



**CITY COUNCIL WORK SESSION**  
**Wednesday, March 9, 2022 at 5:30 p.m.**

**POWELL COMMUNITY CENTER**  
**6200 MARTWAY**

**Meeting In Person and Virtually via Zoom**

*This meeting will be held in person at the time and date shown above. In consideration of the COVID-19 social distancing recommendations, this meeting will also be available virtually via Zoom (<https://zoom.us/join>). Information will be posted, prior to the meeting, on how to join at <https://www.missionks.org/calendar.aspx>.*

*If you require any accommodations (i.e. qualified interpreter, large print, reader, hearing assistance) in order to attend this meeting, please notify the Administrative Office at 913-676-8350 no later than 24 hours prior to the beginning of the meeting.*

**AGENDA**

**1. Public Incentive Policy Review – Laura Smith**

The City Council has requested an opportunity to review and discuss current policies related to the use of public incentives for private development projects. Staff will review existing policies and other public priorities which have been communicated through recent development agreements.

|                           |              |               |
|---------------------------|--------------|---------------|
| <b>City of Mission</b>    | Item Number: | 1.            |
| <b>INFORMATIONAL ITEM</b> | Date:        | March 9, 2022 |
| <b>ADMINISTRATION</b>     | From:        | Laura Smith   |

Informational items are intended to provide updates on items where limited or no discussion is anticipated by the Committee.

**RE:** Public Incentive Policies

**DETAILS:** During a recent City Council retreat, Councilmembers expressed an interest in having a work session on public incentive policies.

Mission currently has several City Council policies which address the use of various public incentives or financing mechanisms to encourage or support private redevelopment. Following a review and discussion, there may be revisions that the Council wishes to consider to those policies, but they are included in the packet as a starting point for the conversation. The policies include:

- City Council Policy 106 Tax Increment Financing Policy
- City Council Policy 112 Policy Related to Bonds to Finance Private Development Activities
- City Council Policy 116 Policy Relating to the Issuance of Tax Abatements
- City Council Policy 123 Community Improvement District Policy

In addition to a review of the policies, the City Administrator and the City's Land Use Attorney Pete Heaven of Spencer Fane will discuss the use of incentives more broadly and how they can be used to communicate development and redevelopment priorities within a city.

Additional information on various public/private redevelopment projects will be provided in advance of the work session.

**CFAA CONSIDERATIONS/IMPACTS:** N

|                                 |  |
|---------------------------------|--|
| Related Statute/City Ordinance: |  |
| Line Item Code/Description:     |  |
| Available Budget:               |  |

**CITY OF MISSION**  
**CITY COUNCIL POLICY MANUAL**

---

**POLICY NO. 106**

**TAX INCREMENT FINANCING POLICY**

---

**1.01 OBJECTIVES**

The purpose of this Policy is to establish the official position and procedures of the City of Mission, Kansas, for considering applications for Tax Increment Financing ("TIF") used for economic development and redevelopment purposes in accordance with the provisions of K.S.A. 12-1770 through 12-1780.

**1.02 SCOPE**

The City recognizes that the proper use of Tax Increment Financing can promote, stimulate and develop the general and economic welfare of and quality of life in the City. The City is committed to the high quality and balanced growth and development of the community; to preserving the City's unique character and distinctive atmosphere; and to revitalizing and redeveloping areas of the City. Although the City does not encourage the practice of subsidizing private business with public funds, insofar as the City's objectives are substantially advanced by the expansion of the tax base and enhancement of the local economy, the City will consider, on a case-by-case basis, the approval of TIF projects where, but for the availability of TIF, such projects would not be economically viable. It is the policy of the City that any decision regarding the approval of TIF projects will be made in accordance with the guidelines, criteria, and procedures outlined in this Policy. Nothing herein shall imply or suggest that the City be under any obligation to approve a TIF Project for any applicant.

### 1.03 DEFINITIONS

For the purpose of this Policy, the words or phrases as used in either the Kansas Constitution, applicable State statutes, or this Policy shall have meaning or be construed as follows:

***Applicant.*** The individual or business and its officers, employees, and agents requesting approval of the TIF Project.

***Associated therewith:*** As used with respect to tangible personal property shall mean being located within, upon, or adjacent to buildings or added improvements to buildings.

***Blighted Area:*** An area of real property qualifying as such, in the opinion of the Governing Body, pursuant to K.S.A. 12-1771.

***City:*** The City of Mission, Kansas, and its Governing Body.

***Conservation Area:*** An area of real property qualifying as such, in the opinion of the Governing Body, pursuant to K.S.A. 12-1771.

***Feasibility Study:*** A comprehensive study, prepared as required under K.S.A. 12-1771, which shows the benefits derived from the TIF Project will exceed the costs and the income therefrom will be sufficient to pay for the Project.

***Redevelopment Plan:*** A description of a TIF Project, which includes the requirements of K.S.A. 12-1772.

***TIF District:*** An area determined to be a redevelopment district by the Governing Body pursuant to the requirements of K.S.A. 12-1771.

***TIF Project:*** The improvements to real property for which Tax Increment Financing has been approved.

***Tax Increment:*** The difference between the amount of *ad valorem* property taxes assessed against the TIF District prior to completion of the TIF Project and the amount of *ad valorem* property taxes assessed against the TIF District after completion of the TIF Project. For example, if the taxes assessed prior to completion of the TIF Project

were \$5,000, and the taxes assessed after completion of the TIF Project were \$50,000 annually, the "tax increment" would be \$45,000.

#### **1.04 PROVISIONS**

##### **A. Legal Authority**

Pursuant to K.S.A. 12-1771, the City may create TIF Districts in blighted areas, conservation areas, and enterprise zones created pursuant to K.S.A. 12-17,110. Certain costs of improvements within the TIF District may be reimbursed to the developer or paid through the issuance of special obligation bonds or full faith and credit bonds. Funds to pay the reimbursement or to retire the bonds are generated by the tax increment and other sources that may be pledged by the City. This authority is discretionary and the City may provide for Tax Increment Financing in an amount and for purposes more restrictive than that authorized by statute.

No privately owned property shall be acquired and redeveloped under the provisions of the Act if the Johnson County Board of County Commissioners or the Board of Education levying taxes on property proposed to be included in the TIF District determines that the proposed TIF District will have an adverse effect on such county or school district.

##### **B. Eligible TIF Expenses**

The Act specifies permissible TIF expenses, including:

- a. acquisition of property within the TIF Project area;
- b. payment of relocation assistance;
- c. site preparation;
- d. sanitary and storm sewers and lift stations;
- e. drainage conduits, channels and levees;

- f. street grading, paving, graveling, macadamizing, curbing, guttering and surfacing;
- g. street lighting fixtures, connection and facilities;
- h. underground gas, water, heating, and electrical services and connections located within the public right-of-way;
- i. sidewalks and pedestrian underpasses or overpasses;
- j. drives and driveway approaches located within the public right-of-way
- k. water mains and extensions;
- l. plazas and arcades;
- m. parking facilities, including parking structures
- n. landscaping and plantings; fountains, shelters, benches, sculptures, lighting, decorations and similar amenities; and
- o. all related expenses to redevelop and finance the Redevelopment Project.

The costs of construction of buildings or other structures to be privately owned are not eligible TIF expenses.

