



GENERAL POLICY AND PROCEDURE GUIDELINES FOR THE USE OF CHAPTER 353 URBAN REDEVELOPMENT INCENTIVES

Overview

Chapter 353, RSMo, encourages the redevelopment of blighted areas through the abatement of real property taxes. 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. In order to establish an URC, articles of association must be prepared in accordance with the general corporations law of Missouri.

Chapter 353 authorizes tax abatement on real property taxes for a period up to 25 years. For up to the first 10 years, the statute provides for 100% abatement on the increased assessed value of the improvements on the property (excluding land). For a period of up to an additional 15 years, Chapter 353 allows for abatement of 50% to 100% on the actual assessed value of the property (land and improvements). Payments in lieu of taxes may be required by the City to reduce the amount of the abatement authorized by statute and to ensure no loss of existing property tax revenues by taxing jurisdictions such as the City and school district. Tax abatement is not available for personal property taxes on equipment or machinery.

Statutory Requirements

By law, the City must determine that certain requirements have been met before approving a development plan ("353 Plan") filed by the Urban Redevelopment Corporation (URC). These requirements are set forth under 353.020 to 353.150 of the Revised Statutes for the State of Missouri (RSMo).

General Abatement Procedures

1. **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. This finding will be based on a blight study provided by the applicant and approved by City staff and consultants.

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.

2. **Tax Impact Analysis:** Chapter 353 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 City Council.
3. **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.
4. **Abatement Program:** Once a project has been approved, and the redevelopment corporation has taken title to real property, that real property shall not be subject to assessment or payment of general ad valorem as provided in the Plan and consistent with Chapter 353.

The City may, as included within a project's Development Performance Agreement allow abatement at a rate and for an additional number of years provided in the Plan and consistent with Chapter 353. The City Council shall determine the length of time for this period of abatement based upon the amount of investment and adherence to the Policy Guidelines. A standard abatement period during this second period shall be from 1 to 5 years except as allowed within the Policy Guidelines below.

Policy Guidelines

In accordance with Missouri law, the City of Clinton will consider the granting of Chapter 353 abatement incentives where the property has been found to be a "blighted area." In addition to this statutory requirement, each of the following criteria 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 quality jobs, and spurring development in targeted City locations, which are identified as highly desirable for Chapter 353 assistance as indicated on the map on file with the City Clerk.
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. Include evidence provided by the business that demonstrates the company's financial stability and capacity to complete the project.
4. Ensure that the City, Henry County, the Clinton School District, or any other taxing jurisdiction affected by the incentive would not receive less total real and personal property tax revenue from the property than was received prior to the granting of the tax abatement.

5. For commercial projects, include a capital investment valued at \$1 million or more for a new business or \$500,000 or more for expansion of an existing business.
6. Be 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. Properties receiving tax abatement must be maintained in compliance with minimum standards, codes, and ordinances of the City.
8. The improvements included within the request for abatement shall be at least 50% exterior improvements so as to be visible to the public.
9. Comply with the statute requirements set forth in Sections 353.020 - 353.150 RSMo. Chapter 353 applications which 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.
10. Payments in lieu of taxes (PILOTs) may be imposed by the City and paid by the property owner if deemed appropriate for the project. PILOTs are paid on an annual basis to replace all or part of the real estate taxes, which are abated. PILOTs shall be made to the County Collector by December 31st of each year. The City Clerk shall furnish the Collector with a copy of the agreement by which the PILOTs are imposed. The PILOTs must be allocated to each taxing district according to their proportionate share of ad valorem property taxes. 353.110.4, RSMo.
11. 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.
12. 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 City Council, an application's satisfaction of the above criteria does not guarantee that City Council approval will be granted. Projects that produce other forms of additional revenue (e.g., an increase in City's sales tax revenue) may be considered for a longer tax abatement period upon City Council approval.

City Application/Approval Process

The applicant is required to first meet with staff in a pre-qualification conference to determine project eligibility. Applications for the City's 353 program will be accepted by the City staff on behalf of the Urban Redevelopment Corporation. Filing fees as established in the City's schedule of fees and charges are required with the application to cover the cost of staff and/or City consultants' time for review and processing the application and mailings and public notices. An application may then be submitted to the office of the City Clerk for review and processing. A copy of the formal application form may be obtained from the office of the City Clerk.

If the project meets the policy guidelines outlined above, the URC will be invited to submit a redevelopment plan covering the area proposed for redevelopment. The redevelopment plan, which shall include a blight study, will then be considered for formal approval by the Clinton City Council after a required public hearing.

Following approval of the redevelopment plan, the City and the URC shall enter into a performance 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 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.