



Economic Development Incentives Policy

Ordinance Approved by the Ozark Board of Aldermen: September 21, 2015

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POLICY INTRODUCTION

The City of Ozark is dedicated to achieving the highest quality of development, infrastructure, and quality of life for its citizens. These goals are met, in part, through the enhancement and expansion of the local economy. Because of the inherent competition between localities for new businesses and jobs, the City recognizes that incentives are sometimes necessary to allow a community to reach its full economic potential.

The purpose of this policy is to establish standards and guidelines that will govern the granting of financial incentives to facilitate economic growth. These guidelines are predicated on the belief that the City has an interest in taking positive action to maximize its long-term financial capacity while responding to the service demands of both new and existing development without placing a disproportionate tax burden on homeowners. Economic development incentives, if used carefully, can help maintain and build employment opportunities and the property tax base the City and other taxing districts need to remain sustainable.

The decision to grant incentives will be based on a “case by case” review of each incentive application and offered only upon a clear demonstration of substantial and significant public benefit. Accordingly, the Ozark Board of Aldermen is under no obligation to approve any requested incentive and reserves the right to deviate from the policies and criteria contained herein under its sole discretion when deemed to be in the best interest of the City.

The City of Ozark offers incentives in the following three broad categories:

- **Special taxing districts** – 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 in the district. 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 the incremental increase 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. A TIF may also capture new taxes imposed after the TIF is approved. This incentive is known as Tax Increment Financing (TIF).

These incentives are discretionary but as long as a project proposal/plan meets the eligible requirements the City commits to the overall intent of creating a business-friendly environment.

General Policies

1. It is the policy of the City of Ozark to consider the judicious use of incentives for projects which demonstrate a substantial and significant public benefit by constructing public improvements in support of developments that will, by creating new jobs and retaining existing employment; eliminate blight, strengthen the employment and economic base of the City, increase property values and tax revenues, reduce poverty, create economic stability, upgrade older neighborhoods, facilitate self-sufficiency, and implement the City's Comprehensive Plan and economic development strategy.
2. Developers are strongly encouraged to discuss their projects with staff prior to filing any applications for incentives.
3. The City encourages developers to meet with taxing jurisdictions that will be affected by the incentive.
4. All requests for incentives (except within currently established incentive districts) will be discretionary by the Board of Aldermen on a case by case basis. Such incentives will be subject to a "but for" test. There must be a finding by the Board of Aldermen that the project would not occur, or would only occur at a significantly smaller scale, or will not be financially feasible or stable, or that public benefit will not occur if the incentive is not provided. Discretionary incentives will only be granted to those projects that would not otherwise occur if incentives were not provided, unless the Board of Aldermen finds there to be an overriding public benefit or a reduction in costs that would otherwise be paid by the City.
5. Discretionary incentives will be granted only at the level necessary to make the project financially feasible and the amount of the incentive shall not exceed the amount of investment from the developer.
6. The City's "annual appropriation", or General Fund, guarantee may be considered by the Board of Aldermen for economic development projects but only from the new 1-cent General Fund sales tax generated from the project and the benefit of the project must be significant to the city.
7. Taxes will not be reduced below the base year, as established by the individual redevelopment plans, after an incentive is approved.
8. The City will not waive City permit, development, or incentive fees.
9. All projects receiving incentives must be consistent with the City's Comprehensive Plan and must comply with all applicable City zoning and building codes.
10. Since each project is unique, every proposal will be evaluated under the City's Policies on its individual merit and overall contribution to the local economy and the City's goals.
11. The City shall not serve as the administrator and/or manager of any approved incentive and/or district and all such reporting, filing of taxes, or other necessary documentation required by Federal and State law shall be the responsibility of the Owner/Board of the project.
12. The City may require periodic reporting evidencing compliance with the requirements of the program and measuring the economic benefit to the City and the region.
13. The City shall require the Developer/Applicant to utilize a City approved professional service provider and/or law firm to take all steps necessary in creating any special taxing district and will not assume any of the responsibilities/costs associated with the creation of such districts.

Economic Development Incentive Costs

The use of economic development incentives may require substantial staff commitment and usually necessitate the applicant to engage outside consultants. The City does not have a source of funds to pay for costs incurred for additional legal, financial and other consultants or for out-of-pocket expenses and other costs resulting from services to research, analyze and plan for the most appropriate mix of funding sources.

State of Missouri Economic Development Incentives

The State of Missouri offers economic development incentives including programs directed at job creation projects and downtown development. The City works closely with the State of Missouri and the Springfield Regional Economic Partnership (SREP) to coordinate the economic development incentives administered by the Department of Economic Development (DED) and will assist applicants in their efforts to work with these alternative programs.