**C. Bond Authority**

The City may use proceeds of special obligation bonds or full faith and credit tax increment bonds to finance the undertaking of a redevelopment project, as provided in K.S.A. 12-1774. The maximum maturity of any such special obligation bonds or full faith and credit tax increment bonds shall be twenty (20) years. The City may also issue industrial revenue bonds or private activity bonds to benefit a developer located within a TIF District.

**1. Special Obligation Bonds**

The City may issue special obligation bonds to finance permissible expenses of the TIF District. Such bonds shall be payable, both as to principal and interest: (1) from property tax increments allocated to, and paid into a special fund of the City; (2) from revenues of the City derived from or held in connection with the undertaking and carrying out of any Project; (3) from private sources, contributions or other financial assistance from the state or federal government; (4) from the increased franchise fees and city sales tax, or (5) from any combination of these methods.

Special obligation bonds are not general obligations of the City, nor in any event shall they give rise to a charge against its general credit or taxing powers or is payable out of any funds or properties other than those sources set forth above. Should the annual increment fall short of the amount necessary to pay the principal and interest of the special obligation bonds issued under this Policy, the remaining amount payable is the responsibility of the applicant, not the City.

If a special obligation bond issued under this Policy is offered to the public, an investment grade rating must be assigned to the issue; if the bond is privately placed, it may be issued without a rating, but must be sold to an accredited investor as that term is defined by securities industry standards.

**2. Industrial Revenue Bonds**

Industrial revenue bonds may be issued by the City pursuant to K.S.A. 12-1740 *et seq.* to benefit a developer within the TIF district. All state

law benefits associated with such bonds shall be available, except that no *ad valorem* tax abatement shall be available.

**D. Reimbursement Authority**

Pursuant to Attorney General Opinion 96-45, TIF can be used to reimburse a developer for eligible TIF expenses as opposed to issuing bonds; this is the preferred method of granting TIF benefits. Under this method, the City agrees to reimburse the developer for eligible TIF expenses over a period of time not to exceed twenty (20) years with interest on the outstanding reimbursement amount. The reimbursement amount and interest is paid solely from all or a portion of the tax increment, and the developer takes the risk that the portion of the increment pledged for reimbursement will be insufficient to retire the eligible TIF expenses and interest.

**E. Amount of Tax Increment Financing Available.**

**1. Criteria**

The primary objectives of the City in granting TIF for economic development are: (a) promote, stimulate and develop the general and economic welfare of the state of Kansas and the City; (b) promote the general welfare of the citizens of Kansas and the City through assisting in the development, redevelopment, and revitalization of central business areas, blighted areas, conservation areas, and environmentally contaminated areas located within the City; (c) create new jobs and retain existing jobs; and (d) expand the economic and tax base of the City. The City recognizes that a simple system of determining the amount of TIF to be granted in order to reach these objectives may not always be equitable if applied uniformly to different kinds of redevelopment plans. As a result, in determining the actual amount and

duration of TIF to be granted, the City shall consider the factors and criteria set forth in this Policy under the Analysis of Costs and Benefits, as well as the amount and duration of previous TIF Projects supported by the City.

**2. Capital Investment.**

To be considered for TIF, an individual or business should be making a minimum capital investment in the City of \$5,000,000.00. The term "capital investment" means the acquisition cost of land, buildings and tangible personal property constituting capital assets for accounting purposes. The minimum amount of capital investment required for TIF Projects, as provided herein, may be waived by the City based upon the unique nature of the project as determined by the Governing Body.

**F. Analysis of Costs and Benefits**

Prior to granting TIF, the City shall prepare, or direct to be prepared, a cost benefit analysis examining the costs and benefits to the public of the proposed TIF Plan. The Cost-Benefit Analysis shall be performed on a model approved by the City and shall be in addition to the Feasibility Study. The cost of preparing the Cost-Benefit Analysis shall be paid by the applicant. This cost will be in addition to the application fee required under this Policy. The City shall use the Cost-Benefit Analysis to assist in its decision-making process, but the results of the analysis will not be determinative or obligate the City to any course of action. The Cost-Benefit Analysis shall consider, but not be limited to, the following factors, as applicable:

1. The market value of the applicant's investment in real and personal property;

2. The property tax, sales tax, franchise fees, transient guest tax, and other tax and fee revenue that may result and directly benefit the City;
3. The number and average employee salary of full-time equivalent jobs that will be created;
4. The expenditures that local government will need to make to provide streets and utilities, police and fire protection, and other services as a result of the TIF Project;
5. The expenditures for police and fire protection, recreation, street maintenance, social programs, etc., for the new residents associated with the TIF Project;
6. The expenditures for public capital investments (library, streets, etc.) for the new residents associated with the TIF Project;
7. The expenditures by the local school district(s) to provide the facilities and to educate the students of the new residents associated with the TIF Project;
8. Other public or private expenditures associated with attracting a new business;
9. The kinds of jobs created in relation to the types of skills available from the local labor market;
10. The degree to which the ultimate market for the applicant's business products and services is outside the community, recognizing that outside markets infuse "new money" to the local economy;

11. The potential of the applicant's business for future expansion and additional job creation;
12. The indirect costs and benefits the applicant's business may have by creating other new jobs and businesses, including the utilization of local products or other materials and substances in manufacturing;
13. The compatibility of the location of the applicant's business with land use and development plans of the City and the availability of existing infrastructure facilities and essential public services;
14. An evaluation of the applicant's current and projected financial strength and market viability.
15. The number and average employee salary of full-time equivalent jobs that will be retained in the City, community, or State as a result of the applicant's decision to locate or remain in the City; and
16. The value added, including intangible costs and benefits such as City reputation, congestion, environment, and quality of life to the City and community as a result of the unique nature of the applicant's business.

**G. Application Of "But-For" Principle**

All TIF applications shall be considered in light of the "but-for" principle, i.e., the TIF must make such a difference in the decision of the applicant that the Project would not be economically feasible but for the availability of TIF. The Governing Body does not encourage the subsidy of private businesses with public funds, the indirect consequence of TIF, unless some measurable public good results, as determined by the City, and the public subsidization can reasonably be expected to make a significant difference in achieving one or

more objectives of the City. The Governing Body shall also review the Internal Rate of Return to make sure that TIF revenues are necessary in achieving a rate of return commensurate with the risk and size of the project.

**H. Unfair Competition**

In reviewing TIF proposals, the Governing Body shall consider whether or not such financing is likely to create an unfair advantage for the applicant over any existing competing business within the City.

**I. Distribution of *Ad Valorem* Taxes**

All tangible taxable property located within a TIF District shall be assessed and taxed for *ad valorem* tax purposes pursuant to law in the same manner that such property would be assessed and taxed if located outside such district, and all *ad valorem* taxes levied on such property shall be paid to and collected by the county treasurer in the same manner as other taxes are paid and collected.

Some or all of the increment in *ad valorem* property taxes resulting from a redevelopment district may be apportioned by the City to a special fund for the payment of the eligible TIF expenses of the TIF Project, including reimbursement or the payment of principal and interest on any special obligation bonds or full faith and credit tax increment bonds issued.

**J. Condemnation**

The use of condemnation, permitted under K.S.A. 12-1773, will be considered by the Governing Body only upon a finding that the applicant has attempted, in good faith, to acquire the property privately. In the event condemnation is approved by the Governing Body, the applicant shall be responsible for all costs associated with the proceedings, including court and litigation costs, attorney's fees and the final condemnation awards made.

