



Local Economic Development Policy

I. Authority:

The Mayor and the Board of Commissioners are responsible for legislation, policy formulation, and overall direction setting of the government. This includes the approval of policies which establish and direct the operations of Unified Government (UG). The County Administrator is responsible for carrying out the policy directives of the UG Board of Commissioners and managing the day-to-day operations of the executive departments, including the Economic Development Department. This policy shall be administered on behalf of the County Administrator by the Director of Economic Development and the Chief Financial Officer.

II. Purpose:

The Unified Government strives to foster an environment in which small and large businesses thrive, jobs are created, redevelopment continues, tourism grows, and businesses locate in the community.

The Economic Development Department is committed to working for:

- a. Increased job opportunities for local residents,
- b. Increasing the tax base of the community in order to continue to provide high quality services to businesses and citizens,
- c. Creating a quality of life characterized by stable neighborhoods and diverse opportunities
- d. Diversifying the local economy with growth in new technology, service sector, and tourism industries

III. Applicability and Scope:

This policy shall apply to all economic development activity under the control of the Mayor and the Board of Commissioners.

IV. Policy:

1. Incentives - The primary development incentives include the following:

- A. Community Improvement District (CID)** - Under Kansas Statute KSA 12-6a29 cities may create districts that help to fund community improvement. The Unified Government has done so through Community Improvement Districts (CID). A CID is an area within which businesses pay an additional sales tax (typically 1% or less) or a special assessment that fund improvements within that district.
- B. Transportation Development District (TDD)** - A Transportation Development District (TDD) is a special taxing district whereby a petitioner of 100% of the landowners in an area request either the levy of special assessments or the

imposition of a sales tax of up to 1% on goods and services sold within a given area. Upon creation of a TDD by a municipality, the revenue generated by TDD special assessments or sales tax under Kansas law may pay the costs of transportation infrastructure improvements in and around the new development.

- C. Economic Development Exemption (EDX)** - Article 11. Sect. 13 of the Kansas Constitution allows the counties of Kansas to grant exemptions of ad valorem taxes (property taxes) for business up to 10 years. There are certain qualifications these businesses must meet. The property (real or personal) must be used exclusively for manufacturing articles of commerce, conducting research or development, or storing goods which are sold or traded in interstate commerce.

- D. Investment Revenue Bonds (IRB)** - Investment Revenue Bonds (IRBs) are used in Kansas to finance acquisition and construction of a broad variety of industrial, commercial and industrial properties under K.S.A. 12-1740 et seq on behalf of private businesses or non-profit agencies. IRB's require a governmental entity (the Unified Government) to act as the "Issuer" of the bonds, who will hold an ownership interest in the property for as long as the IRBs are outstanding. The businesses gain several benefits with the use of IRB's including the possibility of tax exemption.

- E. Neighborhood Revitalization Program (NRA) - Tax Rebate Program** - The Unified Government Board of Commission is offering tax rebates to homeowners, non-occupying developers, retail, commercial, and industrial businesses who make significant improvements to their property. The Neighborhood Revitalization Tax Rebate Program provides owners within the designated area the opportunity to receive a rebate of up to 95% of the additional property taxes attributed to the property improvements. The Tax Rebate Program is a refund of the additional taxes paid because of a qualified improvement. The rebate applies only to the additional taxes resulting from the increase in the assessed value of the property due to the qualified improvement. The property taxes prior to the improvement will continue to be payable. Taxes must be paid when they are due, then a rebate check will be issued.

- F. Revolving Loan Fund (RLF)** - The Unified Government recognizes the needs of the small business community. The Revolving Loan Fund (RLF) provides a funding source to assist small businesses. Summarized below are the basic loan types.
 - a. Real Estate Loan – Up to 15-year term,
 - b. Machinery & Equipment Loan – Up to 10-year term,
 - c. Working Capital – Up to 3 years,
 - d. Maximum Loan of \$200,000

- G. Sales Tax Revenue Bonds (STAR Bonds)** - Sales Tax Revenue (STAR) Bonds allow the Unified Government to issue bonds to finance certain authorized expenditures (primarily land acquisition and infrastructure) for the development of major commercial, entertainment and tourism areas and use the sales and transient guest tax revenues generated by the development towards debt service. The issuance of STAR Bonds requires approval by the Kansas Department of Commerce and

represents a partnership with the State, as both local and state revenues may be pledged for the development project. The Village West development in Western Wyandotte County, is an example of a successful STAR Bond financed project.

- H. Low Income Housing Tax Credits, Section 42-** The Tax Credit Program does not provide loans or grants but provides a tax incentive to owners of affordable rental housing. The incentive is an annual tax credit (a dollar for dollar reduction in the tax payer’s federal taxes) earned in the initial ten years following when the units are placed in service assuming program requirements are met. A developer markets or “syndicates” the credits allocated to the development to investors whose contributions are used as equity in the development’s financing plan.
 - I. Tax Increment Financing (TIF) -** A Tax Increment Financing (TIF) District allows the Unified Government to work with private developers to authorize redevelopment projects in blighted areas in accordance with State statutory requirements as set forth in K.S.A 12-1770a. TIF financing allows for a development project to access the incremental property and/or sales tax revenues generated by the project. TIF Districts may exist for up to twenty (20) years per project. In accordance with Kansas Laws, these funds may only be used for TIF-eligible expenses, which include but are not limited to: Land Acquisition & Relocation (of families), Public Improvements (curb, sidewalks, streets, lighting), Site Preparation (demolition), Utilities, and Sanitary and Storm Sewers.
- 2. Police Directives -** To supplement the statutory guidelines, staff will also adhere to the following Policy Directives:
- a. Feasibility Studies – shall be conducted to account for market fluctuations which could negatively impact revenue generation.
 - b. Bonding options – structure as pay-as-you-go as opposed to GO, if feasible; consider taxable issuance of debt to require minimum tax payments.
 - c. Performance measures:
 - i. Require certain conditions be met prior to approval of Project Plan.
 - ii. Require certain conditions be met prior to debt issuance or reimbursement.
 - d. Minimize Project investment from Property and Sales tax payments.
 - e. Institute a “sunset” provision for timing between District approval and Project Plan approval.
 - f. As part of Development, segregate and quantify the dollar amount used for Public infrastructure improvements.
 - g. Separate criteria will be applied to those Developers who are involved with a failed TIF, and yet are proposing a new TIF project.
- 3. Recourse Actions -** For TIF projects that are underperforming, the following Recourse Options may be considered:
- a. Restart TIF
 - b. NRA Policy adjustments
 - c. Refinance Bond Debt
 - d. Termination recommendations
 - e. Development Agreement shall contain non-compliance actions

- f. Modify Project Plan
- g. Option to take property or part of Development area

V. Quality Control and Quality Assurance:

It is the responsibility of the Director of Economic Development and the Chief Financial Officer to ensure the presence of procedures that provide sufficient guidance to affected Unified Government personnel to fulfill the intent of this policy. These policies will be reviewed at least annually and updated on an as-needed basis.

VI. Metrics:

To be developed and managed accordingly.

VII. Definitions and Acronyms:

To be provided upon request.

VIII. Related Documents and References:

- A. Tax Abatement Policy
- B. Debt Policy
- C. County Administrator policies as applicable