

Introduction

In January 2011, East-West Gateway Council of Governments published a report, *An Assessment of the Effectiveness and Fiscal Impacts of the Use of Development Incentives in the St. Louis Region*, in response to a board charge that directed staff to document the use of incentives and the impact on the St. Louis region. This memo provides an update on the use of tax increment financing (TIF) and special taxing districts in the region.

The update includes information on TIF districts, community improvement districts (CIDs), transportation development districts (TDDs), and business development districts (BDDs). This update to the 2011 report includes newly reported information for some districts and refines data based on better reporting.

Tax Increment Financing (TIF)

Table 1 provides estimates of the use of tax increment financing (TIF) for the counties in the St. Louis region for Illinois from 1986 to 2014 and for Missouri from 1987 to 2015. A total of \$3.4 billion have been committed to TIF districts in the St. Louis region over this time period. Almost half of this amount has already been collected and allocated to those districts (\$2.2 billion) while the remainder is anticipated to be collected over the life of the TIF districts. Based on the total estimate of dollars diverted, an average of \$77.5 million was diverted to TIF districts on an annual basis over the 29-year period.¹

Table 1
Tax Dollars Collected to Date and Total Committed
for Tax Increment Financing Districts

	Number of TIF Districts ¹	Taxes Collected to Date (dollars) ²	Total Public Tax Commitment (dollars) ³
<i>Missouri Counties (1987 to 2015)</i>			
Franklin	3	1,118,979	7,405,000
Jefferson	7	22,321,115	71,937,836
St. Charles	12	156,362,977	95,274,716
St. Louis	88	728,647,398	803,593,066
City of St. Louis	122	295,126,317	1,425,642,085
Missouri Subtotal	232	1,203,576,785	2,403,852,704
<i>Illinois Counties (1986 to 2014)</i>			
Madison	48	287,521,259	unknown
Monroe	2	9,459,283	unknown
St. Clair	75	748,213,345	unknown
Illinois Subtotal	125	1,045,193,887	1,045,193,887
Regional Total	357	2,248,770,672	3,449,046,590

Notes: (1) The number may be different as of the date of this report because these numbers reflect reporting as of 2015, and there is a lag in time between establishment of a district and its report to the state. Additionally, some districts may have dissolved or been revised but those changes have not been recorded properly. (2) In Illinois sales and utility taxes are diverted for a handful of districts that were created before legislation changed, limiting diversion to only property taxes. (3) Data on total commitments to TIF projects for Illinois and some Missouri projects is not available or not reported, therefore historical "to date" data is used instead.

Sources: Missouri Department of Revenue, Missouri Department of Economic Development, and Illinois Department of Revenue. County property tax records and municipal financial reports were used to supplement the state databases. The state reports were the primary data sources.

¹ The time frame is slightly different for the two states but data was tracked for 29 years in each state.

Local governments in all counties of the region have used TIF for development in their communities with a larger number in the more urban and suburban areas, and very few in the rural areas. Local governments in St. Clair and St. Louis counties have diverted the most tax dollars to TIF districts, \$748 million and \$728 million respectively, accounting for 66 percent of the total collected dollars.

The total public tax commitment to TIF districts represents the total amount of anticipated TIF reimbursable costs over the life of the districts in Missouri. This information is not available for Illinois districts. In Missouri, an additional \$1.2 billion in future revenues are already committed to these districts.

The primary sources for TIF data and information are the Missouri Department of Revenue (MO-DOR) and the Illinois Department of Revenue (IL-DOR). Reporting in both states does not include all information that is necessary to fully evaluate the use of TIF. Reporting in Illinois only includes the following for each district: district name, county, incremental equalized assessed value (EAV), tax rate, and total TIF extension (amount diverted to the TIF district).

