PURPOSE
Provides lower-interest financing for certain types of projects.

AUTHORIZATION
Internal Revenue Code of 1986, as amended, Codified at 26 U.S.C. §§ 141 to 150
Sections 108.500 to 108.532, RSMo

ELIGIBLE AREAS
Statewide.

ELIGIBLE APPLICANTS
Certain state agencies, cities, counties and industrial development authorities.

ELIGIBILITY CRITERIA
Details about eligible bonds are in the federal tax code. It is very important that determinations of eligibility be made only after consulting the applicable federal law.

For general informational purposes, the types of projects for which tax-exempt bond cap may be allocated include:

- Multi-family housing (MFH) and/or elderly rental housing for low income residents;
- Small manufacturing facilities;
- First-time farmers;
- “Utility” projects, including water, sewer, electric and gas;
- Bonds issued to finance student loans; and
- Bonds issued to provide loans for home ownership.

PROGRAM BENEFITS/ELIGIBLE USES
The federal tax code authorizes each state an allocation of tax-exempt bond cap. The amount is based upon the state’s population in the preceding year.

In Missouri, the Department of Economic Development (DED) has the authority to allocate the tax-exempt cap to projects. Because there is no tax on interest earned by the holders of tax-exempt bonds, the interest rate is typically lower than conventional financing, including taxable bonds.

FUNDING LIMITS
Missouri’s cap for 2017 is $609,300,000.

APPLICATION/APPROVAL PROCEDURE

• Once the issuing entity has passed an inducement resolution, an application is submitted to DED. Applications are accepted year-round.
• An application fee made payable to the Missouri Economic Development Advancement Fund is due at the time the application is submitted:
  - $250.00 for allocation requests up to $5 million
  - $500.00 for allocation requests between $5 million and $10 million
  - $1,000.00 for allocation requests over $10 million
• For Industrial Revenue Bond (IRB) projects only, a copy of the local Industrial Development Authority (IDA) application or relevant job, wage, and investment data must be submitted with the application.
• A “hold letter” is typically issued to every applicant pending a decision by the department.
• For Multi-Family Housing projects:
  - Projects applying for 4% LIHTC and PABA:
    Apply first to the Missouri Housing Development commission (MHDC), following their procedures and deadlines. MHDC will recommend qualifying projects to DED for approval, at which time an Application for Private Activity Bond Allocation should be submitted to DED.
• Projects applying for PABA only:
  Submit Application for Private Activity bond allocation
directly to DED. DED will consult MHDC staff to obtain
their recommendation prior to a decision regarding an
allocation for the project.
• A decision is made on a case-by-case basis
• An allocation letter is issued if appropriate.
• The allocation is good for 60 days from the date of the
letter. A 30-day extension can be granted.
• Upon issuance of the bonds, the issuer must notify DED
both by telephone (no later than the next business day)
and submit a report of issuance by overnight courier
or certified mail (no later than five calendar days from
issuance).
• An issuance fee made payable to the Missouri Economic
Development Advancement Fund is due and payable at
closing and remitted to DED within 30 days:
  - For an issuance up to $2 million: 5 basis points
    (amount x .05%)
  - For an issuance over $2 million: 10 basis points
    (amount x .10%)

REPORTING REQUIREMENTS
Annual activity reports must be filed no later than January
31st of the year following issuance.

ISSUERS

MISSOURI DEVELOPMENT FINANCE BOARD
MDFB is one statewide issuer of various types of tax-exempt
bonds, including some for small manufacturing facility
projects. Additional information about the programs and
services provided by MDFB can be found at www.mdfb.org.

MISSOURI HOUSING DEVELOPMENT COMMISSION
MHDC receives bond cap for its “Mortgage Revenue
Bond Program”, in which the Commission partners with
participating lenders to offer eligible first-time homebuyers
lower interest rates.
MHDC is also an issuer for some MFH projects, and has
several other programs directed toward the rehabilitation or
development of affordable housing in Missouri.
For more information about the programs and services
provided by MHDC, visit their web site at www.mhdc.com.

MISSOURI HIGHER EDUCATION LOAN AUTHORITY
MOHELA typically receives bond cap. The savings from the
tax-exempt bond financing helps allow the Authority to
offer benefits such as reduced interest rates in its Rate Relief
and Public Service Reward programs. MOHELA’s web site is

MISSOURI AGRICULTURAL AND SMALL BUSINESS
DEVELOPMENT AUTHORITY
The Authority receives bond cap to underwrite loans to first
time farmers for acquisition of land, equipment or breeding
livestock. Visit its web site at www.mda.mo.gov for more
information on the “Beginning Farmer Loan Program.”

ENVIRONMENTAL IMPROVEMENT AND
ENERGY RESOURCES AUTHORITY
EIERA is a statewide issuer for some energy and
environmental projects. Visit its web site at www.dnr.mo.gov/
eiera for more information.

LOCAL ENTITIES
There are many local entities, such as industrial development
authorities, that can issue tax-exempt bonds. Contact the
city government of the location of your proposed project for
more information.

CONTACT
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