ECONOMIC DEVELOPMENT INCENTIVES

Program	Sales Tax	Property Tax	Business License Tax	Bond Financing	Eminent Domain	Real Property Tax Abatement/Exemption	Personal Property Tax Abatement/Exemption	Sales Tax Exemption	Redirect Property Tax Increment	Redirect Sales Tax Increment	Loans
Community Improvement District	X	X	X	X	X						
Transportation Development District	X	X		X	X	X					
Neighborhood Improvement District				X	X						
Land Clearance for Redevelopment Authority					X	X	X				
Industrial Revenue Bonds					X		X	X	X		
Urban Redevelopment Corporation (Chap.353)					X		X				
Development Agreement (Sales Tax)											X
Tax Increment Financing					X	X				X	X



TAX INCREMENT FINANCING

Overview

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. By applying property taxes to the increase in the assessed value of the property over the base level, a tax increment is produced. TIF may only be used: 1) when there is evidence the development would not occur without public assistance; and 2) when the project area qualifies as a blighted, conservation, or economic development area.

TIF is a financial tool used to capture the increase in property taxes and sales taxes created from new construction. Up to 100% of the increase in property taxes and 50% of the increase in local sales taxes (the “increment”) can be captured within the TIF project area. The property tax and sales tax increment may then be used to reimburse a private developer for eligible expenses or to repay principal and interest on bonds used to finance the eligible expenses for up to 23 years.

Statutory Requirements

By law, the City must determine that certain requirements have been met before approving a Tax Increment Financing Plan filed by the applicant. These requirements are set forth under Sections 99.805 to 99.865 of the Revised Statutes for the State of Missouri (RSMo).

Eminent Domain – If granted the power by Board of Aldermen, 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 the TIF plan.

Program Benefits

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, earnings, profits, utility and food and beverage taxes.

Tax Increment Financing Commission

The Statute requires that a TIF Commission be established by the Board of Aldermen. 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 Board of Aldermen.

Policy Guidelines

In addition to meeting the statutory requirements referenced above, the City has established several criteria that will be applied in the review and evaluation of applications for TIF financing. In general, applications that meet *each* of the evaluation criteria will be viewed most favorably. However, TIF applications that do not meet some of these criteria may be approved if the application clearly demonstrates that the project, as a whole, is of vital economic interest to the City.

1. Demonstrates a substantial and significant public benefit by constructing public improvements that strengthen the economic and employment base of the City; and serves as a catalyst for further high quality development or redevelopment.
2. Each TIF application must demonstrate that the applicant has thoroughly explored the use of alternative financing and has the financial ability to complete and operate the project.
3. Most favorable consideration will be given to TIF plans that propose the following abatements:

Years 1-5	Years 6-10	Years 11-15	Years 16-20	Years 21-25
100%	87.50%	50%	37.50%	12.50%

4. Expenses eligible for reimbursement under TIF include but are not limited to the following :
 - a. Studies, surveys, plans and specifications.
 - b. Professional services (architectural, engineering, legal, marketing, financial, and planning.
 - c. Site preparation, including demolition of structures, clearing and grading of land.
 - d. Constructing public infrastructure such as streets, sewers, utilities, parking, and lighting.
 - e. Financing costs
 - f. Relocation costs if persons or businesses within the redevelopment area are displaced.
5. Applications which include TIF assistance for land acquisition and residential development will be discouraged unless creatively integrated into a large scale mixed-use project.
6. 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.

7. TIF assistance to the project should generally not exceed 35 percent of total project costs. However, project assistance above 35% may be considered in circumstances where the developer: 1) has a proven track record in completing successful projects comparable in scope and scale; 2) documents the developer's financial capacity to complete the proposed project; and 3) demonstrates that tenant commitments are already in place for a significant portion of the proposed project.
8. Applications that include the utilization of a Community Improvement District (CID), Neighborhood Improvement District (NID), Transportation Development District (TDD) or other private or public financing mechanisms that result in reducing the term of the TIF project will be viewed more favorably.
9. Proposed blight studies for TIF districts must be reviewed by the Land Clearance for Redevelopment Authority and TIF Commission for their recommendations regarding blight.
10. The City will maintain a retainage account until each project is completed or satisfies other performance standards.
11. Generally, TIF applications which encompass a project area of less than 10 acres will be discouraged.
12. Applicant shall be responsible for all costs and fees associated with the creation of the special taxing district.