**K. Waiver of Requirements**

The Governing Body reserves the right to grant or deny TIF for the development or redevelopment of a District under circumstances beyond the scope of this Policy, or to waive any procedural requirement. However, no such action or waiver shall be taken or made except upon a finding by the Governing Body that a compelling or imperative reason or emergency exists, and that such action or waiver is found and declared to be in the public interest. The Governing Body shall not waive any procedural requirement of State law.

## **1.05 PROCEDURES**

The following basic procedures shall govern the approval of TIF Projects within the City. All requests for Tax Increment Financing shall be considered and acted upon in accordance with this Policy.

### **A. Proposal**

The applicant shall apply for approval of a TIF Project by filing with the Public Works Department five (5) copies of a written proposal on a form provided by the Public Works Department. The proposal shall include, but is not limited to: (a) a proposed comprehensive plan that identifies all the proposed redevelopment project areas and that identifies in a general manner all of the buildings and facilities that are proposed to be constructed or improved in each redevelopment project area; (b) description and map of the proposed redevelopment district; (c) description of the proposal boundaries of the redevelopment district; (d) information regarding expected capital expenditure by the applicant; and (e) a proposal for development assistance. The Public Works Department shall retain one copy and distribute the remaining copies to: City Administrator, City Attorney, City Clerk and City Treasurer. The City will consider full and complete proposals, and additional information as may be requested by the Governing Body. Any inaccuracy, misstatement of or error in fact may render the proposal null and void and may be cause for the repeal of

any development assistance rendered through the TIF statutes granted by the City in reliance upon said information.

**B. Proposal and Renewal Fees**

All proposals shall be accompanied by an application fee of \$5,000. This fee is in addition to other fees which may be required by the City, including fees for the issuance of tax exempt or taxable bonds, costs incurred for preparation of the Feasibility Study as required by K.S.A. 17-1771, costs associated with the Cost and Benefit Analysis required by the City and costs incurred, if any, for review and work done by the City's Financial Advisor and Bond Counsel. Actual costs incurred for review shall be billed by the City Clerk for payment within thirty (30) days of the review process.

**C. Initial Review Procedure**

On receipt of the completed proposal and the required fee, the City Administrator shall determine whether the proposal is complete and sufficient for review. If the proposal is incomplete, the City Administrator shall immediately notify the applicant of the need for such changes or additions as deemed necessary. The matter shall then be referred to the City Attorney for a decision as to whether the proposed area of redevelopment meets the requirements of a redevelopment district, as described under K.S.A. 12-1771. The City Administrator shall notify the Finance Committee of the Governing Body, if the proposal is found complete and is for a purpose, which appears to be authorized by law.

**D. Review by Finance Committee**

The Finance Committee ("Committee") shall review requests and applications for TIF, evaluate the proposed TIF District and verify that redevelopment is necessary to promote the general and economic welfare of the City, gather and review such additional information as may be deemed necessary to determine if

the applicant meets the objectives of this Policy, conduct preliminary discussions with the applicant, discuss terms of an agreement to be drafted by the City Attorney or his/her designee for Governing Body consideration and to recommend to the Governing Body whether the proposal should be favorably considered. In reviewing the information, the Committee may utilize the services of consultants, including but not limited to bond counsel and financial advisors. Committee records, including proposals submitted for TIF, may be withheld from public disclosure as provided under the Kansas Open Records Act, but shall be available for public inspection when otherwise required by law.

**E. Governing Body Action**

**1. Reviewing and Establishing the TIF District**

Upon receiving the recommendation of the Committee, the Governing Body shall determine whether to reject the TIF proposal or to further consider the request. Upon a favorable vote for further consideration, the Governing Body shall take action to establish a TIF District, unless such District is already in existence. The Governing Body must conclude that redevelopment of the proposed area is necessary to promote the general and economic welfare of the City. If such a finding is made the Governing Body may adopt a resolution.

**a. TIF District Resolution**

The resolution shall state that the City is considering the establishment of a TIF District; additionally, it shall: (1) give notice that a public hearing will be held to consider the establishment of a redevelopment district and to fix the date, hour and place of such hearing; (2) describe the proposed boundaries of the redevelopment district; (3) describe a proposed comprehensive plan that identifies

all of the proposed redevelopment project areas and that identifies in a general manner all of the buildings and facilities that are proposed to be constructed or improved in each development project area; (4) state that a description and map of the proposed redevelopment district are available for inspection at a time and place designated; and (5) state that the Governing Body will consider findings necessary for the establishment of a redevelopment district.

No elected or appointed officer, employee or committee of the City, and no Chamber of Commerce, Board, Development Council, or other public or private body or individual, shall be authorized to speak for and commit the Governing Body to the provision of TIF, nor to the establishment of a TIF District. Such resolution shall be an expression of good faith intent, but shall not in any way bind the City to establishing a TIF District.

**b. Notice and Hearing**

No TIF District shall be established, nor TIF granted, by the City prior to notice and a public hearing as required by K.S.A. 12-1771. Upon request, the City Clerk shall provide any public agency with a copy of the proposal and a description and map of the proposed TIF District. The applicant or his/her designee is required, to attend the public hearing.

**c. Establishing the TIF District**

Upon the conclusion of the public hearing and determination by Mission City Attorney that the proposed area complies with K.S.A. 17-1771, the Governing Body may establish the TIF District by

ordinance. Any addition of area to the TIF District or any substantial change to the comprehensive plan shall be subject to the same procedure for public notice and hearing as is required for the establishment of the District.

**2. The Redevelopment Project**

The Governing Body and the Planning Commission will consider the redevelopment project as proposed. Together, they will prepare a redevelopment plan. The Planning Commission must determine that the Plan is consistent with the comprehensive general plan for the development of the City.

**a. Redevelopment Plan**

The redevelopment plan shall include: (1) a summary of the Feasibility Study; (2) a reference to the redevelopment district that identifies the redevelopment project area that is set forth in the comprehensive plan that is being considered; (3) a description and map of the area to be redeveloped; (4) the relocation assistance plan, as required by K.S.A. 17-7777; (5) a detailed description of the buildings and facilities proposed to be constructed or improved in such area; and (6) any other information the Governing Body deems necessary to advise the public of the intent of the Plan.

A copy of the redevelopment plan shall be delivered to the Johnson County Board of Commissioners and the Board of Education of any school district levying taxes on property

within the proposed redevelopment project area. Upon a finding by the Planning Commission that the redevelopment plan is consistent with the comprehensive general plan for the development of the City, and determination by the Governing Body that said Plan shall be further considered, the Governing Body will or may adopt a resolution.

**b. Redevelopment Plan Resolution**

The resolution shall state that the Governing Body is considering the adoption of the Plan. Such resolution shall: (1) give notice that a public hearing will be held to consider the adoption of the redevelopment plan and fix the date, hour and place of such public hearing; (2) describe the boundaries of the TIF District within which the redevelopment project will be located and the date of establishment of such a district; (3) describe the boundaries of the area proposed to be included within the TIF Project area; and (4) state that the redevelopment plan, including a summary of the Feasibility Study, relocation assistance plan and financial guarantees of the prospective developer and a description and map of the area to be redeveloped are available for inspection during regular office hours in the office of the City Clerk.

Where the Governing Body determines that it will or may issue full faith and credit tax increment bonds to finance the redevelopment project, in whole or in part, the resolution shall also include notice thereof.

