



September 26, 2024

To: Sam Anselm, City Administrator

From: Earlene Rich, Finance Director

Re: U.S. Highway 63 Bypass Tax Increment Finance Redevelopment Area #3

Executive Summary

The Finance Department recommends termination of the U.S. Highway 63 Bypass Tax Increment Finance Redevelopment Area #3 also referred to as TIF 3.

Discussion

TIF 3 was created in November 2006 as a funding mechanism working in conjunction with the 63 Bypass Community Improvement District (CID) also known as CID 2. The purpose of tax increment financing (TIF) is to stimulate private investment in a blighted area designated to need economic revitalization. In a TIF, the local taxing entities agree to forgo future tax revenues (generally sales and property tax) diverting these funds to incentivize development. This TIF 3/CID 2 area includes nine parcels and affects seven property owners. Some of the parcels included are vacant lots while others contain businesses such as Walgreens and Ruby Tuesday (see map next page).

The TIF receives 50% of the sales tax increment from the county, the city and the CID for tax collected from customers of businesses in this area. The TIF also receives payment in lieu of taxes (PILOTs) annually from the county.

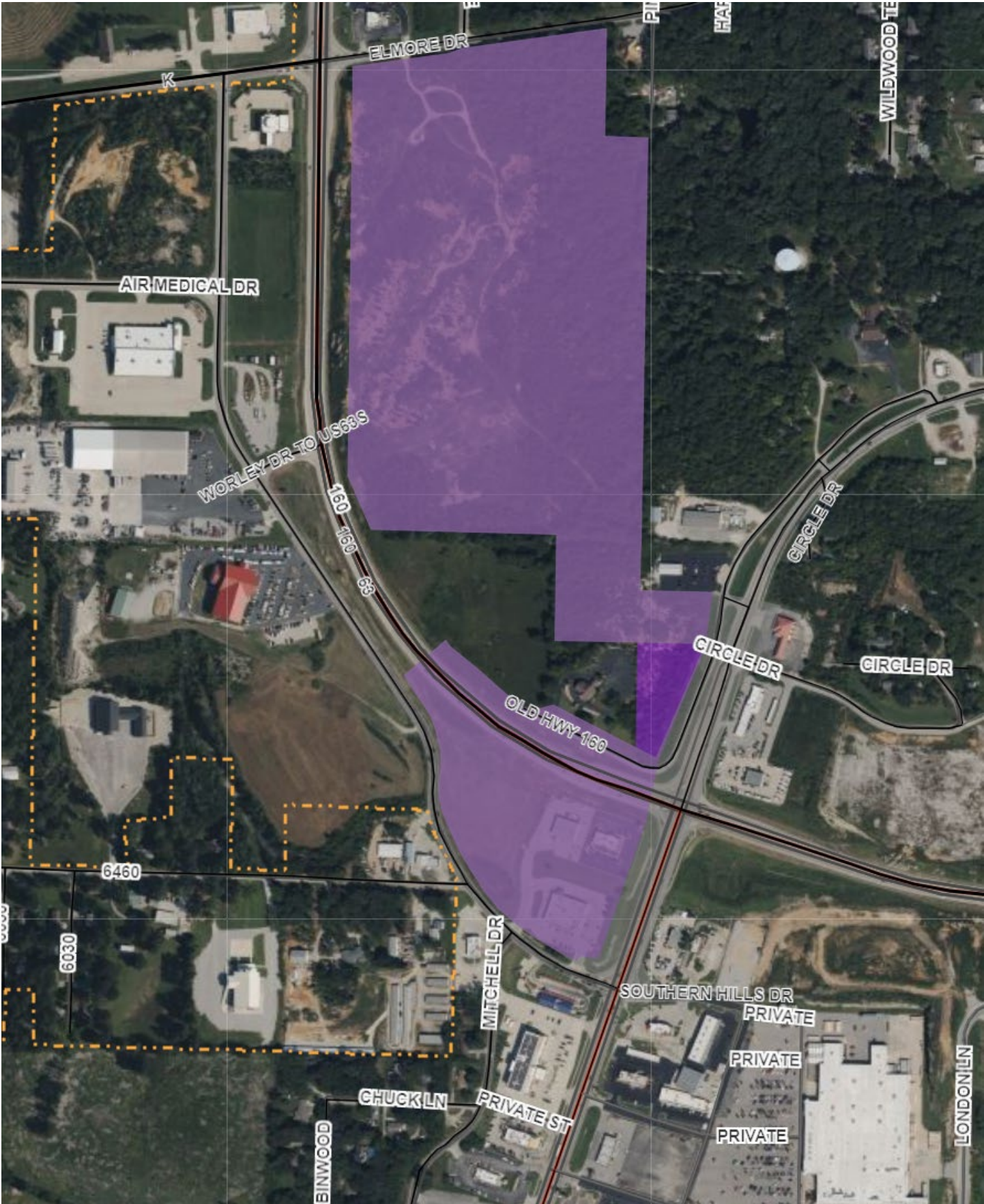
The CID imposes a 1% sales tax on businesses within its borders. Although CID boards are required to meet once per year to adopt the annual budget and discuss other business matters, the board for CID 2 has not met since January 2013. The area has no known plans for upcoming development projects and all related costs have been paid to developers.

