

**PROGRAM DESCRIPTION**

**Department: Economic Development**

**HB Section(s): 7.055**

**Program Name: State Tax Increment Financing (TIF) Program**

**Program is found in the following core budget(s): Tax Increment Financing**

**1a. What strategic priority does this program address?**

Customer Centric

**1b. What does this program do?**

- The purpose of Tax Increment Financing (TIF) is to redevelop a designated blighted area based upon a redevelopment plan. The program converts underutilized properties and places them back in active production by generating new incremental sales and providing additional wages through new job creation.
- Local level TIF involves the issuance of local bonds or other obligations, which are secured by a pledge of a statutory portion of the following resulting from redevelopment improvements: (1) economic activity taxes (i.e. local sales tax), (2) payments in lieu of taxes (i.e. property tax), and (3) withholding and local employment taxes attributable to the increase in taxable activity inside the redevelopment area.
- The State TIF redirects 50% of the withholding taxes or 50% of the general revenue sales taxes generated as a result of planned redevelopment activities within a prescribed area for up to 23 years.
- The state taxes are paid and then diverted back to the applicant as a function of the annual appropriation process.
- Additional information on the State TIF program can be found at <https://ded.mo.gov/sites/default/files/programs/flyers/TIF.pdf>

**2a. Provide an activity measure(s) for the program.**

	CY2019		CY2020		CY2021		CY2022	CY2023	CY2024
	Projected	Actual	Projected	Actual	Projected	Actual	Projected	Projected	Projected
<b>Number of Active TIF Projects</b>	15	15	16	15	16	16	16	16	16

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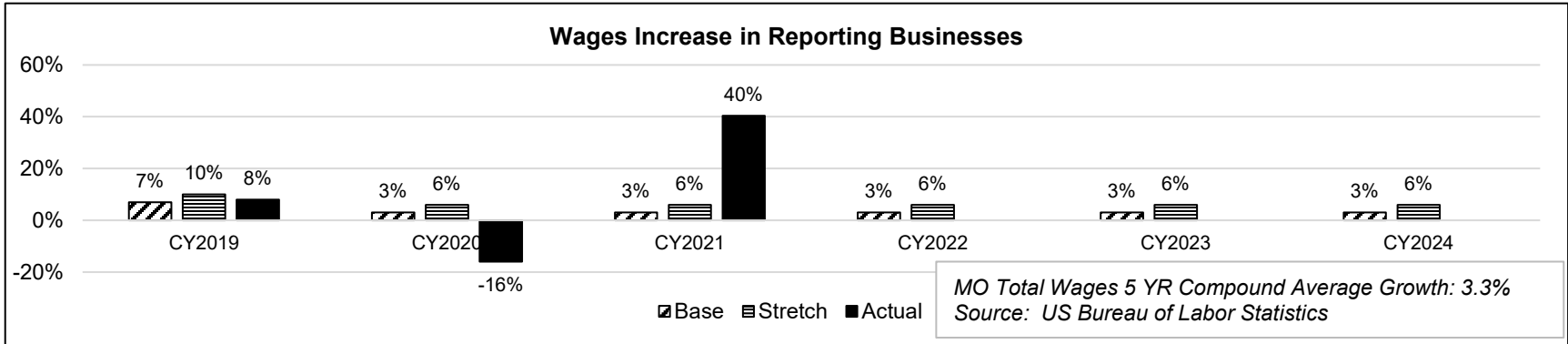
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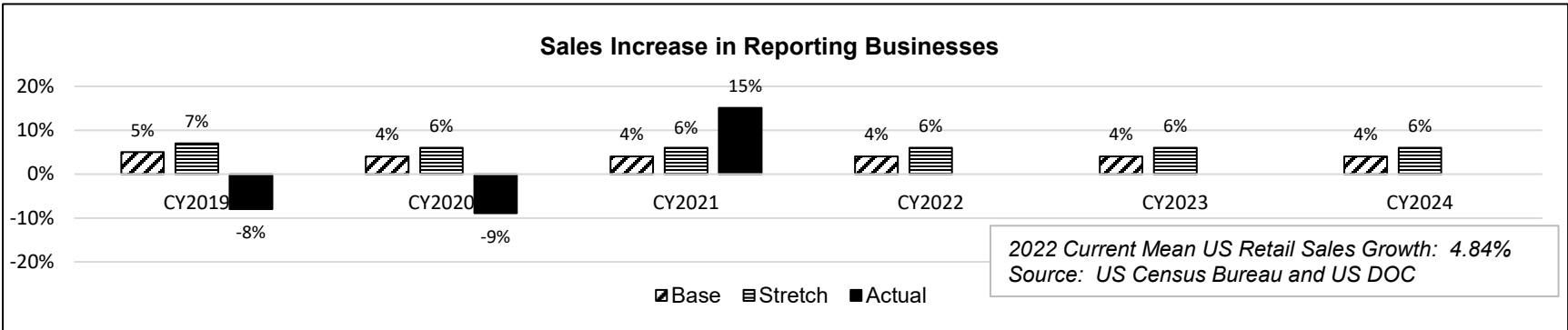
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**2b. Provide a measure(s) of the program's quality.**



