

Incentives

Southwest Johnson County includes the New Century AirCenter and the cities of Gardner and Edgerton. Because they are separate entities, available incentives may vary.

The State of Kansas provides incentives depending on the type of project and the needs of the prospective business. A summary of these incentives may be found at <http://www.kansascommerce.com/>

The electric utilities serving Southwest Johnson County are Kansas City Power and Light (KCPL) and Gardner Energy (in Gardner). The KCPL Economic Development Rider (EDR) can be found at http://www.kcpl.com/business/econdev_ecincentives.html

Tax Abatement is granted by each governing body. Gardner and Edgerton have a Property Tax Abatement Policy which has been adopted. The Gardner Policy is shown below and it is similar to the Edgerton Policy. The Johnson County Board of County Commissioners would decide on any abatement at New Century AirCenter.

A RESOLUTION ESTABLISHING A POLICY RELATING TO PROPERTY TAX ABATEMENTS FOR NEW AND EXISTING BUSINESSES.

WHEREAS, the City of Gardner, Kansas recognizes that it is essential to stimulate economic growth and development of existing and new industry and businesses in order to provide services, employment and tax revenues for the benefit of Gardner, Kansas; and

WHEREAS, it is further recognized that the stimulation of balanced economic development is a joint responsibility of the private and public sectors, working closely together creating a positive business environment and to induce industry to locate and expand in Gardner; and

WHEREAS, the economic development program goals of the City of Gardner, include economic diversification, broadening of the property tax base, stimulation of private investment, enhancement and support of new development, quality of materials and design, maintenance of environmental quality, creation and quality of employment opportunities, and

WHEREAS, to meet these economic development goals, the City of Gardner recognizes the occasional necessity to grant property tax abatements and tax incentives for real and personal property pursuant to the provisions of Section 13 of Article 11 of the Kansas Constitution and K.S.A. 12-1740 et seq. and 79-201a.

WHEREAS, the current policy sunsets December 31, 2007;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY OF GARDNER, KANSAS:

SECTION ONE: POLICY STATEMENT. It shall be the policy of the City of Gardner, Kansas to normally provide a 50% tax abatement if the project meets the criteria listed in Section Two below. Depending upon how the abatement is structured over the term, an abatement may exceed an overall average of 50%, but may not exceed 80%. It shall also be the policy of the City that economic development projects pay their fair share of property tax, special improvement district assessments, and cost of utility services. Economic development projects shall not have a negative financial impact on the County at the conclusion of the abatement term. (The City reserves the right to approve the cost-benefit analysis model used to determine the financial impact). The City shall consider the following conditions as

precedents to granting property tax incentives pursuant to Section 13 of Article 11 of the Kansas Constitution and K.S.A. 12-1740 et seq. and 79-201a.

- A. Existence of Economic Benefit: The project must provide a clear demonstration of economic benefit to the City, which benefit can be established by, but is not limited to, such things as additional employment, increased private capital investment, expanded tax base, and spurring other economic development activities.
- B. Type of Business: The project shall be of a nature that has been identified by the City of Gardner, Kansas as desirable to stimulate the local economy and improve the quality of life for the citizens of Gardner, Kansas. The project should be one in which a substantial part of its total products and/or services are either exported from the Gardner, Kansas area or they would add jobs and replace purchases now being made by Gardner, Kansas citizens in areas outside of the City if the items are for local consumption. Additional considerations may include whether the project has the effect of supporting or spurring the development of a new industrial enterprise via the development of significant speculative building space, or whether the project would help retail development.
- C. Maintain Existing Tax Base: To facilitate new development, the City of Gardner and the Southwest Johnson County Economic Development Corporation shall assist new and expanding industries that invest in new buildings, building expansion, or acquire new machinery and equipment. However, the amount of property taxes or special assessments on the existing land and facilities shall under no circumstances be reduced for new development projects. Granting of the application shall not result in the City, County, school district or any other taxing jurisdiction affected by the abatement receiving less tax revenue from the abated property than was received prior to the abatement.
- D. Definition of New Business: The business is new to the City of Gardner or has not had facilities and operations in the City of Gardner, for a period of at least one-year.
- E. Definition of Existing Business: The business shall have had facilities and operations in Gardner for a period of not less than one year.
- F. Transfer of Ownership: The owner of any property on which ad valorem taxes are being abated shall obtain the City's written consent before transferring majority ownership of the property. The City shall determine if the owner and the property continue to qualify for the exemption.

SECTION TWO: ABATEMENT CRITERIA AND ADJUSTMENTS. It is the intention of the City of Gardner, Kansas that all projects receiving abatement meet the criteria that are detailed below. Failure to meet the standards set below may result in a decrease in the total abatement percentage available to a project. Adjustments made to increase the total adjustment amount are intended as an extra incentive to exceed certain criteria when others may not be met. However, in no instance shall adjustments based on these criteria exceed the standard abatement policy as outlined in Section One.

- A. Employment – Wages: The amount and diversity of additional employment opportunities to be provided shall be a primary consideration. The project must pay “above average” wages for all full time jobs in that industry classification based upon the most recent Johnson County average wage rate conducted by the Johnson County Economic Research Institute, Inc. In addition, the number of employees may also be taken into consideration. Depending upon the project's conformance to this criterion, an increase or decrease in the abatement of up to 10% may be considered.
- B. Design Criteria: Projects must be in compliance with the City of Gardner Community Development Plan. Projects must utilize construction materials that meet or exceed the requirements set forth in the design guidelines as provided by the City's Community

Development Department. The compatibility of the location of the business with land use and development plans of the City and the availability of existing infrastructure facilities and essential public services will be a consideration. The project must be environmentally acceptable to the location intended as well as the surrounding area. Preference will be given to businesses that do their own pretreatment or does not require extensive environmental controls. The proposed use must be clean, nonpolluting, and consistent with all policies, ordinances, and codes. Depending upon the project's conformance to this criterion, an increase or decrease in the abatement of up to 10% may be considered.

