

DEVELOPMENT INCENTIVE PROGRAMS – 2017 REPORT

Tax Increment Finance Districts (TIFs), Chapter 100 Abatements, and Chapter 353 Abatements continue to divert tax dollars away from St. Charles County schools and other taxing authorities, to pay for development projects that, without these types of incentives, are normally paid for by developers and corporations. As a public service, our office plans to post annual spreadsheets that show how many tax dollars are being diverted to pay off incentive-laden projects in St. Charles County, instead of going to the voter-approved taxing authorities. As the charts that follow demonstrate, the dollar amounts are substantial and perhaps surprising to some taxpayers.

This information also highlights the fact that these types of subsidies reduce the tax base, leaving other taxpayers to pay a greater share. Because the Missouri Constitution and state statutes allow a taxing jurisdiction to always collect the same total amount of money, any special treatment set-out for one particular group (whether it's senior citizens, new businesses, or agricultural property) reduces the number of taxpayers from whom jurisdictions can collect, leaving fewer people to pay an ever growing percentage. When it comes to development incentives, the question taxpayers should ask themselves is "as a result of this new development project or business, has the community received a return greater than the cost of the incentive?"

TAX INCREMENT FINANCE DISTRICTS (TIFs)

Missouri Revised Statute 99.845 gives municipalities the right to create Tax Increment Finance districts (TIFs), for a defined area of land that is deemed blighted by the municipality. In short, after a TIF is established by ordinance, bonds are issued to cover the costs of demolition/environmental cleanup/utilities/roadways, and the assessed values of the parcels within the TIF are statutorily frozen by the Assessor's Office, using the certified values for the year the ordinance was passed to form a base value for the TIF. In subsequent years, the difference between the base assessed value for each parcel and the current assessed value creates a tax increment, and the taxes on the aggregate increments are diverted to paying off the TIF bonds, instead of going to the taxing authorities. TIFs are set up for a pre-determined length of time, 23 years at most, and are dissolved when the TIF bonds are paid off, which can be before the TIF expires, or after it expires if an extension is needed and granted by the municipality.

<i>TAX INCREMENT FINANCE DISTRICTS (TIFs)</i>	2017 ASSESSED	BASE ASSESSED	2017 TAXES THAT SHOULD'VE BEEN PAID TO T.A.*	2017 TAXES ACTUALLY PAID TO T.A.*	2017 TAXES DIVERTED FROM T.A.*
NAME OF PROJECT	VALUE	VALUE			
TIF #5-ST CHARLES ELM POINT (R.P.) (5-06-06)	\$ 22,057,586	\$ 109,610	\$ 1,552,348.31	\$ 7,630.34	\$ 1,544,717.97
TIF #7-ST PETERS OLD TOWN LEVEE (R.P.) (2-31-20)	\$ 16,425,438	\$ 4,205,440	\$ 1,393,378.22	\$ 354,516.80	\$ 1,038,861.42
TIF #8-ST CHARLES FOUNTAIN LAKE (R.P.) (5-06-06)	\$ 27,572,601	\$ 71,430	\$ 1,940,474.19	\$ 4,648.52	\$ 1,935,825.67
TIF #9-ST CHARLES CONVENTION CENTER II (R.P.) (3-06-06)	\$ 8,426,216	\$ 569,030	\$ 617,338.29	\$ 41,517.96	\$ 575,820.33
TIF #11-ST PETERS RT 370 REDEVELOPMENT (R.P.) (2-31-20)	\$ 1,635,426	\$ 98,230	\$ 138,993.01	\$ 7,855.35	\$ 131,137.66
TIF #11-ST PETERS RT 370 REDEVELOPMENT (R.P.) (5-31-20)	\$ -	\$ -	\$ -	\$ -	\$ -
TIF #11-ST PETERS RT 370 REDEVELOPMENT (R.P.) (6-31-20)	\$ 693,283	\$ 49,960	\$ 2,289.48	\$ 3,418.89	\$ (1,129.41)
TIF #12-WENTZVILLE M&B SACHS BUS PARK (R.P.) (4-44-13)	\$ 1,967,050	\$ 17,990	\$ 160,176.88	\$ 1,369.58	\$ 158,807.30
TIF #13-ST CHARLES PLAZA AT NOAH'S ARK (R.P.) (6-06-06)	\$ 21,501,607	\$ 2,096,540	\$ 1,643,023.79	\$ 161,011.78	\$ 1,482,012.01
TIF #14-WEST CLAY EXT. REDEVELOPMENT (R.P.) (6-06-06)	\$ 6,483,953	\$ 445,490	\$ 506,377.28	\$ 34,148.86	\$ 472,228.42
TOTALS	\$ 106,763,160	\$ 7,663,720	\$ 7,954,399.45	\$ 616,118.08	\$ 7,338,281.37
NOTE: TAX AMOUNTS MAY BE CALCULATED SLIGHTLY DIFFERENTLY BY THE COLLECTOR OF REVENUE			*TAXING AUTHORITIES		