The date fixed for the hearing shall be no less than 30 or more than 70 days following the date of the adoption of the resolution fixing the date of the hearing.

**3. Hearing**

At the public hearing, a representative of the City shall present the City's proposed redevelopment plan. Following the presentation of the Plan, all interested persons shall be given an opportunity to be heard. The Governing Body for good cause shown may recess such hearing to a time and date certain, which shall be fixed in the presence of persons in attendance at the hearing.

Following the public hearing, the Governing Body may adopt the redevelopment plan by ordinance passed upon a 2/3 vote. Any substantial changes to the Plan as adopted shall be subject to public hearing.

No full faith and credit bonds or special obligation bonds may be issued until the sixty- day protest period expires after the date of the public hearing.

**F. Acquisition of Land**

The City may proceed to acquire property within the TIF District by purchase or eminent domain (with 2/3 vote of the Governing Body) and implement the Plan. However, the City may not exercise eminent domain in conservation areas.

**1.06 RESPONSIBILITY FOR ENFORCEMENT**

The City Administrator shall be responsible to the Governing Body for the enforcement of this Policy.

**REFERENCES**

K.S.A. 12-1770 through 12-1780; 12-17,110; and 12-1740.

**APPROVED BY THE GOVERNING BODY ON SEPTEMBER 10, 2003**

**REVISED AND APPROVED BY THE GOVERNING BODY ON APRIL 18, 2007**

# CITY OF MISSION

## CITY COUNCIL POLICY MANUAL

---

### POLICY NO. 112

#### **POLICY RELATING TO BONDS ISSUED TO FINANCE PRIVATE DEVELOPMENT ACTIVITIES.**

---

**1.01 Policy relating to all bonds issued to finance private development activities.**

The Governing Body of the City may evaluate all requests for the City to issue new bonds for the purposes allowed by law and may approve the issuance of such bonds when, in the opinion of the Governing Body, the project being financed in whole or in part by the proceeds of such bonds is reasonably expected to promote, stimulate and develop the welfare of the City through the promotion and advancement of physical and mental health, industrial, commercial, agricultural, natural resources and recreational development in the City; to encourage and assist in the location of new business and industry in the City and the expansion, relocation or retention of existing business, industry and health development, and the infrastructure related thereto.

**1.02 Bonds that are issued for a Private Developer -- New Issues.** In reviewing requests to issue bonds, the Governing Body may be guided by whether such an issue would help the City achieve a combination of the following objectives:

- a. Contributes to the general welfare of the City as stated above;
- b. A substantial increase in the number of jobs in the City;
- c. Significant additional diversification of the local economy;
- d. A positive impact on a particular area of the City;
- e. Expansion of the type of job skills available to the job market in the City or utilization of key skills of locally unemployed persons;
- f. Economic growth through the production of goods and/or services which will be exported from the City or which will replace goods and/or services which currently are imported into the City;
- g. Increase the commercial and/or residential property tax base to further support expanding cost of municipal services provided by the City;
- h. Enhance the credit worthiness of the City of Mission with a broader tax base, thus enhancing the City's ability to have its borrowings at a reduced interest cost to its residents and taxpayers;

- i. Accomplish any other needs of the City.

**1.03 Approval conditions.** Approval of bonds that are issued for a private developer by the Governing Body may be subject to the following conditions:

- a. Publicly offered bonds: The applicant must provide reasonable assurance that the bonds are secure and marketable and that the bond issue complies with applicable state and federal law. The City **may** require some type of credit enhancement such as a letter of credit, bond insurance, personal guarantees, pledges of other collateral, a bond reserve account, or a combination thereof.
- b. Privately placed bonds: The applicant must provide reasonable assurance that the bonds are secure and marketable to sophisticated investors, approved by the City, and that the bond issue complies with applicable state and federal law.
- c. Secondary Market Disclosure: The City in its discretion **may** require secondary market disclosure to bond investors relevant to material information in properly valuing the bonds.
- d. Required City Advisors: The City requires the use of its designated bond counsel. The City reserves the right to approve the selection of other participants including, but not limited to, the underwriter and trustee/fiscal agent. The City, at its discretion, **may** retain additional independent advisors to assist the City in analyzing the merits and making a determination of its approval at the applicant's expense, such as: Economic Specialist, Environmental Specialist, Certified Public Accountant, Financial Advisor, etc.
- e. Fees Charged: The City may charge an administrative fee based on the following schedule:

Principal Amount of Issue or Refinancing Fee (cumulative)

|                          |       |
|--------------------------|-------|
| 0 to 999,999             | 2.50% |
| \$1,000,000 to 1,999,999 | 2.25% |
| \$2,000,000 to 2,999,999 | 2.00% |
| \$3,000,000 to 3,999,999 | 1.75% |
| \$4,000,000 to 4,999,999 | 1.50% |
| \$5,000,000 and above    | 1.25% |

Further, the City **may** retain special legal counsel in the transaction. In that event, the special legal counsel fee shall be negotiated between the special legal counsel and the applicant. In the event there are any post-closing costs incurred, these charges will be direct billed to the applicant for reimbursement to the City. These might cover a wide range of

circumstances including, but not limited to events of default, transfer of ownership, transfer of bonds, remarketing issues.

- f. The proposed use must be clean, non-polluting, and consistent with all planning and community development policies, ordinances and codes, and all applicable Kansas State Statutes.
- (g) Continuing Disclosure: Applicants must provide reasonable assurance that all continuing disclosure and arbitrage / rebate requirements will be satisfied.

**1.04 Procedure regarding bonds issued to finance private development activities:**

Potential applicants are entitled to a pre-application meeting with the City's Finance team to explore applicant's interest prior to formally submitting an application. The procedure for the issuance of private activity bonds of the City shall be substantially as follows:

- a. The prospective applicant shall submit five (5)- completed copies of the application form to the City Clerk.
- b. Application Fee - \$2,500.00 (non-refundable). Application fees shall be deposited in the General Fund. Applied to Administrative Fee if approved.
- c. Applicant shall be responsible for the payment of other professional fees including, but not limited to, fees paid to the City's Financial Advisor, Bond Counsel and the City Attorney, regardless of whether the project is ultimately approved or bonds are issued or refinanced.
- d. Presentation before the Finance & Administration Committee for recommendation to the City Council.

**APPROVED BY THE GOVERNING BODY ON FEBRUARY 8, 2006**

**REVISED AND APPROVED BY THE GOVERNING BODY ON MAY 10, 2006.**

**REVISED AND APPROVED BY THE GOVERNING BODY ON APRIL 20, 2011.**

**CITY OF MISSION**  
**CITY COUNCIL POLICY MANUAL**

---

---

**POLICY NO. 116**

**POLICY RELATING TO THE ISSUANCE OF TAX ABATEMENTS**

---

---

The purpose of this policy is to establish the official position and procedures of the City of Mission, Kansas, for considering applications for property tax abatement for real and personal property used for economic development purposes in accordance with the provisions of Section 13, Article 11 of the Kansas Constitution, or when associated with the issuance of Industrial Revenue Bonds (IRBs) pursuant to State law.

