



MISSOURI RURAL ECONOMIC STIMULUS ACT (MORSA)

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

Provide financial incentives for public infrastructure for the development of a renewable fuel production facility or eligible new generation processing facility, creating new jobs and agricultural product markets in rural Missouri.

AUTHORIZATION

Sections 99.1000 to 99.1060, RSMo

ELIGIBLE AREAS

A contiguous development area, not encompassing more than 10% of the area of an eligible municipality.

ELIGIBLE APPLICANTS

Any incorporated Missouri city, town, village or county established on or prior to January 1, 2001, having a population of 99,999 or less.

ELIGIBILITY CRITERIA

Projects must be for the creation of a renewable fuel production facility or other eligible new generation processing facility, which:

a) promotes the development of a facility producing either a good derived from an agricultural commodity or using a process to produce a good derived from an agricultural product, with a cost of at least 3 million; or b) promotes business location or expansion with a cost of at least \$3 million, and projected to create at least 30 new jobs.

PROGRAM BENEFITS/ELIGIBLE USES

A portion of the new state and local taxes created by the production facility project may be diverted to fund construction of eligible public infrastructure and related costs for a period of up to 25 years. The local funding must be, at a minimum, 50% of the amount of the new local Economic Activity Tax (sales and utility tax, etc.), 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 municipality or a private non-profit organization.

FUNDING LIMITS

- A project must produce a positive tax increment before funds can be received.
- A project may receive up to half of the increased amount of state sales and/or income tax it generates.
- The program is limited in any year to the amount appropriated by the General Assembly. Current law provides a maximum \$12,000,000 per year.
- If appropriations are not adequate to cover disbursements, projects receive a pro-rata share of increment.

APPLICATION/APPROVAL PROCEDURE

Municipalities submit an application to the Missouri Agriculture and Small Business Development Authority (MASBDA), which will forward copies to the Department of Economic Development (DED) for a joint investigative and review period of about 60 days. Applicants may receive requests for additional information from either agency. MASBDA will present an analysis and funding recommendation to DED. If a project is to be approved for funding, DED will issue a Certificate of Approval outlining the terms of the financing. Applications may be submitted any time, but only after local approval of the development plan and prior to the beginning of construction or bond financing.

MASBDA's recommendation for funding will be based on criteria that include:

- Meeting all eligibility requirements;
- Demonstrating the need for 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 the developer and/or the business 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
- Recognition that availability of funding is based on state appropriations.

REPORTING REQUIREMENTS

By the last day of February each year, the municipality or authority shall report to the Department of Economic Development the specific project information cited in 99.1060.1 & .2 RSMo. A reporting form may be obtained from the Division of Business and Community Services.

SPECIAL PROGRAM REQUIREMENTS

Five years after establishment of the development area and plan, and every five years thereafter, the governing body of the municipality or authority shall hold a public hearing regarding the development. The purpose of such public hearing is described in 99.1060.10 RSMo.

CONTACT

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