



Office of Missouri State Auditor
Nicole Galloway, CPA

**Transportation Development
Districts**



Findings in the audit of Transportation Development Districts

Background

The Missouri Transportation Development District Act was established in 1990 and allows for the formation of transportation development districts (TDDs) originally under Sections 238.200 to 238.275, RSMo, and amended in 2007 to include Sections 238.200 through 238.280, RSMo. TDDs are separate political subdivisions established and organized for construction, operating, and/or maintaining of transportation-related projects. While various funding methods are allowed by law, districts typically use sales taxes, which are imposed on taxable retail sales within the district boundaries. As of December 31, 2015, 205 TDDs existed throughout the state. During the 2 years ended December 31, 2014 and 2015, the Missouri Department of Revenue (DOR) collected approximately \$69.8 million and \$73 million; respectively, in TDD sales taxes, and remitted them to the applicable TDDs in the state. In addition, approximately \$19 million and \$15 million in non-sales tax revenue was collected by TDDs across the state during the years ended December 31, 2014 and 2015, respectively.

Significant Weaknesses Exist in the State's TDD Law

The current TDD law allows for the formation of a TDD and approval of the related sales tax without voter approval or adequate public scrutiny. The TDD law does not include adequate safeguards to protect the public when the TDD law is used as an economic development tool, particularly when funding is used for private assets. In addition, the current law does not include appropriate safeguards to ensure projects benefit the public. The law also allows for significant conflicts of interest within the governance structure of the districts, giving significant oversight responsibilities to property owners and developers, which results in a lack of oversight and accountability to the public. State law does not require defined project costs when a TDD is formed. As a result, districts are formed that do not have a defined end, and are allowed to levy a sales tax and spend tax revenue in perpetuity. There are no safeguards in state law to ensure the sales taxes are rescinded timely once the district obligations have been repaid. As a result, TDDs can continue to collect sales taxes and accumulate significant sums of money after the project debt has been satisfied. Annual reports of statewide TDD collections and distributions published by the DOR do not include the amount of sales tax distributed to TDDs with less than 7 retailers. As a result, sales tax distributions for 76 districts (37 percent), totaling approximately \$6 million, are redacted from the 2015 DOR report of TDD distributions.

Weaknesses Exist in Sales Tax Administration

The sales tax administration system in place at the Department of Revenue does not adequately track sales tax district boundaries, and the DOR does not have adequate procedures in place to ensure district sales taxes are correctly administered, charged, collected, and disbursed. As a result, the audit identified multiple sales tax collection errors.

Noncompliance with Statutory Requirements

All 12 districts we reviewed (100 percent) had businesses that violated state law by not notifying the consumers of the retail establishments within the TDD boundaries of the additional TDD sales tax rate being charged. Additionally, the board of directors for 4 of the 12 (33 percent) districts reviewed are not compliant with state law. TDD boards do not always

adequately track TDD costs when the district is also part of a TIF district. The board of directors for two of the five (40 percent) districts selected for additional review, that are also included in a TIF district, do not adequately track the TDD's portion of the unpaid project balance.

Due to the nature of this report no rating is provided.

All reports are available on our Web site: auditor.mo.gov

Transportation Development Districts

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NICOLE GALLOWAY, CPA

Missouri State Auditor

Honorable Eric R. Greitens, Governor
and
Members of the General Assembly,
and
Wood Miller, Director
Department of Revenue
Jefferson City, Missouri

We have audited certain aspects of the Transportation Development District (TDD) law and certain information related to a selection of TDDs, in fulfillment of our duties under Chapter 29, RSMo. Due to the increasing number of TDDs in the state, and the significant amount of public money collected and spent by such districts, the state's TDD law is a significant issue to taxpayers. The scope of the audit included, but was not limited to, the 2 years ended December 31, 2015. The objectives of our audit were to:

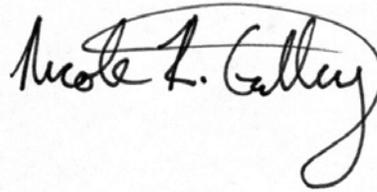
1. Evaluate the internal controls regarding oversight of the TDDs at the state level, as well as by local transportation authorities.
2. Evaluate compliance with certain legal requirements in the TDD law.
3. Evaluate the economy and efficiency of certain management practices related to the TDD operations.

Except as discussed in the following paragraph, we conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

Government Auditing Standards require us to obtain and report the views of responsible officials of the audited entity concerning the findings, conclusions, and recommendations included in the audit report. Since there is no central agency charged with oversight of TDDs, we were unable to obtain views of responsible officials for the findings, conclusions, and recommendations outlined in findings 1 and 3 of the Management Advisory Report. The views of responsible TDD officials and local transportation officials were obtained and included where appropriate.

For the areas audited, we identified (1) deficiencies in internal controls regarding oversight of TDDs, (2) significant non-compliance with legal requirements, and (3) significant weaknesses in TDD management practices.

The accompanying Management Advisory Report presents our findings arising from our statewide audit of TDDs.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the word "Galloway".

Nicole R. Galloway, CPA
State Auditor

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Transportation Development Districts

Introduction

Background

The Missouri Transportation Development District Act was established in 1990 and allows for the formation of transportation development districts (TDDs) originally under Sections 238.200 to 238.275, RSMo, and amended in 2007 to include Sections 238.200 through 238.280, RSMo. TDDs are separate political subdivisions established and organized for construction, operating, and/or maintaining of transportation-related projects. The projects are generally financed by these districts through the issuance of notes, bonds, or other debt securities. While various funding methods are allowed by law, districts typically are funded by sales taxes, which are imposed on taxable retail sales within the district boundaries. As of December 31, 2015, 205 TDDs existed throughout the state. During the 2 years ended December 31, 2014 and 2015, the Missouri Department of Revenue (DOR) collected \$69.8 million and \$73 million, respectively, in TDD sales taxes, and remitted them to the applicable TDDs in the state. In addition, \$19.1 million and \$15.2 million in non-sales tax revenue was collected by TDDs across the state during the years ended December 31, 2014 and 2015, respectively.

Formation

According to Section 238.202.1, RSMo, TDDs are allowed to form to "fund, promote, plan, design, construct, improve, maintain, and operate one or more projects or to assist in these activities." An allowable project is "any bridge, street, road, highway, access road, interchange, intersection, signing, signalization, parking lot, bus stop, station, garage, terminal, hangar, shelter, rest area, dock, wharf, lake or river port, airport, railroad, light rail, or public mass transportation system and any similar or related improvement or infrastructure." The process of establishing a TDD is initiated by the filing of a petition in the circuit court of the county where the proposed district is located. Such a petition can be filed by:

1. Registered Voters - not less than 50 registered voters from each county partially or totally within the proposed district may file the petition.
2. Property Owner/Developer - If there are no eligible voters residing within the proposed district, the owners of all real property, except public streets, within the proposed district may file the petition.
3. Local Transportation Authority - The governing body of any Local Transportation Authority (LTA¹) in which the proposed district is located may file the petition.

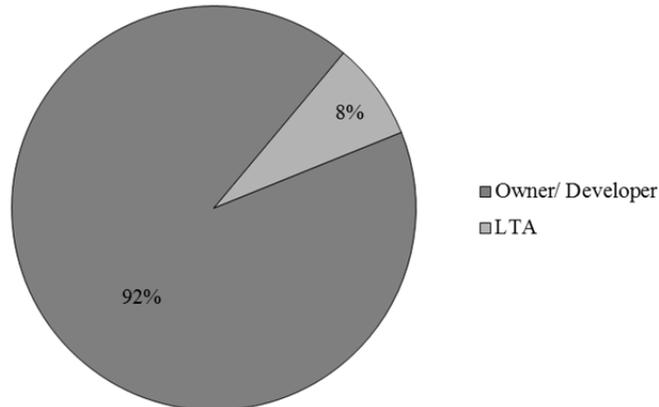
¹ A Local Transportation Authority is defined by Section 238.202.1(4) as any county, city, town, village, county highway commission, special road district, interstate compact agency, or any local public authority or political subdivision having jurisdiction over any bridge, street, highway, dock, wharf, ferry, lake or river port, airport, railroad, light rail or other transit improvement or service.



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Figure 1 shows the percentage of TDDs formed by property owner(s)/developers as well as those formed by LTA. No district has been formed by a petition of the registered voters that reside within the district.

Figure 1: Percentage of TDDs, by forming entity



Source: Prepared by the State Auditor's Office (SAO) using Court Ordered Formation documents on file with the SAO for the 205 TDDs in existence as of December 31, 2015.

A petition to form must include the identity of each petitioner and respondent, specific description and a map of the boundaries, a general description of the project and the location of the project, the estimated project costs and anticipated revenues from the project, the name of the district, the number of members of the board of directors and a statement their terms will be staggered, the initial funding proposal, a statement the district will not be an undue burden on any owner of property within the district, details of the budgeted expenditures, and if filed by registered voters or by a governing body, a request that the question be submitted to the qualified TDD voters² within the limits of the proposed district whether they will establish the district.

