

Tax Incentives & Special Taxing District Issues

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Let's Get Strategic

Do you have a strategic plan for incentives?

Having one helps:

- Define your municipality's overall approach to incentives
- Clarify for developers and taxpayers what your goals and evaluation parameters are
- Stakeholders make decisions



Tax Increment Financing 101

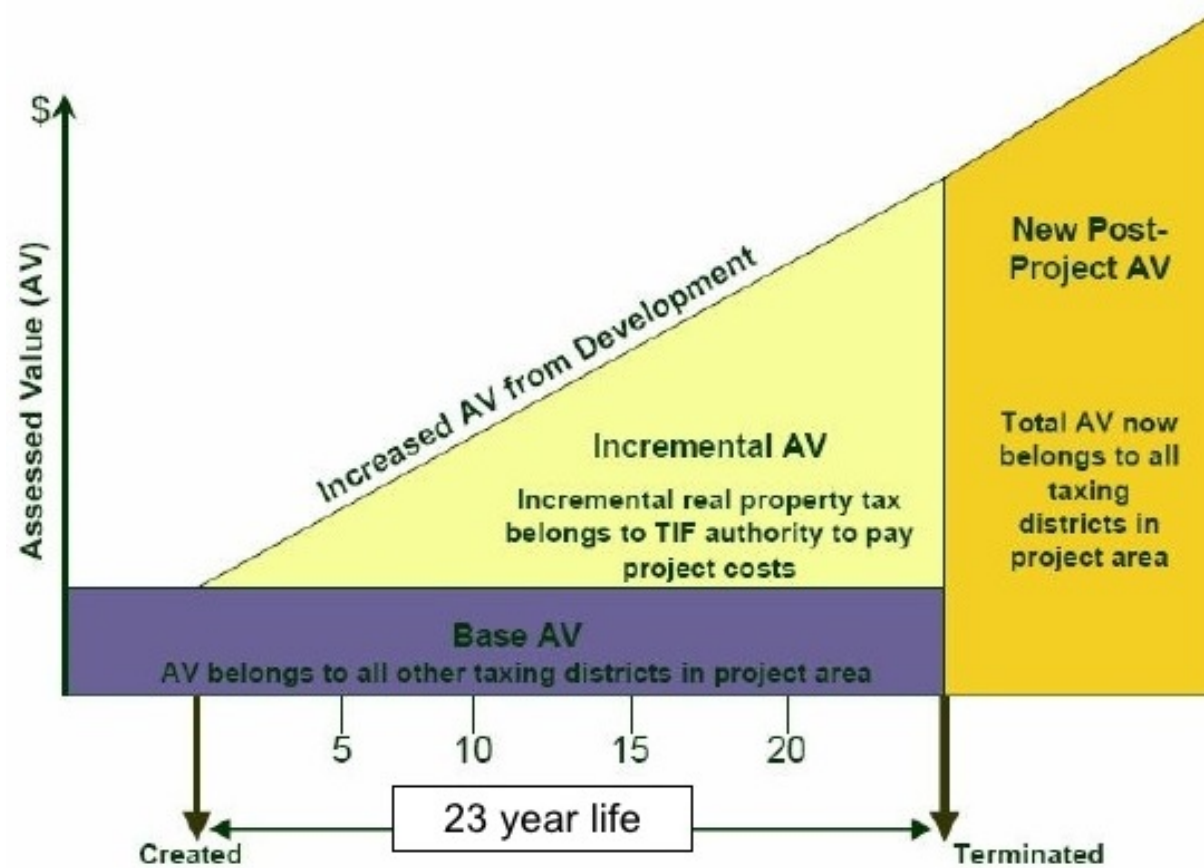
Special district created to encourage development/redevelopment

Portion of project costs paid for by the “incremental” property taxes collected and a portion of new economic activity taxes (ie sales taxes)

Property must be designated as “blighted” (or similar)



TIF Assessed Value (AV) Over Project Life



What Are Your Responsibilities in TIF Creation and Oversight?

Creation: TIF law requires a lot of up front information from the developer.

- Redevelopment plan
- But For Analysis
- Timeline
- Financial feasibility
- Cost-Benefit Analysis

Use this information to your advantage. Your role is to review this information critically. Get help if you need it.



Transportation Development Districts

Taxing district created by court order (typically no voter approval)

Purpose of a TDD is to pay for transportation-related development projects

Almost exclusively formed by property owner/developer (92%)

Almost exclusively funded with sales taxes (99%)

TDD boards are elected by qualified voters of the district (94% have no registered voters), typically property owner/developer



TDD Projects are an area of concern

If your City is the LTA:

Your city approves the project

Your city appoints advisors to the Board





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Community Improvement Districts

Approved by municipality (no voter approval)

Purpose: Very broad “Any useful, necessary, or desired improvement”

Approving entity has flexibility in Board make-up

Are funded with sales taxes, property taxes, and special assessments



Community Improvement Districts

The City's opportunity to properly structure the CID is at the approval phase.

3 Key areas

- Life of the district
- Board Composition
- Project Limitations

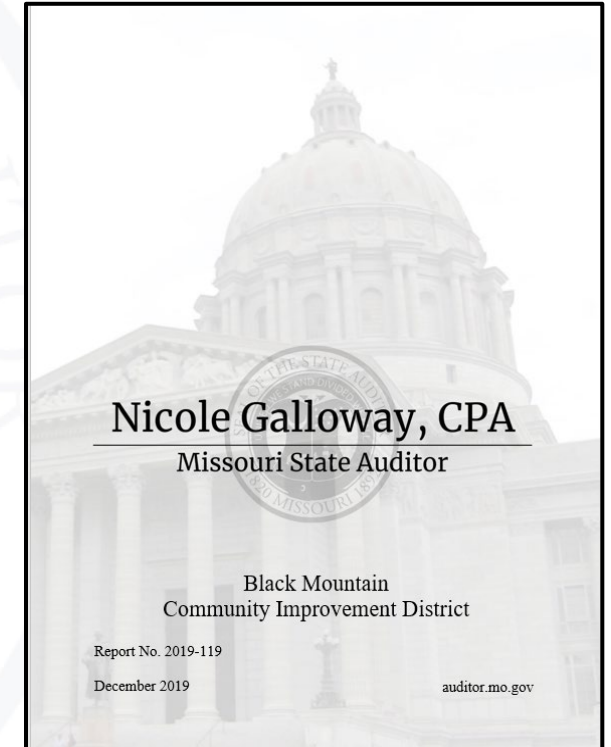


Black Mountain Community Improvement District

Audit report (2019-119) issued in December 2019

Example of the weaknesses in the CID law;

- Petition document looks like it is for public infrastructure
- No independent representation on the board
- No oversight



Recap

- State law does NOT contain any state-level oversight of these LTDs. This is up to the approving/authorizing municipalities (you).
- Ensure the project is beneficial to your community.
- Ensure the project is necessary/appropriate use of taxpayer resources.
- Use your oversight responsibilities. Ensure public representation whenever possible.