- 1.01 It shall be the Policy of the City of Mission that only those firms which qualify under Kansas law and will produce a final project greater than \$25,000,000 in value will be considered. Abatements for businesses that would compete directly with existing businesses will not be encouraged unless the competing businesses have received or been offered similar incentives or unless there is an overriding benefit to the City as a whole.
- 1.02 An applicant shall complete a formal application and file it with the City Administrator or his/her designee. A fee of \$2,500 is due upon filing.
- 1.03 The following criteria and factors shall be used in evaluating applications for tax abatements;
  - Net benefit to the City, County and School District as shown in a Cost-Benefit Analysis
  - Quality job creation
  - Capital investment
  - Diversification of the local economy
  - The extent to which the project would meet an identified need in the community
  - The extent to which the project follows the applicable design guidelines and long-term plans for an area
- 1.04 No abatement granted by the City shall be transferred as a result of a change in ownership of the exempted property. Any new owner shall file a new application for an abatement. Further, the City shall be notified by the business of any substantive change in the use of the tax exempt property

- 1.05 In reviewing abatement applications the City Administrator will convene a meeting of the City's management team to review the cost-benefit analysis of a project, as well as any other appropriate financial indicators. It shall be the responsibility of the applicant requesting Tax Abatement to reimburse the City in full all costs associated with the City's Financial Advisor.
- 1.06 Prior to the granting of any tax abatement, the City Council shall hold a public hearing. Notice of the public hearing shall be published in the official city newspaper at least once seven days prior to the hearing and shall indicate the purpose, time and place of the public hearing. In addition to the public hearing notice, the City Clerk shall notify in writing the Board of County Commissioners and the School Board about the public hearing and the proposed abatement at least seven days prior to the public hearing, but as early as possible, and provide the two taxing jurisdictions with a copy of the cost-benefit analysis and other background materials.
- 1.07 Annual Certification: After the first year of the abatement and by February 1 each year thereafter, the City's management team will review the abatement to certify that use of the property is still in accordance with Kansas law and that all other provisions of the abatement are being met. The applicant will be required to complete and submit all necessary documentation to the City Clerk for annual submission to the County Appraiser's Office and the Kansas Board of Tax Appeals. It is the applicant's obligation to see that the appropriate annual information is filed for the abatement to continue.

**PASSED AND APPROVED BY THE CITY COUNCIL ON MAY 16, 2007.**

**CITY OF MISSION**  
**CITY COUNCIL POLICY MANUAL**

---

**POLICY NO. 123**

**COMMUNITY IMPROVEMENT DISTRICT POLICY**

---

**1.01 PURPOSE**

The proper use of a Community Improvement District (“CID”) can help promote and develop the general and economic welfare of and quality of life in the City of Mission, Kansas (the “City”). This Policy establishes the procedures of the City, for considering applications for Community Improvement Districts used for economic development, including community development and tourism and cultural activities, in accordance with the provisions of K.S.A. 12-6a26 through K.S.A. 12-6a36, inclusive (the “Act”).

**1.02 LEGAL AUTHORITY**

The establishment of a CID is within the sole discretion of the Governing Body of the City. The Governing Body is under no obligation to approve a petition or form a CID, nor does the City relinquish its authority to initiate projects by whatever other financing means it deems necessary to promote the general health and welfare of the City. This policy is intended to provide a guide for the Governing Body in considering petitions, and outlines the policies and procedures to be followed by applicants. The Governing Body reserves the right to reject a petition for creation of a CID at any time in the review process when it considers such action to be in the best interests of the City.

1. General Policies

- a. Application. Interested parties shall submit a CID request by petition in a form designated by the City. The City Staff shall review all CID applications for compliance with this policy and Kansas (the “State”) law and decide whether or not to forward the petition to the City Council for consideration and action. If City Staff believes the petition meets the criteria set forth in this Policy and should be recommended for approval, City Staff will work with the petitioner(s) to develop a Finance Plan to present to the Governing Body when it considers the petition.
- b. Petition. A valid CID petition must be submitted with signatures of either of the following:

- i. 100% of the property owners of all of the land area within the proposed Special Assessment CID who seek financing solely by assessment. If all landowners petition for a CID, then the City may proceed with its creation by a majority vote of the Governing Body and assessments without notice or public hearing; or
- ii. By property owners representing more than 55% of the land area of the proposed Sales Tax CID and also signed by property owners collectively owning more than 55% of the assessed value of the land within the proposed CID. If this petition method is utilized, then the City will be required to adopt a resolution giving public notice of a hearing on the advisability of the creation and financing of a CID. After hearing, the Governing Body may adopt an ordinance by a majority vote to authorize the project and create the CID.
- iii. If the CID is both a Special Assessment CID and a Sales Tax CID, then 100% of the property owners must sign petition.

The CID boundaries and the method of financing the project shall not require that all property that is benefited by the project, whether the benefited property is within or without the CID, be included in the CID or be subject to an assessment or the CID sales tax.

- c. Term. The Governing Body shall review the financial feasibility of each CID and shall determine the appropriate term of financing for projects within the CID. Any CID sales tax shall expire no later than the date the bonds issued to finance such project or refunding bonds issued for the project mature. In the event of pay-as-you-go financing is utilized, CID sales tax shall expire at the earlier of twenty-two (22) years from the date the state director of taxation begins collecting such tax or when all pay-as-you-go costs have been reimbursed. CID Bonds shall mature no more than twenty-two (22) years from date of issue.
- d. No Council or public hearing consideration will occur unless all information is provided at least ten (10) business days prior to the scheduled meeting. All fees and requirements of a funding agreement must also be met before Governing Body consideration.

## 2. Criteria for Use of Community Improvement District

- a. The decision to establish a CID is within the sole discretion of the Governing Body. In determining whether or not to approve a petition to establish a CID, the Governing Body will evaluate whether or not creation of a CID is in the City's best interest, by considering one or more of the following criteria:
  - i. Promotes and supports efforts to develop or redevelop commercial sites to provide for reinvestment in our community;

- ii. Stimulates quality, retail development to enhance the City's economic base;
  - iii. Attracts and promotes mixed use, including residential, urban development;
  - iv. Allows for the construction of infrastructure including the construction of infrastructure beyond what the City would require or otherwise build;
  - v. The projects will be located in an area that has been targeted by the Governing Body for economic development or redevelopment; or has specific site constraints making development more difficult or costly;
  - vi. The impact on other infrastructure systems, to include the cost of core system extensions to areas not adjacent to existing systems;
  - vii. The financial risk to the City and any other government units of the financing proposal, to include exposure of the general property tax levy, enterprise funds positions and credit rating;
  - viii. Recommendation of the City Staff; or
  - ix. Whatever other factors the Governing Body deems relevant.
- b. Conformance to local requirements including:
- i. Compliance with uses anticipated in the Comprehensive Plan.
  - ii. High degree of architectural design and site layout.
  - iii. Enhanced use of landscaping, water quality BMP's and other sustainable features.
  - iv. Design of infrastructure to meet public and/or private standards.
- c. Additional Considerations:
- i. Costs of the proposed improvements identified in the CID;
  - ii. Sources of funding, including the amount of private equity funding in comparison to public funding;
  - iii. Payment risk mitigation mechanisms offered by the applicant;
  - iv. Experience and stability of the proposed developer;
  - v. Whether or not tenants are committed by lease or other document, and the nature of the tenants;

- vi. Economic competition the projects within the CID has and is expected to have in the future; and
- vii. Impact to current businesses within the City.

