

FREQUENTLY ASKED QUESTIONS TRANSPORTATION DEVELOPMENT DISTRICTS (APPLIES TO “ON STATE SYSTEM” PROJECTS)

What is a Transportation Development District?

Commonly referred to as “TDD,” a Transportation Development District is a transportation project development tool, governed by state statute, which is available for use by registered voters, local communities and property owners throughout Missouri. A TDD is a political subdivision of the state of Missouri, designed to facilitate specific public transportation improvements through the collection of taxes and the borrowing of funds. A TDD has geographical jurisdiction and is created by vote of “qualified voters”; the vote is then approved by the circuit court. The revenue of a TDD (most frequently sales tax) can only be used for public transportation and transportation-related improvements.

Who can form a TDD?

A TDD can be formed by four groups: registered voters, a local transportation authority, a multi-jurisdictional transportation authority and property owners. If registered voters seek to form a TDD, at least 50 registered voters from each county the TDD is being formed in must petition the court. If a local transportation authority or multi-jurisdictional transportation authorities seek to form the TDD, a governing body of the transportation authorities involved, within any county in which the proposed project may be located, may file the petition. If property owners request formation of a TDD all “real property” owners within the proposed district may file the petition to form the TDD.

How does a TDD form?

Filing a petition with the circuit court in a county in which the TDD is proposed begins formation of the TDD; however, in the case of a multi-jurisdictional TDD, the local transportation authorities must adopt a resolution calling for establishment of the TDD prior to filing the petition. The court hears the case and determines the legality of the TDD and the proposed funding method. The court then rules on the legality and justifiableness of the petition and decides on it accordingly.

Petition Filed by Registered Voters or Governing Body

The court will then certify the questions regarding district creation, project development and proposed funding of the TDD. After public notice and a hearing scheduled at the court’s discretion, an election for the TDD creation, project development and proposed funding shall be submitted for voter approval. The judge will then certify the vote and transmit such actions to the circuit court. If passed, an election will then be held to select the TDD board of directors, unless the petitioners were multi-jurisdictional governing bodies. In that event, the board of directors is composed of the presiding officers of each of the local transportation authorities within the district and their appointees.

Petition Filed By Property Owners

After the court enters its judgment allowing formation, the court will declare the district organized and will certify the funding methods. Unless objections are filed against the petition, no hearing is required. The board of directors, not less than five and not more than fifteen, will be elected from the property owners or representatives of owners.

What is a qualified voter?

A “qualified voter” is a registered voter living within the boundaries of the TDD, unless property owners form the TDD and no registered voters reside within the proposed TDD boundaries. In this case, the qualified voters are these property owners and are given one vote for each acre of land they own inside of the TDD boundary.

How are the Board Members appointed/elected?

If the district is being formed by the registered voters residing within it, the court causes an election to be held to elect a board of directors from the voters 21 years or older that reside in the district and file with the county clerk; not less than five nor more than fifteen members may be elected to the board. If a multi-jurisdictional transportation authority with four or more local transportation authorities forms the TDD, the board of directors will be comprised of the presiding officers of each local transportation authority. If the district has two or three local transportation authorities, the board will be comprised of the presiding officer of each authority and one person designated by the governing body of each local authority. If the TDD is comprised of property owners, the court shall call for a meeting of property owners to elect a board; not less than five nor more than fifteen members may be elected from the group of property owners.

How many elections are required to form a TDD?

To develop a TDD certain elections are held; these elections vary depending on who forms the TDD. When registered voters or local transportation authority forms a TDD, separate votes are held on formation, board of directors and funding. If property owners form the TDD, owners cast their ballot by petitioning the court, which approve any measure submitted to them as voters. If a multi-jurisdictional transportation authority forms the TDD, the question of TDD formation and funding mechanism are put forth to qualified voters. If the funding mechanism is sales tax, there is one vote for organization of the TDD and the imposition of sales tax.

How can a TDD help fund a project?

A TDD may issue notes, bonds and other debt securities to fund a transportation project. The bonds shall exclusively be the responsibility of the district and may be payable solely out of the TDD funds. This does not constitute a debt or liability of the state or any agency or political subdivision of the state. Neither the TDD, the local transportation authority, nor the Commission shall be obligated to pay such bonds with any funds other than those specifically pledged to repayment of the bonds. The district is allowed to levy sales taxes, impose tolls, impose property taxes and use special assessment, within the boundaries of the TDD, to repay said debt. The tax rate must be levied at the same rate through out the district. Proposed funding must be submitted to qualified voters for approval. If the TDD cannot generate enough revenue to fund the project their options include restructuring the debt financing, changing the tax rate or seeking additional funds elsewhere.

Why do people choose to form a TDD?