- Note 1: Reflects the yearly % increase in total wages for active withholdings based projects.
- Note 2: The large decrease in wages for CY2020 was in large part due to the effects of COVID-19 on the total wages generated.
- Note 3: The large increase in wages for CY2021 is due to inflation and the ramp up of the Bannister & I-435 project.
- Note 4: The Base target is set at moderate growth at 3% and the Stretch target is an increase of 3% over the Base.



- Note 1: Reflects the yearly % increase in net new sales for active sales based projects.
- Note 2: The large decrease in sales for CY2019 and CY2020 is due to certain entities not reporting their sales returns to DOR in a timely manner as well as impacts on sales activity in the project areas due to COVID-19.
- Note 3: The Base target is set at 4% and the Stretch target is an increase of 2% over the Base.

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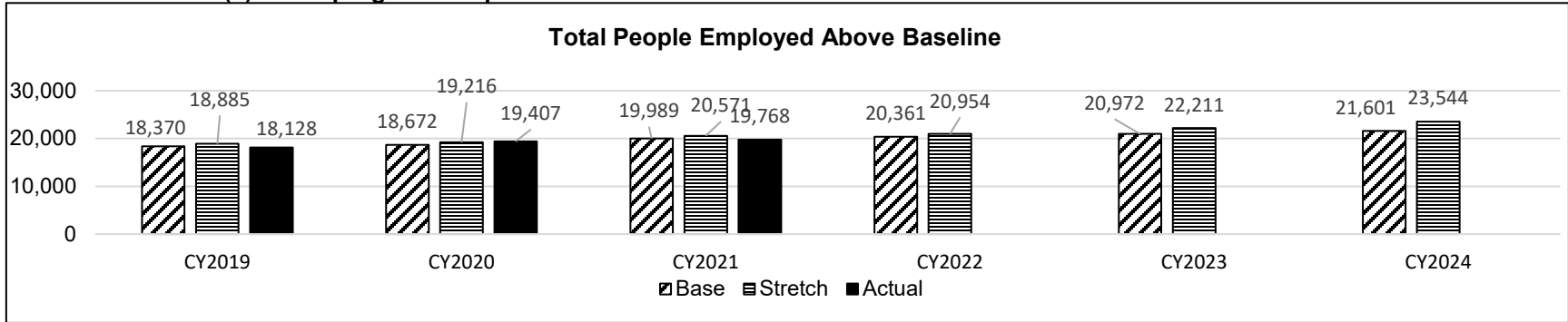
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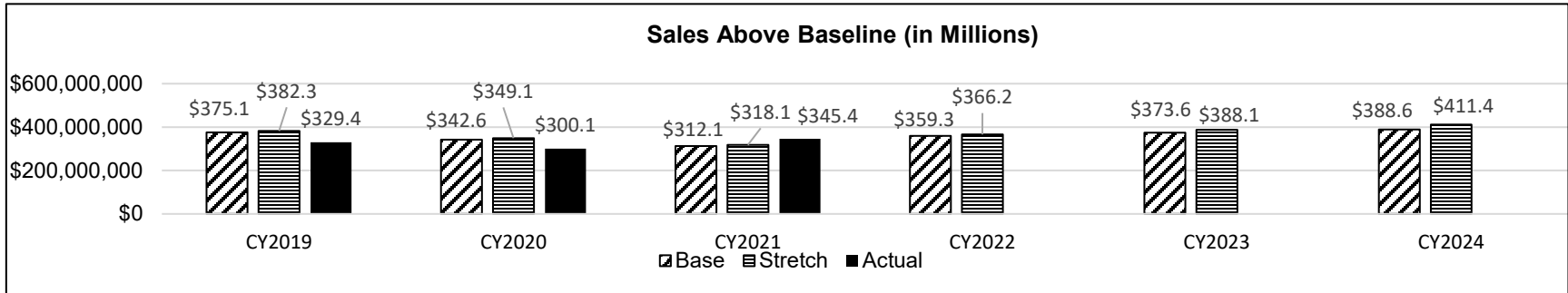
**2c. Provide a measure(s) of the program's impact.**