City Application/Approval Process

The applicant is required to first meet with staff in a pre-qualification conference to determine project eligibility. An application may then be submitted to the Planning and Development for review and processing. A copy of the formal application may be obtained through the Planning and Development Department or online within the Economic Development web page. The applicant shall be required to enter into a funding agreement with the City to cover the City's expenses associated with the TIF consideration and approval process.

Following a public hearing before the City's TIF Commission and approval of the TIF Plan by the Board of Aldermen, the City and the applicant shall enter into a redevelopment agreement for the purpose of governing the implementation of the TIF Plan.

CHAPTER 100 INDUSTRIAL REVENUE BONDS

Overview

Sections 100.010 to 100.200 of the Revised Statutes of Missouri (“Chapter 100”) authorize municipalities, counties, towns and villages to issue Industrial Development Bonds, which are revenue bonds used to finance industrial development projects for private corporations, partnerships or individual companies. Under Chapter 100, the City issues revenue bonds to finance real and/or personal property for eligible development projects. Eligible projects include warehouses, distribution facilities, research and development facilities, office industries and manufacturing plants; and may apply to the financing of land, buildings, fixtures, and machinery.

Under this type of financing, the company passes title in the real or personal property involved to the City pursuant to a lease-purchase agreement. The lease-purchase agreement will provide that the City will issue the revenue bonds in the amount necessary to finance the purchase, new construction, or expansion contemplated for the project. Under the lease-purchase agreement, the City will retain ownership of the real and/or personal property and lease it back to the company. The rent charged to/paid by the company will be an amount sufficient to pay the principal and interest on the bonds as they come due. Most commonly, the bonds are purchased by the company. The lease-purchase agreement will also provide for the company to resume or assume ownership of the real and/or personal property once the bonds have been paid off.

Because title to the property is held in the name of the City during the lease term, the property acquired with the bond proceeds is tax exempt, which effectively results in tax abatement for the company. Under the City’s program, the company will be required to make payments in lieu of taxes (PILOTs) for a portion of the taxes it would have otherwise been required to pay. This is described in more detail in the Abatement Guidelines section below. In addition to property tax abatement, the company also benefits from a sales tax exemption for construction materials and/or equipment for the project.

Statutory Requirements

According to Missouri law, the city must approve a “plan for industrial development” pursuant to Section 100.050 of the Revised Statutes for the State of Missouri (RSMo).

Policy Guidelines

In addition to complying with the statutory requirements referenced above, the City has established several criteria that will be used to review and evaluate applications for Chapter 100 financing and tax abatement. Each of the following should be satisfied:

1. Show a clear demonstration of public purpose and economic benefit through the advancement of the City’s economic development goals, which include expanding the tax base, creating new job opportunities and expanding the tax base from targeted industrial areas.

2. Demonstrate the project would not occur “but for” the incentives offered. The incentive should make a difference in determining the decision of the business to locate, expand or remain in the City; and would not otherwise occur without the availability of the abatement.
3. Demonstrate that the applicant has a sound financial base and has the capacity to complete the project. The City’s Financial Advisor shall make recommendations to the City as to an applicant’s financial stability.
4. Not result in the City, County, Ozark School District or any other taxing jurisdiction affected by the incentive receiving less total real and personal property tax revenue from the property than was received prior to the granting of tax abatement.
5. Comply with the City’s Comprehensive Plan and be appropriately zoned.
6. Be environmentally compatible with the specific location and the surrounding area. The proposed use must be clean, nonpolluting and consistent with all development ordinances and codes. The applicant is responsible for conducting all necessary environmental audits and taking any and all remedial action necessary as required by the City or any other governmental entity.
7. Comply with statutory requirements set forth in Sections 100.010 to 100.200 RSMo.
8. Applicant shall be responsible for all costs and fees associated with the creation of the special taxing district.

Applications that do not meet all of these criteria may be approved if the application clearly demonstrates that the project, as a whole, is of vital economic interest to the City.

Abatement Guidelines

The City or the Industrial Development Authority may issue Industrial Development Bonds in conjunction with other economic development tools in order to meet some or all of the objectives previously mentioned in this policy.

A. Standard Abatement

1. Up to 50% property tax abatement for ten (10) years for projects that invest at least \$6,000,000 or more for a new business or at least \$3,000,000 or more for expansion of an existing business.

