portion of the taxes that are abated.

Procedures for Obtaining Tax Abatement

Pursuant to Chapter 353 RSMo real property tax abatement may only be offered within blighted areas. In order to obtain tax abatement, an Urban Redevelopment Corporation must be created in accordance with the general corporations laws of Missouri and obtain title to the blighted property. In addition, the Urban

Redevelopment Corporation must prepare a Blight Report, Tax Impact Statement and a Development Plan. The Blight Study is reviewed by the Land Clearance for Redevelopment Authority which makes a recommendation to City Council regarding blight. The Development Plan is reviewed by the Planning and Zoning Commission for consistency with the Comprehensive Plan. All document, including a City-prepared Redevelopment Agreement, are then forwarded to the City Council which conducts a public hearing, followed by adoption of an ordinance declaring the redevelopment area blighted, approving the Development Plan and Redevelopment Agreement and authorizing real property tax abatement.

Blight Report—this document must be sufficient to prove blight pursuant to Section 353.020(2) RSMo.

Tax Impact Statement—this is a written statement of the impact on ad valorem taxes the proposed tax abatement will have on the taxing jurisdictions. At a minimum, the statement must include an estimate of the amount of ad valorem tax revenues of each jurisdiction that will be affected by the abatement.

Development Plan—this document identifies the proposed redevelopment area, the redevelopment projects, the program to be implemented in order to remove blighting influences, and the estimated project costs.

Redevelopment Agreement—this document outlines the Urban Redevelopment Corporation’s obligations for implementing the Development Plan. It typically includes the following:

- Procedures for acquiring property
- Payments in lieu of taxes (PILOTS)
- The period for which the tax abatement will be provided
- Procedures for the corporation to transfer title to property in the redevelopment area

After the abatement period starts, the property may be transferred from the Redevelopment Corporation to a development entity and the tax abatement will continue provided the developer complies with the contractual obligations on an ongoing basis.

Economic Development Incentives Resource Guide

The following information is available in the *Economic Development Incentives Resource Guide*

- Urban Redevelopment Corporations (Chapter 353) Tax Abatement Timeline
- Urban Redevelopment Corporations (Chapter 353) Abatement Review Process
- Urban Redevelopment Corporation (Chapter 353) Application for Approval of Development Plan
- Redevelopment Agreement Template

Urban Redevelopment Corporation Policies

Real property tax abatement through Chapter 353 RSMo may be considered for projects that meet the following criteria

- Proposed blight studies must be reviewed by the Land Clearance for Redevelopment Authority for the recommendation regarding blight
- Proposed development plans must be reviewed by the Planning and Zoning Commission and found to be consistent with the City of Nixa’s Comprehensive Plan

- Designation of redevelopment area and adoption of development plans will be limited to urban core areas where blighting factors are most severe.
- Property taxes will not be reduced below the amount of tax on land and improvements paid in the year preceding the application for Chapter 353 abatement. During years 1-10, the City will require annual payments in lieu of taxes (PILOTS) equal to the property taxes paid for improvements during the year preceding when the corporation obtained title to the property within the redevelopment area
- Proposals for development plans and property tax abatement pursuant to Chapter 353 RSMo will be strongly discouraged in approved Tax Increment Finance districts because tax abatement conflicts with the intent of the TIF statute to capture the incremental increase of taxes to fund TIF improvements.
- Applicants for property tax abatement will be required to enter into a redevelopment agreement with the City of Nixa, covenanting that the property will continue to be used in a manner consistent with the redevelopment plan throughout the abatement period or the abatement will be subject to termination

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Tax Increment Financing TIF

Tax Increment Finance (TIF) provides for the redirection of the redirection of the incremental increase in sales and property tax revenue resulting from a redevelopment project to be used for approved project-related costs, infrastructure and capital improvements.

Authorization: Section 99.800 through 99.865 RSMo

Eligible Activities:

Tax Increment Financing (TIF) may be used to reimburse the following types of redevelopment project costs:

- Professional Services
- Plans and specifications
- Land acquisition and site preparation
- Public improvements
- Private improvements, provided the TIF district has been declared blighted

Eminent Domain—if granted the power by City Council, the TIF Commission may use eminent domain in a TIF area to obtain property for use by a private developer implementing a project approved in a TIF plan.

Program Benefits

The following revenue sources are transferred to a special allocation fund that is administered by the City and used to finance project costs.

Payments in Lieu of Taxes (PILOTS)—the tax increment produced as a result of increased assessed property values over the base level. The Statute authorizes the redirection of 100% of the incremental increase in property taxes to the TIF special allocation fund. Taxing jurisdictions will continue to receive taxes based on the property values prior to the redevelopment.

Economic Activity Taxes (EATS)—The Statute authorizes the redirection of 50% of the incremental increase in taxes generated by economic activities within the project, such as new sales, earning, profits, utility and food and beverage taxes.

