Rules of  
Department of Economic  
Development  
Division 80—Economic Development Programs  
Chapter 2—Municipal Bonds for  
Industrial Development  

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4 CSR 80-2.010 Municipal Bonding for Industrial Development

PURPOSE: The Economic Development Programs, Department of Economic Development have the responsibility to approve or disapprove applications for municipal industrial development bonds. This rule establishes guidelines to assist municipalities in the implementation of industrial bonding programs.

(1) Municipal industrial development bonds are bonds issued and sold by a municipality to finance an industrial development project. An industrial development project is an industrial plant which may be a structure or a group of structures which are used as a factory; assembly plant; manufacturing plant; processing plant; when the form of a product is changed; fabricating plant and warehouse buildings incidental to industrial development projects.

(2) Communities issuing industrial development bonds having a population less than eight hundred (800) shall locate the industrial development project in the corporate limits of the municipality.

(3) Funds may be used to purchase, construct, extend or improve industrial plants and may include the purchasing of land, fixtures, machinery and buildings.

(4) Proceeds may be used to pay development and financing costs and may include engineering, architectural, legal and underwriting expenses.

(5) General obligation bonds may be used to finance industrial development projects.

(A) Any municipality may issues general obligation bonds for industrial development projects.

(B) General obligation bonds issued for industrial development projects shall be secured by the taxing power of the municipality and may be issued in an amount up to ten percent (10%) of the assessed valuation of the municipality's taxable tangible property.

1. General obligation bonds which are sold at public sales shall not bear interest at a rate exceeding eight percent (8%) a year. General obligation bonds issued shall be sold for no less than ninety-five percent (95%) of par value.

2. General obligation bonds which are not sold at public sales shall not bear interest at a rate exceeding six percent (6%) a year. General obligation bonds issued shall be sold for no less than ninety-five percent (95%) of par value.

3. General obligation bonds shall not be issued for longer than twenty (20) years.

(6) Revenue bonds may be used to finance industrial development projects by any municipality and may be issued in any amount and for any period.

(A) Revenue bonds shall be secured by income derived from the rental of the industrial plant and the income must be sufficient to meet the principal and interest requirements of the bond(s).

(B) Revenue bonds, whether sold at public or private sales shall not bear interest at a rate exceeding eight percent (8%) a year. Revenue bonds issued shall be sold for no less than ninety-five percent (95%) of par value.


St. Louis County v. Village of Champ, 438 SW2d 205 (Mo. App. 1969). Public policy of the state now favors more ambitious industrial development by municipalities. Many municipalities, particularly smaller and medium size cities and towns, have successfully used the revenue bond industrial development scheme to effectively compete in attracting manufacturing and industrial development which had therefore been unfeasible. Municipal annexation must be reasonable, necessary or convenient and where sole purpose is to finance industrial development by revenue bond, industrial development scheme, annexation is not reasonable, although such is not alone objectionable where other valid reasons exist.

4 CSR 80-2.020 Approval of Plan to Issue Municipal Bonds for Industrial Development Projects

PURPOSE: Municipalities proposing to finance industrial development projects through general obligation or revenue bonding programs are required under section 100.050, RSMo to make application for approval with the division. This rule establishes procedures and identifies requirements for filing an application for municipal industrial bonding projects.
(1) The division shall promptly examine the application and make an investigation. The division shall approve the project when it finds that the project—
   (A) Will further the economic development and increase employment in the municipality and the state;
   (B) Will further the general welfare of the municipality and the state; and
   (C) Is economically feasible and will not become a burden to the taxpayers of the municipality.

(2) Municipalities issuing bonds for industrial development projects shall make application to the division for approval prior to the issuance of the bonds.

   (A) The application shall consist of a statement outlining a plan for industrial development and the municipality shall submit eleven (11) copies to the division.
      1. The plan shall provide a description of the project and shall identify the specific use of the bond's proceeds; the type and size of the development and the product(s) to be manufactured, processed or fabricated.
      2. The plan shall estimate the total cost of the project including any funds from other sources.
      3. The plan shall identify the type(s) of bonds to be issued and the total amount of each type of bond and the value of each. Shown separately shall be a list of all outstanding general obligation bonds issued for industrial development purposes and the total amount outstanding.
      4. The plan shall include a list of all security exchange commission filings by the company for the three (3) most current years.
      5. Attached to the plan shall be a copy of the application with the proposal dated, signed and approved by the division and the governing body of the municipality.

   B. The statement shall also include the reasons for the relocation and ways in which the relocation will further economic development in the proposed area.

   C. When the industrial development project involves the relocation of an industrial plant from one (1) community in the state to another, the plan for industrial development shall include the reasons for the relocation and shall identify the purpose of relocating, the number of jobs to be lost because of the relocation and the reasons for the insufficiency.

   D. The plan shall include the reasons for the insufficiency.

   E. The plan shall include the reasons for the insufficiency.

4 CSR 80-2.030 Preparation of the Lease Agreement

PURPOSE: A proposed lease agreement between the municipality and the tentative lessee is required to be submitted to the division as an integral part of the application. This rule provides guidelines to assist municipalities in the construction of the lease agreement.

(1) The terms of the proposed lease shall have been approved by the municipality and company before submission to the division.

(2) No amendment to the lease agreement shall be made until the amendment has been approved by the division and the governing body of the municipality.


Op. Atty. Gen. No. 12, Schneider, 6-22-64. A municipality which owns manufacturing or industrial development scheme may not require a tenant thereof facility developed by revenue bond industrial as part of the leasing agreement, to pay monies in lieu of taxes to another taxing body.