Due to changes to the Missouri TIF legislation reporting in Missouri has improved immensely since 2009 but still does not provide a complete picture of the costs and benefits of the use of TIF. In recent years TIF statutes were modified. MO-DOR now has the authority to enforce annual reporting requirements, there is a penalty for local governments that do not report (they cannot implement a TIF for 5 years), annual reports are available on the website of the Office of the Missouri State Auditor, and reports will be available on the Missouri accountability portal. In the first year of reporting under the revisions in 2009, DED saw a 50 percent increase in the number of reports filed for both the St. Louis region and the state.

In addition to increasing the transparency and accountability of the use of TIF in Missouri, the TIF reform legislation passed in 2016 increases the involvement of all taxing districts affected by the implementation of a TIF a district. School districts and other taxing districts are represented on the TIF commission which now has more authority over the use of TIF in their boundaries. If a TIF commission opposes a

TIF, the municipality can still establish the district but the TIF funds can only be used to demolish buildings and grade the land and not for other costs that are typically allowed, such as redevelopment plans, property assembly, and remodeling of existing buildings.

Special Taxing Districts

Community Improvement Districts (CIDs)

There are currently 158 CIDs in the city of St. Louis and Franklin, Jefferson, St. Charles, and St. Louis counties in Missouri. Almost half of the districts (42 percent) are in the city of St. Louis, one-third are in St. Louis County, and the remainder are in the other three counties. CIDs are permitted to establish a sales tax of up to one percent, a special assessment, and a property tax. Most of the CIDs (135) have a sales tax and 39 have a property tax or special assessment.

Table 2
Community Improvement Districts
Established 1999 thru 2015 by County
and Total Sales Tax Dollars Collected
2006 thru 2015

<i>County</i>	<i>Number of Districts¹</i>	<i>Sales Taxes Collected to Date (dollars)</i>
Franklin	6	4,188,791
Jefferson	10	4,847,764
St. Charles	23	16,950,873
St. Louis	54	31,351,809
City of St. Louis	65	22,026,622
Total	158	79,365,859

(1) Sixteen districts have a sales tax in place but have not collected any taxes according to DOR. An additional 30 districts appear to not have a sales tax in place (some districts only have a property tax or special assessment). All 46 of these districts are included in the "number of districts" column.

Source: Missouri Department of Revenue, the Office of Missouri State Auditor

Eighteen of the districts have both sales tax and a special assessment and/or property tax. The amount collected through special assessments and property taxes is not known.

The number of districts in Table 2 (Page 2) includes all districts but only 112 of the districts have collected sales tax dollars. These 112 districts have committed \$79.4 million to the special districts from 2006 through 2015. Table 3 shows the number of districts collecting sales tax and the amount collected from 2006 through 2011. The number of districts and the amount of tax dollars has increased steadily over the nine-year period.

Figure 1 shows the number of districts established from 1999 through 2015. There was a surge in the number of districts created between 2006 and 2009 with fewer but still a number of districts created in the last six years.

Table 3

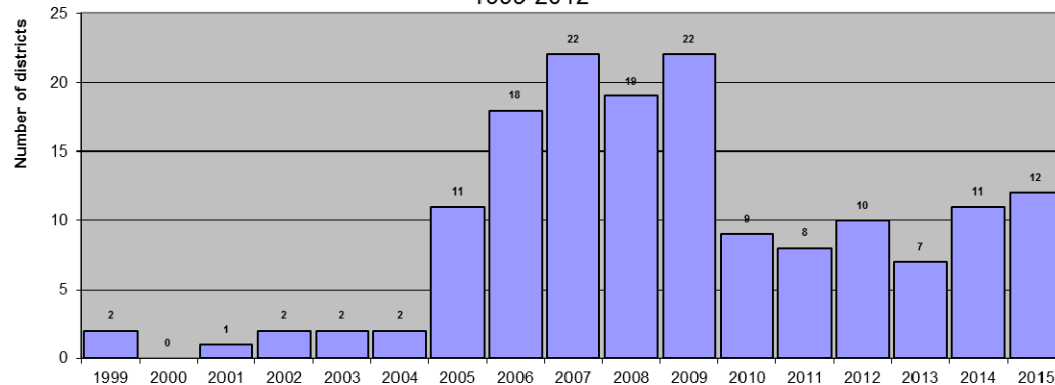
Number of Community Improvement Districts and Amount of Sales Tax Dollars Collected, by Year 2006 thru 2015

