

**SUMMARY OF THE
COMMUNITY IMPROVEMENT DISTRICT ACT**

PREPARED BY:

**JAMES E. MELLO
ROBERT D. KLAHR
ARMSTRONG TEASDALE LLP
ONE METROPOLITAN SQUARE, SUITE 2600
ST. LOUIS, MISSOURI 63102-2740
(314) 621-5070**

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COMMUNITY IMPROVEMENT DISTRICTS

I. What is a community improvement district?

- A. Either a political subdivision, with the power to impose special assessments and real property taxes, or a nonprofit corporation, with the power to impose special assessments, to pay for public improvements.
- B. The district consists of the area in which the improvements are to be constructed or services are to be provided.
- C. Created by petition circulated within the proposed district.
- D. Unlike a neighborhood improvement district, a community improvement district is a separate legal entity distinct and apart from the municipality or county that creates the district.

II. Authority.

- A. Community Improvement District Act, Sections 67.1401-67.1571, Revised Statutes of Missouri, as amended.
- B. There is no clear, express statutory authority in the Act for a community improvement district to issue general obligation bonds.

III. What kinds of projects can be financed through community improvement districts?

- A. *Public* facilities or improvements.
- B. May include, but are not limited to,
 - 1. Pedestrian or shopping malls and plazas.
 - 2. Parks, lawns, trees and any other landscape.
 - 3. Convention centers, arenas, aquariums, aviaries and meeting facilities.
 - 4. Sidewalks, streets, alleys, bridges, ramps tunnels, overpasses and underpasses, traffic signs and signals, utilities, drainage, water, storm and sewer systems and other site improvements.
 - 5. Parking lots, garages or other facilities.
 - 6. Lakes, dams and waterways.
 - 7. Streetscape, lighting, benches or other seating furniture, trash receptacles, marquees, awnings, canopies, walls and barriers.

8. Telephone and information booths, bus stop and other shelters, rest rooms and kiosks.
 9. Paintings, murals, display cases, sculptures and fountains.
 10. Music, news and child-care facilities.
 11. Any other useful, necessary or desired improvement for the public.
- C. Improvements must be for public, not private, use.

IV. What other services may a community improvement district provide?

- A. A community improvement district may provide a variety of public services, including but not limited to:
1. With the municipality's consent, prohibiting or restricting vehicular and pedestrian traffic and vendors on streets.
 2. Operating or contracting for the provision of music, news, child-care or parking facilities, and buses, mini-buses or other modes of transportation.
 3. Leasing space for sidewalk cafe tables and chairs.
 4. Providing or contracting for the provision of security personnel, equipment or facilities for the protection of property and persons.
 5. Providing or contracting for cleaning maintenance and other services to public and private property.
 6. Supporting business activity, economic development and tourism.
- B. Within a blighted area, the district also may:
1. Contract with any private property owner to demolish, renovate or rehabilitate any building or structure owned by such property owner.
 2. Spend or loan its revenues for such purpose, if the governing body of the municipality has determined that such action is anticipated to remediate the blighting conditions and will serve a public purpose.

V. How is a community improvement district formed?

- A. If the district is to be created as a nonprofit corporation, the corporation must be formed and in good standing prior to filing a petition for creation.
- B. Initial petition.
1. Creation by ordinance of the governing body upon petition signed by:

- a. Property owners collectively owning more than 50% of the assessed value of the real property within the proposed district; **and** more than 50% per capita of all owners of real property within the proposed district.
 - b. In order for a parcel to be counted toward the above requirements, all owners of record (or their properly designated representatives) of a parcel must sign the petition.
2. Petition must include a wide variety of information, including:
- a. Name of the proposed district, which must include “Community Improvement District” as part thereof.
 - b. Legal description and boundary map.
 - c. A five-year plan describing the purposes of the proposed district, the services it will provide, the improvements it will make and an estimate of costs of those services and improvements.
 - d. Organizational and governance information, including:
 - i. Whether the district will be a political subdivision or a nonprofit corporation.
 - ii. If a political subdivision, the manner in which the board of directors will be established (either by election or appointment) and the number of directors on the initial board of directors.
 - e. The maximum rates of real property taxes, business license taxes and special assessments that may be imposed.
 - f. The limitations, if any, on the borrowing capacity and revenue generation of the district.
 - g. Notice that names of signers may not be withdrawn later than seven days after petition filed.
- C. Verification of petition.
1. The municipal clerk must verify, within 90 days after filing, whether the petition meets the requirements of the Act.
 2. If not, the clerk must notify the party who filed the petition of its deficiencies.