Note 1: Reflects calendar year employees over the baseline amount for active projects. For all projects, the baseline is determined to be a cumulative total of 5,611 jobs.

Note 2: Average Total People Employed only includes jobs from those businesses reporting wages and withholding taxes. Businesses reporting sales and sales taxes are not included.

Note 3: The Base target is set at moderate growth at 3% and the Stretch target is an increase of 3% over the Base.



Note 1: Reflects calendar year gross taxable sales reported above the baseline for active projects. The baseline sales are the existing gross taxable sales reported by each business before approval of the redevelopment projects.

Note 2: Only reporting businesses are included in the metric, regardless of the sales taxes non-reporting businesses may have produced and paid to the State.

Note 3: The Base Target is set at 4% growth and the Stretch target is an increase of 2% over the Base.

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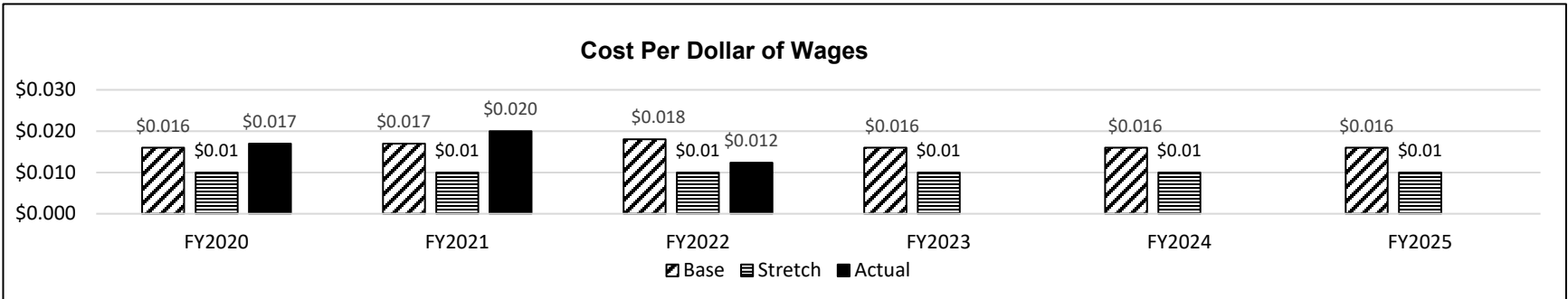
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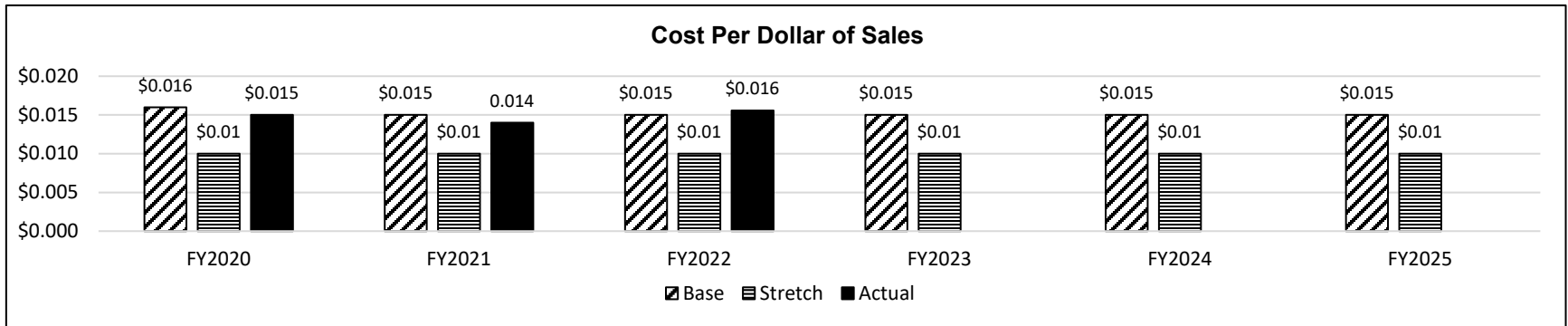
**2d. Provide a measure(s) of the program's efficiency.**