### **1.03 FINANCING**

1. Source of Funds. Eligible CID projects may be financed by any single, a combination, or all of the following sources:
  - a. The City is authorized to levy and collect CID Special Assessments imposed on property in the CID pursuant to the Act which have been paid in full prior to the date set by the Governing Body as provided in the General Improvement and Assessment Law, K.S.A. 12-6a10, *et. seq.* Two exceptions to the General Improvement and Assessment Law are:
    - i. No assessments can be levied against the City-at-large, and
    - ii. If a project is also financed by a pledge of sales tax revenues or annually appropriated funds of the City, the amount of each annual special assessment may be reduced or eliminated to the extent that sufficient taxes and/or funds have been received to pay the debt service on any bonds issued pursuant to the Act.
  - b. A pledge of all of the revenue received from a CID Sales Tax on the selling of tangible personal property at retail or rendering or furnishing services taxable pursuant to the provisions of the Kansas retailer's sales tax act, within a CID, in any increment of .10% or .25%, not to exceed 2% (the "CID Sales Tax"), as authorized by the Act; or
  - c. Any other funds annually appropriated by the Governing Body.
2. Finance Plan. If the City Staff reviews the petition and finds it in the City's best interest to recommend creation of the CID to the Governing Body, City Staff will work with the applicant to create a Finance Plan that shall be presented to the Governing Body for consideration along with the petition. The Finance Plan shall address the recommended method of financing and specific terms associated therewith.
3. Bonds.
  - a. The City may issue CID Bonds to finance a project. In no event shall special assessments be levied against the City-at-large. Guidelines for the issuance of CID Bonds include:
    - i. If bonds are issued, the sales tax imposed to pay the bonds shall expire no later than the date the bonds mature;

- ii. If pay-as-you-go financing is utilized, the sales tax imposed shall expire 22 years from the date the State Director of Taxation begins collecting the tax or when all project costs have been paid; and
    - iii. The minimum issue size for CID bonds issued by the City will be \$3,000,000, unless an exception is approved by the Governing Body.
  - b. CID Bonds issued under this Policy must include security for the bonds of a sufficient amount to minimize any risk of default and be allowed by State and Federal Tax laws.
  - c. CID Bonds issued under this Policy must be sold to qualified investors (as defined by the Securities and Exchange Commission Regulation D) in accordance with the minimum denominations as provided therein.
  - d. CID Bonds must initially be offered in denominations of \$100,000 or greater. The minimum denomination may be reduced (upon consultation with the City's bond counsel and financial advisor) when one or more of the following are met:
    - i. The projects being bond financed are substantially leased;
    - ii. The estimated revenue stream yields significant debt service coverage on the bonds;
    - iii. Construction of the projects being bond financed is 100% complete;
    - iv. The repayment term is less than or equal to 60% of the maximum permitted repayment term; and/or
    - v. Waiver of the minimum denomination provision by the Governing Body.
  - e. If a negotiated sale of the bonds is necessary, the City will normally select the underwriter(s) needed to structure, price, and sell the bonds through a competitive process. Exceptions to this process may be approved by the City Administrator upon consultation with the City's bond counsel and financial advisor. City Staff and the City's financial advisor will be directly involved in all negotiated sale pricing.
  - f. At its sole discretion, the City may require that an independent feasibility study of future CID revenues be performed, with any such cost borne by the applicant(s).
4. Reimbursement CID. Petitioner(s) may be reimbursed for projects within the CID on a "pay-as-you-go" basis until the Governing Body determines issuance of CID Bonds is viable and in the City's best interest.
  5. Project Funds. A separate fund shall be created for each CID and each project and such fund shall be identified by a suitable title. The proceeds from the sale of bonds, CID

sales taxes and any other moneys appropriated by the Governing Body shall be credited to such fund and the fund shall be solely used to pay the costs of the projects.

6. Fees Associated with CID.

- a. Initial Application Fee. A non-refundable fee in the amount of \$5,000 shall accompany the CID application.
- b. Funding Agreement. The City will retain administrative and professional staff, outside counsel and consultants, and incur expenses which it, in its sole discretion, deems necessary to consider the CID. The applicant shall enter into a funding agreement in order to reimburse the City for: its fees and expenses; the time of its administrative and professional staff, as the City may from time to time deem appropriate; all charges for the City's outside counsel, including the fees of the City Attorney, and consultants; and all other expenses incurred by the City. The funding agreement shall call for the applicant to establish a fund in an amount of not less than \$20,000.00 in order to ensure the prompt and timely payment of the above charges.

7. Development Agreement.

- a. Prior to beginning development of the CID (including the issuance of bonds), the Owner shall execute a Predevelopment Agreement or Development Agreement as approved by the Governing Body.

#### **1.04 PROCEDURES**

The following procedures shall govern the approval of each CID within the City. These provisions may be waived or modified by the City Administrator, if such waiver or modification is in the best interest of the City and does not conflict with any statutory or procedural requirement of state law.

1. CID Application Process. The applicant shall make application for a CID by completing and filing one hard copy and one digital copy of the petition. The petition shall include, but is not limited to:
  - a. Legal description of the proposed boundaries of the CID;
  - b. Map of the district area with accompanying tax parcel I.D. information;
  - c. A detailed description that identifies the proposed buildings, facilities and other improvements to be constructed in the CID, including the estimated fair market and assessed value of the improvements and the estimated date in which construction of the improvements will be commenced and completed; and
  - d. Current and proposed taxable retail sales within the CID.

2. General Petition Procedure. The City will only consider full and complete applications. The applicant will also be responsible for providing whatever additional information requested by City Staff or the Governing Body as necessary for assisting the City in making its recommendation or decision on the application and the petition. Any inaccuracy, misstatement or error in fact may render the application null and void and may be cause for the repeal of any development assistance ultimately provided by the City through the Act in reliance upon said information.
3. Application and Administration Fees. Each CID petition shall be accompanied by an application fee. This fee is in addition to other fees which may be required by the City, including fees for the issuance of tax-exempt or taxable bonds, costs incurred for preparation of studies as required by this Policy, and costs incurred, if any, for review and work done by the City's Financial Advisor and Bond Counsel. In addition, any applicant that receives approval shall pay an annual administration service fee. All fees shall be due and payable as provided for herein or as otherwise set forth in an approved Development Agreement.
  - a. Initial Application Fee. A non-refundable amount of \$5,000 shall accompany the CID petition.
  - b. Annual Administrative Service Fee. An amount equal to 5% of the annual taxes reimbursed to applicant or its successor in interest.

## **1.05 GOVERNING BODY ACTIONS**

No elected or appointed officer, employee or committee of the City shall be authorized to speak for or commit the Governing Body to the establishment of a CID.

Upon receiving the recommendation of City Staff, the Governing Body shall determine whether to reject the petition or to further consider the request. Upon a favorable vote for further consideration, the Governing Body shall follow the statutorily prescribed process for the establishment of a district. This process shall be an expression of good faith intent, but shall not in any way bind the City to establishing a district.

Approval of the creation of a CID based on the information presented does not constitute an implied or other approval of a site plan, special use permit, plat, rezoning or other land development application. All proposals for development are subject to land use approvals by the appropriate body.

## **1.06 WAIVER OF REQUIREMENTS**

The Governing Body reserves the right to grant or deny a CID under circumstances beyond the scope of this Policy or to waive provisions herein. However, no such action or waiver shall be

taken or made except upon a finding by the Governing Body that a compelling or imperative reason or emergency exists, and that such action or waiver is found and declared to be in the public interest. The Governing Body shall not waive any statutory requirement of State law.

