

Brownfield Remediation Program

BROWNFIELD TAX CREDITS

What you need to know before you apply.

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Purpose-

The purpose of the Brownfield Redevelopment Program is to provide incentives for the redevelopment of commercial / industrial sites that have been abandoned or underutilized due to contamination caused by hazardous substances

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Basic Eligibility-

- Vacant/Abandoned for 3 years or underutilized
- Public ownership or endorsed by the city
- Accepted into DNR VCP
- 10+ new jobs must be created or 25 jobs retained
- Need for assistance

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What is the least amount necessary to cause the project to occur? It is the lesser of –

- The gap in project financing.
- The least amount needed to meet the market rate of return for the project developer.
- The lowest cost estimate used to establish the market rate for a good/service.
- Actual remediation costs.

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Program Features-

- Application must be submitted and authorized by DED prior to starting any work.
- Up to 100% of eligible costs can be reimbursed by tax credits.
- Demolition costs are allowed up to the amount of remediation costs.
- Eligible remediation costs must be the subject of a Remedial Action Plan (RAP) approved by DNR.

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RAP Approval-

“The director of the [DED]...may... grant remediation tax credits... provided the remediation activities are the subject of a plan submitted to, *and approved by [DNR]*.”

Section 447.708.3(1) RSMo.

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Remedial Action Plan (RAP)-

- The RAP should be approved by DNR before the work is sent out for bidding.
- All remediation activities should be directly tied to the RAP.
- The RAP should include a timeline for project completion.
- DED and DNR must be notified of any changes in the RAP asap.

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Bidding Process

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Best Practices Going Forward-

- Applicants must submit at least three bids.
- The bidding process must be public, fair, and open.
- Standardized bid documents must be used.
- Salvage rights must be clearly indicated in the bid documents.

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Conflict of Interest

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Conflict of Interest-

- Various duties are required to be separated and competitively bid.
- Other duties (engineer, environmental consultant) are required to be separated in order to ensure that no cost mark-up is included.

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Governor's Committee on
Simple, Fair, and Low Taxes

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Recommendation:

Consolidate the Historic Preservation program and the Brownfield program in to one Redevelopment Tax Credit Program.

- \$50 million annual cap
- \$2 million individual cap
- Allows for greater flexibility

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