

Tax Increment Financing (“TIF”): §§ 99.800-99.866 R.S.Mo. permits municipalities to create specified Redevelopment Areas where a finding is made that no new private investment would occur without the additional incentive of Tax Increment Financing. A designated individual Redevelopment Project allows for the assessed value of properties within a specified project to be frozen for a period of up to 23 years, and for the taxes attributable to all additional increases in value to be redirected towards the reimbursement of project development costs. All Redevelopment Projects are individually negotiated between property developers and city officials, typically including a Payment in Lieu of Taxes (“PILOT”) made to taxing jurisdictions. Areas may also be specified to include for the redirection of Economic Activity Taxes (“EATS”), which are the increase in sales, utilities and earnings based taxes attributable to the new development.

Redevelopment Area – The total area specified by a municipality in which TIF Redevelopment Projects may be authorized after a factual finding by the municipality that the area is blighted, a conservation area, an economic development area, a designated enterprise zone under 135.200 R.S.Mo or any combination of the foregoing.

Redevelopment Project – The authorized TIF project which is activated within a specific, legally described area under negotiated terms to reimburse development costs therein and provide for a PILOT to taxing authorities. The Base Value from before the project’s activation continues to generate tax revenue but the Increment Value is redirected to reimburse project costs.

Base Value – The value for property tax assessment purposes which is frozen in time before the Redevelopment Project is activated.

Increment Value – The increase in value above the Base Value which is paid through the ordinary property tax collection process but is redirected to reimburse development costs. This portion of a property’s value is not considered for taxing authority levy purposes until after the project is terminated, at which point it is then treated as value attributable to new construction and improvements in the following tax year.

Payment in Lieu of Taxes – The estimated tax revenue from properties within a Redevelopment Project which would have been received if not for the enactment of the TIF project and which is negotiated between taxing authorities and the project’s developers.

Economic Activity Taxes – The total additional sales tax revenue which is attributable to the increase in development after the enactment of a Redevelopment Project.

Blighted Area – an area which suffers from insanitary or unsafe conditions, deterioration or conditions which endanger life or property from fire and other causes, or any combination of such factors, and impedes the provision of housing accommodations or constitutes an economic or social liability or a menace to the public health, safety, or welfare in its present condition and use

Chapter 100: §§ 100.010-200 R.S.Mo. authorizes city governments to conduct Industrial Development Projects whereby the local government can issue bonds to finance the purchase, construction, extension and improvement of warehouses, distribution facilities, research and development facilities, office industries, agricultural processing industries, industrial plants, and service facilities which provide

interstate commerce. Chapter 100 is used to allow a municipality to make the bond payments by leasing the property for the duration the bonds are outstanding. A tax abatement of up to 100% of the real and personal property taxes associated with the property results by virtue of the municipality's ownership of the project. Each project is individually negotiated with city officials and may include PILOTS and a sales tax exemption when purchasing equipment, machinery and other property used in the project's construction.

Chapter 353: §§ 353.010-190 R.S.Mo. authorizes city governments to create Urban Redevelopment Corporations to alleviate urban blight. Chapter 353 is used to encourage reinvestment in local properties by offering up to a 10-year tax abatement of the assessed value of the building improvement, with a possible additional 15 years of tax abatement of 50% of the total assessed value in exchange for a greater level of investment. The particular terms of each tax abatement are negotiated with city officials on an individual basis with property owners seeking to redevelop in specified blighted areas.

Chapter 135: §§ 135.200-286 and 135.950-973 R.S.Mo. authorizes a property tax abatement for the construction of new business property in designated Enhanced Enterprise Zones, which are areas found to be blighted and in need of additional jobs. Up to 100% of the assessed value of new improvements may be abated for up to 25 years in exchange for creation of new business facilities, with at least \$100,000 worth of investment and the creation of at least two new full time jobs. Terms are negotiated with city officials on an individual basis and may involve PILOTS.