Section 238.207.4, RSMo, requires a copy of the petition filed to establish a district be provided to the Missouri Highways and Transportation Commission (MHTC) and each affected LTA. These entities are then allowed to respond stating agreement with, or opposition to, the creation of the district. The MHTC has jurisdiction if the proposed project will connect with the state highway system. The LTA has jurisdiction if the proposed project does not connect with the state highway system. In addition, any resident, taxpayer, or any other entity within the proposed district may join in or file a petition supporting or opposing the creation of the district. The

² Section 238.202, RSMo, currently defines "qualified voters" as any persons residing within the proposed or established TDD who have registered to vote pursuant to Chapter 115, RSMo. If no registered voters reside within the district boundaries, the owner(s) of real property are the qualified voter(s), who shall receive one vote per acre. If registered voters move into the district subsequent to formation, any registered voter who also owns property must elect whether to vote as an owner or registered voter.



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circuit court subsequently hears the case, if necessary, and makes a decision whether to authorize the establishment of the district.

Governance

TDDs are governed by a board of directors of not less than 5 nor more than 15 members. The board is elected by the qualified TDD voters of the district. Based on information provided by districts, 94 percent of the districts do not have any registered voters that reside within the boundaries of the district. The boards for these districts are therefore elected by the property owner(s), with each acreage of ownership resulting in one vote for each board member. Based on questionnaire responses received from the districts, the property owner(s)/developer control the majority vote in 81 percent of the district boards. After the district's formation has been approved by the court, the board has the authority (after qualified TDD voter approval) to impose sales taxes or tolls and levy property taxes or special assessments within the boundaries of the district. The proceeds are then used to pay the expenditures of the district, including the satisfaction of debt incurred to fund the transportation-related projects and the administration of the district.

Once a TDD has been formed, the Missouri Department of Transportation (MoDOT) has generally limited its role to the issuance of permits, review of design plans, and inspection of projects constructed on the state right-of-way or connecting to the state highway system. The MoDOT's involvement in these instances has not involved financial oversight. According to information provided by MoDOT, 113 of the 205 (55 percent) TDDs established as of December 31, 2015, involved projects connected to the state highway system. In a few of these cases, the MoDOT assisted with the financing and construction of the improvements because the applicable district accelerated a project the MoDOT had already planned to construct. In those instances, the MoDOT exercises a much higher degree of oversight over the financing and construction of those projects, including financial oversight. For the 92 remaining districts (45 percent), the MoDOT had no participation or oversight over the projects because they were not constructed on the state right-of-way or connected to the state highway system. In those instances, the LTAs were responsible for overseeing the projects.

Funding methods

State law allows TDDs four different methods to generate revenue:

1. Sales Tax - Upon approval from the qualified TDD voter(s), a sales tax of up to one percent may be imposed on retail transactions, with exceptions cited in the law.
2. Special Assessments - Upon approval from the majority of the qualified TDD voter(s) or all property owner(s) within the district, the district may impose one or more special assessments for those



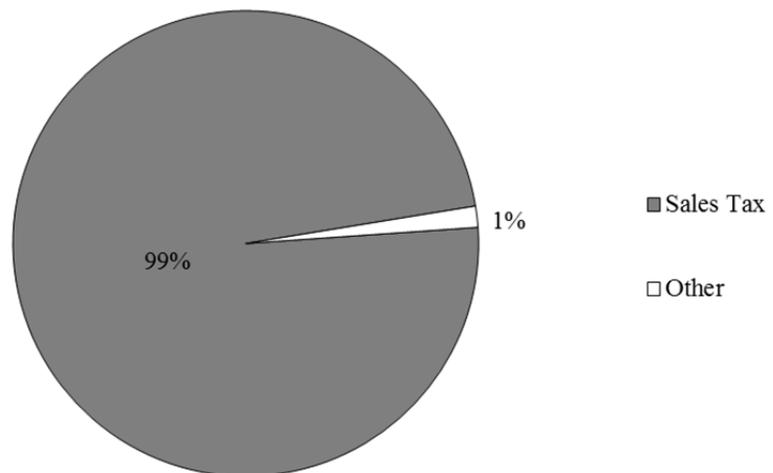
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improvements, which specially benefit the properties within the district.

3. Property Tax - Upon approval from at least four-sevenths of the qualified TDD voter(s), the district may impose a property tax in an amount not to exceed the annual rate of ten cents on the hundred dollars assessed valuation.
4. Tolls and Fees - Upon approval from a majority of the qualified TDD voter(s), the district may charge and collect tolls or fees for the use of the project.

The majority of TDDs are funded with sales taxes. Special assessments, property taxes, and tolls and fees are the funding method used by approximately 1 percent of the districts.

Figure 2: Percentage of TDDs, by funding method



Source: Prepared by the SAO using questionnaires completed by the TDD boards for the 205 TDDs in existence on December 31, 2015.

Abolishment

Under state law, within 6 months after the development and initial maintenance costs of the completed project have been paid, the district shall transfer ownership and control of the project to the LTA or the MHTC. The district is then responsible to submit the question of abolishment to the qualified TDD voter(s) of the district. If passed, and after the State Auditor has determined the TDD's financial condition is such that it may be abolished pursuant to state law, the board may proceed with abolishing the district.

Legislative changes

During the audit, the Governor signed into law House Bill 1418 which corrected a previously reported weakness in state law by adding Sections



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105.145.9 to 105.145.11, RSMo to state law, which took effect in August 2016. As noted in our prior audit report,³ while districts faced a fine of up to \$500 per day for non-timely filing of their annual financial report, no entity was authorized to assess or collect the fine. House Bill 1418 added the following provisions to the annual filing requirements:

- The State Auditor is to report noncompliant TDDs to the DOR.
- The DOR shall notify the district via certified mail of the non-compliance and set a deadline of 30 days to file the statement.
- If the district remains noncompliant after the 30 days, the DOR may collect fines of \$500 for each day late by offsetting any sales tax distributions due to the district. The DOR is to retain 2 percent for the department's cost of collection and the remaining balance shall be distributed annually to the schools of the county within the boundaries of the noncompliant district.
- Districts with gross revenues of less than \$5,000 annually are exempt from the fine.

House Bill 1418 also requires TDDs to notify the SAO of the individuals on the board and the contact information for the board, as well as the date of organization. Districts organized before August 28, 2016, had to provide this information to the SAO by December 31, 2016. Districts organized after August 28, 2016, have 30 days from the first board meeting to provide the information.

Scope and Methodology

The scope of our audit included, but was not limited to, the 2 years ended December 31, 2015. Our methodology included gathering information regarding the TDDs established through discussions with various MoDOT and DOR officials and files maintained by those agencies. We sent questionnaires to newly formed districts requesting the geographic location of the district, estimated total project costs, how project costs were financed, estimated total revenues to be collected and over what period of time, when collection of revenue and incurrence of expenses started, who is responsible for administering the funds, whether financial audits have been conducted by an independent auditor, the name of the development and type of businesses in the district, whether the district is located in a tax increment financing redevelopment area, and other information.

In addition, we sent an additional questionnaire to all 205 districts requesting the number of property owner(s), a description of the district

³ Report No. 2013-065, *2011 Transportation Development District Annual Review*, issued in August 2013



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project, the status of the district project, the original businesses within the boundaries of the district upon formation and the current businesses within the boundaries of the district, the current board members and whom they represent (i.e. the Property Owner(s)/Developer, the LTA, the MoDOT, etc.), the unpaid balance of the district's obligations as of December 31, 2015, who monitors the district obligations to know when the funding mechanism should be rescinded, whether the district is located in a Community Improvement District, number of resident registered voters that reside within the boundaries of the district, and other information. Of the 205 districts, 58 (28 percent) did not respond to the questionnaire. The rate of questionnaire responses is sufficient to draw conclusions about the makeup of the state's population of TDDs.

To gain an understanding of the legal requirements governing TDDs, we reviewed various sections of state law and interviewed individuals from the MoDOT and the DOR.

We also selected 12 TDDs across the state to review in more detail. The districts selected and their locations are:

District Name	Location
St. Joseph Gateway TDD	St. Joseph
College Station TDD	Springfield
Neosho TDD	Neosho
1717 Market Place TDD	Joplin
Stone Ridge TDD	Jefferson City
Rock Bridge TDD	Columbia
Coronado Drive TDD	Blue Springs
Harrisonville Market Place A TDD	Harrisonville
Highway 71/291 Partners in Progress TDD	Harrisonville
St. Louis Convention Center TDD	St. Louis
Centene Plaza TDD	Clayton
St. Charles Riverfront TDD	St. Charles

During our review of these districts, our methodology included reviewing minutes of meetings, financial records, and other pertinent documents; interviewing various personnel of the district, as well as certain external parties; testing selected transactions, and performing on-site inspections and observations. These districts were not selected due to any known issues or concerns, and are considered representative of the larger population of TDDs throughout the state.

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Management Advisory Report

State Auditor's Findings

1. Significant Weaknesses Exist in the State's TDD Law

The current Transportation Development District (TDD) law allows for the formation of a TDD and approval of the related sales tax without voter approval or adequate public scrutiny. In addition, the current law does not include appropriate safeguards to ensure projects benefit the public. The law also allows for significant conflicts of interest within the governance structure of the districts, giving significant oversight responsibilities to property owners and developers, which results in a lack of oversight and accountability to the public. As a result, there is no assurance projects were properly procured, project costs are reasonable, and public monies are used for allowable purposes. State law also allows for projects with undefined costs, resulting in districts that are allowed to continue in perpetuity, without adequate oversight. The law does not promote timely abolishment of TDD taxes when district obligations have been met, resulting in excess taxation of the public. In addition, there is a lack of transparency in the reporting of TDD sales tax distributions.

