Summary
Board Bill Number 155
Sponsored by Alderman Dan Guenther
Date: November 15, 2019

Overall Purpose/Reasons for the Board Bill

This Board Bill will facilitate real and personal property tax abatement and sales and use tax exemption incentives in connection with a project at Anheuser Busch's Soulard brewery complex. The project will accommodate new products from existing brewing material streams, further building on the Company's global sustainability initiatives.

What the Board Bill Will Do

This Board Bill will authorize an industrial revenue bond transaction that will facilitate the following incentives:

- 5 years of 50% real property tax abatement;
- 5 years of 75% personal property tax abatement; and
- Sales and use tax exemption on the purchase of construction materials used on real property improvements

The industrial revenues bonds will be purchased by the Company and will be payable only from lease revenues paid by the Company, and not from any City tax revenues. The City approved similarly-structured industrial revenue bond transactions for the Company in 2018 (Ordinance No. 70921), for Huvepharma in 2017 (Ordinance No. 70590), and for Square, Inc. in 2015 (Ordinance No. 70132).

The Main Components of the Board Bill

The Board Bill (1) approves a Plan for an Industrial Development Project, which is attached as Exhibit A to the Board Bill, as is required by Chapter 100, RSMo. for this type of incentive, and (2) authorizes the issuance of the industrial revenue bonds to facilitate the above-described incentives.

The Impact of the Board Bill to the Community

The Board Bill will incentivize the Company to invest approximately $100 million in the City and enhance its St. Louis operations. A Cost/Benefit Analysis describing the financial impacts of the tax incentives on the various taxing districts is included in Exhibit A to the Board Bill and will be sent to each of the taxing districts, as required by Chapter 100, RSMo.

BOARD BILL NUMBER 155 INTRODUCED BY ALDERMAN DAN GUENTHER

An Ordinance recommended by the Board of Estimate and Apportionment authorizing The City of St. Louis, Missouri to issue its Taxable Industrial Development Revenue Bonds in one or more series in a total principal amount of not to exceed $100,000,000 for the purpose of providing funds to pay the costs of acquiring, constructing, improving and equipping an industrial development project in the City; approving a plan for such project; authorizing and directing the Mayor and the Comptroller to execute certain documents related thereto; and authorizing and directing the taking of other actions and approval and execution of other documents as are necessary or desirable to carry out and comply with the intent hereof.

WHEREAS, The City of St. Louis, Missouri, a constitutional charter city and political subdivision of the State of Missouri (the "City"), is authorized and empowered pursuant to the provisions of Article VI, Section 27(b) of the Missouri Constitution, Sections 100.010 through 100.200, inclusive, of the Revised Statutes of Missouri, as amended, and its charter (collectively, the "Act"), to purchase, construct, extend, equip and improve certain projects (as defined in the Act) and to issue industrial development revenue bonds for the purpose of providing funds to pay the costs of such projects and to lease or otherwise dispose of such projects to private persons or corporations for manufacturing, commercial, office industry, warehousing and industrial development purposes upon such terms and conditions as the City deems advisable; and

WHEREAS, the Act requires the City to prepare a plan in connection with any industrial development project undertaken pursuant to the Act; and

WHEREAS, a Plan for an Industrial Development Project (the "Plan") has been prepared in the form of **Exhibit A** attached hereto; and

WHEREAS, notice of the City's consideration of the Plan has been given in the manner required by the Act, and the Board of Aldermen has fairly and duly considered all comments submitted to the Board of Aldermen regarding the proposed Plan; and

WHEREAS, the Board of Aldermen hereby finds and determines that it is desirable for the improvement of the economic welfare and development of the City and within the public purposes of the Act that the City: (1) approve the Plan pursuant to the Act, (2) issue its Taxable Industrial Development Revenue Bonds in one or more series in a total principal amount not to exceed $100,000,000 (the "Bonds"), for the purpose of acquiring, constructing, improving and equipping an industrial development project (the "Project") at facilities in the City operated by Anheuser – Busch, LLC and/or its affiliates (collectively, the "Company"), (3) lease the Project to the Company, and (4) enter into one or more performance agreements with the Company, under which the Company will make certain payments to the City in consideration of the City issuing the Bonds; and

WHEREAS, the Board of Aldermen further finds and determines that it is necessary and desirable in connection with the issuance of the Bonds that the City enter into certain documents, and that the City take certain other actions as herein provided;

BE IT ORDAINED BY THE CITY OF ST. LOUIS AS FOLLOWS:

SECTION ONE. The Board of Aldermen hereby approves the Plan for an Industrial Development Project attached as **<u>Exhibit A</u>** hereto.

SECTION TWO. The City is hereby authorized to provide for the acquisition, construction, improvement and equipping of the Project, as further described in the Plan.

SECTION THREE. The City is hereby authorized to issue and sell the Bonds as described in the recitals hereto for the purpose of providing funds to pay the costs of the Project. The Bonds shall:

(a) be issued in one or more series, provided that the cumulative maximum principal amount of all series shall not exceed $100,000,000;

(b) be sold initially only to the Company;

(c) have an interest rate of no greater than 5.00% per annum;

(d) have a final maturity date no later than then end of the tax abatement period described in the Plan.