B. Enhanced Abatement

1. Up to 75% property tax abatement for ten (10) years for businesses that invest at least \$6,000,000 or more for a new business or at least \$3,000,000 or more for expansion of an existing business and:
 - a. At least 50 new¹ full-time employees will be hired as a result of the business.
 - b. The average wage of all full-time employees exceeds the County average wage as published by the Missouri Department of Economic Development (DED).
2. As an additional enhancement, businesses that achieve any of the following standards may receive an additional bonus abatement for each satisfied standard (no business shall exceed 90% abatement):
 - a. For every 30 new full-time employees hired above the initial 50 to qualify for the enhanced abatement, a business may receive an additional 1% (not to exceed 10%).
 - b. For every 5% of full-time employees that are paid above double the average County wage as published by the Missouri Department of Economic Development (DED)³ may receive an additional 1% (not to exceed 10%).
 - c. A business that is located within a business park that is planned as a Green Park⁴ may receive an additional 5%.
 - d. The particular building is LEED certified or is designed with a high attention to architectural detail and is comprised of high quality building materials may receive an additional 5%.

C. Science & Technology/Office Abatement

1. Up to 100% property tax abatement for ten (10) years for businesses that invest at least \$6,000,000 or more for a new business or at least \$3,000,000 or more for expansion of an existing business and:
 - a. The business must be a science, research technology, or engineering based business that is related to agricultural, biological, life sciences, informational technology, or engineering research.

or

The project must be a Class A office building of at least three or more stories.
 - b. The business and/or project must be located within science and technology designated priority areas.

- c. At least 30 new full-time employees to Ozark will be hired as a result of the business or project.
- d. The average wage of all full-time employees exceeds the County average wage as published by Missouri Department of Economic Development (DED).

The portion of property taxes not abated pursuant to this program shall be paid to the City as PILOT's for distribution to the appropriate taxing jurisdiction(s). The level of enhanced abatement may increase or decrease annually based upon the satisfaction of the standards identified in Section B of this policy.

City Application/Approval Process

The applicant is required to first meet with staff in a pre-qualification conference to determine project eligibility. An application may then be submitted to the Planning & Development Department for review and processing.

If the project meets the policy guidelines outlined above, the company will be invited to submit a “plan for industrial development” as outlined under Section 100.050 RSMo. The “plan for industrial development” will then be considered for formal approval by the Ozark Board of Aldermen.

Following approval of the “plan for industrial development”, the City and the applicant shall enter into a Chapter 100 lease-purchase agreement which will govern the terms of the abatement. The agreement shall require that an annual report be submitted to the City by March 1 of each year. The report shall cover the time period of January 1 through December 31 of the previous year and include a detailed accounting of the project, including certification on the number of employees (newly added during that period and existing) and associated wages.

The authority and decision to issue Industrial Revenue Bonds and grant tax abatements is vested solely with the Ozark Board of Aldermen. This policy is intended to establish standards and guidelines to the Board of Aldermen in considering both the Industrial Revenue Bonds and/or tax abatement applications. The decision to issue Industrial Revenue Bonds and/or tax abatements is discretionary and shall be considered on a case-by-case basis. The Board of Aldermen is under no obligation to approve any requested bond issuance and/or tax abatement and reserves the right to deviate from the policies and criteria contained herein if, in the opinion of the Ozark Board of Aldermen, circumstances exist to warrant such deviation, as long as any deviation does not conflict with state law. Property owners, applicants and others are cautioned not to rely upon receipt of abatement until all steps for granting an exemption have been approved.

**DOWNTOWN CENTRAL BUSINESS DISTRICT
CHAPTER 353 TAX ABATEMENT
URBAN REDEVELOPMENT CORPORATION (URC)**

Overview

Chapter 353 tax abatement is an incentive allowed by Missouri law to encourage the redevelopment of blighted areas through the abatement of real property taxes and, where appropriate, the use of eminent domain. The use of this incentive 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. To be eligible for tax abatement, either the City or a private entity must form an Urban Redevelopment Corporation (URC) pursuant to the Urban Redevelopment Corporations Law (Chapter 353 of the Revised Statutes of Missouri).

Under Chapter 353, tax abatement is not available for personal property taxes such as equipment or machinery. Under Chapter 353, tax abatement on real property taxes is available for a period up to 25 years and the City of Ozark has determined that most favorable consideration will be given to 353 plans that propose the following abatement timelines:

FAVORABLE CONSIDERATION WILL BE GIVEN TO PROJECTS THAT ADHERE TO THE ABATEMENT SCHEDULE OUTLINED BELOW.				
Years 1-5	Years 6-10	Years 11-15	Years 16-20	Years 21-25
100%	87.50%	50%	37.50%	12.50%

During the first 10 years of tax abatement, the above stated amounts of 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, the above stated amounts of real property taxes on the land and improvements may be abated.

The amount and length of the tax abatement shall be based upon the total project investment within the Urban Redevelopment Area. Each “Level” defines the investment threshold and the corresponding potential incentive amount.