1.1 Districts formed and sales taxes imposed without voter approval or public scrutiny

State law allows a TDD to be formed and a sales tax to be approved without any voter approval or adequate public scrutiny. The creation of a district requires the approval of a circuit court judge after determination that the district meets certain legal requirements.

While the TDD law was amended in 2009 to require holding of a public hearing prior to the formation of a district,⁴ it contains no provisions requiring the public or their representatives to vote on the formation of a TDD. Citizens may file a response with the court stating their objections, but other sections of the law indicate that unless the judge finds the petition to form defective, unconstitutional, unjust, or unreasonable, then the district will be formed. In addition, the Local Transportation Authority (LTA) has the option to approve or deny the planned project, but has no input on the formation of the district or the funding method.

Requiring TDDs to be approved by a public body who is able to determine the merits of the district being formed, and subjecting a district sales tax to public scrutiny and vote would help ensure the public's interests are considered in the decision to charge additional taxes, and would be consistent with how other taxing districts and development incentives are governed. For example, state law requires the local municipality to approve the formation of Community Improvement Districts⁵ and Tax Increment Financing Districts.⁶ In addition, in order for a county to impose a sales tax, the voters of the county must approve the tax.⁷

⁴ Required only if the petition to form the district was filed by the property owner(s).

⁵ Section 67.1421.1, RSMo.

⁶ Section 99.820.1(1), RSMo.

⁷ Section 67.547.1, RSMo.



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Management Advisory Report - State Auditor's Findings

Sales taxes imposed without a public vote

Section 238.235, RSMo, requires a TDD sales tax be approved by the qualified TDD voter(s) of the district after submission by the district board. However, since 94 percent of district boundaries do not contain registered voters,⁸ the overwhelming majority of TDD sales taxes are not approved by the general public, but rather by the property owner(s) since they are the qualified TDD voter(s) in the majority of TDDs. In addition, because Section 238.220.2 allows the property owner(s) to vote on board members when no registered voters reside within the district's boundaries, there are typically no voting public representatives on the board. Based on questionnaires received from the districts, the property owner/developer maintains a controlling interest in 81 percent of district boards across the state.

Law change eliminated need for public vote

The practice of allowing a sales tax to be imposed without a public vote exists due to changes made to the TDD law in 1997. The TDD law, as originally written, did not allow TDDs planning to impose a sales tax to form or impose the sales tax without a public vote. The original TDD law allowed the same revenue sources as the current law; sales taxes, special assessments, property taxes, and tolls. However, in order for a district to impose a sales tax, the original law required the district's boundaries to consist of all of one or more counties or cities, and thus ensured registered voters would be the qualified voters of the district. Therefore, in order to impose a district sales tax, a county-wide or city-wide election was required. If the districts planned to use one of the other three revenue methods (property taxes, special assessments, and tolls) an entire city or county was not required to be included within the boundaries of the district. In those instances there would still be a requirement that individual property owner(s) vote to approve any property taxes, special assessments, or tolls which would be assessed against themselves rather than the general public. In effect, the original TDD law required public input and scrutiny before a district could be formed or implement a sales tax.

Changes to the TDD law in 1997 eliminated the requirement that a sales tax based district need to encompass an entire city or county. In doing so, the current TDD law allows for "micro" sales tax districts to be formed which may encompass only one parcel of land, and only benefit an individual property owner/developer. This change also allows an individual property owner/developer to control the TDD board and provide oversight for district operations. As a result of this law change, the number of sales tax based TDDs increased significantly.

⁸ Based on questionnaire responses, or court ordered formation documents for TDDs that did not respond to questionnaires.



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No district was formed in the 7 years before the law revision took effect (1990-1996). Since the revision, 220 districts have been created (some have since abolished) with 217 (99 percent) of the districts being sales tax based. During calendar years 2014 and 2015, TDDs received sales tax revenue of \$61 million and \$64 million from taxes imposed without a public vote.

Allowing developers and local governments to form special "micro" taxing districts and impose taxes without a public vote is inconsistent with how other sales taxes are imposed. Municipalities and other taxing districts are typically required by state law to put any proposed sales taxes to a public vote, where it must receive a simple majority to be put into effect.

1.2 State law does not contain adequate safeguards to ensure projects benefit the public

The TDD law does not include adequate safeguards to protect the public when the TDD law is used as an economic development tool, particularly when funding is used for private assets. The original TDD law was designed as a tool to help local communities develop public transportation projects using revenue generated at the local level. This is evidenced by the inclusion in the law that TDD-funded assets become the responsibility of the LTA or MHTC upon the completion of the project's funding.⁹ Due to the changes in the law allowing sales tax funded "micro" districts, the TDD law is now primarily being used as an economic development tool for individual projects and private assets. However, the law does not include adequate safeguards included in other economic development laws to help ensure public monies are used in the public's best interests and with adequate transparency.

No assessment of economic impact required

No estimate of the economic impact is required to be presented when the district is formed, or when the project is approved by the LTA. Such information is commonly required for economic development programs. For example, prior to a Tax Increment Financing (TIF) district being approved, a developer is statutorily required to provide information pertaining to the development's potential economic impact to the community. Similarly, at the state level, the Department of Economic Development (DED) requires the assessment of the estimated cost/benefit of proposed projects for tax credit programs.

Requiring a property owner/developer to demonstrate the estimated economic impact a potential project will generate provides assurance the investment of public monies is in the public's best interest.

No 'but for' determination required

There is no requirement that the property owner(s)/developer provide a 'but for' determination to establish a TDD when the project involves a private asset. Such a determination is typically required to provide assurance that

⁹ Section 238.275.1, RSMo.



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the project involving a private asset would not be possible 'but for' the public incentive being requested. Such a determination is required by statute to establish a TIF district, and is required by the DED when evaluating projects applying for state Business Use Incentives for Large Scale Development (BUILD) incentives.

Requiring a 'but for' determination provides the public some assurance the awarding of public incentives to a project for a private asset is necessary for the development to proceed, and helps ensure the public incentives granted are in the public's best interest.

1.3 Significant conflicts of interest

Significant conflicts of interest exist under the current TDD law. Currently, approximately 81 percent of district boards are controlled by the property owner/developer. These developer-controlled boards are charged with procurement of any construction work necessary, as well as with oversight of TDD-related expenses, when there is a high probability of related party transactions.

Lack of independent review of procurement

State law allows developer-controlled TDD boards to oversee the process of procuring the construction work to be performed using public monies. For districts without any registered voters who reside within the boundaries of the district, Section 238.220.2, RSMo, allows the property owner/developer to elect the board of directors. The district board then procures the necessary services to complete the project, agrees to payment terms with the selected contractor, and approves payments to the contractor. Current state law does not require any procurement activities be overseen or approved by the LTA or by the MHTC and does not require LTA or other independent representation on the board.

While Section 238.252(2), RSMo, requires all construction contracts in excess of \$5,000 between the district and any private person, firm, or corporation be competitively bid and awarded to the lowest and best bidder, the law does not require anyone independent of the property owner/developer to review the selection of the contractor or contract terms to ensure the district is obtaining the lowest and best bid. This situation allows for the possibility the developer/property owner to award construction or materials contracts to related party contractors. For example, the bid analysis obtained for the Stone Ridge TDD showed the district accepted a bid from a construction company owned by members on the board even though the bid was submitted after the deadline established by the board and did not seem to address all bid specifications. A bid from a different construction company, which was the only other bidder, was submitted before the deadline and addressed the bid specifications. The amount of the bid awarded was approximately \$2 million.



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Based on the 2014 annual financial reports submitted by the 122 districts that included information on their project's remaining unpaid balance, they have obligations to repay more than \$941 million. Requiring the procurement of construction work initiated by the property owner/developer to be reviewed by the applicable LTA would provide assurance the lowest and best bidder was selected and would be in the public's best interest.

Lack of independent review
of sales tax extensions

The TDD board can present extensions to the qualified TDD voters, who have the sole discretion to extend a TDD tax already in place without independent approval. Formation documents reviewed for the St. Louis Convention Center TDD stated the district planned to impose a sales tax for a period not to exceed 13 years, which would expire in 2023. A court approved the formation of the district, and the LTA approved the project based on information in the formation documents as required by Section 238.225.3, RSMo. However, 4 years after the formation of the district, the TDD board, which is controlled by the property owner/developer, extended the tax for 40 years to expire in 2054. An extension of a sales tax is not required by law to be approved by the court or by the LTA and can be done at any time.

Requiring approval of any extensions of the sales tax by the general public or by an independent party such as the LTA would help ensure sales taxes in place are reasonable and in the public's best interest.

Lack of independent review
of expenses

State law does not require review of a district's expenditures by an independent party, such as the applicable LTA, prior to vendor payments occurring to ensure all costs submitted for reimbursement are legitimate, reasonable, and agree to the terms of the applicable contract. Based on our review of 12 TDDs, a significant amount of construction and administrative costs are submitted by the developer. Due to the majority of TDD boards being controlled by the property owner/developer, these boards have a conflict of interest when reviewing and approving construction and administrative costs submitted by the developer.

