



MIDWESTERN DISASTER AREA BONDS (MDAB)

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

PURPOSE

Provides lower-interest financing for certain types of projects.

AUTHORIZATION

The Heartland Disaster Tax Relief Act (HDTRA) of 2008

ELIGIBLE AREAS

Project must be located in a county that received a special disaster area status by virtue of damage received during the period attributable to severe storms, tornados or flooding during the period May 20, 2008 – August 1, 2008 (“Eligible County”). Eligible Counties in Missouri are: Adair, Andrew, Barry, Callaway, Cass, Chariton, Clark, Gentry, Greene, Harrison, Holt, Jasper, Johnson, Lewis, Lincoln, Linn, Livingston, Marion, Macon, Monroe, Newton, Nodaway, Pike, Putnam, Ralls, St. Charles, Stone, Taney, Vernon and Webster.

ELIGIBLE APPLICANTS

Missouri Eligible Counties.

PROGRAM BENEFITS/ELIGIBLE USES

MDABs may be used for the following purposes in Eligible Counties:

1. Acquisition, construction, reconstruction or renovation costs of nonresidential real property for nearly any “Eligible Loss or Replacement Business.” MDAB proceeds may not be used to finance movable fixtures or equipment. An “Eligible Loss or Replacement Business” includes most businesses, provided it has been designated as having either suffered a loss attributable to severe storms, tornados or flooding **during the period May 20, 2008 – August 1, 2008**; or if no loss was suffered by the business, the business is designated as replacing a trade or business with respect to another person who suffered such a loss.
2. Multi-family residential rental projects for low and moderate income individuals.
3. Repair or reconstruction of public utility property damaged by severe storms, tornados or flooding **during the period May 20, 2008 – August 1, 2008**.

ABOUT THE PROGRAM

- MDABs are not bank qualified.
- For building acquisition projects, the borrower must spend an amount equal to at least 50% of the acquisition cost of the building on rehabilitation of the building within 2 years
- A maximum of 25% of bond proceeds can be used for land.
- A maximum of 2% of bond proceeds can be used to pay costs related to issuance.
- MDABs cannot be used to finance skyboxes, health clubs, golf courses, country clubs, massage parlors, hot tub facilities, tanning facilities, racetracks or other gambling facilities or liquor stores.
- Applications for designation as Eligible Loss or Replacement Business are processed by the Missouri Department of Economic Development (DED). Applications must submit facts supporting a finding of physical or economic loss supporting the designation.

APPLICATION/APPROVAL PROCEDURE

- After the issuing entity has passed an inducement resolution, an application can be submitted to DED.
- Applications will be accepted on a continuous basis.
- A written response will be provided to applicant.
- If approved, the issuer is required to notify DED when the project is ready for the allocation letter.
- The allocation is valid for 60 days from the date of the letter. One 30- day extension can be requested.
- Upon issuance of the bonds, the issuer must notify DED by submitting a Report of MDAB Issuance.

For multi-family housing projects:

- Housing projects should first apply to the Missouri Housing Development Commission (MHDC), following their procedures and deadlines. MHDC will recommend projects to DED for approval.

FUNDING LIMITS

Missouri's cumulative program cap is \$1,414,492,000. All bonds must be issued by January 1, 2013.

CONTACT

Missouri Department of Economic Development

Division of Business and Community Services

Business and Community Finance Team

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ADDITIONAL RESOURCES

All applications and program materials for the Midwestern Disaster Area Bond, as well as information regarding Missouri's many other economic development programs and policies, can be found at: www.missouridevelopment.org.

MISSOURI DEVELOPMENT FINANCE BOARD (MDFB)

MDFB is one statewide issuer of various types of tax-exempt bonds, including some for small manufacturing facility projects. Additional information about the programs and services provided by MDFB can be found at: www.mdfb.org.

MISSOURI HOUSING DEVELOPMENT COMMISSION

MHDC is an issuer for some multi-family projects, and has several other programs directed toward the rehabilitation or development of affordable housing in Missouri.

For more information about the programs and services provided by MHDC, visit their web site at: www.mhdc.com.

LOCAL ENTITIES

Many local entities, such as industrial development authorities, can issue tax-exempt bonds. Contact the city government of the location of your proposed project for more information.