CHAPTER 100 ABATEMENTS

Chapters 100.010 through 100.200 of the Missouri Revised Statutes grant municipalities the authority to create Chapter 100 Abatements. Under this authority, a municipality may issue bonds to cover the costs involved to buy land and construct industrial facilities, research and development facilities, warehouses and distribution facilities, or to purchase existing industrial buildings and renovate them. Once the facilities are constructed or renovated, the municipality then leases the property for a pre-determined number of years to an individual, a partnership, or a private corporation, which agrees to make payments to pay the principal and interest on the bonds. Since the property is owned by the municipality, there are no real or personal property taxes that must be paid by the lessee. However, the municipality may choose to grant only a partial tax abatement, instead of abating all real and personal property taxes, and in that instance may require the lessee to make Payments In Lieu Of Taxes (PILOTs). Once the lease payments and PILOTs reach a pre-determined threshold, and the bonds are paid off, the Chapter 100 Abatement is dissolved, and the lessee becomes the owner of the industrial facility.

Note that the use of this type of bond also allows the company to apply to the Missouri Department of Economic Development to receive an exemption on sales tax, which would otherwise go to state and local governments, on the personal property purchased through the Chapter 100 bonds.

CHAPTER 100 ABATEMENTS	2017 ASSESSED	BASE ASSESSED	2017 TAXES THAT SHOULD'VE	2017 TAXES ACTUALLY	2017 TAXES DIVERTED
NAME OF PROJECT	VALUE	VALUE	BEEN PAID TO T.A.*	PAID TO T.A.*	FROM T.A.*
MASTERCARD (R.P.) (4-29-13)	\$ 20,192,177	\$ -	\$ 1,619,654.87	\$ -	\$ 1,619,654.87
GATEWAY RE I INC (R.P.) (5-06-06)	\$ 2,214,652	\$ -	\$ 155,862.81	\$ -	\$ 155,862.81
SAK CONSTRUCTION (R.P.) (2-29-11)	\$ 1,518,616	\$ -	\$ 123,547.00	\$ -	\$ 123,547.00
FIREMANS FUND (R.P.) (3-29-14)	\$ 4,815,107	\$ -	\$ 381,626.14	\$ -	\$ 381,626.14
CITIMORTGAGE (R.P.) (3-29-14)	\$ 15,633,882	\$ -	\$ 1,239,078.92	\$ -	\$ 1,239,078.92
WENTZVILLE LOGISTICS (R.P.) (4-44-13)	\$ 17,566,301	\$ -	\$ 1,430,423.87	\$ -	\$ 1,430,423.87
BEST BUY (R.P.) (6-31-20)	\$ 428,672	\$ -	\$ 37,792.61	\$ -	\$ 37,792.61
RECKITT BENCKISER (R.P.) (6-31-20)	\$ 15,035,525	\$ -	\$ 1,325,561.94	\$ -	\$ 1,325,561.94
CENTENE (R.P.) (3-29-14)	\$ 1,766,222	\$ -	\$ 139,983.67	\$ -	\$ 139,983.67
CENTENE (P.P.) (3-29-14)	\$ 197,580	\$ -	\$ 14,612.24	\$ -	\$ 14,612.24
MITEK (R.P.) (5-06-06)	\$ 3,537,510	\$ -	\$ 248,962.91	\$ -	\$ 248,962.91
MITEK (P.P.) (5-06-06)	\$ 332,619	\$ -	\$ 21,646.16	\$ -	\$ 21,646.16
ALPLA INC (R.P.) (2-31-20)	\$ 2,696,112	\$ -	\$ 229,894.77	\$ -	\$ 229,894.77
ALPLA INC (P.P.) (2-31-20)	\$ 3,593,884	\$ -	\$ 287,399.33	\$ -	\$ 287,399.33
GENERAL MOTORS (R.P.) (4-44-13)	\$ 5,770,554	\$ -	\$ 469,896.23	\$ -	\$ 469,896.23
GENERAL MOTORS (P.P.) (4-44-13)	\$ 26,835,347	\$ -	\$ 2,042,974.96	\$ -	\$ 2,042,974.96
PHARMA MEDICA (P.P.) (5-06-06)	\$ 150,212	\$ -	\$ 9,775.52	\$ -	\$ 9,775.52
TOTALS	\$ 122,284,972	\$ -	\$ 9,778,693.95	\$ -	\$ 9,778,693.95
NOTE: TAX AMOUNTS MAY BE CALCULATED SLIGHTLY DIFFERENTLY BY THE COLLECTOR OF REVENUE			*TAXING AUTHORITIES		