Description of Levels:

Level A

There are two classifications within Level A.

Level A-1: The purpose of this classification is to attract investments that significantly impact the economic landscape of the urban redevelopment area.

Investment Threshold:	Minimum \$1,000,000 – Sizable Investments Will be Examined on a Case-by-Case Basis by City Staff
Incentive Amount - Tax Abatement:	A Tax Abatement Schedule Will be Established Based Upon the Overall Economic Impact.

Level A-2: The purpose of Level A is to attract sizable (market shifting) investments.

Investment Threshold:	Minimum \$500,000 - \$999,999.99				
Incentive Amount - Tax Abatement:	Years 1-5 100%	Years 6-10 87.50%	Years 11-15 50%	Years 16-20 37.5%	Years 21-25 12.50%

Level B

The purpose of Level B is to attract mid-market investments (market stimulating):

Investment Threshold:	\$200,000 - \$499,999.99			
Incentive Amount - Tax Abatement:	Years 1-5 100%	Years 6-10 87.50%	Years 11-15 50%	Years 16-20 37.5%

Level C

The purpose of Level C is to attract market stabilizing investments (market stabilization):

Investment Threshold:	\$99,000 - \$199,999.99
Incentive Amount - Tax Abatement:	Equal to the Cost of Improvements or 100% Abatement for 10 years, Whichever Occurs First

Description of Payments in lieu of taxes (PILOTS):

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. The City of Ozark typically imposes PILOTS during the initial 10 year abatement period to offset any loss of tax revenue on existing improvements that has been abated.

Authorization Chapter 353 RSMo.; Chapter 36, Article II

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

Definitions

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.

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.”

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;
- The time period in which the Urban Redevelopment Corporation will operate; and
- 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.

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 Planning and Development Department which makes a recommendation to the Planning and Zoning Commission regarding blight. The Planning and Zoning Commission then reviews the Development Plan for consistency with the Comprehensive Plan and makes a recommendation, including a City-prepared Redevelopment Agreement, to the Board of Aldermen 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.

Policy Guidelines

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

1. Show a clear demonstration of public purpose and economic benefit through the advancement of the City's economic development goals which include expanding the tax base, creating quality jobs, and spurring development in targeted City locations.
2. Demonstrate the project would not occur "but for" the incentives offered. The incentive should make a difference in determining the decision of the property owner to improve the property.
3. Provide the City with a financial Proforma that identifies financial gaps and the fiscal necessity for the requested incentives.
4. Include evidence i.e. Current and Previous year Tax Returns, Financial Statements, Profit & Loss Reports, Balance Sheets, etc, or certification from a CPA that demonstrates the financial ability and capacity to complete the project.
5. The project must be assigned to an entity that has adequate resources.
6. Not obligate the City to guarantee any financial obligation or completion of the project.
7. Indemnify the City from any injuries that may occur for projects on City owned property.
8. Be compatible with the specific location and the surrounding area, nonpolluting, and properly maintained in compliance with the minimum standards, codes, and ordinances of the city.
9. The improvements included within the request for abatement shall be at least 50% exterior improvements so as to be visible to the public.
10. 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. The PILOTS must be allocated to each taxing district according to their proportionate share of ad valorem property taxes. 353.110.4, RSMo.
11. Comply with the statutory requirements set forth in Sections 353.010 – 353.150 RSMo.
12. Proposals for development plans and property tax abatement pursuant to Chapter 353 RSMo. will be strongly discouraged in approved Tax Increment Financing districts because tax abatement conflicts with the intent of the TIF statute to capture the incremental increase of taxes to fund TIF improvements.
13. Upon determination that the provisions within the development plan are not being satisfied (i.e. use, operate, maintain), the City may proceed with revocation of tax abatement.
14. Subject to the statutory requirements of Chapter 353, applications for Chapter 353 partial real property tax abatement may be approved where not all of the above criteria are met if the application clearly demonstrates that the project, as a whole, is of vital economic interest to the City. Because the approval of such partial real property tax abatement is granted within the discretion of the Board of Aldermen, an application's satisfaction of the above criteria does not guarantee that Board of Aldermen approval will be granted.
15. Projects that produce other forms of additional revenue (e.g., an increase in City's sales tax revenue) may be encouraged to utilize alternative forms of economic incentives as presented in this policy.
16. Applicant shall be responsible for all costs and fees associated with the creation of the special taxing district.

General Abatement Procedures

Development Plan: Urban redevelopment corporations have the power to operate one or more redevelopment projects pursuant to a development plan which has been authorized by the City after holding a public hearing. The City may assist in the preparation of a development plan. The City must make a finding of blight regarding the area included within the development plan.