## **1.07 DEFINITIONS AND DESCRIPTIONS**

For the purpose of this Policy, the words or phrases as used in this Policy shall have meaning or be construed as follows unless otherwise defined by State Statute.

APPLICANT: The individual(s) or business(es) and its officers, employees, and agents requesting approval of the creation of a CID.

DEVELOPMENT AGREEMENT: A written agreement between the City and a Developer for the completion of a development or redevelopment project. Such agreement shall address issues involved in the project, including but not limited to the following: Schedule of construction; acquisition of land; eligible CID expenses; scope of development (including development criteria); indemnity of the City and insurance requirements; reimbursement of City costs; financing (private and/or public); transfer restrictions prior to completion; maintenance and restrictive covenants; City inspection and information access rights; reporting requirements; and remedies upon default.

PROJECT: Any project or undertaking whether within or without the CID, to

- (1) Acquire, improve, construct, demolish, remove, renovate, reconstruct, rehabilitate, maintain, restore, replace, renew, repair, install, relocate, furnish, equip or extend:
  - (a) buildings, structures and facilities;
  - (b) sidewalks, streets, roads, interchanges, highway access roads, intersections, alleys, parking lots, bridges, ramps, tunnels, overpasses and underpasses, traffic signs and signals, utilities, pedestrian amenities, abandoned cemeteries, drainage systems, water systems, storm systems, sewer systems, lift stations, underground gas, heading and electrical services and connections located within or without the public right-of-way, water mains and extensions, and other site improvements;
  - (c) parking garages;
  - (d) streetscape, lighting, street light fixtures, street light connections, street light facilities, benches or other seating furniture, trash receptacles, marquees, awnings, canopies, walls and barriers;
  - (e) parks, lawns, trees and other landscape;
  - (f) communication and information booths, bus stops and other shelters, stations, terminals, hangars, rest rooms and kiosks;
  - (g) paintings, murals, display cases, sculptures, fountains and other cultural amenities;
  - (h) airports, railroads, light rail and other mass transit facilities;
  - (i) lakes, dams, docks, wharfs, lake or river ports, channels and levies, waterways and drainage conduits.
- (2) Within the CID, to operate or to contract for the provision of music, news, child care, or parking lots or garages, and buses, minibuses or other modes of transportation.

- (3) Within the CID, to provide or contract for the provision of security personnel, equipment or facilities for the protection of property and persons.
- (4) Within the CID, to provide or contract for cleaning, maintenance and other services to public or private property.
- (5) Within the CID, to produce and promote any tourism, recreational or cultural activity or special event, including, but not limited to, advertising, decoration of any public place in the CID, promotion of such activity and special events and furnishing music in any public place.
- (6) Within the CID, to support business activity and economic development, including but not limited to, the promotion of business activity, development and retention and the recruitment of developers and business.
- (7) Within the CID, to provide or support training programs for employees of businesses.
- (8) To contract for or conduct economic impact, planning, marketing or other studies.

### **REFERENCES**

K.S.A. 12-6a26 through K.S.A. 12-6a36

**APPROVED BY THE GOVERNING BODY ON NOVEMBER 18, 2009**



SpencerFane

# Mission City Council Public Incentives

March 9, 2022

A special thanks to Gary Anderson, Gilmore & Bell, for the TIF graphic used in this presentation

# Why Consider Incentives?

What is the City's vision for a site (zoning and planning)?

Is the City willing to use economic incentives to assist in redevelopment of the site to realize that vision?

How long is the City willing to wait for redevelopment?

Will the loss of future tax revenues be offset by other benefits?

Greenfield vs. Brownfield development

Does the City have a target business it wishes to attract?

What are other cities doing?



SpencerFane



# Kansas Incentives\*

- Tax Increment Financing (“TIF”)
- Community Improvement District (“CID”)
- Transportation Development District (“TDD”)
- Industrial Revenue Bonds (“IRB”)
- Constitutional Tax Abatement (“CTA”)
- Business Improvement District (“BID”)
- Neighborhood Revitalization Area (“NRA”)
- Economic Development Grants

\* There are others, however those primarily deal with rural areas



# First Steps in the Process

- Consideration of any incentive begins with the submittal of an application (including fee) to the City.
- After an initial review by City staff, the City may enter into a pre-development agreement with the applicant that outlines the scope of the project and commitments, process for due diligence review, and any obligation on the part of the applicant to pay for costs that the City may incur in performing the review and/or negotiating a full development agreement.

# DEVELOPMENT AGREEMENT

Not required by statute, however advisable with all incentives

- Establishes a long-term relationship
- Describes the rights and duties of the parties
- Duties of Developer
  - Performance standards
  - Financial assurances
  - Payment of costs
  - Time of completion
- Rights of City
  - Events of default
  - Payment processing and limitations
  - Recovery of public infrastructure costs
  - Sharing of revenues



SpencerFane

# DEVELOPMENT AGREEMENT #2

## City Protections and Remedies

- Withhold reimbursements during periods of default
- Withhold permits during periods of default
- Funding/Escrow Agreements – to require developer and lender to fund as we fund (“Pari Pasu”)
- Clawbacks –
  - Shorten incentive term
  - Terminate reimbursements
  - Adjust incentive percentages
- Payment and Performance Bonds
- 3rd Party Guarantees
- Complete termination of Development Agreement



SpencerFane

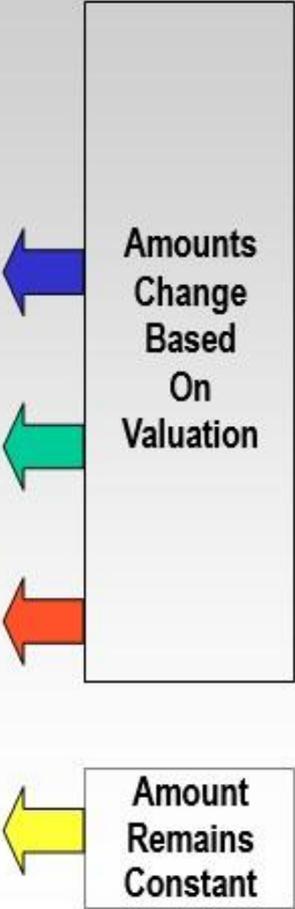
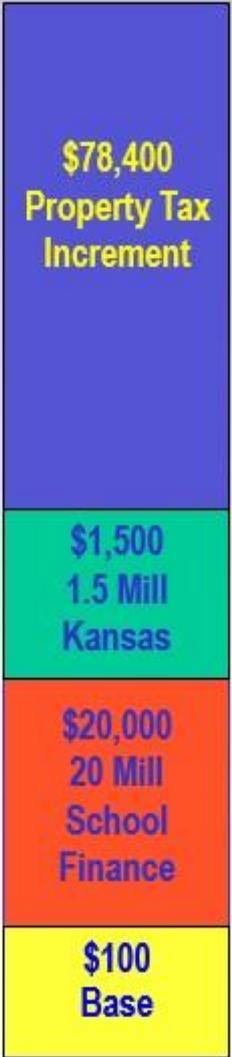
# Tax Increment Financing

- Uses ***incremental*** property tax revenues, sales tax and transient guest tax revenues from a specific geographic area to pay certain eligible development costs
- The ***increment*** is used to pay for redevelopment project costs – either by paying bonds or by pay-as-you-go