The Bonds shall be issued and secured pursuant to the Indentures described in Section Five below and shall have such terms, provisions, covenants and agreements as are set forth in the Indentures.

SECTION FOUR. The Bonds and the interest thereon shall be limited obligations of the City, payable solely out of certain payments, revenues and receipts derived by the City from the Leases described in Section Five below. Such payments, revenues and receipts shall be pledged and assigned to the trustee named in the Indentures (the "Trustee"), as security for the payment of the Bonds as provided in the Indentures. The Bonds and the interest thereon shall not constitute general obligations of the City, the State of Missouri (the "State") or any political subdivision thereof, and neither the City nor the State shall be liable thereon. The Bonds shall not constitute an indebtedness within the meaning of any constitutional, statutory or charter debt limitation or restriction, and are not payable in any manner by taxation.

SECTION FIVE. In connection with the issuance of the Bonds, the City hereby authorizes the Board of Estimate and Apportionment to approve, on behalf of the City, the following documents (collectively, the "City Documents"), the terms of which shall be consistent with Section Three above and the Plan:

(a) one or more Trust Indentures (the “Indentures”) between the City and the Trustee, pursuant to which the applicable series of Bonds will be issued and the City will pledge the applicable portion of the Project and assign certain of the payments, revenues and receipts received pursuant to the applicable Lease to the Trustee for the benefit and security of the owners of the Bonds upon the terms and conditions as set forth in the applicable Indenture;

(b) one or more special warranty deeds or ground leases between the City and the Company, pursuant to which the Company will transfer an interest in the real property associated with the Project to the City;

(c) one or more Lease Agreements (the “Leases”) between the City and the Company, pursuant to which the City will lease the applicable portion of the Project to the Company pursuant to the terms and conditions therein, in consideration of rental payments by the Company that will be sufficient to pay the principal of and interest on the corresponding series of Bonds;

(c) one or more Bond Purchase Agreements between the City and the Company, pursuant to which the Company will purchase the applicable series of Bonds from the City; and

(d) one or more Performance Agreements between the City and the Company, pursuant to which the Company will make certain payments in lieu of taxes in consideration of the issuance of the applicable series of Bonds.

The Mayor or her designated representatives and the Comptroller or her designated representatives, with the advice and concurrence of the City Counselor and after approval by the

Board of Estimate and Apportionment, are hereby further authorized and directed to make any changes to the documents, agreements and instruments approved and authorized by this Ordinance as may be consistent with the intent of this Ordinance and necessary and appropriate in order to carry out the matters herein authorized, with no further action of the Board of Aldermen or the Board of Estimate and Apportionment necessary to authorize such changes made by the Mayor or her designated representatives or the Comptroller or her designated representatives. Such changes may include, but are not limited to, the substitution of an affiliated entity designated by Anheuser – Busch, LLC as a party to the applicable City documents. The Mayor and the Comptroller's signatures on the applicable City Documents shall constitute approval of any such change.

SECTION SIX. The Mayor and the Comptroller are hereby authorized and directed to execute the Bonds and to deliver the Bonds to the Trustee for authentication for and on behalf of and as the act and deed of the City in the manner provided in the Indentures. The Mayor and the Comptroller are hereby authorized and directed to execute the City Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance, for and on behalf of and as the act and deed of the City. The City Register is hereby authorized to attest to and affix the seal of the City to the Bonds and the City Documents and such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance.

SECTION SEVEN. The City shall, and the officials, agents and employees of the City are hereby authorized to, take such further action, and execute such other documents, certificates and instruments as may be necessary or desirable to carry out and comply with the intent of this Ordinance and to carry out, comply with and perform the duties of the City with respect to the Bonds and the City Documents. The Mayor and the Comptroller are hereby authorized, through the term of the Leases, to execute all documents or take any other actions on behalf of the City (including documents pertaining to the transfer of the Project) as may be required to carry out and comply with the intent of this Ordinance, the Indentures and the Leases.

SECTION EIGHT. If any section, subsection, sentence, clause, phrase or portion of this ordinance is held to be invalid or unconstitutional, or unlawful for any reason, by any court of competent jurisdiction, such portion shall be deemed and is hereby declared to be a separate, distinct and independent provision of this Ordinance, and such holding or holdings shall not affect the validity of the remaining portions of this Ordinance.

SECTION NINE. After adoption of this Ordinance by the Board of Aldermen, this Ordinance shall become effective on the 30th day after its approval by the Mayor or adoption over her veto.