CHAPTER 353 ABATEMENTS

Missouri Revised Statute 353.110 grants municipalities the authority to create Chapter 353 Abatements. Once a Chapter 353 is created by ordinance, for a defined area that has been deemed blighted by the municipality, a redevelopment corporation is established to operate the development project. Bonds are issued for the project's redevelopment corporation, to cover the costs of demolition/environmental cleanup/utilities/roadways. The assessed values of the land for the parcels within the Chapter 353 are frozen by the Assessor's Office, using the certified values for the year prior to the creation of the ordinance, to form a base value for the Chapter 353. During the first ten years, taxes are paid on the base value of each parcel, and for the next fifteen years taxes are paid on zero to fifty percent of newly reassessed value; the municipality may also require the redevelopment corporation to make Payments In Lieu Of Taxes (PILOTs). Chapter 353's are dissolved when the redevelopment corporation pays off the project's bonds, which is achieved by using the money saved from the payment lower taxes, and all the parcels are finally taxed at one hundred percent of their current assessed value.

CHAPTER 353 ABATEMENTS	2017 ASSESSED VALUE (WITHOUT ABATEMENT)	BASE ASSESSED VALUE (WITH ABATEMENT)	2017 TAXES THAT SHOULD'VE BEEN PAID TO T.A.*	2017 TAXES ACTUALLY PAID TO T.A.*	2017 TAXES DIVERTED FROM T.A.*
NAME OF PROJECT					
FIFTH STREET WALGREENS (R.P.) (6-06-06)	\$ 1,368,041	\$ 684,020	\$ 106,839.87	\$ 53,419.93	\$ 53,419.94
DARDENNE PRAIRIE PLAZA (R.P.) (2-53-13)	\$ 70,811	\$ 0	\$ 5,385.55	\$ 0	\$ 5,385.55
DARDENNE PRAIRIE PLAZA (R.P.) (4-53-13)	\$ 1,826,522	\$ 0	\$ 137,699.64	\$ 0	\$ 137,699.64
WENTZVILLE BLUFFS (R.P.) (4-44-13)	\$ 8,234,298	\$ 4,144,674	\$ 670,518.91	\$ 337,500.80	\$ 333,018.11
MERCEDES BENZ (R.P.) (3-54-14)	\$ 1,925,675	\$ 962,837	\$ 141,304.07	\$ 70,652.04	\$ 70,652.03
COURTYARD BY MARRIOTT (R.P.) (2-31-20)	\$ 3,039,080	\$ 413,035	\$ 259,139.31	\$ 35,219.08	\$ 223,920.23
TOTALS	\$ 16,464,427	\$ 6,204,566	\$ 1,320,887.35	\$ 496,791.85	\$ 824,095.50
NOTE: TAX AMOUNTS MAY BE CALCULATED SLIGHTLY DIFFERENTLY BY THE COLLECTOR OF REVENUE			*TAXING AUTHORITIES		