It is anticipated that each redevelopment area (district) may have several projects; the number, location and construction details of which cannot be predicted at this time. Each project shall prepare a project plan that will implement the development plan approved for the redevelopment area. Preparation of each project plan within a redevelopment district shall be the responsibility of the developer/property owner and require its own public hearing and is included as an amendment to the development plan. Each individual project within a larger district covered by a development plan need not make a blight finding each time a project is considered.

Tax Impact Analysis: The Missouri State Statute requires the governing body to hold a public hearing regarding any proposed development plan. Before the public hearing, the governing body must furnish to the political entities whose boundaries include any portion of the property to be affected by tax abatement notice of the scheduled public hearing and a written statement of the impact on ad valorem taxes such tax abatement will have on the taxing entities. When establishing a district with several properties, a tax impact analysis will be prepared at the time the specific project is considered by the Board of Aldermen.

Development Performance Agreement: The development performance agreement, between the City, the property owner and the URC, describes the obligations to carry out the development plan. Among the provisions that are included in the redevelopment performance agreement are procedures for acquiring property, the tax abatement period, the schedule for construction, and procedures for the transfer of title to the property. The agreement shall require that an annual report be submitted to the City by March 1 of each year the abatement is in place. The report shall cover the time period of January 1 through December 31 of the previous year and include a detailed accounting and status of the project.

Application: Applications for the program will be accepted by the City staff on behalf of the URC. The applicant is required to meet with staff to determine project eligibility.

NEIGHBORHOOD IMPROVEMENT DISTRICTS

Overview

A Neighborhood Improvement District (NID) is a type of special purpose district which is formed to finance public improvements, including acquisition, construction, engineering, legal and related costs. General obligation bonds are issued by the municipality and retired through special assessments against property owners in the area in which the improvements are made. The cost of the public improvements assessed against property owners in the district are apportioned in a manner commensurate to the amount of benefit received from such improvements.

Statutory Requirements

By law, the City must determine that certain requirements have been met before approving the establishment of a Neighborhood Improvement District (NID). These requirements are set forth under Sections 67.453 to 67.475 and 67.469 Statutes for the State of Missouri (RSMo).

Eligible Activities

Only public improvements or facilities may be financed by a Neighborhood Improvement District (NID). Such improvements must benefit property located within 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
- Streets
- Gutters
- Sidewalks
- Water, gas, and utility mains
- Street lights
- Parks and playgrounds
- Storm water facilities
- Sanitary sewer
- Off-street parking
- Engineering and legal fees associated with public improvement projects
- Maintenance of the project during the term of the bonds or notes

Financing

- **Bonds** - Project improvements may be financed with general obligation bonds issued by the City. Maximum bond term is 20 years.
- **Special Assessments** - 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. If a property owner waives this one-time option to pay in advance there will be no opportunity to remove a property from the special assessment.

Approval Process

Unlike Community Improvement Districts and Transportation Development Districts, Neighborhood Improvement Districts are not separate political subdivisions. The creation of a NID may be established by one of two methods. The first is initiated by the City and requires the Board

of Aldermen to adopt a resolution calling for an election of qualified voters living within the boundaries of the proposed district. The second is initiated by a property owner through a petition signed by at least two-thirds of owners of record of all real property within the proposed district. 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 and both obtain approval by the Board of Aldermen.

The applicant is required to first meet with staff in a pre-qualification conference to determine project eligibility. Once deemed eligible, an application may be submitted to the Planning and Development Department for review and processing. Once the application is approved the property owner(s) may file a petition or submit a written request for an election to be held pursuant to RSMo 67.453 - 67.475. The petition or request for an election should be submitted to the City Clerk. Petitions that comply with the statutory requirements will be forwarded to the Board of Aldermen for consideration. Under certain conditions a cooperative agreement may be required to establish the terms of the relationship between the City and the NID board.

Policy Guidelines

1. The creations of a NID to support new single family residential subdivisions are discouraged.
2. Petitions requesting establishment of a NID must be signed by owners of at least 2/3 by area of all real property in the proposed district.
3. 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.
4. 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.
5. 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.
6. 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.
7. Each petitioner must certify that he does not have a financial interest in an existing development that has delinquent special assessments or taxes.
8. NID petitioners will be financially responsible for any project cost overruns in excess of the maximum bonding amount authorized by the Board of Aldermen.
9. NID petitioners will be financially responsible for any costs involved in the preparation of preliminary plans regardless of the outcome of the district formation.
10. 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.
11. For developer-initiated NIDs, the developer shall indemnify the City against any nonpayment of assessments.
12. The City retains the right to place a lien on properties for nonpayment of special assessments.
13. Applicant shall be responsible for all costs and fees associated with the creation of the special taxing district.