EXHIBIT A

PLAN FOR INDUSTRIAL DEVELOPMENT

THE CITY OF ST. LOUIS, MISSOURI

PLAN FOR AN INDUSTRIAL DEVELOPMENT PROJECT
AND
COST/BENEFIT ANALYSIS

FOR

ANHEUSER – BUSCH, LLC

TABLE OF CONTENTS

* * *

THE CITY OF ST. LOUIS, MISSOURI

PLAN FOR AN INDUSTRIAL DEVELOPMENT PROJECT
AND
COST/BENEFIT ANALYSIS
ANHEUSER – BUSCH, LLC

I. PURPOSE OF THIS PLAN

The City of St. Louis, Missouri (the "City") intends to issue one or more series of taxable industrial revenue bonds in a cumulative principal amount of not to exceed $100,000,000 (the "Bonds") to finance the costs of a proposed industrial development project (the "Project") for Anheuser – Busch, LLC (including its affiliates, the "Company"). The Bonds will be issued pursuant to the provisions of Sections 100.010 to 100.200 of the Revised Statutes of Missouri, as amended, Article VI, Section 27(b) of the Missouri Constitution and the City Charter (collectively, the "Act"). The Bonds will initially be owned by the Company, and cannot be transferred, other than to the Company's affiliates and lenders, without the City's prior approval.

This Plan for an Industrial Development Project and Cost/Benefit Analysis (this "Plan") has been prepared to satisfy requirements of the Act and to analyze the potential costs and benefits, including the related tax impact on affected taxing jurisdictions, of using industrial development bonds to finance the Project and to facilitate abatement of ad valorem taxes on the bond-financed property.

II. DESCRIPTION OF CHAPTER 100 FINANCINGS

General. The Act authorizes cities, counties, towns and villages to issue industrial development bonds to finance the purchase, construction, extension and improvement of warehouses, distribution facilities, research and development facilities, office industries, agricultural processing industries, service facilities that provide interstate commerce, industrial plants and other commercial facilities. Bond proceeds may be used to finance land, buildings, fixtures and machinery.

Issuance and Sale of Bonds. Revenue bonds issued pursuant to the Act do not require voter approval and are payable solely from revenues received from the project. The municipality issues its bonds and in exchange, the benefited company promises to make payments that are sufficient to pay the principal of and interest on the bonds as they become due. Thus, the municipality merely acts as a conduit for the financing.

Concurrently with the closing of the bonds, the company will convey to the municipality title to (1) the site on which the industrial development project will be located and/or (2) the personal property included in the project. (The municipality must be the legal owner of the property while the bonds are outstanding for the property to be eligible for tax abatement, as further described below.) At the same time (depending on whether the real and/or personal property tax abatement is being provided), the municipality will lease the project site, the improvements thereon and the personal property included in the project back to the benefited company pursuant to a lease agreement. The lease agreement will require the company, acting on behalf of the municipality, to use the bond proceeds to purchase and construct the project.

Under the lease agreement, the company typically: (1) will unconditionally agree to make payments sufficient to pay the principal of and interest on the bonds as they become due; (2) will agree, at its own expense, to maintain the project, to pay all taxes and assessments with respect to the project, and to maintain adequate insurance; (3) has the right, at its own expense, to make certain additions, modifications or improvements to the project; (4) may assign its interests under the lease agreement or sublease the project while remaining responsible for payments under the lease agreement; (5) will covenant to maintain its corporate existence during the term of the bond issue; and (6) will agree to indemnify the municipality for any liability the municipality might incur as a result of its participation in the transaction.

Property Tax Abatement. Under Article X, Section 6 of the Missouri Constitution and Section 137.100 of the Revised Statutes of Missouri, as amended, all property of any political subdivision is exempt from taxation. In a typical transaction, the municipality holds fee title to the project and leases the project to the benefited company. Although the Missouri Supreme Court has held that the leasehold interest is taxable, it is taxable only to the extent that the economic value of the lease is less than the actual market value of the lease. See *Iron County v. State Tax Commission*, 437 S.W.2d 665 (Mo. banc 1968) and *St. Louis County v. State Tax Commission*, 406 S.W.2d 644 (Mo. banc 1966). If the rental payments under the lease agreement equal the actual debt service payments on the bonds, the leasehold interest should have no "bonus value" and the bond-financed property should be exempt from ad valorem taxation and personal property taxation so long as the bonds are outstanding.

If the municipality and the company determine that partial tax abatement is desirable, the company may agree to make "payments in lieu of taxes." The amount of payments in lieu of taxes is negotiable. The payments in lieu of taxes are payable by December 31 of each year, and are distributed to the municipality and to each political subdivision within the boundaries of the project in the same manner and in the same proportion as property taxes would otherwise be distributed under Missouri law.

Sales Tax Exemption. In addition to property tax abatement, qualified building materials can be exempt from sales tax if approved by the municipality. The sales tax exemption is evidenced by a project exemption certificate issued by the municipality. The purchase of manufacturing equipment is exempt from sales tax pursuant to Missouri law. The purchase of other personal property as part of the project may be exempted from sales tax if approved by the Missouri Department of Economic Development.

III. DESCRIPTION OF THE PARTIES

Anheuser-Busch, LLC. The Company is an affiliate of Anheuser-Busch Inbev SA/NV ("AB Inbev"), which is a multi-national drink and brewing company formed in 2008 through a merger of Belgium-based Inbev and St. Louis-based Anheuser-Busch. AB Inbev sells approximately 400 brands of beer and other beverages in more than 100 countries around the world. More information about AB Inbev is available at http://ab-inbev.com. The Company may use other affiliated entities to implement various portions of the Project.