Since no known projects are being planned and the funds for the TIF and the CID have been accumulating, the staff recommends terminating the TIF and working with the CID board to complete the petition for dissolution of the related CID.

Cash balances will be used to pay administrative costs of termination. Surplus balances will be returned to the appropriate taxing entities based on type of tax.

Fiscal Impact

The city anticipates an annual increase to general, capital and transportation tax revenues of approximately \$90,000 combined. The termination of TIF 3 will result in a one-time deposit of approximately \$644,000 for general, capital and transportation taxes combined.



BILL NO. 4778

ORDINANCE NO. _____

AN ORDINANCE TERMINATING TAX INCREMENT FINANCING WITHIN THE U.S. HIGHWAY 63 BYPASS TAX INCREMENT FINANCE REDEVELOPMENT AREA #3; DISSOLVING THE SPECIAL ALLOCATION FUND RELATED THERETO; AND AUTHORIZING CERTAIN ACTIONS RELATING THERETO.

WHEREAS, the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865 of the Revised Statutes of Missouri, as amended (the "Act"), authorizes municipalities to undertake redevelopment projects in blighted, conservation or economic development areas, as defined in the Act; and

WHEREAS, on November 27, 2006, the City Council adopted Ordinance No. 4000 (1) approving the Redevelopment Plan for the U.S. Highway 63 Bypass Tax Increment Finance Redevelopment Area #3 (the "Redevelopment Plan") and designating the redevelopment area described in the Redevelopment Plan (the "Redevelopment Area") as a "redevelopment area" under the Act and (2) approving a redevelopment project (the "Redevelopment Project") and adopting tax increment financing within the portions of the Redevelopment Area described in the Redevelopment Plan as Plan #3 for RPA-1; and

WHEREAS, the City Council hereby finds that the Redevelopment Project has been completed and, therefore, it is in the best interest of the City and the other affected taxing districts to terminate tax increment financing within the Redevelopment Area.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WEST PLAINS, MISSOURI, AS FOLLOWS:

Section 1. The City Council hereby terminates tax increment financing within the U.S. Highway 63 Bypass Tax Increment Finance Redevelopment Area #3.

Section 2. The City Council hereby declares as surplus all payments in lieu of taxes (as defined in the Act) on deposit in the Special Allocation Fund created by Ordinance 4000. In accordance with Section 99.820(12) RSMo, such surplus payments in lieu of taxes shall be distributed to taxing districts within the redevelopment area which impose ad valorem taxes on a basis that is proportional to the current collections of revenue which each taxing district receives from real property in the redevelopment area.

Section 3. The City Council hereby declares as surplus all economic activity taxes (as defined in the Act) on deposit in the Special Allocation Fund created by Ordinance No. 4000. Such surplus economic activity taxes shall be paid to the taxing districts which impose economic activity taxes within the Redevelopment Area on a basis that is proportional to the amount of such economic activity taxes the taxing district would have received from the Redevelopment Area had tax increment financing not been adopted, as provided in Section 99.820 (12) of the Act.

Section 4. The Director of Finance or other appropriate official is hereby directed to

dissolve the Special Allocation Fund. All administrative expenses, including legal fees, related to the dissolution of the Special Allocation Fund and the termination of tax increment financing within the Redevelopment Area shall be paid from the moneys in the Special Allocation Fund. Following payment of the administrative expenses, the Director of Finance or other appropriate official is hereby directed to distribute the surplus economic activity taxes in the Special Allocation Fund in the manner set forth in Section 99.820(12) RSMo and Section 3 of this Ordinance. All remaining payments in lieu of taxes in the Special Allocation Fund, after the payment of the administrative expenses and the distribution of surplus economic activity taxes, shall be paid to the appropriate office of the County for distribution to the appropriate taxing districts in the manner provided in the Act.

Section 5. The officers, agents and employees of the City are hereby authorized and directed to execute all documents and take such necessary steps as they deem necessary and advisable to carry out and perform the purpose of this Ordinance.

Section 6. The sections of this Ordinance shall be severable. If any section of this Ordinance is found by a court of competent jurisdiction to be invalid, the remaining sections shall remain valid, unless the court finds that the valid sections are so essential to and inseparably connected with and dependent upon the void section that it cannot be presumed that the City Council has or would have enacted the valid sections without the void ones, unless the court finds that the valid sections, standing alone, are incomplete and are incapable of being executed in accordance with the legislative intent.

Section 7. This Ordinance shall take effect and be in full force immediately after its passage by the City Council.

PASSED AND APPROVED THIS _____ DAY OF OCTOBER, 2024

CITY OF WEST PLAINS, MISSOURI

BY: _____
MAYOR MICHAEL TOPLIFF

ATTEST: _____
CITY CLERK KELLIE MAYERS