3. Upon verification, the municipal clerk files the verified petition with the governing body of the municipality.

D. Public hearing.

1. Must be held within 45 days of governing body's receipt of verified petition.
2. Notice must be published once a week for two consecutive weeks immediately prior to the week of the public hearing.
3. Notice must be mailed to property owners at least 15 days prior to the public hearing.
4. Notices must include the following information:
 - a. Date, time and place of hearing.
 - b. Statement that a petition for the establishment of a district has been filed.
 - c. Boundaries of the district by street location and map.
 - d. Statement that a copy of the petition is available for review at the clerk's office during regular business hours.
 - e. Statement that all interested persons will be given an opportunity to be heard at the hearing.

E. Establishment by ordinance.

VI. How is a community improvement district governed?

A. Political subdivision.

1. Petition specifies whether directors will be elected by the "qualified voters" or appointed by the municipality.
2. Board consists of at least 5 but not more than 30 directors. Each director must:
 - a. Own real property within the district;
 - b. Own or operate a business within the district; or
 - c. Be a registered voter residing within the district.

3. Election of directors.
 - a. Election must take place 10-15 days after effective date of the ordinance establishing the district.
 - b. “At-large” election by mail-in ballot by “qualified voters”.
 - c. A “qualified voter” must:
 - i. Own real property, which is not exempt from assessment or levy of taxes, within the district; or
 - ii. Be a registered voter residing within the district.
4. Appointment of directors.
 - a. Appointments are made by chief elected officer of the municipality with the consent of the governing body.

B. Nonprofit corporation.

1. The board is selected in same manner as other nonprofit corporations.
2. See Chapter 355 of the Revised Statutes of Missouri.

VII. How does a community improvement district fund its operations?

A. Special assessments.

1. May be imposed by any community improvement district, whether a political subdivision or nonprofit corporation.
2. The method for allocating a special assessment among the real property parcels within the district may be any reasonable method which results in a correlation between the benefit conferred upon any particular parcel and the cost to provide such benefit.
3. Procedure.
 - a. Petition is filed requesting assessment. Petition must be signed by:
 - i. Owners of real property collectively owning real property representing more than 50% of the assessed value of real property within the district; and
 - ii. More than 50% per capita of the owners of all real property within the district.

- b. Petition must also state:
 - i. Purpose.
 - ii. Proposed method of assessment.
 - iii. Amount of assessment.
 - iv. Expiration date of the assessment.
 - v. Tracts of property that will be benefited by the improvements or service.
- 4. Property exempt from assessments.
 - a. Set forth in Section 137.500(5) of the Revised Statutes of Missouri.
 - b. Includes property used exclusively for religious worship, schools and colleges, or for purposes purely charitable.
 - c. Such property owners may elect to pay the assessments, however.
- B. Real property taxes.
 - 1. May be imposed by a community improvement district that is a political subdivision.
 - 2. Requires majority voter approval by “qualified voters”. A “qualified voter” is:
 - a. Registered voter residing within the district; or
 - b. If there are no registered voters residing within the district, the owners of real property within the district.
 - 3. There is no limit on the amount of taxes that may be imposed.
- C. Other sources.
 - 1. Business license taxes.
 - 2. Sales/use tax.
 - 3. Fees, rents and charges for district property or services.
 - 4. Grants, gifts and donations.