The City of St. Louis, Missouri. The City is a charter city and a political subdivision of the State of Missouri. The City is authorized and empowered pursuant to the provisions of the Act to purchase, construct, extend, equip and improve certain projects (as defined in the Act) and to issue industrial development revenue bonds for the purpose of providing funds to pay the costs of such projects and to lease or otherwise dispose of such projects to private persons or corporations for manufacturing, commercial, warehousing and industrial development purposes upon such terms and conditions as the City deems advisable.

IV. REQUIREMENTS OF THE ACT

A. Description of the Project. The Company intends to renovate, improve, expand and equip a building or buildings located at its Soulard brewery complex to accommodate new products from existing brewing material streams, further building on the Company's global sustainability initiatives. The specific building or buildings to be renovated, improved and expanded (the "Project Improvements") have not yet been finalized, however, they will be located within the Soulard brewery complex. The estimated cost of the Project Improvements is $15,000,000. Equipping the Project Improvements with machinery, equipment and other personal property (the "Project Equipment") is estimated to cost $85,000,000. The acquisition, construction and installation of the Project is expected to begin in 2020 and be completed by December 31, 2022. The City will acquire the Project with the Bond proceeds and will lease the Project to the Company.

B. Estimate of the Costs of the Project. The Project is estimated to cost $100,000,000, consisting of approximately $15,000,000 for the Project Improvements and approximately $85,000,000 for the Project Equipment.

C. Source of Funds to be Expended for the Project. The source of funds to be expended for the Project will be the proceeds of one or more series of Bonds in the cumulative maximum principal amount of $100,000,000 and other available funds of the Company. The Bonds will be payable solely from the revenues derived by the City from the lease or other disposition of the Project to the Company (as further described below). The Bonds will not be an indebtedness or general obligation, debt or liability of the City or the State of Missouri.

D. Statement of the Terms Upon Which the Project is to be Leased or Otherwise Disposed of by the City. The City will lease the Project to the Company for lease payments equal to the principal and interest on the Bonds. At the Company's option, portions of the Project may be leased to separate affiliates of the Company (for example, one affiliate may be the lessee for the real property portion of the Project and another affiliate may be the lessee for the personal property portion of the Project). Under the terms of the lease agreements with the City, the Company (or applicable affiliate) will have the option to purchase the applicable portion of the Project at any time for nominal consideration. All leases entered into in furtherance of this Plan will terminate no later than December 31 of the fifth year in which tax abatement is realized (currently estimated to be 2026 for both real and personal property, but subject to change depending on implementation schedules for the Project Improvements and the Project Equipment).

E. Affected School District, Community College District, Ambulance District, Fire District, County and City. The St. Louis Public School District is the school district affected by the Project. The Community College District of St. Louis, St. Louis County, Missouri is the community college district affected by the Project. No ambulance districts or fire districts are affected by the Project. The City of St. Louis is the city affected by the Project. Because the City is not located within a county, no county is affected by the Project. The Cost/Benefit Analysis attached hereto identifies all other taxing districts affected by the Project.

F. Current Assessed Valuation. The specific building or buildings that will house the Project Improvements have not yet been identified. However, they will be located on one or more of the following tax parcels:

Parcel No.	2019 Assessed Value
141100010	$4,055,400
140900010	2,880,000
088300010	8,320,000
088400010	1,600,000
202000010	2,880,000
089000020	1,278,400
088500011	824,400
088600012	731,300

The Company estimates that Project Improvements will increase the assessed value of the parcel or parcels upon which they are located on by $1,280,000.[1]

The Project Equipment has not yet been acquired and installed; accordingly, the most recent equalized assessed valuation of the personal property included in the Project is $0. The estimated total equalized assessed valuation of the Project Equipment after development of the Project is $20,336,633. This valuation was calculated based upon the Company's anticipated investment of $85,000,000 in personal property, the estimated schedule of such investment, depreciation, and an assessment rate of 33.33% for the Project Equipment.

G. Payments in Lieu of Taxes. If this Plan is approved by the Board of Aldermen, the City intends to issue one or more series of the Bonds, take possession of the Project and extend tax abatement to the Company. During the period the City owns the Project, the Company will make the following payments in lieu of taxes ("PILOTs"):

- Prior to substantial completion of the Project Improvements, the Company will make PILOTs equal to the amount of ad valorem real property taxes that would be due with respect to any real property transferred to the City in furtherance of the Project based on such property's assessed value prior to its transfer to the City (the "Base Real Property Tax Amount").
- Beginning in the year after substantial completion of the Project Improvements and continuing for a period of five years, the Company will make PILOTs equal to the Base Real Property Tax Amount plus an amount equal to 50% of the ad valorem real property taxes attributable to the Project Improvements that would be due, but for the City's ownership thereof.
- Beginning in the first year after the initial installation of the Project Equipment and continuing for five years, the Company will make PILOTs equal to 25% of the ad valorem personal property taxes that would be due with respect to the Project Equipment, but for the City's ownership thereof.

The payments in lieu of taxes attributable to the Project will be divided among taxing districts that levy real and personal property taxes on the Project.