Bonds—The TIF Commission may also issue obligation to pay for Redevelopment Project Costs and pledge the funds in the special allocation fund to retire the obligations. Maximum bond term is 23 years.

Tax Increment Financing Commission

The Statute requires that the TIF Commission be established by City Council. The Commission must include two members appointed by the County Commission; two members appointed by the School District; one member appointed by the “other taxing districts” that levy taxes within the proposed TIF district; and 6 members appointed by the Mayor and confirmed by the City Council.

Concept of Tax Increment Financing

TIF is based on the premise that there will be an increase in the value of real property, new jobs, and other economic activity within the redevelopment area as redevelopment occurs. As the property is improved, the assessed value of real property in the redevelopment area increases above the base level, a tax

increment is produced. These tax increments, also referred to as “payments in lieu of taxes” or PILOTS are transferred to a special allocation fund that is administered by the City. The City and County also transfers 50% of all incremental sales tax revenues to this fund. The money collected in the special allocation fund is then used to pay directly for the redevelopment project costs or to retire bonds or other obligations issued to pay such costs.

Approval Process

Projects using TIF must have a redevelopment plan approved by City Council after a recommendation from the TIF Commission. A key element of the TIF Plan is to document that the area would not be developed unless the incentive is implemented. Section 99.810.1(1) RSMo requires this “but for” provision. Once approved, the redevelopment project may utilize TIF for up to 23 years.

The redevelopment plan designates the redevelopment area, describes the redevelopment project, and sets forth a comprehensive program for redevelopment. The redevelopment area must contain property classified as the following or any combination thereof:

- Blighted Areas—areas which retard the provision of housing accommodations or constitute an economic or social liability or a menace to the public health, safety, moral, or welfare in its present condition and use, due to specific conditions;
- Conservation Areas—areas in the City in which 50% or more of the structures have an age of 35 years or more and may become blighted because of certain specific conditions, or;
- Economic Development Areas—areas that do not meet the requirements for “blighted area” or “conservation area,” and in which the Council finds that redevelopment is in the public interest because it will discourage economic development activities from moving to another state; or result in increased employment; or result in preservation or enhancement of the tax base of the City.

Notices must be provided to taxing jurisdictions, to property owners and the general public prior to adoption of the redevelopment plan and TIF. The TIF Commission and the City Council must conduct a public hearing prior to adoption.

Economic Development Incentives Resource Guide

The following information is available in the *Economic Development Incentive Resource Guide*:

- Timeline for adoption of a TIF plan
- TIF pre-application

Tax Increment Finance Policy

1. Each TIF application must demonstrate that the applicant has thoroughly explored the use of alternative financing methods.
2. TIF applicants must demonstrate that they have the financial ability to complete and operate the project.
3. The use of TIF will be considered for those projects which demonstrate a substantial and significant public benefit by constructing public improvements in support of development that will create new jobs and retain existing employment, eliminate blight, and/or strengthen the employment and economic base of the City.

4. Most favorable consideration will be given to TIF plans that propose no more than 20% of the total project costs (including all hard and soft costs and developer fees) be reimbursed with TIF revenues.
5. Any developer receiving TIF assistance shall provide a minimum of fifteen percent (15%) cash equity investment in the project. TIF revenue and land values shall not be used to supplant cash equity. Projects with equity contributions from the developer in excess of 25% will be viewed more favorably.
6. TIF applications for retail and commercial projects will be considered for projects that encourage an inflow of customers from outside the City or will provide services or fill retail markets that are currently unavailable or in short supply in the City. Additional consideration will be given to projects in excess of \$15 million or the development of vacant property in areas where the project will be the initial development or will serve as a catalyst for further quality development.
7. TIF projects which are constructed in phases are viewed with greater skepticism. TIF projects that propose a reasonable and certain end date for construction and occupancy and demonstrate clearly and convincingly how those goals will be achieved will be viewed positively. Projects with commitments by tenants by lease or other legally binding contracts will be viewed with greater favor.
8. The term of the TIF shall be the minimum necessary, with shorter terms receiving more favorable consideration than those extending the maximum 23 years.
9. Most favorable considerations will be given to TIF projects that provide immediate benefit to taxing jurisdictions.
10. The City will maintain a retainage account until each project is completed or satisfies other performance standards.
11. The City may charge an administrative fee of 2% of annual TIF revenues to partially offset the cost of record-keeping for each TIF project. The fee may be assessed on a quarterly basis against the annual increment generated by the TIF project.
12. Notwithstanding the foregoing, TIF applications which do not meet the above criteria will be viewed favorably if the application clearly demonstrates that the project is of vital interest to the City and will significantly assist the City in the elimination of blights, financing desirable public improvements, strengthening the employment and economic base of the City, increasing property values, reducing poverty, creating economic stability, upgrading older neighborhoods, and/or facilitating economic self-sufficiency.

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