Requiring the transportation project costs and other expenditures of those districts initiated by the property owner/developer to be reviewed by an independent party would provide additional assurance district expenditures are necessary, proper, and agree to the contract terms.

1.4 Perpetual districts allow
public monies to fund
private assets

State law does not require defined project costs when a TDD is formed. As a result, districts are formed that do not have a defined end, and are allowed to levy a sales tax and spend tax revenue in perpetuity. Because Section 238.275.2, RSMo, requires TDD assets be transferred to the MHTC or the LTA at abolishment, establishing a perpetual district allows the property owner/developer to maintain ownership of TDD assets, but also receive tax revenue from the public. Based on a review of the questionnaire responses



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and a limited review of legal agreements, we identified numerous districts that plan to incur more than \$70 million in expenditures for projects that will remain private after the district abolishes.

Perpetual districts are formed in two primary ways (1) the lease of the asset is considered the project, and (2) maintenance is considered the project.

Use of lease agreements

While TDD projects have historically and predominantly involved the construction or improvement of a public transportation project that will eventually become part of the state or local transportation system, our review noted an increasing number of TDDs utilizing lease agreements as a method to use sales tax monies to pay the property owner/developer for the use of private assets. Such an arrangement allows the TDD to levy a sales tax in perpetuity, while allowing the property owner/developer to retain private ownership of the asset.

Prior audits of two TDDs¹⁰ have noted issues with the lease and maintenance of existing parking lots.

The arrangements for both districts were as follows:

- The property owner(s)/developer formed the TDD and elected the board.
- The TDD board leased an already constructed parking lot from the developer. One district board agreed to pay \$1,141,000 over 30 years in rent to the developer while the second district board contractually agreed to pay all future available district revenues in rent to the developer.
- The TDD board imposed the district sales tax (without a public vote) on retail sales within the district to repay the rent owed to the developer.
- The TDD board then leased the same parking lot back to the property owner/developer to allow the property owner private use of the asset. This arrangement typically requires the property owner/developer keep a portion of the parking spaces available for public use, but allows the property owner/developer to use the parking lot for private purposes, such as parking for tenants. The TDD charged the property owner/developer rent totaling \$1 per year.
- The property owner(s)/developer then charged privately imposed user fees for the parking spaces previously leased by the TDD and privately retained those fees as income.

¹⁰ Report No. 2015-062, *1225 Washington Avenue Transportation Development District*, issued in August 2015, and 2014-098, *Washington Avenue Transportation Development District*, issued in October 2014.



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- As a result, the property owner(s)/developer receives lease payments from the TDD for the public use of the parking lot, while also receiving parking fees generated from users of the parking lot. Essentially receiving compensation on the same parking spaces twice.

It is unclear why an LTA would approve such projects. The LTA that approved both of the lease-related projects did not provide specific reasoning for approving the projects.

Maintenance as a project

The use of maintenance expense as a district project, while allowable under the current TDD law, results in undefined project costs and a project without a defined timeframe. In 2 of the 12 (17 percent) districts selected for additional review, maintenance of a parking lot or garage is included as a district project.¹¹ A total of \$365,710 in sales tax revenue was collected in these two districts during 2015. Project documentation for the St. Louis Convention Center TDD lists maintenance as a project and the sales tax was extended to allow its collection until the year 2054. Under the current law, the board can extend the sales tax for additional years. As a result, current TDD law allows this district to use the revenue from a sales tax paid by the public to maintain a private parking garage/lot in perpetuity.

While current state law includes maintenance costs as an allowable project cost, TDDs with maintenance included in the project allow the district to exist indefinitely and continue to tax the public on an ongoing basis.

1.5 District abolishment
process results in excess
tax collections

There are no safeguards in state law to ensure the sales taxes are rescinded timely once the district obligations have been repaid. As a result, TDDs can continue to levy sales taxes and accumulate significant sums of money after satisfaction of the project debt.

Sales tax rescission not
always timely

Section 238.235.6, RSMo, provides districts may not rescind their sales tax if it impairs the district's ability to repay its obligations. In order to abolish a district, state law requires the State Auditor's Office (SAO) to determine the district's liabilities do not exceed its assets. Such an audit is prompted by a vote of the qualified TDD voters of the district to abolish the district. Section 238.275, RSMo, allows the vote to abolish the district by the qualified TDD voters to be delayed up to 6 months after the district project costs and initial maintenance costs have been paid. Based on closeout audits conducted by the SAO, TDDs historically wait until after the qualified TDD voter(s) have approved the abolishment of the district to rescind the sales tax even though the project costs were repaid as much as 6 months previously. Once the request to rescind the sales tax is submitted to the DOR, it can take at least 3 months for the rescission to take affect and could

¹¹ The St. Joseph Gateway TDD and the St. Louis Convention Center TDD



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take longer depending on when the DOR receives the request. While delays in rescinding the sales tax occur, the businesses within the boundaries of the district continue to charge the sales tax, which represents excess taxation to the local taxpayers since the district's project costs have already been repaid. In the most recent TDD closeout audit,¹² the project costs were satisfied by October 1, 2014; however, the sales tax was not rescinded until July 1, 2015. This delay allowed the district to receive sales tax revenue of \$449,000 more than was necessary to pay the districts obligations. For another TDD closeout audit in 2013,¹³ the district received approximately \$255,000 more in sales tax revenue than necessary to pay district obligations.

Requiring districts to rescind the funding mechanism upon satisfaction of the district's liabilities would reduce the excess taxation of consumers.

Excess taxes benefit conflicted parties

Section 238.275.5, RSMo requires the excess tax collections be remitted to the LTA and/or the MHTC, but does not require them to ensure the tax is rescinded timely. When a TDD abolishes, the district's remaining cash balance, which represents excess taxation of the consumers, is remitted to the LTA and/or the MHTC. Based on survey information provided by districts, approximately 19 percent of the district boards that responded are controlled by the LTA. In those districts, the rescission of TDD taxes places the LTA in a conflict of interest. While it is the LTA's responsibility to provide oversight and ensure a timely rescission of the TDD tax, the LTA also benefits from the excess taxation resulting from delaying the rescission. Any additional tax revenue becomes available to the LTA without having to obtain voter approval for a sales tax.

Ensuring any excess taxes collected during the closeout of a TDD do not go to the LTA charged with providing oversight would help to reduce the conflict of interest faced by the LTA at closeout. In addition, a 2016 law change¹⁴ requires any taxes withheld for noncompliance with reporting requirements to be paid to local school districts. Requiring any over collections of sales tax revenue remaining after abolishment to be remitted to local school districts would be consistent with the current TDD law, and would remove the conflict of interest an LTA-controlled board may face.

Conclusion

The TDD law in its current form allows for the creation of a political subdivision and the governing board of that political subdivision to be

¹² Report No. 2015-095, *Fenton Crossing Transportation Development District*, issued in October 2015.

¹³ Report No. 2013-101, *Glenwood-Watson Transportation Development District*, issued in October 2013.

¹⁴ HB 1418 created Section 105.145.9 to 105.145.11, RSMo.



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potentially controlled by a single developer. Developer-controlled district boards are able to impose a sales tax without a vote of the general public. A 1997 law change allowing "micro" districts to impose sales taxes has resulted in significant conflicts of interest with property owner(s)/developers controlling board decisions that use public money to benefit private interests. The TDD law does not appear to have been designed to function as an economic development tool, but is being used as one. A significant majority of districts are formed by individual property owner(s)/developers for the purpose of benefiting specific development projects. However, the law does not contain adequate safeguards to ensure public money is used in a transparent manner for public benefit, or prevent over taxation or perpetual districts. Significant changes to the state's TDD law are necessary to protect the interests of taxpayers.

1.6 Lack of reporting transparency

Annual reports of statewide TDD sales tax collections and distributions published by the DOR do not include taxes distributed to all districts. The DOR redacts the amount of sales tax distributed to TDDs that include less than 7 retailers. As a result, sales tax distributions for 2015 for 75 of 206 districts (36 percent), totaling approximately \$6 million, are redacted from publicly available DOR reports and the appendix.

Section 238.235.5, RSMo, provides the DOR "shall keep accurate records of the amount of money which was collected pursuant to this section, and the records shall be open to the inspection of officers of each transportation development district and the general public." However, DOR officials assert Section 32.057, RSMo, supersedes this language, and the amount of money collected for TDDs with fewer than 7 businesses must be protected from disclosure to the general public so as not to disclose private taxpayer information. While recent law changes to improve reporting of individual TDD records will improve the transparency of individual districts, such changes will not resolve the DOR's interpretation of the law that results in public reports of TDD distributions being redacted. To comply with DOR's reporting restrictions, some sales tax distribution amounts to individual TDDs are redacted in the appendix. However, the total statewide distribution amount presented in DOR reports and our appendix includes all TDD sales taxes distributed by the DOR.

Clarification to the law is necessary to ensure the completeness of the distribution reports published by the DOR, and to ensure the transparency of TDD tax distributions statewide.

Recommendations

The General Assembly consider amending state law to:

- 1.1 Require TDD boundaries to include an entire city or county, or for the LTA to control a majority of the TDD Board if the district wishes to impose a sales tax.