A TDD is formed in order to facilitate specific transportation related projects in the state of Missouri. The approval of a TDD allows for the creation of a political subdivision with the ability to generate funding for certain projects. The TDD is allowed to generate money by issuing debt and levying taxes in order to repay the debt incurred by the district. People choose to form a TDD when they are looking to levy taxes in order to pay for a transportation project.

What is the role of MoDOT in a TDD?

- The Missouri Highways and Transportation Commission (MHTC) is authorized to adopt reasonable administrative rules regarding TDDs and have developed guidelines for the MoDOT district offices to achieve this.
- The circuit court is required to serve the MHTC with a copy of every TDD petition filed.
- The MHTC is required to respond within 30 days after receipt of service to file an answer to the development districts petitions, stating agreement with or opposition to the creation of the district. If the MHTC file its answer opposing the creation of the district, it will explain the legal reasons why the petition is defective, why the proposed district is illegal or unconstitutional, or why the proposed method for funding the district is illegal or unconstitutional.
- The MHTC must approve all state highway system projects as a necessary and desirable extension of the state system, subject to entering into a mutually satisfactory agreement regarding development and future maintenance of the project.
- A TDD must enter into an agreement with the MHTC and receive Commission approval of the project's plans and specifications before imposition of the tax or fee to fund any portion of the project and before construction of any state system project can occur.
- The MHTC must appoint an advisor to the TDD and approve modifications to plans, specifications and project description.
- After a TDD is formed, the MHTC must approve issuance of Commission bonds on behalf of a TDD, right of way access control and the acquisition of land for the project right of way.
- The TDD may condemn land for a project in the name of the State of Missouri, upon prior approval of the MHTC. If the TDD project results in the acquisition of real property or in any person being displaced from their home or business, the district shall provide relocation assistance, make relocation payments and follow all other procedures of state and federal statutes.
- The TDD must enter into an agreement to transfer project ownership to the MHTC.
- MoDOT will not issue permits for a project to be funded by a TDD until after the TDD is formed, it is approved by the MHTC and a project agreement is executed.

What is the local role in a TDD?

The local role replaces the MHTC and MoDOT's role if the TDD project is on the local system only.

How do projects comply with the National Environmental Policy Act (NEPA)?

The TDD should work with the appropriate MoDOT district office to get a NEPA classification for the project. The MoDOT district will submit the project to the environmental section of MoDOT, who will work with the Federal Highway Administration (FHWA) to get a NEPA classification for the development. The majority of projects will require minimal work to comply with environmental policy; however, some projects may be classified as requiring an "environmental assessment" or "environmental impact statement," which will require one – three years to get NEPA clearance. Based on the classification, MoDOT works with the district and the TDD to advise them on what they need to do to comply with NEPA and all of the other federal and state environmental laws and regulations. The TDD must supply MoDOT with the proper correspondence and permits as proof that they did comply.

Can TDDs overlap and, if so, what impact does this have on the tax levy?

At the present time, the statutes are silent on the question of whether TDD boundaries may overlap.

How does a TIF District work with a TDD?

Tax increment financing districts (TIF) and TDDs are separate development tools used to assist in financing public improvements. A TDD creates a new taxing district to raise additional tax revenue to pay for transportation improvements, while a TIF pays for transportation and other public improvements by allowing taxing jurisdictions to forego a portion of the increased tax revenue generated by the new economic development within the TIF. Both the TDD and TIF projects can be publicly financed by the issuance of bonds. The TIF can justify the taxing jurisdiction foregoing the increased tax revenue because the area involved is declared blighted and without funding, the improvements would not be made and economic stagnation would continue. TDD projects are limited in scope to transportation improvements and there is no requirement that the area being developed be considered blighted.

TIF and TDD can work together to finance a project. When a transportation-linked project is to be principally financed by TIF, a TDD can be used to fund the transportation related segments of the project. This allows TIF revenues to be used to finance other public enhancements that are part of the TIF redevelopment project or reduce the amount of TIF obligations needed to finance a project. TIF working with a TDD is also advantageous if allowing for additional improvements that would not be otherwise financed, due to not being part of the TIF redevelopment project or budget restrictions. If a TDD is formed in the boundaries of a TIF redevelopment area and imposes a TDD sales tax, this tax would constitute additional economic activity, fifty percent of which would be captured by the TIF unless the TIF agrees to forego the TDD revenue.

What is the difference between a TDD and Transportation Corporation (TC)?

Transportation Development Districts and Transportation Corporations have many differences. A TDD is formed as a political subdivision, while a TC is a not-for-profit entity with no stockholders. Both a TDD and a TC can issue bonds but only a TDD can levy taxes in order to repay the bonds. While a TC is formed through a vote by the MHTC following a public hearing, a TDD is formed by qualified voter approval after petitioning the circuit court.