



Transportation Development Districts, Missouri

The State of Missouri, bordered by the Missouri River, is home to more than 6,300 caves, vast areas of protected wilderness, and numerous lakes. It is famous for the Gateway Arch, Lake of the Ozarks, St. Louis Cardinals, barbecue, and a celebrated music history. Kansas City, one of the State's major cities, has the among the most fountains of any city in the world – second only to Rome, Italy. Its most important economic sectors are farming and cattle. Thus, a strong transportation network is crucial for facilitating economic and recreational activity across Missouri which includes highways, local roads and streets, bridges, airports, transit and rail, freight railroad, and ports and waterways. Together, these facilities move Missouri travelers, businesses and freight and drive economic growth.

The State is home to 24,467 bridges, the seventh-largest bridge inventory in the nation. The Missouri Department of Transportation (MoDOT) owns and maintains 10,364 of these bridges including 53 major river bridges with almost every other bridge is owned by counties and cities. Missouri's roughly 34,000-mile highway network contains over 1,000 miles of interstate highways, more than 8,000 miles of State routes, and nearly 20,000 miles of lettered routes. About 76 percent of traffic drives on 5,500 miles worth of major routes and the State's minor routes carry 24 percent of traffic on approximately 28,000 miles of road. These roads play a critical role in the State's economic growth, traveler efficiency, and the quality of life of its citizens. In recent years, MoDOT has funded and delivered roadway pavement maintenance improvements that have significantly improved road surface conditions throughout the State's transportation system. However, the State motor fuel tax has not increased since 1996, and Missouri ranks fourth lowest in State gas tax and 47th overall in revenue per mile.

Financial Need and Indicative Solution

Missouri had a comprehensive report completed in 2018 that revealed that many of its bridges, roads, ports, railroads, and other transportation infrastructure had signs of deterioration and required attention. For instance, there were 4,800 bridges that needed repairs, at an estimated cost of \$4.2 billion.

However, the State did not have enough revenue for this work. Nearly half of its funding came from a gas tax of \$0.17 per gallon. Initiatives to raise the gas tax kept being overwhelmingly defeated and, while there was also funding from Federal and other State sources, it was not enough.

To generate additional transportation improvement revenue, Missouri approved the use of Transportation Development Districts (TDDs). A TDD is a political subdivision created for the purpose of issuing bonds, levying taxes, and applying special assessments or tolls to finance transportation-related improvement projects—such as the construction of roads, bridges, interchanges, intersections, and parking facilities. A TDD may finance transportation improvements outside its boundaries as long as it is a direct beneficiary.



Transportation Development Districts (TDDs)

A TDD can be used to fund, promote, plan, design, construct, improve, maintain, and operate transportation projects. These can include infrastructure such as bridges, streets, roads, highways, access roads, interchanges, intersections, signing, signalization, parking lots, bus stops, stations, garages, terminals, hangars, shelters, rest areas, docks, wharfs, lake or river ports, airports, railroads, light rail, and other mass transit.

While TDD funding usually comes from a sales tax at or less than one percent, it can also come from a property tax of 10 cents per \$100 assessed value, highway and road tolls, or fees. TDDs contract with local transportation authorities to receive the revenue. They may also issue debt securities like bonds on their own behalf, utilizing the captured taxes and assessments to pay debt service on the bonds issued to construct transportation projects. Either the Missouri Department of Transportation or the city is required to sponsor projects and must agree to accept maintenance responsibilities for completed projects. When the bonds are paid off, the TDD is terminated.

If a TDD cannot generate enough revenue to fund its projects, it can restructure its debt financing, change the tax rate, or seek additional funds elsewhere. All proposed funding must be submitted to voters for approval and, every three years, the TDD must pay for an audit.

Certain requirements, per Sections 238.200–238.275 of the Revised Statutes for the State of Missouri, must be met before a city can approve a TDD. Property owners may petition for the creation of a district as large as several counties or as small as a single parcel of property, and TDDs are approved and organized by order of the circuit court. They can be formed by registered voters, local transportation authorities, multijurisdictional transportation authorities, or property owners.

The process starts by filing a petition with the circuit court. For voters, it must be filed by at least 50 registered voters from each county where the TDD is being formed. For transportation authorities or multijurisdictional transportation authorities, it must be filed by the governing body. For property owners, it must be filed by all real property owners within the proposed district. The petition must include the TDD's name, boundaries, and description; a map; information on the proposed governing body and board of directors; a funding proposal; request for submission to the proposed district's qualified voters; and a statement that the TDD is not unjust or unreasonable and will not be an undue burden on any property owner within the district.

If the petition is filed by voters or a governing body, the circuit court clerk must publish a newspaper notice about it, including its funding methods, once a week for four consecutive weeks before a hearing. After the hearing, the TDD is submitted for vote and, following approval, the circuit court can hear the case without a jury and declare its judgment. If the petition is filed by property owners, unless objections are filed against the petition, no hearing is required and the circuit court can approve it. Opponents must state their reason for being



against the TDD, such as a defective petition or illegal or unconstitutional funding, and can ask the court for a declaratory judgment. As long as the TDD is proposed to construct transportation-related improvements, any property is eligible to be included within it.

A TDD can purchase or receive land contributions and cash to obtain project right-of-way; limit and control access from adjacent properties; sell and convey excess right-of-way; contract project funding, promotion, planning, design, construction, improvement, maintenance, or operation; contract with a local transportation authority to transfer a project to them at no cost; condemn land; or exercise other powers necessary to complete a project. It can also work with a Tax Increment Financing District by financing the transportation-related segments of projects. It is advisable for a TDD to obtain insurance against real or personal property loss or self-insure, and to require contractors to obtain liability insurance on behalf of the TDD project.

Along with improving transportation, TDDs are spurring development and economic growth. For example, the sole owner of a large tract of land in Missouri established a TDD with a one-cent sales tax on future sales. The developer was responsible for paying all costs to build a road and other transportation infrastructure. When the work was completed, the TDD began to receive its portion of the revenue—reimbursing the developer for the infrastructure costs. The access that the TDD provided laid the groundwork for the development of a new sports complex, which is bringing in tourist dollars that are boosting the economy. Further development is expected and promises to bring in more activity and tax revenue.

Resources:

[KRCU - The Basics of TDDs \(Transportation Development Districts\)](#)

[Missouri Department of Transportation - 2019 MoDOT Results](#)

[Missouri Dept. of Transportation - Partnership Development](#)

[Missouri Department of Transportation - Transportation Development Districts \(TDDs\)](#)

[Missouri Department of Transportation - Fast Facts](#)

[Missouri Department of Revenue - Taxpayer Information](#)

[Missouri Department Of Transportation - Frequently Asked Questions Transportation](#)

[Development Districts \(Applies To "On State System" Projects\)](#)

[2005 Missouri Revised Statutes - § 238.236. — Sales tax for transportation development district](#)

[Infrastructure Report Card - Report Card for Missouri's Infrastructure 2018](#)

[Infrastructure Report Card - Missouri 2018 Report](#)

[Infrastructure Report Card - ASCE Gives Missouri Another C-](#)