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- 1.2 Implement appropriate safeguards to help protect the public when the law is being used for economic development purposes, and to help ensure public monies are used in the public's best interest.
- 1.3 Require the LTA to review and approve the procurement of district projects, the extension of any TDD taxes, and expenditures of districts that were initiated by the property owner(s)/developers, or ensure the LTA or the general public make up a controlling majority on the board.
- 1.4 Require defined project costs, and disallow leases of private assets and maintenance as an allowable TDD project.
- 1.5 Require TDDs rescind the funding mechanism at the time district project costs have been repaid. In addition, state law should be amended to require any remaining district proceeds be distributed to local school districts.
- 1.6 Clarify if sales tax distribution amounts by TDD should be available to the public.

Auditee's Response

Due to no state or local entity having oversight or management responsibilities over TDDs on a statewide basis, no management response can be obtained. The views of any applicable local transportation authorities, or individual TDD board members were obtained as appropriate and considered as part of our audit fieldwork.

2. Weaknesses Exist in Sales Tax Administration

The sales tax administration system in place at the DOR does not adequately track sales tax district boundaries, and the DOR does not have adequate procedures in place to ensure district sales taxes are correctly administered, charged, collected, and disbursed. As a result, the audit identified multiple sales tax collection errors. During the years ended December 31, 2014 and 2015, the DOR disbursed \$69.8 million and \$73 million; respectively, in district sales taxes to the district boards.

Our review of the collection and remittance of district sales taxes identified errors for 5 of the 12 (42 percent) districts reviewed. All errors noted involved issues with the DOR's inability to accurately recognize and enforce TDD boundaries consistently. This condition was brought to the DOR's attention in a previous audit of Sales and Use Tax procedures in 2015.¹⁵ We identified the following errors:

¹⁵ Report 2015-080, *Sales and Use Tax*, issued in September 2015.



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- TDD sales taxes were collected by a business outside the designated district boundaries of the Rock Bridge TDD. When the business opened, the DOR informed the business it was within the boundaries and instructed the business to collect the TDD sales tax, according to DOR personnel. However, based on our review of district activity, the business in question was actually outside the TDD boundaries and had no legal authority to collect the sales tax. The DOR could not provide an explanation for why the department's tax system did not identify the error. The business remitted the improperly collected sales tax to the DOR for approximately a year before the SAO identified the error. The sales tax rate on the business's printed sales tax return correctly did not include the TDD tax, but was manually increased by the retailer to include the district sales tax being collected. When DOR personnel reviewed the sales tax return, they noticed the discrepancy between the two rates but again determined the retailer was within the district's boundaries without performing sufficient procedures to ensure that was accurate. The DOR then remitted the improperly collected sales tax to the TDD. The TDD receives a monthly detailed report showing the breakdown of the TDD sales tax remitted to the TDD by retailer and an annual report showing the retailers the DOR believes are in the district boundaries. The business in question appeared on both listings yet the TDD did not identify the improper sales tax collection. TDD officials could not provide an explanation for why the improper taxation was not identified.
- In 3 of the 12 (25 percent) districts reviewed, a business inside the district's boundaries was not charging and remitting district sales taxes to the DOR.¹⁶ For all three of these errors, the business was not open when the district was formed. One of the three districts notified the DOR when the business opened, which should have allowed the DOR to update the sales tax system, while the other 2 districts did not notify the DOR when the businesses opened. None of the three districts were receiving detailed reports from the DOR that could have allowed them to identify the errors.
- In 2 of the 12 (17 percent) districts reviewed, a business within the boundaries of a TDD collected and remitted the district sales tax to the DOR, but the DOR did not remit the sales tax to the district because DOR's sales tax system did not recognize the business as being within the district boundaries.¹⁷ Instead, the DOR remitted the district sales tax in error to the other entities that receive sales tax, such as the city and

¹⁶ The Centene Plaza TDD, the College Station TDD, and the Highway 71/291 Partners In Progress TDD.

¹⁷ The Rock Bridge TDD and the Stone Ridge TDD.



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the state. Only one of the two districts was receiving detailed reports but that district did not identify the error.

The DOR imposes requirements on taxing districts, including TDDs, which are beyond what the DOR requires of cities and counties. Special taxing districts in the state are required to notify the DOR when new businesses are added, which is not required of cities and counties. DOR officials indicate their system is capable of identifying the applicable tax rates that should be charged by a new business in a city or county, but for other taxing districts the entity is responsible for monitoring for new businesses and notifying the DOR. The DOR retains a portion (2 percent) of all sales taxes collected for TDD districts, as well as a portion of sales taxes collected for cities and counties, to cover the costs of performing all functions related to the collection of sales taxes. Therefore, it is unclear why the same level of services is not provided to all taxing districts, including TDDs.

State law requires the DOR to perform all functions incident to the administration, collection, enforcement, and operation of the district sales tax. The DOR has a fiduciary duty to the public to ensure taxes are administered correctly and to detect and prevent improper taxation.

Recommendation

The DOR implement controls to prevent or detect improper taxation and increase communication with the districts to help ensure they have adequate reporting information to monitor the district sales taxes.

Auditee's Response

Management for the DOR provided the following response:

The DOR provided the SAO with detailed financial and business location reports for twelve TDDs. Those twelve TDDs contain approximately 224 unique business locations of which the SAO discovered issues with 6 businesses, representing a 97 percent accuracy rate. The DOR has addressed all issues contained in the report and corrected the taxes distributed.

The DOR continues to work closely with the Office of Administration - Information Technology Services Division to ensure accurate and timely updates are made to the Sales Tax Rate Geographic Information System (STRGIS) system, which taxpayers and the DOR staff utilize to locate the local sales tax rates for a specific address.

Reports are available to the TDDs that provide a list of the open businesses registered with the district as well as a breakdown of the monthly distributions from each business which the TDD received. Currently, there is a \$35 charge for each report requested by the TDD. The DOR provides one free fiscal year report when requested. The TDD must complete Form 4379 to receive the reports. In August 2016, the DOR modified the



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confirmation letter sent to a new TDD concerning imposition of tax to include information about the availability of monthly detailed distribution reports. When the DOR has implemented Release 2 of the Missouri Integrated Revenue System, currently scheduled for implementation in August 2017, all reports will be free and the DOR has planned to notify each political subdivision of this change.

Auditor Comment

Due to incorrect boundaries in DOR's mapping system, we identified sales tax errors in 5 of the 12 (42 percent) districts reviewed, which includes one district with multiple errors. Given that error rate, improper taxation is likely more pervasive in special taxing districts than DOR officials suggest.

3. Noncompliance with Statutory Requirements

We noted several instances of noncompliance with TDD law. Districts are not informing consumers of the additional district sales tax as required by state law. Multiple TDDs selected for additional review violated state law regarding board of director eligibility and requirements. Other districts located within TIF districts failed to adequately track TDD obligations to ensure district sales taxes were used only for allowable purposes.

3.1 Sales tax notification

All 12 districts we reviewed (100 percent) had businesses that violated state law by not notifying the consumers of the retail establishments within the TDD boundaries of the additional TDD sales tax rate being charged. Section 238.280, RSMo, requires each business imposing a district sales tax to have the rate prominently displayed in the cash register area. During site visits of the TDDs selected for additional review, 7 of the 12 (58 percent) districts did not have any businesses displaying the district sales tax rate. The other 5 districts (42 percent) had at least one business displaying the rate, but also had businesses that did not.

The state law requiring the TDD sales tax rate be prominently displayed was added in 2007, presumably to increase awareness of the taxes being paid by the general public. However, state law does not include any penalty for noncompliance with this statute. Establishing a penalty, or fine, for noncompliance would allow the DOR to enforce the law, and would provide an incentive for TDD boards to ensure compliance. Increasing public awareness of sales tax rates charged is necessary because most TDD sales taxes are implemented without a public vote.

3.2 Board of directors

The board of directors for 4 of the 12 (33 percent) districts reviewed are not compliant with state law.

- The board of directors for the College Station TDD is comprised of representatives of the property owners/developer and the LTA with the LTA maintaining a controlling interest. Although registered voters moved into the district subsequent to its formation, the property owners/developer and LTA did not involve the registered voters in the



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election of the board and did not notify the registered voters they were qualified to serve as a director. State law requires when registered voters reside within the boundaries of a district subsequent to formation, the resident registered voters would become qualified voters of the district.

- The 1717 Market Place TDD does not have an active board of directors. The original property owners lost possession of the property and the subsequent property owners have not met to elect a board.
- The board of directors for 2 of the 12 (17 percent) districts reviewed have four directors on the board when state law requires a minimum of five.¹⁸

Section 238.207.4(7), RSMo, requires a minimum of five directors on the TDD boards. Section 238.202.2(2)(b), RSMo defines qualified voters of a district and states that if a registered voter subsequent to the creation of the district becomes a resident within the district and obtains ownership of property within the district, such registered voter must elect whether to vote as an owner of real property or a registered voter.

As discussed in MAR funding number 1.3, these noncompliance issues could have been detected and corrected if an independent party was responsible for overseeing TDD operations.

3.3 Cost tracking

TDD boards do not always adequately track TDD costs when the district is also part of a TIF district. The board of directors for two of the five (40 percent) districts selected for additional review, that are also included in a TIF district, do not adequately track the TDD's portion of the unpaid project balance.¹⁹ As a result, the boards have no assurance TDD revenues are being used for TDD allowable purposes or that the TDD sales tax will be rescinded timely after the satisfaction of the TDD obligations. Allowing TDD taxes to continue to be collected after the TDD's obligations have been met results in the TDD tax being used to pay off TIF debts, which are historically related to property development and not related to transportation.

