



INDUSTRIAL DEVELOPMENT, INFRASTRUCTURE AND OTHER REVENUE BONDS

MISSOURI DEVELOPMENT FINANCE BOARD

PURPOSE

The Missouri Development Finance Board (the "Board") is authorized to issue revenue bonds to provide cost effective financing for many different types of projects for private businesses, nonprofit and governmental entities.

AUTHORIZATION

§§ 100.250-100.297 RSMo

ELIGIBLE AREAS

Statewide.

ELIGIBLE APPLICANTS

Private businesses, nonprofit and governmental entities in Missouri.

Eligible projects include a factory; assembly plant; manufacturing plant; fabricating plant; distribution center; warehouse building; office building; port terminal or facility; transportation and transfer facility; industrial plant; processing plant; commercial or agricultural facility; nursing or retirement facility, or combination thereof; recreational facility; cultural facility; public facilities; job training or other vocational training facility; infrastructure facility; video-audio telecommunication conferencing facility; office building; facility for the prevention, reduction, disposal or control of pollution, sewage or solid waste; facility for conducting export trade activities; or research and development building in connection with any of the above facilities.

The Board has placed special emphasis on certain types of projects:

- **Industrial development revenue bonds.** The Board has established a program to target certain qualified manufacturing facilities that may be eligible for the issuance of tax-exempt bonds.
- **Cultural facilities revenue bonds.** The Board is the only governmental issuer authorized to issue bonds for cultural facilities for qualified 501(c)(3) entities, such as museums.
- **Infrastructure facilities revenue bonds.** The Board issues bonds, and loans the proceeds to governmental entities to finance infrastructure improvements. Such

improvements include 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 the 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 certain development agencies.

PROGRAM BENEFITS/ELIGIBLE USES

Although certain projects that can be financed through the Board overlap with those permitted to be financed by cities, counties and industrial development authorities, the Board's list of permissible projects is broader than those permitted to be financed by other issuers. In addition, the Board is uniquely qualified to issue bonds for certain types of projects located at more than one site in the State.

ARE ALL BONDS ISSUED BY THE BOARD "TAX-EXEMPT"?

If the bonds are issued to pay the costs of certain types of projects (e.g., eligible manufacturing facilities, solid waste disposal facilities, certain governmental purposes), the bonds may be able to be issued as tax-exempt bonds for federal income tax purposes, carrying lower interest rates than those obtained through conventional financing. In addition, all bonds issued by the Board, regardless of their purpose, are exempt from income taxation by the State of Missouri.

WHAT ARE THE COSTS OF ISSUING BONDS THROUGH THE BOARD?

Recently, the Board adopted a new, lower bond issuance fee schedule:

Private Activity Bonds:

Issuance fee of 0.30% (\$75,000 maximum)

Local Government Bonds:

Issuance fee of 0.25% up to \$25 million;

0.10% above \$25 million (\$75,000 maximum)

Revised October 2008



DOES THE BOARD ISSUE BONDS FOR THE PURPOSE OF PROVIDING PROPERTY TAX ABATEMENT SIMILAR TO CHAPTER 100 BONDS?

The Board will permit the issuance of bonds to provide tax abatement under certain limited circumstances. The Board will consider assisting with tax abatement only on projects that have a capital investment of at least \$25 million and/or employ over 500 jobs at the facility or over 1,000 jobs in the state. The local governmental entity (city or county) requesting abatement for a company must also hold a public hearing to take and consider public comment on the proposal and adopt a resolution requesting that the Board provide the tax abatement.

Under such a structure, the company receiving abatement will convey title to the property being financed to the Board, and the Board will lease the project back to the company pursuant to a lease agreement. The lease agreement will require the company, acting on behalf of the Board, to use the proceeds of the bonds to purchase and/or construct the project. The company will be unconditionally obligated to make payments in amounts that will be sufficient to pay principal and interest on the bonds as they become due. Pursuant to a trust indenture, the Board will assign to the trustee, for the benefit of the bond owners, its right to receive rental payments from the company under the lease agreement.

Because the Board will hold title to the project, the project is by law exempt from property taxation. However, the Board will require the company to make payments in lieu of taxes to local taxing jurisdictions in a certain percentage of property taxes that would otherwise be due, which percentage is negotiated between the sponsoring municipality and the company.

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