**Projects may include land acquisition, infrastructure, parking, utilities, landscaping, however nothing “vertical” (buildings)**

|  |
|--|
| <u>Base</u>  |
| Property Assessed Value - \$1,000                    |
| Total Mill Levy - \$100/\$1000 of Assessed Value     |
| Total Tax Revenue - \$100                            |
| <u>Property Tax Increment</u>                        |
| Total Assessed Value After Development - \$1,000,000 |
| Total Mill Levy - \$100/\$1000 of Assessed Value     |
| Total Revenue - \$100,000                            |
| Less Base (100)                                      |
| Less 20 Mills (20,000)                               |
| Less 1.5 Mills (1,500)                               |
| Total Increment - \$78,400                           |

**\$100  
Base**



# TIF FUNDING METHODS

## Developer Reimbursement (“Pay As You Go”)

Developer finances approved TIF costs and is reimbursed as increment is received

## Bond Financing

### Special Obligation TIF Revenue Bonds

- Limited obligation of City – payable only from incentive revenues

### General Obligation TIF Revenue Bonds

- Amount that exceeds 3% of the assessed value of the City counts against bonded debt limit
- Backed by full faith and credit of the City



SpencerFane

# The Two Steps of TIF Process

## Step 1

### Establish a TIF District

- Sets geographic boundaries
- Establishes a base tax value
- Establishes “Project Areas”
- Can be vetoed by the County or School District

## Step 2

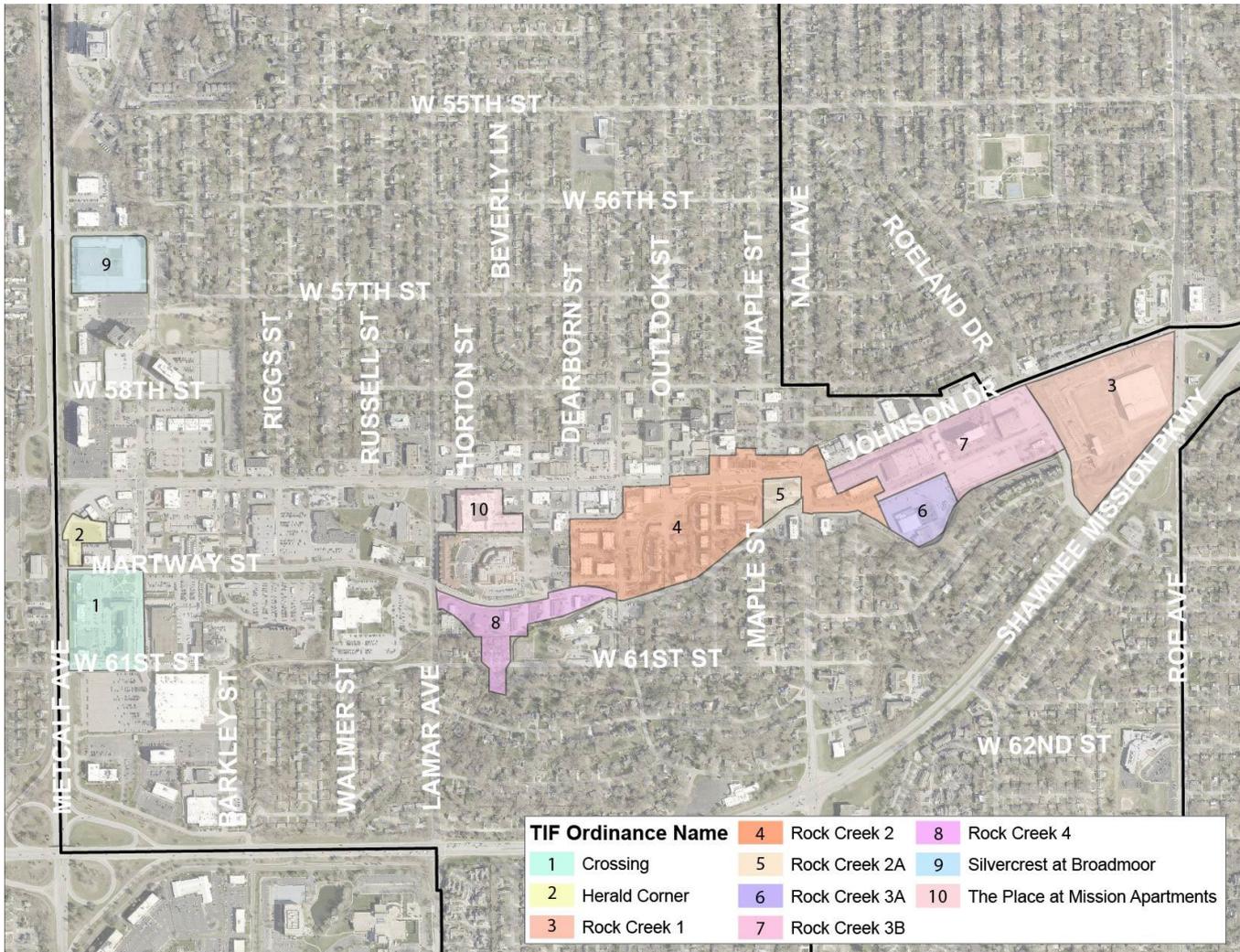
### Approve a Project Plan (up to 20 years)

- Specifics of the Project

**Project Plan requires a 2/3 majority vote by the Governing Body**



SpencerFane



SpencerFane

# Community Improvement District

- Geographical area based on petition by the owners of at least 55% of the area.
- Self-imposed sales tax of up to 2 cents or property assessments
- Maximum life is 22 years from the collection of the tax
- Funding – pay as you go, Special Obligation Bonds or General Obligation Bonds
- Uses of CID revenues are very broad and must be limited through a Development Agreement



SpencerFane



# Transportation Development District

- Essentially the same as a CID (self-imposed sales tax), however revenue may only be used for transportation – related improvements.
- Revenue may be used for projects outside of the District.
- Rarely used, as CID is more flexible.

# Industrial Revenue Bonds

- For the acquisition, construction and equipping of facilities for commercial or industrial purposes (includes multiple-family housing)
- Qualifies the property for a maximum 10 year real property tax abatement – the abatement may be for 1% to 100% of taxes
- Qualifies the project for an exemption from sales tax on building materials and taxable labor
- The bonds are typically purchased by the developer or its lender, and if so, will not carry the full faith and credit of the City

# Constitutional Tax Abatement

- City must have policies and procedures in place for the use of CTA before it can be used.
- The abated property must be exclusively used for a specified use under Article 11 of the KS Constitution.
- The Secretary of Commerce must find that CTA is necessary to prevent the incented business from relocating from the State.

# Business Improvement District

- Created by Governing Body upon recommendation by a district planning committee appointed by the Mayor.
- The purpose is to finance “extended services” to a business district.
- Must have an advisory committee to oversee the district.
- Fees are assessed within the district to finance and carry out its purpose.
- No bonds may be issued.



# Neighborhood Revitalization Act

- City designates a “Neighborhood Revitalization Area”.
- Must be blighted or require preservation due to history or architecture.
- Property tax increment is rebated to the owner each year (there is no limitation on the number of years).
- Requires an interlocal agreement among taxing jurisdictions.
- Cannot be used in a TIF district.



# Economic Development Grants

- Since economic development has been found to be a “public purpose”, cities may issue bonds to fund grants to private entities.
- Bonds issued are the general obligation of the City.
- Rarely done – used to attract large employers in under-employed areas.

# Questions and Discussion



SpencerFane