

FACT SHEET

FINANCIAL INCENTIVES FOR BROWFIELDS REDEVELOPMENT

Financial incentives for the remediation and redevelopment of brownfields are available through both state and federal brownfield programs. The incentives assist applicants in offsetting the sometimes considerable costs of remediation of environmental contamination at brownfield sites, thus expediting cleanup, which, in turn allows for the productive use of these sites for various redevelopment projects.

Federal Brownfield Grants, Funding and Tax Incentives

Federal brownfields financial incentives are largely administered by the United States Environmental Protection Agency (EPA). The Brownfields Program provides direct funding for brownfields assessment, cleanup, revolving loans and environmental job training. Tax incentives are also available through EPA's Brownfields Program. These financial incentives are described in further detail below.

Brownfields Grants

1. Assessment Grants

Assessment grants provide funding for a grant recipient to inventory, characterize, assess and conduct planning and community involvement related to brownfield sites. Grants range from \$200,000 - \$700,000. The performance period for these grants is two years.

2. Revolving Loan Fund Grants

Use of loan funds is limited to brownfields properties that have been determined to have an actual release or substantial threat of release of a hazardous substance. Loans may also be used at sites with a release or substantial threat of release of a pollutant or contaminant that may present an imminent or substantial danger to public health or welfare. Loans may not be used for activities at any site: (1) listed (or proposed for listing) on the National Priorities List (NPL); (2) at which removal actions must be taken within six (6) months; or (3) where a federal or state agency is planning or conducting a response enforcement action. Loans are each funded up to \$1,000,000 over five years.



3. *Cleanup Grants*

Cleanup grants provide funding for a grant recipient to carry out cleanup activities at brownfield sites. An eligible entity may apply for up to \$200,000 per site. Due to budget limitations, no entity should apply for funding cleanup activities at more than five sites. These funds may be used to address sites contaminated by petroleum and hazardous substances, pollutants or contaminants (including hazardous substances co-mingled with petroleum). Cleanup grants require a 20 percent cost share, which may be in the form of a contribution of money, labor, material or services, and must be for eligible and allowable costs (the match must equal 20 percent of the amount of funding provided by EPA and cannot include administrative costs). A cleanup grant applicant may request a waiver of the 20 percent cost share requirement based on hardship. An applicant must own the site for which it is requesting funding at time of application or demonstrate the ability to acquire title. The performance period for these grants is two years.

4. *Job Training Grants*

EPA, other federal agencies, local job training organizations, community colleges, labor groups and others have established partnerships to develop long-term plans for fostering workforce development through environmental training, ensure the recruitment of trainees from socio-economically disadvantaged communities, provide quality worker-training and allow local residents an opportunity to qualify for jobs developed as a result of brownfields efforts. The Brownfields Job Training Grants will each be funded up to \$200,000 over two years.

Tax Incentives

1. *Brownfields Tax Incentive*

The Taxpayer Relief Act includes the Brownfields Tax Incentive, which is designed to spur the cleanup and redevelopment of brownfields. Under this federal tax incentive, environmental cleanup costs for eligible properties are fully deductible business expenses in the year in which the costs are incurred or paid. On December 21, 2000 the Taxpayer Relief Act was amended to expand the use of the incentive by removing certain eligibility requirements. Since 1997, the Brownfields Tax Incentive has allowed taxpayers to deduct cleanup costs in the year they are incurred, rather than having to be capitalized.



Missouri Brownfield Redevelopment Program

The Missouri Brownfield Redevelopment Program is administered by the Missouri Department of Economic Development (MODED) and the Missouri Department of Natural Resources (MDNR).

Financial incentives are available through the MODED, while MDNR oversees the cleanup of the site through the Voluntary Cleanup Program (VCP).

Eligible Applicants

1. The applicant cannot be a party who intentionally or negligently caused the release or potential release of hazardous substances at the project.
2. If the property is not owned by a public entity, the city or county must endorse the project.
3. The project must be accepted into the VCP of the MDNR and cannot be an EPA "Superfund" site.
4. The project must be projected by the MODED to result in the creation of at least ten (10) new jobs or the retention of twenty-five (25) jobs by a private commercial operation. "New jobs" are defined as full-time (35+ hours/week) for persons who were not employed by the business or a related taxpayer for the prior year. Housing projects do not qualify, but mixed use (housing and commercial) may qualify.

Types of Financial Assistance

1. *Remediation Tax Credits*

The MODED may issue tax credits for up to 100% of the cost of remediating the project property. 75% of the tax credits will be issued upon adequate proof of payment of the costs. The remaining 25% of the tax credits will not be issued until a clean letter has been issued by MDNR. Tax credits may be used to offset Missouri income-tax liability, and partnerships and S-corporations may pass through the tax credits to each partner or shareholder.

2. *Demolition Tax Credits*

The MODED may issue tax credits for up to 100% of the cost of non-remediation of demolition costs. The demolition must be part of a city or county, and state approved redevelopment plan.

3. *Jobs & Investment Tax Benefits*

Businesses locating at the project that create new jobs to the state may receive (for up to ten (10) years) tax credits in the amount of \$500 to \$1300 per year for each new job created; 2% of new capital investment per year; and a 50% income exemption. To be eligible to receive these benefits, the city or county must provide at least 50% real property tax abatement for ten (10) to twenty-five (25) years.

4. *Due Diligence Matching Grant*

A public entity may request grant funding (up to \$100,000 per project or 50% of the cost) to fund a feasibility study on an eligible facility. The other 50% may be from the public entity or private sources.

5. *Grant for Public Infrastructure*

The public entity may also request grant funding for public capital improvements for up to \$1 million (less any funds provided by loans or guarantees for the same project). The public entity and owner must demonstrate the inability to finance the entire amount of improvements to be considered for grant funding.

The Session Law Firm

The Session Law Firm has applied for and attained various state and federal brownfield financial incentives on behalf of a multitude of clients for the remediation and redevelopment of brownfield sites.