



Chapter 100 Bonds

Missouri Law (Sections 100.010 to 100.200 Missouri Revised Statutes) authorizes municipalities to issue Industrial Development Bonds (IDBs) to finance industrial development projects for private corporations, partnerships or individuals (the "Company"). IDBs issued by a municipality do not require voter approval, and may be issued as tax-exempt or non tax-exempt (taxable). It is upon the issuance of taxable Chapter 100 IDBs that local ad valorem taxes on bond-financed property may be abated, resulting in a significant financial incentive package your community may offer to new industrial prospect companies.

Supporting Organizations

The government of the local municipality (city, town, county, etc.) issues the IDBs, and must maintain legal ownership of the property while the bonds are outstanding in order for the property to be eligible for tax abatement.

Typical Budget Items

IDB's are issued to finance various industrial projects, including:

1. Costs of industrial plants, warehouses, distribution facilities
2. Research and development facilities, office industries, services facilities providing interstate commerce
3. Agricultural processing industries
4. Land, buildings, fixtures and machinery in connection with the IDB-financed development project

Financial Resources

Full or partial abatement of real property or personal property tax on the industrial development project for up to the total period the IDB's are outstanding. The municipality and the company may determine partial tax abatement is desirable, and the company may agree to make "payments in lieu of taxes to the municipality under a negotiable grant agreement. In a typical IDB transaction, the company will convey to the municipality fee simple title to the site on which the industrial development project will be located. At the same time, the municipality will lease the project site, together with all improvements thereon back to the company pursuant to a lease agreement. Included in the lease agreement will be the requirement that the company, acting on behalf of the municipality, to use the proceeds of the IDB's to purchase and construct the project. The company will be unconditionally obligated to make payments in amounts that will be sufficient to pay principal and interest on the IDB's as they become due.