



CHAPTER 353 TAX ABATEMENT

Overview

Chapter 353 tax abatement is an incentive allowed by Missouri law to encourage the redevelopment of blighted areas through the abatement of real property taxes and, where appropriate, the use of eminent domain. To be eligible for tax abatement, either the City or a private entity must form an Urban Redevelopment Corporation (URC) pursuant to the Urban Redevelopment Corporations Law. In order to establish an URC, articles of association must be prepared in accordance with the general corporations law of Missouri.

Under Chapter 353, tax abatement on real property taxes is available for a period up to 25 years. For the first 10 years, the statute provides for a 100% abatement on the increased assessed value of the improvements on the property (excluding land). For the next 15 years, Chapter 353 allows for a 50% abatement on the actual assessed value of the property (land and improvements). Payments in lieu of taxes may be required by the City to reduce the amount of the abatement authorized by statute and to ensure no loss of existing property tax revenues by taxing jurisdictions such as the City and school district. Tax abatement is not available for personal property taxes on equipment or machinery.

Statutory Requirements

By law, the City must determine that certain requirements have been met before approving a development plan filed by the Urban Redevelopment Corporation (URC). These requirements are set forth under 353.020 to 353.150 of the Revised Statutes for the State of Missouri (RSMo).

Policy Guidelines

In accordance with Missouri law, the City of Grandview will consider the granting of Chapter 353 where the property has been found to be a “blighted area.” In addition to this statutory requirement, each of the following criteria should be satisfied:

1. Show a clear demonstration of public purpose and economic benefit through the advancement of the City’s economic development goals which include expanding the tax base, creating quality jobs, and spurring development in targeted City locations.
2. Demonstrate the project would not occur “but for” the incentives offered. The incentive should make a difference in determining the decision of the business to locate, expand or remain in the City and would not otherwise occur without the availability of the abatement.

3. Include evidence provided by the business that demonstrates the company's financial stability and capacity to complete the project.
4. Ensure that the City, County, the Grandview or Hickman Mills School Districts or any other taxing jurisdiction affected by the incentive would not receive less total real and personal property tax revenue from the property than was received prior to the granting of the tax abatement.
5. Include a capital investment valued at \$6 million or more for a new business or \$3 million or more for expansion of an existing business.
6. Comply with the statutory requirements set forth in Sections 353.020 - 353.150 RSMo. Chapter 353 applications which do not meet some of these criteria may be approved if the application clearly demonstrates that the project, as a whole, is of vital economic interest to the City.

City Application/Approval Process

The applicant is required to first meet with staff in a pre-qualification conference to determine project eligibility. An application may then be submitted to the Department of Community Development for review and processing. A copy of the formal application form may be obtained from the Department of Community Development.

If the project meets the policy guidelines outlined above, the URC will be invited to submit a redevelopment plan covering the area proposed for redevelopment. The redevelopment plan, which shall include a blight study, will then be considered for formal approval by the Grandview Board of Aldermen after a required public hearing.

Following approval of the redevelopment plan, the City and the URC shall enter into a performance agreement which will govern the terms of the abatement. The agreement shall require that an annual report be submitted to the City by March 1 of each year. The report shall cover the time period of January 1 through December 31 of the previous year and include a detailed accounting of project. The agreement may include a claw-back provision requiring specified performance on issues such as new jobs created as a condition for granting and maintaining the abatement.