



FOR IMMEDIATE RELEASE - March 8, 2010
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SAINT LOUIS –Two St. Louis residents will be in Cole County Circuit Court on Wednesday to testify in their \$95 million lawsuit against the State of Missouri. Plaintiffs allege that the Distressed Areas Land Assemblage Tax Credit Act (Mo. Rev. Stat. § 99.1205), authorized by the Missouri General Assembly in 2007 and amended in 2009, provides no public benefit and is an unconstitutional grant of taxpayer dollars to a private developer.

“This law has incentivized a developer to harm our community,” says plaintiff Keith Marquard, CPA. “This developer has no realistic plan and no proof of financial backing for more than a very small fraction of his fantasy.”

This issue is also before Judge Robert Dierker in St. Louis Circuit Court, where testimony concluded last week in a separate lawsuit that alleges the City of St. Louis did not comply with State law when approving \$390 million in Tax Increment Financing for St. Charles, Missouri developer Paul McKee’s NorthSide Regeneration LLC.

Marquard and fellow plaintiff Barbara Manzara first became concerned about the developer when his secret property acquisitions displaced hundreds of their neighbors. No action has been taken to improve the developer’s properties since 2005, during which time his exotic loans accrued \$8.7 million in interest costs that the State of Missouri has now refunded.

NorthSide Regeneration LLC’s application for tax credits was submitted on December 16, 2009 and hurriedly processed—over plaintiffs’ objections—during the Christmas holiday by the Missouri Department of Economic Development. Of the \$19.6 million disbursed by the State to the developer on New Year’s Eve, \$9.5 million went toward the costs of property acquisition, \$8.7 million went toward loan interest, and \$382,000 went toward brokerage costs.

L.B. Eckelkamp, gubernatorial appointee to the Missouri Development Finance Board and President of the Bank of Washington in Washington, Missouri, extended the loans for which the State provided a refund under the Distressed Areas Land Assemblage Tax Credit Act.

“In the entire State of Missouri, only one person has been able to complete an application for this money,” said Manzara. “Our State is in a fiscal crisis that threatens to harm thousands of children through devastating cuts to education and healthcare, yet the Department of Economic Development disbursed millions of public dollars to repay private loan interest for a commercial real estate developer.”

Irene J. Smith, attorney for the plaintiffs, contends that when her clients succeed, the State’s tax credit expenditure will be invalidated and any subsequent buyers of the credits will be compelled to fulfill their tax obligations.

Judge Patricia Joyce will hear arguments to determine the constitutionality of the tax credits at 9AM on Wednesday, March 10 in Division Four of the 19th Judicial Circuit, located in the Cole County Courthouse in Jefferson City.