COMMUNITY IMPROVEMENT DISTRICTS

Overview

A Community Improvement District (CID) is created by petition of the property owners and 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. The petition must contain the signatures of property owners collectively owning more than 50% of the assessed value of real property within the proposed district, and over 50% per capita of all owners of real property, or more than 50% of the registered voters if any living within the proposed district.

Statutory Requirements

By law, the City must determine that certain requirements have been met before approving the establishment of a Community Improvement District. These requirements are set forth under Sections 67.1401 - 67.1571 of the Revised Statutes for the State of Missouri (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 limited to the following:

Improvements

- Parks
- Convention centers
- Parking lots
- Sidewalks
- Streets
- Bridges
- Storm water facilities
- Sanitary Sewer

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
- Facility operation

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 nonprofit 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 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 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.

Approval Process

The applicant is required to first meet with staff in a pre-qualification conference to determine project eligibility. Once deemed eligible, the property owner(s) may file a petition pursuant to RSMo 67.1401 - 67.1571 to the office of the City Clerk. Upon receipt of the petition, the City Clerk shall determine whether the petition substantially complies with statutory requirements. Following confirmation that the petition complies with these requirements, a public hearing will be held by the Board of Aldermen. The Board of Aldermen would then consider whether to approve an ordinance to establish the CID.

Once established, the applicant will either seek to impose a sales tax and/or a property tax within the district or assign a special assessment within the district in accordance with the procedures and provisions set forth in the state statutes.

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 estimated costs of those improvements and services;
2. Information on the type of district being proposed and its governance. CIDs may be organized either as a separate political subdivision of the state or as a nonprofit 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 Ozark has adopted a form petition and cooperative agreement that developers are strongly encouraged to use in drafting documents for establishment of a Community Improvement District.

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 proper notice, the Board of Aldermen shall hold a public hearing. Following the public hearing, the Board of Aldermen may adopt an ordinance establishing the district. The process for creating a Community Improvement District is relatively short, usually taking no longer than two months.

Board of Directors

A CID may be established either as a separate political subdivision that is distinct from the municipality or as a not-for-profit corporation and shall be governed by a Board of Directors.

Political Subdivision - The petition specifies whether the Board of Directors will be elected by qualified voters or appointed by Board of Aldermen. 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.

Nonprofit Corporation - Directors are elected in accordance with Chapter 353 RSMo.

Policy Guidelines

The City of Ozark is prepared to approve petitions for Community Improvement Districts (CID) to facilitate business activity and economic development within Ozark provided the petition meets the statutory requirements referenced above.

1. The City of Ozark will consider the establishment of Community Improvement Districts to finance public improvements and /or public services that will directly benefit the property owners, business owners, customers, and residents of the district.
2. Community Improvement Districts 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 will be responsible for paying for the district public improvements and seeking reimbursement through district revenues. The City will not provide upfront financing.
5. CIDs established to provide additional funding to expedite retiring Tax Increment Financing (TIF) districts are encouraged, especially when non-captured CID revenues are pledged to assist the payment of TIF obligations that CID eligible.
6. To ensure consistency and ease of administration, developers will use the City's preferred petition and cooperative agreement forms.
7. The CID will comply with all applicable open meetings and open records laws.
8. Applicant shall be responsible for all costs and fees associated with the creation of the special taxing district.
9. Applicant shall be responsible for all costs and fees associated with the creation of the special taxing district.

TRANSPORTATION DEVELOPMENT DISTRICTS

Overview

Transportation Development Districts (TDD) are independent political subdivisions organized for the purpose of issuing bonds, levying taxes, and applying special assessments or tolls to finance the construction of roads, bridges, interchanges, intersections, parking facilities or other transportation related improvements. TDDs are approved and organized by order of the circuit court. Property owners may petition for the creation of a district. A TDD may finance transportation improvements outside of its boundaries so long as the improvements directly benefit the TDD.

Statutory Requirements

By law, the City must determine that certain requirements have been met before approving the establishment of a TDD. These requirements are set forth under Sections 238.200 – 238.275 of the Revised Statutes for the State of Missouri (RSMo).

Eligible Activities

Transportation Development Districts 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
- Roads
- Highways
- Interchanges
- Intersections
- Signing
- Signalization
- Parking lots
- Bus stops
- Terminals
- Hangars
- Rest areas
- Docks
- Airport
- Railroad
- Mass transit
- Any similar improvement 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 District projects.