<i>Year of Collection</i>	<i>Number of Districts¹</i>	<i>Sales Tax Dollars Collected by Year (dollars)</i>
2006	3	608,291
2007	19	1,441,826
2008	32	3,597,889
2009	40	5,963,084
2010	47	6,513,415
2011	48	8,058,645
2012	59	10,637,615
2013	63	11,477,775
2014	84	13,877,388
2015	94	17,189,931
Total	---	79,365,859

(1) Starting in 2010 DOR stopped reporting amount of tax dollars collected for CIDs that have less than six taxpayers to preserve confidentiality. Data for some of the districts was obtained via reports filed with the Office of Missouri State Auditor.

Source: Missouri Department of Revenue, the Office of Missouri State Auditor

Figure 1
Community Improvement Districts (CIDs) by Year Established
Missouri Portion - St. Louis Region
1999-2012



Source: Missouri Department of Revenue, The Office of Missouri State Auditor

Transportation Development Districts (TDDs)

There are 116 TDDs in the St. Louis region. About half are in St. Louis County with about a quarter in the city of St. Louis. In total TDDs in the St. Louis region anticipate over \$925 million in public revenue to-be-collected over their life.² TDDs are typically created for up to a 40-year period. In addition to sales tax, TDDs can impose a property tax, special assessments, and tolls. The amount collected through these sources is not available.

Reporting on sales tax dollars collected is not reliable until after 2010 and after 2010 it is still not complete. Prior to 2010 EWG recorded a total of \$43 million being collected by TDDs in the region from 2002 to 2009. In 2010 the Missouri Department of Revenue began collecting sales tax for TDDs and therefore the amount collected is more consistently available. The reporting is still not complete because DOR does not report the amount of tax dollars collected for districts that have fewer than six taxpayers in order to preserve confidentiality.

Almost all districts (111 TDDs) have a sales tax authorized but as of 2015, 16 of those districts have not collected any taxes. Over the entire period, 95 districts collected more than \$190.9 million. The amount of tax dollars is not included for one or more years for 29 TDDs due to DOR preserving confidentiality. Although the amount is suppressed by DOR, some of this data was obtained through reports filed by the districts with the Office of the Missouri State Auditor.

Figure 2 shows the number of TDDs established in the St. Louis region from 1999 to 2015. Similar to CIDs there were a large number of districts created between 2004 and 2007 with fewer, but still a number of, districts created in more recent years.

² Estimated project costs and anticipated revenues are reported by the State Auditor's Office. Information is self-reported by districts and not audited. Although districts are supposed to file with the SAO, there is no penalty for not doing so. Information is not available for all TDDs and the Auditor has not reported this information since 2011.

Table 4

Estimated Project Costs, Total Tax Commitment, and Sales Tax Collected to-date for Transportation Development Districts

