

Legislation Text

File #: BILL NO. 22-25, **Version:** 1

An Ordinance Authorizing an Application to be Filed with the Missouri Development Finance Board Pursuant to the Tax Credits for Contributions Program for the Downtown Market Plaza Project.

(Note: First read by Council on February 22, 2022. Passed by unanimous vote.)

Issue/Request:

Authorization to file an application with the Missouri Development Finance Board pursuant to the Tax Credits for Contributions Program for the Downtown Market Plaza Project

Key Issues:

Authorization for staff to seek state funding for the Downtown Market Plaza Project pursuant to the MDFB program which authorizes tax credits for local contributions to the Downtown Revitalization Preservation Program.

Proposed City Council Motion:

I move for adoption of An Ordinance Authorizing an Application to be Filed with the Missouri Development Finance Board Pursuant to the Tax Credits for Contributions Program for the Downtown Market Plaza Project.

Background:

The Missouri Development Finance Board (the "Board") is authorized by Section 100.286.6 of the Missouri Statutes (the "Tax Credit Statute") to grant a tax credit equal to 50% on the value of any eligible contribution to the Board by any taxpayer. To be eligible for the credit, the contribution must be made to one of three funds established by the Board's statutes: the Industrial Development and Reserve Fund, the Infrastructure Development Fund, or the Export Finance Fund.

Eligibility Requirements - The eligibility requirements are as follows:

1. Applicant Eligibility - To be eligible, an applicant must be a local political subdivision, a local governmental entity created on behalf of or for the benefit of a local political subdivision, or a state agency. Applications from local governments must be authorized by duly adopted resolutions or ordinances of the elected governing body, and signed by the chief elected official or designated city representative.

2. Project Eligibility - For contributions made to the Infrastructure Development Fund and for which the applicant is requesting a grant of contribution proceeds from the Board, the project must qualify as a public infrastructure facility as determined under Chapter 100.255(9) and (14) of the Board's statutes. The Infrastructure Fund is the only fund from which the Board is authorized to make a grant of proceeds from. Grants can only be made to local governments and state agencies, and only for land acquisition and attendant depreciable capital costs incurred or to be incurred on improvements to real property for qualified public infrastructure projects.

“Infrastructure facilities” means the highways, streets, bridges, water supply and distribution systems, mass transportation facilities and equipment, telecommunication facilities, jails and prisons, sewers and sewage treatment facilities, wastewater treatment facilities, airports, railroads, reservoirs, dams and waterways in this State, acquisition of blighted real estate and the improvements thereon, demolition of existing structures and preparation of sites in anticipation of development, public facilities and any other improvements provided by any form of government or development agency. “Public facility” means any facility or improvements available for use by the general public including facilities for which user or other fees are charged on a nondiscriminatory basis.

3. Contributor/Donor Eligibility - Any taxpayer making a contribution to the Board, including any charitable organization that is exempt from federal income tax and whose Missouri unrelated business taxable income, if any, would be subject to the state income tax imposed under Chapter 143, may, subject to certain limitations, be eligible to receive the credit. The City and the Downtown Community Improvement District both qualify as eligible donors for the program.

4. Contribution/Donation Eligibility - The amount (or value) of each Contribution shall be determined by the Board as follows:

Cash - The amount of cash Contributions shall be the face amount of such Contribution.

Real Property - The value of Contributions consisting of real property shall be the lesser of two independent MAI appraisals completed less than 12 months prior to the donation with certain restrictions.

Annual Credit Limits - The Board is authorized to approve and award up to \$10 million in credits (equaling up to \$20 million in contributions) per calendar year. Of this \$10 million in credits, \$1 million has been set aside for applications from small cities and rural areas only (cities with a population less than 50,000 and counties less than 200,000 in population. The Board reserves the right to shift credits from one population category to another if the demand for credits is present.

Evaluation Criteria - Once the Board determines that the Application is eligible for tax credits under the Program, the Board will evaluate applications based upon the following criteria:

State and Local Economic Impact - This criteria will assess the projected benefit of the Project on state and local taxes. It includes such factors as the number and quality of jobs the project will create, the promotion of tourism, elimination of blighted conditions, and total project investment.

Local Governmental Financial Participation in the Project - This criteria will assess the amount of local support for the Project. It also considers the location in which the Project is occurring and the availability of other viable resources. Direct and indirect support from other sources will be considered in most cases.

Ratio of Public to Private Investment in the Project - This criteria will assess the private contribution to the cost of the Project to the total state and local support for the Project.

Critical Funding Test - This criteria will assess the extent to which the funding request is critical or essential for the Project to occur as presented. It also includes an assessment that the charitable contributions can be timely raised and whether the Project is sustainable without additional assistance from MDFB.

Public Purposes - This criteria will assess the extent the Project will support other public policy goals including encouraging and leveraging private investment in distressed and blighted areas, enhancing employment opportunities to disadvantaged persons and businesses, and/or providing funding to support the construction or expansion of facilities resulting in expanding the delivery of services that benefit public health, safety and welfare, and/or the promotion of tourist and cultural facilities.

Impact/Analysis:

If this application is successful, additional revenues could be realized for the project. The application requires a nominal application fee, and no appropriation of City funds is required beyond the application fee to proceed with the application.

Timeline:

The application will be made this year and a decision should be made this year by the state agency.

David Bushek, Chief Counsel of Economic Development and Planning

Recommendation: Staff recommends approval of the ordinance.