H. Cost/Benefit Analysis and Discussion of Exhibits. In compliance with Section 100.050.2(3) of the Revised Statutes of Missouri, as amended, this Plan has been prepared to show the costs and benefits to the City and to other taxing jurisdictions affected by the tax abatements and exemptions of the Project Equipment. The following is a summary of the exhibits attached to this Plan that shows the direct tax impact the Project is expected to have on each taxing jurisdiction. This Plan does not attempt to quantify the overall economic impact of the Project.

Summary of Cost/Benefit Analysis. **Exhibit 1** presents a summary for each affected taxing district of (1) the total estimated tax revenues that would be generated if the Project did not receive tax abatement, (2) the total estimated value of the PILOTs[2] to be made by the Company for the proposed abatement period and (3) the total estimated value of the abatement to the Company.

[1] Several of the parcels listed above include more than one building. Accordingly, the total assessed value of the parcel or parcels where the Project Improvements are ultimately located will take into account the additional value of the Project Improvements and any changes, positive or negative, to the value of any other buildings or improvements located on the same tax parcel.

[2] The Base Real Property Tax Amount is not reflected in the Exhibits to the Cost/Benefit Analysis because (1) it is not yet known which parcel or parcels will be transferred to the City in connection with the Project Improvements and (2) the Base Real Property Tax Amount is intended to keep the taxing districts neutral with respect to the pre-existing value of a parcel prior to the completion of the Project Improvements (i.e., only taxes attributable to the Project Improvements will actually be abated).

Please note that the actual value of the Project may differ from the estimated value assumed in this Plan and may impact the value of the PILOTs to be made by the Company.

Real Property Tax Revenues. **Exhibit 2** provides the projected tax revenues that would be generated from the Project Site and the Project Improvements without tax abatement. **Exhibit 4** provides the projected value of the real property PILOTs to be made by the Company.

Personal Property Tax Revenues. **Exhibit 3** provides the projected tax revenues that would be generated from the Project Equipment without tax abatement. **Exhibit 5** provides the projected value of the personal property PILOTs to be made by the Company.

Refer to **Attachment A** for the assumptions related to the determination of the assessed values and the tax formulas.

Sales/Use Tax Exemption. The City will grant a sales and use tax exemption on the qualified building materials necessary to construct the Project Improvements. For purposes of determining the impact of the exemption granted by the City on the affected taxing jurisdictions, it was assumed that:

- $6,000,000 of the total costs of the Project Improvements will be allocated to construction material costs;
- the applicable sales tax rate is 9.679%, of which 4.225% is allocated to the State of Missouri and 5.454% is allocated to St. Louis City and various citywide taxing districts (i.e., Metrolink, St. Louis Public School District and Regional Parks and Trails);
- the applicable use tax rate is 9.013%, of which 4.225% is allocated to the State of Missouri and 4.788% is allocated to the City and various citywide taxing districts (i.e., Metrolink and Regional Parks and Trails; the St. Louis Public School District does not have a use tax);
- 80% of the qualified construction materials will be subject to the State's sales tax and 20% will be subject to the State's use tax; and
- 10% of the qualified construction materials will be subject to the City's and various citywide districts' sales tax and 20% will be subject to the City's and various citywide districts' use tax.

Please note that any variance in these assumptions will alter the net fiscal impact of the sales tax exemption on the affected taxing jurisdictions.

Based on the assumptions set forth above, the net fiscal impact of the sales and use tax exemption on the qualified building materials granted by the City is approximately $343,680, allocated as follows:

	Sales Tax	Use Tax	Total
State of Missouri	$202,800	$50,700	$253,500
City (including all citywide taxing districts)	32,724	57,456	90,180
Total	$235,524	$108,156	$343,680

Ancillary Project Benefits. The Company estimates that the completion of the Project will result in the creation of at least 40 jobs. The Project will also provide collateral benefits for local suppliers during the construction and installation period. These ancillary impacts were not measured for purposes of this Plan.

V. ASSUMPTIONS AND BASIS OF PLAN

In preparing this Plan, we have made some key assumptions to estimate the fiscal impact of the abatement proposed for the Project. See **Attachment A** for a summary of these assumptions.

In addition to the foregoing, in order to complete this Plan, we have generally reviewed and relied upon information furnished to us by, and have participated in conferences with, representatives of the City, representatives of the Company and its consultants, and other persons as we have deemed appropriate. We do not assume any responsibility for the accuracy, completeness or fairness of any of the information provided to us; we have not independently verified the accuracy, completeness or fairness of such information.

* * *

ATTACHMENT A

SUMMARY OF KEY ASSUMPTIONS

1. The Project will be owned by the City and leased to the Company with an option to purchase. As long as the Project is owned by the City, it will be exempt from ad valorem taxes.

2. The Company will invest $15,000,000 in completing the Project Improvements. This investment will result in an increase of $1,280,000 in the assessed value of the parcel or parcels upon which the Project Improvements are located. The assessed value of any other improvements located on the same parcel or parcels will remain constant during the abatement period.

3. The Company will invest $85,000,000 in acquiring and installing the Project Equipment. These costs will be incurred over several years according to this schedule:

Year of Investment	Manufacturing Equipment Investment	Non-Manufacturing Equipment Investment
2021	$70,000,000	$5,000,000
2022	10,000,000	

4. The Project Equipment acquired in 2021 would, but for the City's ownership, be subject to ad valorem personal property taxes beginning in 2022. The Project Equipment acquired in 2022 would, but for the City's ownership, be subject to ad valorem personal property taxes beginning in 2023.