SECTION THREE: TERM OF ABATEMENT. The abatement period for a project approved under this Resolution shall be determined by the amount of new capital investment in the community. Capital investment shall include capital expenditures for land development, the capitalized cost of the land lease, the building, and personal property subject to ad valorem taxation. The normal term of abatement for each project is determined according to the following schedule, unless a different term is established by the City pursuant to Section Eight herein:

New Business

<u>Capital Investment</u>		<u>Normal Term</u>
\$750,000 to	\$3 million	3 years
>\$3 million to	\$4 million	4 years
>\$4 million to	\$5 million	5 years
>\$5 million to	\$6 million	6 years
>\$6 million to	\$7 million	7 years
>\$7 million to	\$8 million	8 years
greater than	\$8 million	10 years

Existing Business

<u>Capital Investment</u>		<u>Normal Term</u>
\$350,000	to \$1.0 million	3 years
>\$1 million	to \$1.5 million	4 years
>\$1.5 million	to \$2.0 million	5 years
>\$2 million	to \$2.5 million	6 years
>\$2.5 million	to \$3.0 million	7 years
>\$3 million	to \$3.5 million	8 years
>\$3.5million	to \$4.0 million	9 years
greater than	\$4.0 million	10 years

The abatement term for projects considered under authority of Section 13 of Article 11 of the Kansas Constitution shall begin in the calendar year after the calendar year in which the business commences its operations or the calendar year in which expansion of an existing business is completed, as the case requires. The abatement term for projects considered under authority of K.S.A. 12-1740 through 12-1749 and 79-201a shall begin in the calendar year after the calendar year in which the bonds are issued.

SECTION FOUR: PROCEDURE. The City of Gardner, Kansas shall consider granting a tax exemption pursuant to this Resolution after receipt of a complete application from the applicant in a form prescribed by the City. The application shall be submitted in sufficient time for staff to follow established procedures for publication of notice, to review the project site plans and building elevations, to prepare and/or review a fiscal impact analysis, and to meet with a representative of Unified District 231. The application must be submitted prior to any building permit being issued. The building permit may be issued once the Governing Body has ruled on the resolution of intent.

Based on each application and such additional information as may be requested by the City, the City shall prepare or cause to be prepared a fiscal impact analysis of the proposed exemption on the City and state of Kansas, which analysis shall be used by the City in considering the request. In making its decision, the City may also consider any fiscal and/or economic impact analyses performed by Unified School District 231.

The Southwest Johnson County Economic Development Corporation and the City together shall meet with representatives of the school district to discuss an application that includes a request for tax abatements. The meeting with the school district representatives shall be held prior to the City's discussion of the application and abatement request. The City shall consider the school district's feedback and input in reviewing such requests.

The Governing Body of the City shall conduct a public hearing prior to formal action on each resolution of intent. The public hearing shall be scheduled at least seven days after publication of notice. Notice of the hearing shall also be sent to the Unified School District 231.

SECTION FIVE: PERFORMANCE AGREEMENT. Any tax exemption granted pursuant to this Resolution shall be accompanied by a performance agreement between the applicant and/or lessee and the City of Gardner, Kansas, which is subject to annual review and determination by the City that the conditions qualifying the business for the exemption continue to exist. The City shall review information provided by the Company, lessee, county, or state to determine compliance with the agreement. If The City finds that the business or project is not in compliance, then the tax exemption may be modified pursuant to the performance agreement or eliminated, as the City deems appropriate. The County Assessor and the Board of Tax Appeals shall be notified of such action.

For property tax abatements considered pursuant to the provisions of Section 13 of Article 11 of the Kansas Constitution, the costs of preparation of the performance agreement, publication of legal notices, and all other related application costs shall be paid by the applicant.

SECTION SIX: APPLICATION, SERVICE, AND RENEWAL FEES. The Governing Body shall establish the following fees

	New Business	Existing Business
Non-refundable application fee	\$1,500	\$750
Annual renewal fee for uncompleted projects		
Service Fee to cover administration and other costs	\$1,500/million \$ of issue size or capital investment, whichever is greater.	

The applicant is also responsible for reimbursing the City for all costs associated with the fiscal impact analysis, and all miscellaneous costs. The service fee and reimbursements may be paid from the bond proceeds or from a direct billing to the applicant. In the event the project is deemed to be a target industry as described in Section One, Paragraph C, the City may elect to waive the service fee.

SECTION SEVEN: APPRAISED VALUATION OBJECTIVE. The City of Gardner, Kansas desires to increase the City's non-residential tax base to preserve and enhance the City's fiscal capacity to provide public infrastructure and services necessary to support economic development.

SECTION EIGHT: AUTHORITY OF THE CITY OF GARDNER. The City of Gardner, Kansas reserves the right to deviate from any policy, but not any procedure set forth in this Resolution or any other procedural requirements of state law. The authority and decision to grant a tax abatement is vested solely with the Gardner City Council. This policy is intended to provide a guide to the City Council in considering applications. The Gardner City Council is under no obligation to approve any requested abatement and reserves the right to deviate from the policies and criteria contained herein if, in the opinion of the City Council, circumstances exist to warrant such deviation.

SECTION NINE: SUNSET DATE. Since the justification for tax abatements will be lessened as the local economy moves towards its goals of balance and diversification, this policy shall automatically expire on December 31, 2009 unless it is readopted for an additional term. No such tax abatement shall be granted following such expiration, unless this policy is readopted.