Section 238.202, RSMo, defines TDD allowable projects which are limited to transportation related improvements, such as roads, bridges and parking lots, while Section 99.805, RSMo, defines TIF allowable projects, which include the demolition, rehabilitation, reconstruction, and repair of buildings as well as other economic development projects. Based on questionnaire responses received at the time of formation for 196 districts, 78 (40 percent)

¹⁸ The St. Joseph Gateway TDD and the St. Louis Convention Center TDD.

¹⁹ The Harrisonville Market Place A TDD and the St. Joseph Gateway TDD.



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districts are also in a TIF district. Based on state law, 50 percent of the TDD sales taxes are remitted to the TIF as Economic Activity Taxes (EATS), while the remaining 50 percent is distributed to the TDD to be used to meet TDD obligations.

Adequate monitoring of TDD obligations is necessary to ensure district funds are only spent for allowable purposes and the sales tax is rescinded timely. As discussed above in MAR funding number 1.3, this potential noncompliance issue could have been detected and corrected if an independent party was responsible for overseeing TDD operations.

Recommendations

The General Assembly consider amending state law to:

- 3.1 Include a penalty or fine for noncompliance with Section 238.280, RSMo.
- 3.2 Ensure the LTA or other independent body is responsible for ensuring compliance with state law regarding the composition and operations of district boards of directors.
- 3.3 Ensure the LTA or other independent body is responsible for monitoring the status of TDD obligations of districts that are also included in a TIF district. Ensure TDDs located within TIF boundaries are adequately tracking TDD obligations to ensure TDD revenues are only used for allowable TDD projects.

Auditee's Response

Due to no state or local entity having oversight or management responsibilities over TDDs on a statewide basis, no management response can be obtained. The views of any applicable local transportation authorities, or individual TDD board members were obtained as appropriate and considered as part of our audit fieldwork.

Appendix

Transportation Development Districts
 TDD Districts, Petitioner Information, and Revenues for 2 Years Ended December 31, 2015, by County

District Name	Petitioner(s)	2015 Sales Tax Revenues	(1)	2015 Other Revenues	(2)	2014 Sales Tax Revenues	(1)	2014 Other Revenues	(2)
Benton County									
U.S. Hwy 65 and Truman Dam Access	Property Owner(s)/Developer	\$	R	-		R		-	
	Subtotal Benton County		R	-		R		-	
Boone County									
Blue Ridge Town Centre	Property Owner(s)/Developer	-		-	(3)	-		-	(3)
Broadway-Fairview	Property Owner(s)/Developer	316,062		-		310,256		-	
CenterState	Property Owner(s)/Developer	318,231		-		305,602		-	
Columbia Mall	Property Owner(s)/Developer	776,956		-		778,630		-	
Conley Road	Property Owner(s)/Developer	2,486,316		-		2,479,181		-	
Cross Creek	Property Owner(s)/Developer	48,564		-		R		-	
Grindstone Plaza	Property Owner(s)/Developer	592,300		-		583,539		-	
Lake of the Woods	Property Owner(s)/Developer	71,887		-		70,196		-	
Northwoods	Property Owner(s)/Developer	R		-		R		-	
Rock Bridge Center	Property Owner(s)/Developer	323,236		-		322,568		-	
Shoppes at Stadium	Property Owner(s)/Developer	726,728		-		684,431		-	
Stadium Corridor	Property Owner(s)/Developer	342,093		-		326,684		-	
	Subtotal Boone County	6,008,599		-		5,901,297		-	
Buchanan County									
Agri-Business Expo Center	Property Owner(s)/Developer	-		-	(3)	-		-	(3)
St. Joseph Gateway	Property Owner(s)/Developer	R		-		R		-	
Tuscany Village	Property Owner(s)/Developer	-		-	(3)	-		-	(3)
	Subtotal Buchanan County	R		-		R		-	
Butler County									
Cripple Creek	Property Owner(s)/Developer	-		10,000	(4)	-		10,000	(4)
Oak Grove	Property Owner(s)/Developer	R		-		-		-	(3)
Poplar Bluff Regional	Property Owner(s)/Developer and LTA	3,296,485		-		3,161,300		-	
	Subtotal Butler County	R		10,000		3,161,300		10,000	

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Transportation Development Districts
TDD Districts, Petitioner Information, and Revenues for 2 Years Ended December 31, 2015, by County

District Name	Petitioner(s)	2015 Sales Tax Revenues (1)	2015 Other Revenues (2)	2014 Sales Tax Revenues (1)	2014 Other Revenues (2)
Callaway County					
Fulton South Business 54	Property Owner(s)/Developer and LTA	51,679	-	56,740	-
	Subtotal Callaway County	51,679	-	56,740	-
Camden County					
Dierbergs Osage Beach	Property Owner(s)/Developer	202,980	-	196,842	-
Horseshoe Bend Pedestrian Corridor	Property Owner(s)/Developer	R	-	R	-
Lake of the Ozarks Community Bridge	Property Owner(s)/Developer	-	3,461,503 (5)	-	3,352,968 (5)
Osage Station	Property Owner(s)/Developer	R	-	R	-
Toad Cove Complex	Property Owner(s)/Developer	R	-	R	-
Toad Cove Resort	Property Owner(s)/Developer	R	-	R	-
	Subtotal Camden County	349,350	3,461,503	359,508	3,352,968
Cass County					
Belton Town Centre	Property Owner(s)/Developer	767,335	-	663,707	-
Belton/Raymore Interchange	Property Owner(s)/Developer	-	4,215 (4)	R	3,210 (4)
Belton-Cass Regional	LTA	886,097	-	834,615	-
Cornerstone Pointe	Property Owner(s)/Developer	R	-	R	-
East Gateway	Property Owner(s)/Developer	R	-	R	-
Harrisonville Market Place A	Property Owner(s)/Developer	R	-	R	-
Harrisonville Market Place B	Property Owner(s)/Developer	72,332	-	69,947	-
Harrisonville Towne Center	Property Owner(s)/Developer	130,994	-	129,470	-
Highway 71/291 Partners in Progress	LTA	1,050,691	-	1,048,268	-
Hospital Interchange	LTA	R	-	R	-
Hubach Hill Road & N Cass Parkway	Property Owner(s)/Developer	-	395,910 (4)	-	396,600 (4)
Interstate 49 and 275th Street	Property Owner(s)/Developer	-	150,000 (4)	N/A	N/A (6)
	Subtotal Cass County	3,116,537	550,125	2,931,598	399,810

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Transportation Development Districts
TDD Districts, Petitioner Information, and Revenues for 2 Years Ended December 31, 2015, by County

District Name	Petitioner(s)	2015 Sales Tax Revenues (1)	2015 Other Revenues (2)	2014 Sales Tax Revenues (1)	2014 Other Revenues (2)
Christian County					
Ozark Centre	Property Owner(s)/Developer	951,822	-	377,316	-
Town and Country Village	Property Owner(s)/Developer	R	-	R	-
	Subtotal Christian County	R	-	R	-
Clay County					
210 Highway	Property Owner(s)/Developer	224,457	29,505 (7)	193,380	29,530 (7)
Briarcliff Parkway and Highway 9	Property Owner(s)/Developer	116,515	-	110,796	-
North Kansas City, Missouri Light Rail	LTA	-	- (3)	-	- (3)
Shoal Creek Parkway/N Oak Trafficway	Property Owner(s)/Developer	-	3,006 (7)	-	- (3)
Tower	Property Owner(s)/Developer	R	-	R	-
	Subtotal Clay County	R	32,511	R	29,530
Cole County					
Commons of Hazel Hills	Property Owner(s)/Developer	R	-	-	- (3)
Stone Ridge	Property Owner(s)/Developer	R	-	R	-
U.S. Highway 50/63 and City View	Property Owner(s)/Developer	R	-	R	-
	Subtotal Cole County	865,352	-	702,147	-
Cooper County					
Boonville Riverfront	Property Owner(s)/Developer and LTA	R	-	R	-
	Subtotal Cooper County	R	-	R	-
Franklin County					
Interstate 44 and Highway 47 Triangle	LTA	91,411	-	88,410	-
	Subtotal Franklin County	91,411	-	88,410	-

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Transportation Development Districts
 TDD Districts, Petitioner Information, and Revenues for 2 Years Ended December 31, 2015, by County

