

## Fiscal Note Appendix 1: Comparison of Retention Scenarios and Impact on City Funds

*This is an analysis of the direct fiscal impact to the City's revenues, and does not consider secondary or downstream economic impacts, or other taxing jurisdictions.*

Revenue Source	City Fund	Baseline (1)	Retention Package (2)	Net Loss to City - Retained (3)	Baseline - BlueScope (4)	Net Loss to City - NOT Retained (5)	Gross loss prevented - Retention (6)
Property Taxes	1000- General Fund	\$ 800	\$ 20,283	\$ 19,483	\$ 79,005	\$ 78,205	\$ 58,722
Gross Receipts Taxes	1000- General Fund	123,059.00	124,904.89	1,846	-	(123,059.00)	(124,905)
Earnings Taxes (Retained and New)	1000- General Fund	371,598.00	387,927.84	16,330	50,850	(320,748.00)	(337,078)
PP Taxes	1000- General Fund	8,342.22	8,342.22	-	-	(8,342.22)	(8,342)
Parking Revenues	2160 - Parking Fund	240,000.00	-	(240,000)	-	(240,000.00)	-
Utility Taxes	1000- General Fund	27,300.00	27,709.50	409	27,710	409.50	-
		<b>\$ 771,099</b>	<b>\$ 569,167</b>	<b>\$ (201,932)</b>	<b>\$ 157,565</b>	<b>\$ (613,535)</b>	<b>\$ (411,603)</b>

(1) - Baseline

This is the gross impact of the status quo to the city based on the FY 2019 Tax return for BlueScope, the city's parking lease agreement, and property tax valuation at the time. The Department of Economic Development does not expect to maintain this level of revenue.

*Source: Provided by developer's legal counsel, public records, and lease agreements. Consolidated by KCMO Economic Development*

(2) Retention Package

This is the incentive-retention package as written now. This package estimates net new collection in Property and Earnings taxes for the city, and contemplates that the city forgoes lease payments for BlueScope at the West Bottoms Garage.

*Source: Provided by developer's legal counsel, public records, and lease agreements. Consolidated by KCMO Economic Development*

(3) Net Loss to City - Retained

This is the net loss to the City's revenues for retaining BlueScope Steel under the incentive package as offered. This is the Best-Case retention scenario in this analysis, with all information available.

*Calculated: [Retention Package (2)] - [Baseline (1)]*

(4) Baseline - BlueScope

This is the Baseline revenue base net of the contribution of BlueScope. This includes only the property tax on the property (real and personal), as well as the estimated cost of utilities for a new tenant.

*Source: Provided by developer's legal counsel, public records, and lease agreements. Consolidated by KCMO Economic Development*

(5) Net loss to City - Not Retained

This is the net loss to the City's revenues for NOT retaining BlueScope Steel under the incentive package as offered. This is the Worst-Case retention scenario in this analysis, with all information available.

*Calculated: [Baseline - BlueScope (4)] - [Baseline (1)]*

(6) Gross Loss Prevented - Retention

This is the gross loss prevented by retaining BlueScope Steel in Kansas City, MO.

*Calculated: [Net Loss to City - NOT Retained (5)] - [Net Loss to City - Retained (3)]*

**Conclusion - Impact on City Funds:** As this retention project is constructed and outlined by the Department of Economic Development, the maximum exposure of the city for not retaining BlueScope within the boundaries of Kansas City, MO is \$613,535. This is a combined loss of Earnings tax and parking revenue, and assumes that property and utility taxes will continue to be paid by the owner. By forgoing parking revenues in the city's parking funds at the cost of \$240,000 per year, the city may retain both new and existing earnings tax from BlueScope - capping losses at \$201,932 per year.

The Department of Economic Development does not expect to maintain the [Baseline (1)] scenario column above, and does expect to incur a loss either through retention incentives, or the loss of BlueScope. The department expects that the lesser of the two losses would be to retain BlueScope through an incentive agreement.