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 a 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 assessed.
- **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 within the district.
- **Bonds, notes, and other obligations** - May be issued to finance the transportation-related improvements. Term cannot 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.

Policy Guidelines

The City may pass a resolution endorsing (or opposing) a project prior to the time of the circuit court review of the petition filed to establish the TDD.

1. The City will consider supporting the establishment of Transportation Development Districts to finance public improvements and /or public services that will directly benefit the property owners, business owners, customers, and residents of the district.
2. Transportation Development Districts 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 provide the City of Ozark with documentation detailing the eligible TDD projects, financing arrangements and reimbursement schedule.
5. The City will not administer the TDD sales tax. Administration of the TDD is the responsibility of the developer/owner.
6. The TDD will comply with all applicable open meetings and open records laws.
7. Applicant shall be responsible for all costs and fees associated with the creation of the special taxing district.
8. Applicant shall be responsible for all costs and fees associated with the creation of the special taxing district.

City Application/Approval Process

The applicant is required to first meet with staff in a pre-qualification conference to determine project eligibility. Once deemed eligible, the property owner(s) may file a petition to the circuit court and the office of the City Clerk. Upon receipt of the petition, the City shall determine whether the request substantially complies with statutory requirements and City policy and will then forward the matter to the Board of Aldermen. The Board of Aldermen will then consider a resolution of support in favor of the TDD.

Board of Directors

Because a Transportation Development District 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.

SALES TAX REIMBURSEMENT AGREEMENTS

Overview

Sales Tax Reimbursement agreements are a funding mechanism allowed by Missouri law that may be used to achieve a public benefit through funding public infrastructure. Under such an agreement, municipalities have the ability to annually appropriate the increase in sales taxes created by new private capital investment to offset a portion of their project investment costs. The sales tax increment must be used for a public purpose, primarily through the funding of public improvements. Under such an agreement, a portion of City sales taxes captured from the *increased sales* generated by the project would be reimbursed to the company for eligible expenses.

Statutory Requirements

Under Section 70.220 of the Revised Statutes of the State of Missouri (RSMo), municipalities are authorized to contract and cooperate with private firms or corporations for the planning, development, construction, acquisition or operation of public improvements.

Eligible Activities

Eligible types of public improvements include, but are not limited to, the following:

- Intersection improvements
- Street widening
- Traffic signals
- Streetscape improvements
- Regional stormwater detention facilities

Program Benefits

Typically, Sales Tax Reimbursement Agreements are customized to the particular public improvement.

Sales Tax Reimbursement - City participation in this type of Agreement is predicated on creation of new sales tax revenue. The developer pays for the improvements and is reimbursed through new sales tax revenues generated by the development. The City typically uses the 1% general sales tax for reimbursement.

Policy Guidelines

The City of Ozark is prepared to approve sales tax reimbursement agreements based as long as the following criteria can be accomplished:

1. Demonstration that the project would prevent a significant loss in existing sales tax revenue or make a significant contribution to the overall health and well-being of the local economy.
2. The City will only consider the 1% general sales tax to reimburse the developer for the public improvements. Dedicated taxes, such as the capital improvements and parks/storm water will not typically be utilized in the sales tax reimbursement.

3. Show a clear demonstration of public purpose and economic benefit through the advancement of the City's economic development goals, which include the retention and expansion of the tax base and job retention and creation.
4. Demonstrate that the project would not occur "but for" the incentives offered. The incentive should make a difference in determining the decision of the business to expand or remain in the City and would not otherwise occur without the availability of the sales tax reimbursement.
5. Include evidence provided by the company that demonstrates the firm's financial stability and capacity to complete the project.
6. Not result in the City or any other taxing jurisdiction affected by the incentive receiving less total sales tax revenue from the property than was received prior to the granting of the sales tax reimbursement.
7. The term of the reimbursement typically should not extend beyond 10 years from approval.
8. Applicant shall be responsible for all costs and fees associated with the creation of the special taxing district.

City Application/Approval Process

The applicant is required to first meet with Planning and Development Department staff in a pre-qualification conference to determine project eligibility. A written proposal of the project may then be submitted to the Planning and Development Director for review and processing.

Upon consent from the Board of Aldermen, the City and the applicant would enter into a performance agreement. The agreement shall require that an annual report be submitted to the City by March 1 of each year. The report shall cover the time period of January 1 through December 31 of the previous year and include a detailed accounting of project. The agreement may include a claw-back provision requiring specified performance on issues such as new jobs created as a condition for granting and maintaining the abatement.