5. The assessed value of the Project Equipment is calculated using the following formula:

(Cost * Depreciation Factor) * Assessment Ratio of 33-1/3%

6. For the Project Equipment, a depreciation factor is applied at the end of each year using the percentages listed below. The Project Equipment consisting of manufacturing equipment will be depreciated over a seven year period and the Project Equipment consisting of non-manufacturing equipment will be depreciated over a five year period:

Year	(7-Year Depreciation)	(5-Year Depreciation)
0	100.00%	100.00%
1	89.29%	85.00%
2	70.16%	59.50%
3	55.13%	41.65%
4	42.88%	24.99%
5	30.63%	10.00%
6	18.38%	10.00%
7	10.00%	10.00%

7. The City will transfer ownership of the Project to the Company on December 31, 2026. During the period the period that the City owns the Project, the Company will make the following PILOTs:

- Prior to substantial completion of the Project Improvements, the Company will make PILOTs equal to the amount of ad valorem real property taxes that would be due with respect to any real property transferred to the City in furtherance of the Project based on such property's assessed value prior to its transfer to the City (the "Base Real Property Tax Amount").[3]
- Beginning in the year after substantial completion of the Project Improvements and continuing for a period of five years (i.e., 2022 through 2026), the Company will make PILOTs equal to the Base Real Property Tax Amount plus an amount equal to 50% of the ad valorem real property taxes attributable to the Project Improvements that would be due, but for the City's ownership thereof.
- Beginning in the first year after the initial installation of the Project Equipment and continuing for five years (i.e., 2022 through 2026), the Company will make PILOTs equal to 25% of the ad valorem personal property taxes (including merchants and manufacturers license taxes) that would be due with respect to the Project Equipment, but for the City's ownership thereof.

8. The Cost/Benefit analysis relies on 2019 tax rates, which are assumed to remain constant through 2026. The Cost/Benefit analysis also assumes that the merchants and manufacturers license tax, which is levied against manufacturing equipment and collected by the City License Collector will be the same rate as the ad valorem personal property tax levied against non-manufacturing equipment and collected by the City Collector of Revenue. Historically, the merchants and manufacturers license tax rate has been slightly less than the ad valorem personal property tax rate.

* * *

[3] The Base Real Property Tax Amount is not reflected in the Exhibits to the Cost/Benefit Analysis because (1) it is not yet known which parcel or parcels will be transferred to the City in connection with the Project Improvements and (2) the Base Real Property Tax Amount is intended to keep the taxing districts neutral with respect to the pre-existing value of a parcel prior to the completion of the Project Improvements (i.e., only taxes attributable to the Project Improvements will actually be abated).

EXHIBIT 1

SUMMARY OF COST/BENEFIT ANALYSIS

Tax Distribution	**Tax Revenue for Real and Personal Property Without Abatement**	**Revenue Generated from PILOT Payments**	**Value of Abatement**
State of Missouri	$ 25,764	$ 6,921	$ 18,843
The City of St. Louis	1,356,915	364,509	992,407
St. Louis Public School District	4,285,448	1,151,202	3,134,246
Library	463,756	124,579	339,177
St. Louis Community College	171,761	46,140	125,621
Zoo - Museum District	223,290	59,982	163,307
MSD	94,469	25,377	69,092
Sheltered Workshop	111,645	29,991	81,654
Children's Service Fund	154,585	41,526	113,059
Senior Services	42,940	11,535	31,405
Mental Health	77,293	20,763	56,529
Commercial Surcharge	104,960	52,480	52,480
	$ 7,112,827	$ 1,935,007	$ 5,177,820

EXHIBIT 2

PROJECTED REAL PROPERTY TAX PAYMENTS WITHOUT ABATEMENT

Total Estimated Assessed Value of Real Property		$ 1,280,000	$ 1,280,000	$ 1,280,000	$ 1,280,000	$ 1,280,000	
Taxing Jurisdiction	Total Tax Rate per $100	2022	2023	2024	2025	2026	Total
State of Missouri	0.0300	$ 384	$ 384	$ 384	$ 384	$ 384	$ 1,920
The City of St. Louis	1.5800	20,224	20,224	20,224	20,224	20,224	101,120
St. Louis Public School District	4.9900	63,872	63,872	63,872	63,872	63,872	319,360
Library	0.5400	6,912	6,912	6,912	6,912	6,912	34,560
St. Louis Community College	0.2000	2,560	2,560	2,560	2,560	2,560	12,800
Zoo - Museum District	0.2600	3,328	3,328	3,328	3,328	3,328	16,640
MSD	0.1100	1,408	1,408	1,408	1,408	1,408	7,040
Sheltered Workshop	0.1300	1,664	1,664	1,664	1,664	1,664	8,320
Children's Service Fund	0.1800	2,304	2,304	2,304	2,304	2,304	11,520
Senior Services	0.0500	640	640	640	640	640	3,200
Mental Health	0.0900	1,152	1,152	1,152	1,152	1,152	5,760
Commercial Surcharge	1.6400	20,992	20,992	20,992	20,992	20,992	104,960
	9.8000	$ 125,440	$ 125,440	$ 125,440	$ 125,440	$ 125,440	$ 627,200