District Name	Petitioner(s)	2015 Sales Tax Revenues (1)	2015 Other Revenues (2)	2014 Sales Tax Revenues (1)	2014 Other Revenues (2)
Greene County					
College Station	Property Owner(s)/Developer and LTA	R	-	R	-
East-West Arterial	Property Owner(s)/Developer	R	-	R	-
	Subtotal Greene County	23,891	-	24,695	-
Jackson County					
1200 Main/South Loop	Property Owner(s)/Developer and LTA	893,989	-	848,158	-
71 Highway and 150 Highway	Property Owner(s)/Developer	R	-	R	-
Adams Farm	Property Owner(s)/Developer	1,109,629	-	1,032,056	-
Coronado Drive	Property Owner(s)/Developer	478,407	-	475,990	-
Country Club Plaza of Kansas City	Property Owner(s)/Developer	1,260,985	-	1,291,283	-
Crackneck Creek	Property Owner(s)/Developer and LTA	393,167	-	385,126	-
Douglas Square	Property Owner(s)/Developer	176,688	-	182,817	-
Douglas Station	Property Owner(s)/Developer	61,870	-	66,543	-
Harry Truman Drive	Property Owner(s)/Developer	-	- (3)	-	- (3)
Interstate 470 and Interstate 350	Property Owner(s)/Developer	2,210,799	-	2,107,934	-
Interstate 70 and Adams Dairy Parkway	Property Owner(s)/Developer	R	-	R	-
Kansas City Downtown Streetcar	LTA	5,390,033	3,470,252 (7)	4,722,961	3,430,395 (7)
Lee's Summit, Missouri New Longview	Property Owner(s)/Developer	63,040	-	48,760	-
M 150 and 135th Street	Property Owner(s)/Developer	737,360	-	731,195	-
Raintree Lake Village	Property Owner(s)/Developer	51,051	-	43,336	-
Raintree North	Property Owner(s)/Developer	181,030	-	170,127	-
Raytown Highway 350	Property Owner(s)/Developer	R	-	R	-
Strother Interchange	Property Owner(s)/Developer	202,182	-	203,098	-
Thirty-Ninth Street	LTA	952,007	-	941,656	-
Truman Road	Property Owner(s)/Developer	-	- (3)	-	- (3)
Truman's Marketplace	Property Owner(s)/Developer	69,870	-	65,047	-
	Subtotal Jackson County	14,676,988	3,470,252	13,738,612	3,430,395

Appendix

Transportation Development Districts
TDD Districts, Petitioner Information, and Revenues for 2 Years Ended December 31, 2015, by County

District Name	Petitioner(s)	2015 Sales Tax Revenues	(1)	2015 Other Revenues	(2)	2014 Sales Tax Revenues	(1)	2014 Other Revenues	(2)
Jasper County									
1717 Market Place	Property Owner(s)/Developer	142,383		-		146,314		-	
Centennial Railroad	LTA	-		-	(3)	-		-	(3)
	Subtotal Jasper County	142,383		-		146,314		-	
Jefferson County									
Arnold Retail Corridor	LTA	2,813,833		-		2,770,221		-	
Arnold Triangle	Property Owner(s)/Developer and LTA	-		-	(3)	-		-	(3)
Highway 141/67	Property Owner(s)/Developer	R		-		R		-	
Highway 21	Property Owner(s)/Developer	R		-		-		15,910	(4)
Hillsboro Lake Terrace	Property Owner(s)/Developer	-		-	(3)	-		-	(3)
Ridgecrest	Property Owner(s)/Developer	R		-		N/A		N/A	(6)
Truman Boulevard	Property Owner(s)/Developer	R		-		R		-	
	Subtotal Jefferson County	2,930,148		-		2,828,549		15,910	
Johnson County									
The Hawthorne Development	Property Owner(s)/Developer	478,477		-		431,511		-	
	Subtotal Johnson County	478,477		-		431,511		-	
Lincoln County									
Highway 61, Route U	Property Owner(s)/Developer	-		-	(3)	-		-	(3)
	Subtotal Lincoln County	-		-		-		-	
Macon County									
Highway 36 and Interstate 72 (8)	LTA	3,297,480		-		3,240,513		-	
	Subtotal Macon County	3,297,480		-		3,240,513		-	

Appendix

Transportation Development Districts
TDD Districts, Petitioner Information, and Revenues for 2 Years Ended December 31, 2015, by County

District Name	Petitioner(s)	2015 Sales Tax Revenues (1)	2015 Other Revenues (2)	2014 Sales Tax Revenues (1)	2014 Other Revenues (2)
Miller County					
Horseshoe Bend	Property Owner(s)/Developer	-	1,618 (4)	-	1,523 (4)
Osage National	Property Owner(s)/Developer	-	- (3)	-	- (3)
Prewitt Point	Property Owner(s)/Developer	766,725	-	734,209	-
	Subtotal Miller County	<u>766,725</u>	<u>1,618</u>	<u>734,209</u>	<u>1,523</u>
Newton County					
Neosho	LTA	559,494	-	540,639	-
	Subtotal Newton County	<u>559,494</u>	<u>-</u>	<u>540,639</u>	<u>-</u>
Platte County					
Park Plaza	Property Owner(s)/Developer	R	-	R	-
Parkville Commons	Property Owner(s)/Developer	405,030	-	405,229	-
Platte County Missouri South I	Property Owner(s)/Developer	1,425,904	-	1,417,749	-
Platte County Missouri South II	Property Owner(s)/Developer	348,134	-	341,432	-
Platte Valley Plaza	Property Owner(s)/Developer	13,970	38,561 (7)	11,348	64,100 (7)
Tracy Highlands	Property Owner(s)/Developer	-	- (3)	-	- (3)
Tremont Square	Property Owner(s)/Developer	172,433	-	177,635	-
Tuileries Plaza	Property Owner(s)/Developer	221,945	-	116,147	-
	Subtotal Platte County	<u>R</u>	<u>38,561</u>	<u>R</u>	<u>64,100</u>
Pulaski County					
Bowman	Property Owner(s)/Developer	R	-	R	-
Ehrhardt Properties	Property Owner(s)/Developer	R	-	R	-
Farris Family	Property Owner(s)/Developer	90,334	-	106,387	-
Interstate Plaza/North Town Village	Property Owner(s)/Developer and LTA	668,565	-	667,353	-
	Subtotal Pulaski County	<u>826,137</u>	<u>-</u>	<u>858,317</u>	<u>-</u>

Appendix

Transportation Development Districts
TDD Districts, Petitioner Information, and Revenues for 2 Years Ended December 31, 2015, by County

District Name	Petitioner(s)	2015 Sales Tax Revenues	(1)	2015 Other Revenues	(2)	2014 Sales Tax Revenues	(1)	2014 Other Revenues	(2)
Scott County									
North Main/Malone	Property Owner(s)/Developer	21,275		-	(9)	24,361		-	(9)
	Subtotal Scott County	21,275		-		24,361		-	
St. Charles County									
BaratHaven	Property Owner(s)/Developer	-		9,600	(4)	-		9,600	(4)
Boscherts Landing	Property Owner(s)/Developer	70,745		-		70,969		-	
Dardenne Town Square	Property Owner(s)/Developer	304,591		-		317,370		-	
First Capitol Drive	Property Owner(s)/Developer	-		-	(3)	-		-	(3)
Hawk Ridge	Property Owner(s)/Developer and LTA	1,190,428		-		1,130,701		-	
Hutchings Farm Plaza	Property Owner(s)/Developer	38,619		-		33,528		-	
Kingsmill	Property Owner(s)/Developer	R		-		R		-	
Mark Twain Mall	Property Owner(s)/Developer	651,418		-		653,306		-	
Meadows	Property Owner(s)/Developer and LTA	425,306		-		410,568		-	
Megan Shoppes	Property Owner(s)/Developer	R		-		R		-	
Mexico Road	Property Owner(s)/Developer	275,600		-		338,608		-	
Mid Rivers/N	Property Owner(s)/Developer	69,223		-		52,815		-	
Salt Lick Road	Property Owner(s)/Developer	218,360		-		217,218		-	
St. Charles Riverfront	Property Owner(s)/Developer	271,530		-		242,156		-	
Wentzville	Property Owner(s)/Developer	424,278		-		393,324		-	
Wentzville Commons Connector	Property Owner(s)/Developer	-		-	(3)	N/A		N/A	(6)
Wentzville II	Property Owner(s)/Developer	108,983		-		98,045		-	
Wentzville Parkway I	Property Owner(s)/Developer	183,610		-		171,053		-	
Wentzville Three	Property Owner(s)/Developer	133,586		-		129,423		-	
WingHaven	Property Owner(s)/Developer	148,832		-		158,178		-	
	Subtotal St. Charles County	4,615,120		9,600		4,526,911		9,600	
St. Francois County									
Park Hills	Property Owner(s)/Developer	R		-		R		-	
	Subtotal St. Francois County	R		-		R		-	

Appendix

Transportation Development Districts
TDD Districts, Petitioner Information, and Revenues for 2 Years Ended December 31, 2015, by County

