

MINUTES OF THE
HISTORIC TAX CREDIT SUBCOMMITTEE OF THE
TAX CREDIT REVIEW COMMISSION

Thursday, October 7, 2010
9:30 a.m.
1307 Washington Avenue, Suite 300
St. Louis, MO 63102

I. CALL TO ORDER

The meeting was called to order at 9:40 am by Chairman Boyers in the offices of U.S. Bancorp Community Development Corporation, 1307 Washington Avenue, St. Louis, Missouri.

II. ROLL CALL

Members Present:

Chairman Zack Boyers, Senator Chuck Gross, Senator Matt Bartle (by phone), Rex Burlison, Mike Wood (by phone), Ray Wagner, Robert Espeland, Peter George, Wendy Timm, Bill Bayer, Rodney Crim, Eric Friedman, Joe Maestes, Debra Sheals (by phone), Elizabeth Rosen (by phone)

Members Absent:

Jerry Schlichter, Luana Gifford, Tom Reeves, Peter Noonan, Greg Smith, Steve Kramer, Shannon Weber (by phone), Karen Bode-Baxter

Others Present:

Sallie Hemenway, Alan Spell, Ann Auer, Ernesto Segura, Vicki Webster (by phone)

III. NEW BUSINESS

- A. Approval of Minutes: Minutes from the September 20, 2010 and October 1, 2010 meetings were distributed to the committee prior to the meeting. Wendy Timm made a motion to approve the minutes, as submitted. Bill Bayer seconded the motion. The motion was approved by unanimous consent.
- B. Presentation by Department of Economic Development: Sallie Hemenway, Director of Business & Community Services, and Alan Spell, Deputy Chief Economist, represented the Missouri Department of Economic Development (DED) and provided an overview of the REMI Missouri Economic Model of Economic Impact. The presentation including a review of the methodology used in the REMI model, its data output quantifying economic impact to the state and an example of how the model uses available data, which was delivered to each Subcommittee member prior to the meeting.
- C. Discussion: Following the presentation, the Subcommittee discussed the following:
1. The REMI model is limited to measurement of the fiscal return to the state, rather than the various intangible benefits that may also be derived from tax credit projects (i.e. the "induced" benefits). This limitation is a function of DED using

the REMI model to measure the fiscal impact to the state for all tax credit programs, which requires uniformity in the modeling. The Subcommittee was provided with a REMI example for a non-Historic Tax Credit project and the Subcommittee asked to received a REMI example for a Historic Tax Credit project that Mr. Spell agreed to provide.

2. Ms. Hemenway discussed that the state Historic Preservation Tax Credit is an entitlement program, in that DED merely administers the tax credits and does not have discretion to assess individual projects or guard against the potential oversupply of particular markets. With other discretionary programs, DED may consider the financial stability of applicants, debt to loan ratios, or a “but-for” test to determine the need for the credits. She advised that for entitlement programs, the state relies on the market to regulate itself.
3. The discussion also focused on the benefits of having this tax credit program remain as an entitlement, as that aids in the timing of the projects, limits political influence and provides predictability for lenders and other project participants.
4. The Subcommittee also discussed the procedural changes to the tax credit approval process that have been implemented following the passage of House Bill 191 (2009) and the issues that some in the development community have raised, in particular the “extended” review of some applications. Ms. Hemenway disagreed with the notion that there is an “extended” review process, said there is an “expanded” review process that was brought about by HB 191, and agreed to try and assist the Subcommittee in clarifying the procedures in place so that the Subcommittee can better assess whether changes should be recommended. Some members suggested that HB 191 only changed the pre-approval process of application for an allocation under the cap, and that HB 191 did not change the process of providing the review and approval of credits after the project is complete. As a result, what was a 60 day process now has become a 6 or more month process that is creating a substantial economic burden and hardship on many projects, individuals and lenders.
5. Subcommittee members also requested that other states (both with and without historic tax credit programs) be reviewed for ideas that could guide the Subcommittee in making recommendations to improve the Missouri program.

D. Next Meetings:

1. A Subcommittee working session is scheduled for October 14, 2010 at 8 a.m. to discuss ideas and recommendations from Subcommittee members. The meeting will be held in the offices of U.S. Bancorp Community Development Corporation, 1307 Washington Avenue, Suite 300, St. Louis, Missouri.

IV. MEETING ADJOURNED

There being no other business to come before the Subcommittee, Chairman Boyers adjourned the meeting at approximately 11:20 a.m.

Submitted and approved by the Subcommittee the
14th day of October, 2010.