EXHIBIT 3

PROJECTED PERSONAL PROPERTY TAX PAYMENTS WITHOUT ABATEMENT

Total Estimated Assessed Value of Personal Property		$ 22,248,775	$ 20,336,633	$ 15,894,910	$ 12,258,274	$ 8,742,126	
Taxing Jurisdiction	Property Tax Rate per $100	2022	2023	2024	2025	2026	Total
State of Missouri	0.0300	$ 6,675	$ 6,101	$ 4,768	$ 3,677	$ 2,623	$ 23,844
The City of St. Louis	1.5800	351,531	321,319	251,140	193,681	138,126	1,255,795
St. Louis Public School District	4.9900	1,110,214	1,014,798	793,156	611,688	436,232	3,966,088
Library	0.5400	120,143	109,818	85,833	66,195	47,207	429,196
St. Louis Community College	0.2000	44,498	40,673	31,790	24,517	17,484	158,961
Zoo - Museum District	0.2600	57,847	52,875	41,327	31,872	22,730	206,650
MSD	0.1100	24,474	22,370	17,484	13,484	9,616	87,429
Sheltered Workshop	0.1300	28,923	26,438	20,663	15,936	11,365	103,325
Children's Service Fund	0.1800	40,048	36,606	28,611	22,065	15,736	143,065
Senior Services	0.0500	11,124	10,168	7,947	6,129	4,371	39,740
Mental Health	0.0900	20,024	18,303	14,305	11,032	7,868	71,533
	8.1600	$ 1,815,500	$ 1,659,469	$ 1,297,025	$ 1,000,275	$ 713,357	$ 6,374,354

		Personal Property Assessed Value				
7-Year Property (Manufacturing)		2022	2023	2024	2025	2026
2021	70,000,000	20,832,250	16,369,030	12,862,380	10,004,333	7,146,285
2022	10,000,000		2,976,036	2,338,433	1,837,483	1,429,190
5-Year Property (Non-Manufacturing)						
2021	5,000,000	1,416,525	991,568	694,097	416,458	166,650
	85,000,000	22,248,775	20,336,633	15,894,910	12,258,274	8,742,126

EXHIBIT 4

PROJECTED PAYMENTS IN LIEU OF TAXES REVENUES (REAL PROPERTY)

Total Estimated Assessed Value of Real Property		$ 1,280,000	$ 1,280,000	$ 1,280,000	$ 1,280,000	$ 1,280,000	
PILOT Percentage (on Incremental Assessed Value Only)		50%	50%	50%	50%	50%	
Real Property PILOT Distribution	Total Tax Rate per $100	2022	2023	2024	2025	2026	Total
State of Missouri	0.0300	$ 192	$ 192	$ 192	$ 192	$ 192	$ 960
The City of St. Louis	1.5800	10,112	10,112	10,112	10,112	10,112	50,560
St. Louis Public School District	4.9900	31,936	31,936	31,936	31,936	31,936	159,680
Library	0.5400	3,456	3,456	3,456	3,456	3,456	17,280
St. Louis Community College	0.2000	1,280	1,280	1,280	1,280	1,280	6,400
Zoo - Museum District	0.2600	1,664	1,664	1,664	1,664	1,664	8,320
MSD	0.1100	704	704	704	704	704	3,520
Sheltered Workshop	0.1300	832	832	832	832	832	4,160
Children's Service Fund	0.1800	1,152	1,152	1,152	1,152	1,152	5,760
Senior Services	0.0500	320	320	320	320	320	1,600
Mental Health	0.0900	576	576	576	576	576	2,880
Commercial Surcharge	1.6400	10,496	10,496	10,496	10,496	10,496	52,480
	9.8000	$ 62,720	$ 62,720	$ 62,720	$ 62,720	$ 62,720	$ 313,600

EXHIBIT 5

PROJECTED PAYMENTS IN LIEU OF TAXES REVENUES (PERSONAL PROPERTY)

Total Estimated Assessed Value of Personal Property		$ 22,248,775	$ 20,336,633	$ 15,894,910	$ 12,258,274	$ 8,742,126	
PILOT Percentage		25%	25%	25%	25%	25%	
Personal Property PILOT Distribution	Property Tax Rate per $100	2022	2023	2024	2025	2026	Total
State of Missouri	0.0300	$ 1,669	$ 1,525	$ 1,192	$ 919	$ 656	$ 5,961
The City of St. Louis	1.5800	87,883	80,330	62,785	48,420	34,531	313,949
St. Louis Public School District	4.9900	277,553	253,699	198,289	152,922	109,058	991,522
Library	0.5400	30,036	27,454	21,458	16,549	11,802	107,299
St. Louis Community College	0.2000	11,124	10,168	7,947	6,129	4,371	39,740
Zoo - Museum District	0.2600	14,462	13,219	10,332	7,968	5,682	51,662
MSD	0.1100	6,118	5,593	4,371	3,371	2,404	21,857
Sheltered Workshop	0.1300	7,231	6,609	5,166	3,984	2,841	25,831
Children's Service Fund	0.1800	10,012	9,151	7,153	5,516	3,934	35,766
Senior Services	0.0500	2,781	2,542	1,987	1,532	1,093	9,935
Mental Health	0.0900	5,006	4,576	3,576	2,758	1,967	17,883
	8.1600	$ 453,875	$ 414,867	$ 324,256	$ 250,069	$ 178,339	$ 1,593,588

