MISSOURI DOWNTOWN ECONOMIC STIMULUS ACT (MODESA)
MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE
Facilitate the redevelopment of downtown areas and the creation of jobs by providing essential public infrastructure.

AUTHORIZATION
Sections 99.915 to 99.980, RSMo (HB 289, 2003)

ELIGIBLE AREAS
“Central business districts” that are either “blighted” or a “conservation area.” At least 50% of the buildings must be 35 years old or older. Other restrictions apply.

ELIGIBLE APPLICANTS
Municipalities with an annual median household income of $62,000 or less.

PROGRAM BENEFITS/ELIGIBLE USES
A portion of the new state and local taxes created by a project can be diverted to fund eligible public infrastructure and related costs for a period of up to 25 years. The local match must be, at a minimum, 50% of the amount of the new local sales tax (and earnings tax in St. Louis and Kansas City) and 100% of the amount of the new real property tax created by the project each year; or a comparable amount of local funds from the city/county or a non-profit organization.

Projects can be “community enhancement” or “job creation.” Total project costs and/or new job creation minimums are based on the population of the municipality.

FUNDING LIMITS
- A development project will not receive funds until it generates increment.
- A development project cannot receive more than half of the increased amount of state sales tax and/or income tax it generates.
- The program is limited in any year to the amount appropriated by the General Assembly. The law does not allow an annual appropriation to exceed $108,000,000. The actual amount available in any year will depend upon the amount actually appropriated by the General Assembly.

- In the event appropriations from the fund are not adequate to cover approved disbursements, projects will receive a pro-rata share of increment.

APPLICATION/APPROVAL PROCEDURE
Municipalities submit an application to the Department of Economic Development (DED), which will forward copies to the Missouri Development Finance Board (MDFB). During the review process, there will be communication and consultation between DED and MDFB staff. DED will present an analysis and recommendation to MDFB. A funding decision will be made by MDFB. If a project is approved for funding by MDFB, DED will issue a Certificate of Approval outlining the terms of the financing. Applications may be submitted at any time of the year, but only after approval of the local development plan, and prior to the commencement of the project (either construction or bond financing).

DED’s recommendation for approval by MDFB will be based on criteria that include:
- Meeting all eligibility requirements;
- Demonstrating the need for the public infrastructure in order for the project to occur;
- Demonstrating the need for the funding, such that the projected return on investment by the developer is below market standards without state/local subsidy, and that such subsidy is the least amount necessary to cause the project to occur;
- Demonstrating that the developer/businesses can successfully implement the project based on prior experience and financial viability;
- A positive net state fiscal benefit (deducting all state costs/incentives related to the project); and
- Availability of funding based on state appropriations.

REPORTING REQUIREMENTS
An annual report to the DED is required by October 30 each year (99.980.2), and a Business Relocations report is due to DED by the last day of February each year (99.980.1). Failure to file the annual report shall make the municipality ineligible to receive disbursements from the program (99.980.7).

Revised November 2007