District Name	Petitioner(s)	2015	2015	2014	2014
		Sales Tax Revenues (1)	Other Revenues (2)	Sales Tax Revenues (1)	Other Revenues (2)
St. Louis County					
1030 Woodcrest Terrace Drive	Property Owner(s)/Developer	R	-	-	- (3)
10700 Pear Tree Lane	Property Owner(s)/Developer	R	-	R	-
1225 Washington	Property Owner(s)/Developer	72,200	-	82,050	-
370/Missouri Bottom Road/Taussig Road	Property Owner(s)/Developer	1,112,746	368,858 (10)	1,303,155	1,330,393 (10)
Ballpark Village	Property Owner(s)/Developer	-	- (3)	-	- (3)
Ballwin Town Center	Property Owner(s)/Developer	132,905	-	130,903	-
Big Bend Crossing	Property Owner(s)/Developer and LTA	R	-	R	-
Brentwood Boulevard/Clayton Road	Property Owner(s)/Developer	R	-	R	-
Brentwood Pointe	Property Owner(s)/Developer	-	516,253 (4)	-	530,060 (4)
Brentwood/Eager	Property Owner(s)/Developer	R	141,828 (4) (10)	R	12,610 (10)
Bridgeton NWP	Property Owner(s)/Developer	-	- (3)	N/A	N/A (6)
Centene Plaza	Property Owner(s)/Developer	109,011	1,860,975 (10) (12)	77,270	1,731,927 (10) (12)
Chesterfield Commons	Property Owner(s)/Developer	-	- (3)	-	- (3)
Chesterfield Valley	LTA	2,867,383	-	2,737,806	-
Clarkson Kehrs Mill	Property Owner(s)/Developer	R	-	R	-
Crestwood Point	Property Owner(s)/Developer and LTA	R	-	R	-
Des Peres Corners	Property Owner(s)/Developer	523,109	-	588,197	-
Dierbergs Des Peres	Property Owner(s)/Developer	R	-	R	-
Elm Grove	Property Owner(s)/Developer	R	-	R	-
Eureka Commercial Park	Property Owner(s)/Developer	R	-	7,900	-
Eureka Old Town	Property Owner(s)/Developer and LTA	43,631	-	42,695	-
Fenton Crossing	Property Owner(s)/Developer	236,979	- (11)	409,624	-
Francis Place	Property Owner(s)/Developer	278,828	-	289,619	-
Gravois Bluff	Property Owner(s)/Developer and LTA	3,156,919	-	3,114,874	-
Hanley Road Corridor	Property Owner(s)/Developer and LTA	5,897,386	-	5,947,401	-
Hanley Station	Property Owner(s)/Developer	119,408	-	116,499	-
Hanley/Eager Road	Property Owner(s)/Developer	494,724	-	444,949	-

Appendix

Transportation Development Districts
TDD Districts, Petitioner Information, and Revenues for 2 Years Ended December 31, 2015, by County

District Name	Petitioner(s)	2015 Sales Tax Revenues	(1)	2015 Other Revenues	(2)	2014 Sales Tax Revenues	(1)	2014 Other Revenues	(2)
Highway 367 and Parker Road	Property Owner(s)/Developer	71,402		-		84,360		-	
Koch Plaza	Property Owner(s)/Developer	R		-		R		-	
Laurel	Property Owner(s)/Developer	R		-		R		-	
Lindbergh East Concord	Property Owner(s)/Developer	R		-		R		-	
Loop Trolley	Property Owner(s)/Developer	784,426		-		778,161		-	
Lormil Heights	Property Owner(s)/Developer	-		-	(3)	N/A		N/A	(6)
Lucas & Hunt/Chandler	Property Owner(s)/Developer	R		-		R		-	
Manchester Highlands	Property Owner(s)/Developer	1,574,744		-		1,583,718		-	
Meramec Station Road / Highway 141	Property Owner(s)/Developer	147,018		30,356		132,509		27,397	(10)
Newco	Property Owner(s)/Developer	R		-		-		-	(3)
North Outer Forty	Property Owner(s)/Developer	298,331		-		222,527		-	
OHM Woodson Terrace	Property Owner(s)/Developer	R		-		R		-	
Olive Boulevard	Property Owner(s)/Developer and LTA	442,108		33,140	(10)	423,641		45,191	(10)
Olive/Graeser	Property Owner(s)/Developer	97,018		-		100,307		-	
Pershall Road	Property Owner(s)/Developer and LTA	R		-		R		-	
Seven Trails Drive	Property Owner(s)/Developer	R		-		R		-	
Shoppes at Cross Keys	Property Owner(s)/Developer	704,001		-		719,871		-	
Shoppes at Hilltop	Property Owner(s)/Developer	R		40,643	(10)	R		17,148	(10)
Shoppes at Old Webster	Property Owner(s)/Developer	25,303		-		25,976		-	
South Manchester	Property Owner(s)/Developer	118,656		-		130,117		-	
St. Charles Rock Road	LTA	373,931		-		-		-	(3)
St. Cyr Road	Property Owner(s)/Developer and LTA	R		-		R		-	
St. John Crossings	Property Owner(s)/Developer and LTA	62,183		-		72,110		-	
St. John's Church Road	Property Owner(s)/Developer	734,340		-		741,178		-	
Station Plaza	Property Owner(s)/Developer and LTA	34,698		-		42,377		-	
The Market at McKnight I	Property Owner(s)/Developer	190,416		-		152,534		-	
Town and Country Crossing	Property Owner(s)/Developer	506,823		-		509,093		-	
University Place	Property Owner(s)/Developer	R		1,753,909	(10)	R		1,754,102	(10)
Washington Avenue	Property Owner(s)/Developer	R		-		R		-	
	Subtotal St. Louis County	22,980,463		4,745,962		22,482,611		5,448,828	

Appendix

Transportation Development Districts
TDD Districts, Petitioner Information, and Revenues for 2 Years Ended December 31, 2015, by County

District Name	Petitioner(s)	2015 Sales Tax Revenues	(1)	2015 Other Revenues	(2)	2014 Sales Tax Revenues	(1)	2014 Other Revenues	(2)
City of St. Louis									
2118 Chouteau	Property Owner(s)/Developer	R		-		R		-	
212 S. Grand	Property Owner(s)/Developer	R		-		R		-	
620 Market	Property Owner(s)/Developer	R		-		R		-	
Adler Lofts	Property Owner(s)/Developer	-		-	(3)	-		-	(3)
Bottle District	Property Owner(s)/Developer	-		-	(3)	-		-	(3)
Broadway Carrie	Property Owner(s)/Developer	R		-		R		-	
Broadway Hotel	Property Owner(s)/Developer	R		-		R		-	
CB 5421-5975	Property Owner(s)/Developer	221,547		-		210,418		-	
Cheshire	Property Owner(s)/Developer	R		-		R		-	
City Hospital Laundry	Property Owner(s)/Developer	R		-		R		-	
City Hospital Powerhouse	Property Owner(s)/Developer	R		-		R		-	
Crowne Plaza	Property Owner(s)/Developer	R		-		R		-	
Euclid Buckingham	LTA	R		-		R		-	
Hampton/Berthhold	Property Owner(s)/Developer	R		-		-		-	(3)
Highlands	Property Owner(s)/Developer	R		-		R		-	
Magnolia	Property Owner(s)/Developer	R		-		N/A		N/A	(6)
Merchant's Laclede	Property Owner(s)/Developer	R		884,388	(12)	R		858,014	(12)
Railway Exchange Building	Property Owner(s)/Developer	R		-		R		-	
Residence Inn Downtown St. Louis	Property Owner(s)/Developer	R		-		R		-	
Southtown	Property Owner(s)/Developer	141,629		-		142,568		-	
St. Louis Convention Center	Property Owner(s)/Developer	R		-		391,795		-	
St. Louis Food Hub	Property Owner(s)/Developer	R		-		-		-	(3)
	Subtotal St. Louis City	1,836,350		884,388		1,747,809		858,014	

Appendix

Transportation Development Districts
TDD Districts, Petitioner Information, and Revenues for 2 Years Ended December 31, 2015, by County

District Name	Petitioner(s)	2015 Sales Tax Revenues (1)	2015 Other Revenues (2)	2014 Sales Tax Revenues (1)	2014 Other Revenues (2)
Stone County					
Indian Ridge Resort	Property Owner(s)/Developer	-	- (3)	-	- (3)
Subtotal Stone County		-	-	-	-
Taney County					
Branson Landing	LTA	1,227,599	-	1,234,733	-
Branson Regional Airport	Property Owner(s)/Developer	-	2,031,375 (13)	-	5,469,010 (13)
Forsythe Road	Property Owner(s)/Developer	-	- (3)	-	- (3)
Subtotal Iron County		1,227,599	2,031,375	1,234,733	5,469,010
Webster County					
Spindler	Property Owner(s)/Developer	-	- (3)	-	- (3)
Subtotal Webster County		-	-	-	-
		\$ 73,016,025	15,235,895	69,754,334	19,089,688

R Amount redacted. Although Section 238.235.5, RSMo, provides that the Department of Revenue (DOR) "shall keep accurate records of the amount of money which was collected pursuant to this section, and the records shall be open to the inspection of officers of each transportation development district and the general public," DOR asserts that the amount of money which was collected for TDDs with fewer than 7 businesses must be protected from disclosure to the general public citing Section 32.057, RSMo.

N/A Not Applicable

- (1) Information was obtained from the DOR and is on a calendar year basis.
- (2) Information was obtained from entity financial statements, and is presented based on the entity's fiscal year. Fiscal year ends vary by TDD.
- (3) The TDD reported no revenues in annual financial reports or on survey information filed with the SAO or TDD officials told us no revenues were received.
- (4) The Other Revenues were transfers from the property owner(s)/developer, the LTA, or another TDD.
- (5) The Other Revenues were tolls.
- (6) This district formed in 2015.
- (7) The Other Revenues were property taxes.
- (8) Counties are Macon, Marion, Monroe, Ralls, and Shelby.
- (9) Sales taxes are remitted directly to the city by the retailers.
- (10) The Other Revenues are special assessments.
- (11) This district abolished in 2015.
- (12) The Other Revenues were parking fees.
- (13) The Other Revenues include operating income, payment from the LTA, and grant income.