BOARD BILL FISCAL NOTE

(Board Bill Number 155)

Preparer's Name: St. Louis Development Corporation staff

Contact Information: Dale Ruthsatz
Director of Commercial Development
St. Louis Development Corporation
(314) 657-3732
ruthsatzd@stlouis-mo.gov

Bill Sponsor: Alderman Dan Guenther

Bill Synopsis:	Board Bill No. ____ relates to an industrial development project for Anheuser – Busch, LLC (the "Company"). The project involves (1) the acquisition and installation of approximately \$85,000,000 of new equipment and other personal property and \$15,000,000 of real property improvements at the Anheuser – Busch brewery in the City (the "Project"), (2) the issuance of not to exceed \$100,000,000 of industrial revenue bonds in connection with the Project (the "Bonds"), and (3) the provision of real and personal property tax abatement and sales tax exemption on construction materials for the Project. The Bonds and tax abatement are permitted by Chapter 100, RSMo. The sales tax exemption is permitted by Section 144.062, RSMo. Board Bill No. ____ authorizes the issuance of the Bonds and approves the tax abatement and sales tax exemption. The real property tax abatement is limited to five years, 50%. The personal property tax abatement is limited to five years, 75%. Completion of the Project will accommodate new products from existing brewing material streams, further building on the Company's global sustainability initiatives. The Bonds will be purchased by the Company and will be special limited obligations of the City payable only from lease revenues paid by the Company ***and not from any City tax revenues***. The Bonds are not "debt" of the City and the City will have no obligation to make any payments on the Bonds if there are insufficient lease revenues.
Type of Impact:	Pursuant to the requirements of Chapter 100, RSMo., a cost-benefit analysis showing the impact of the proposed tax abatement on the City and other taxing district has been prepared and provided to all affected taxing districts (and is included in Exhibit A to the Board Bill).

Agencies Affected:	Issuance of the Bonds will require approval of bond documents by the Board of Estimate and Apportionment and administration of the tax abatement incentives by the Assessor, License Collector, Collector of Revenue and St. Louis Development Corporation.

SECTION A
Does this bill authorize:

- An expansion of services which entails additional costs beyond that approved in the current adopted city budget? ____Yes __X__No.

- An undertaking of a new service for which no funding is provided in the current adopted city budget? ____Yes __X__No.

- A commitment of city funding in the future under certain specified conditions? ____Yes __X__No.

- An issuance of bonds, notes and lease-purchase agreements which may require additional funding beyond that approved in the current adopted city budget? ____Yes __X__No.

  Although the Board Bill authorizes the issuance of Bonds, the Bonds are secured by and solely payable from lease revenues paid by the Company. ***No City tax revenues will be used to pay the Bonds****.*

- An execution or initiation of an activity as a result of federal or state mandates or requirements? ____Yes __X__No.

- A capital improvement project that increases operating costs over the current adopted city budget? ____Yes __X__No.

- A capital improvement project that requires funding not approved in the current adopted city budget or that will require funding in future years? ____Yes __X__No.

If the answer is yes to any of the above questions, then a fiscal note must be attached to the board bill. Complete Section B of the form below.

SLDC will provide its financial analysis of the project under separate cover

SECTION B

- Does the bill require the construction of any new physical facilities? ____Yes ____No.
    - If yes, describe the facilities and provide the estimated cost:
    ____
    ____
    ____
    ____
    ____

- Is the bill estimated to have a direct fiscal impact on any city department or office? ____Yes ____No.
    - If yes, explain the impact and the estimated cost:

- Does the bill create a program or administrative subdivision? ____Yes ____No.
    - If yes, then is there a similar existing program or administrative subdivision? ____Yes ____No.
    - If yes, explain the how the proposed programs or administrative subdivisions may overlap:
    ____
    ____
    ____
    ____
    ____

- Describe the annual operating, equipment, and maintenance costs that would result from the proposed bill, as well as any funding sources:

Complete the chart below to list the total estimated expenditures required of the City resulting from the proposed board bill and any estimated savings or additional revenue.

Financial Estimate of Impact on General Fund			
Fiscal Impact	**Year 1 (current)**	**Year 2**	**Year 3**
Additional Expenditures			
Additional Revenue			
Net			
Financial Estimate of Impact on Special Funds			
Fiscal Impact	**Year 1 (current)**	**Year 2**	**Year 3**
Additional Expenditures			

Additional Revenue			
Net			

- Describe any assumptions used in preparing this fiscal note:

- List any sources of information (including any City officials, agencies, or departments) used in preparing this fiscal note:

- Have the financial estimates of this bill been verified by the City Budget Division?
  ____Yes __X__No.

If yes, by whom? ______________________________ .