Note 1: Reflects the cost to the state divided by total wages for active projects.

Note 2: Only reporting businesses are included in the metric.

Note 3: The Base target is an approximate average of the prior four years and the Stretch target is set at \$.01.



Note 1: Reflects the cost to the state divided by total gross taxable sales for active projects.

Note 2: Only reporting businesses are included in the metric.

Note 3: The Base target is an approximate average of the prior four years and the Stretch is set at \$.01.

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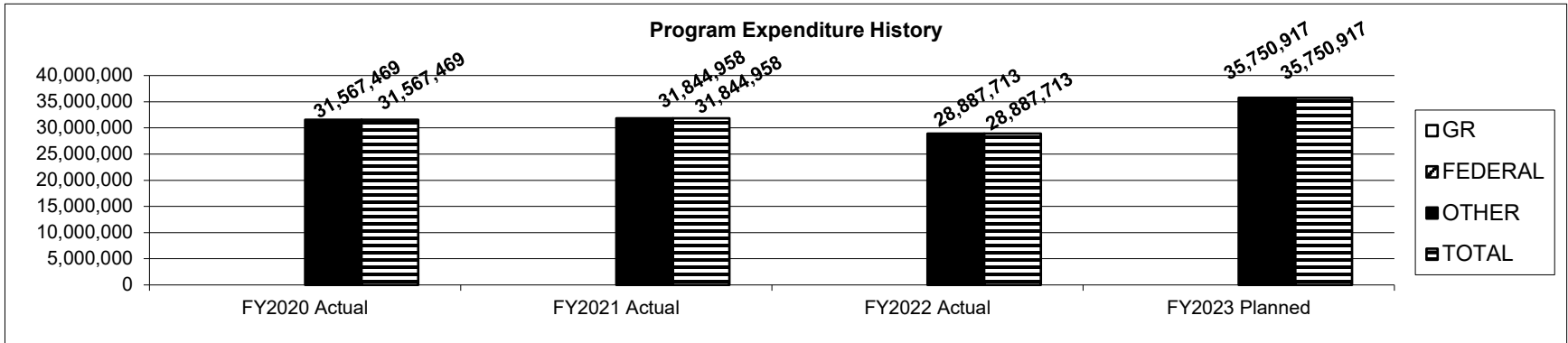
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**3. Provide actual expenditures for the prior three fiscal years and planned expenditures for the current fiscal year. (Note: Amounts do not include fringe benefit costs.)**



Note: Planned Expenditures reflect 3% Governor's Reserve on GR Transfer.

**4. What are the sources of the "Other " funds?**

Requires a Transfer from General Revenue to the Missouri Supplement Tax Increment Finance Fund (0848).

**5. What is the authorization for this program, i.e., federal or state statute, etc.? (Include the federal program number, if applicable.)**

Section 99.800-99.865, RSMo

**6. Are there federal matching requirements? If yes, please explain.**

No

**7. Is this a federally mandated program? If yes, please explain.**

No