Missouri Portion - St. Louis Region

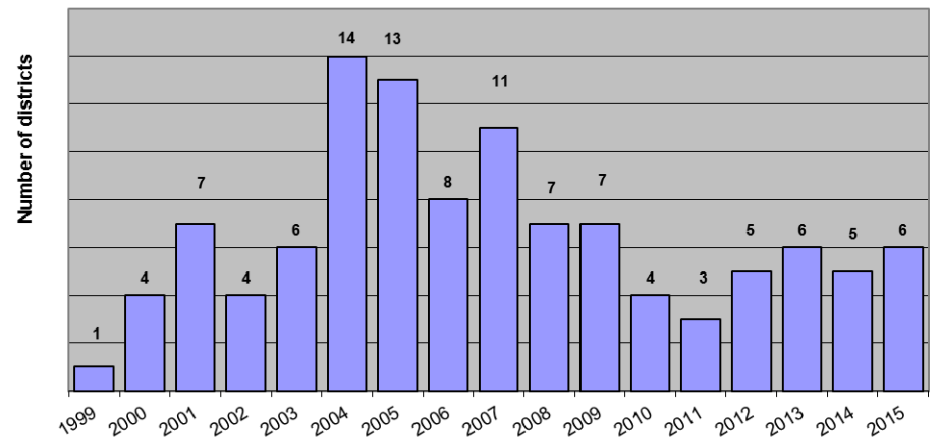
Districts Created from 1999 thru 2015

County	Number of Districts¹	Estimated Project Costs	Total Tax Commitment/ Anticipated Revenues²	Sales Tax Collected to-Date^{3 4}
Franklin	1	2,688,640	2,520,000	348,119
Jefferson	8	42,314,512	76,450,000	13,309,393
St. Charles	19	86,675,405	141,187,879	25,494,633
St. Louis	60	370,456,460	622,589,719	145,898,024
City of St. Louis	28	83,841,495	82,521,128	5,832,610
Total	116	585,976,512	925,268,726	190,882,779

(1) One TDD is in Richmond Heights and the city of St. Louis. It is counted in the city of St. Louis. (2) Estimated project costs and anticipated revenues are reported by the State Auditor's Office. Information is self-reported by districts and not audited. Although districts are supposed to file with the SAO, there is no penalty for not doing so. Information is not available for all TDDs and the Auditor has not reported this information since 2011. (3) Prior to 2010 sales taxes were collected by TDDs directly and were not recorded for all districts. Starting in 2010 sales taxes are collected by DOR and is now consistently available. (4) Starting in 2010 DOR stopped reporting amount of tax dollars collected for TDDs that have less than six taxpayers to preserve confidentiality.

Source: The Office of the Missouri State Auditor, Missouri Department of Revenue, municipal financial reports

Figure 2
Transportation Development Districts (TDDs) by Year Established
Missouri Portion - St. Louis Region
1999 to 2015



Source: The Office of the Missouri State Auditor, Missouri Department of Revenue, municipal financial reports

Business Development Districts (BDDs)

There are a total of 39 BDDs in Madison, Monroe, and St. Clair counties. Most of the districts have a one percent sales tax rate, one district has a rate of 0.75 percent, and two districts have a rate of 0.50. A total of \$42.6 million has been collected through these taxes. Table 5 provides the number of districts and the amount of tax dollars collected by county for 2005 through 2016.

There has been a growth in the number of districts and the amount of tax commitment over the 10 years the tool has been in existence. Table 6 shows the number of districts and the amount of sales tax dollars disbursed to the districts by year. There was only one district in 2005, an additional one was created in 2006, and then 10 districts were created in 2007, the largest number created in any one year. The second largest number created in one-year was six in 2011.

Table 5

Sales Tax Dollars Disbursed to Business Development Districts

Illinois Portion - St. Louis Region
2005 thru 2016

County	Number of Districts	Total Sales Tax Collected (dollars)
Madison	24	25,639,859
Monroe	1	465,967
St. Clair	14	16,484,912
Total	39	42,590,738

Source: Illinois Department of Revenue, Disbursements to Local Governments

Table 6

Number of Business Development Districts and Amount of Sales Tax Dollars Disbursed to Districts by Year

Illinois Portion - St. Louis Region
2005 thru 2016

Year	Number of Districts	Annual Sales Taxes Collected (dollars)
2005	1	21,042
2006	2	67,753
2007	12	334,960
2008	14	1,616,178
2009	17	3,241,413
2010	21	3,907,533
2011	27	4,320,352
2012	29	4,419,800
2013	32	5,209,065
2014	37	5,999,849
2015	38	6,551,526
2016	39	6,901,267
Total	---	42,590,738

Source: Illinois Department of Revenue, Disbursements to Local Governments