

RESOLUTION NO. 010924

Establishing a policy for the use of tax increment financing.

WHEREAS, pursuant to Sections 99.800 to 99.865, RSMo, the Real Property Tax Increment Allocation Redevelopment Act, the Council has approved approximately 40 tax increment financing plans; and

WHEREAS, the City uses tax increment financing to finance, among other things, public infrastructure related to real estate development and redevelopment; and

WHEREAS, when the City approves the use of tax increment financing it is making a long-term commitment to reimburse developers for certain costs related to the approved projects; and

WHEREAS, this policy is intended to ensure that tax increment financing is used to achieve clear and substantial public benefits while protecting the financial condition of the City; and

WHEREAS, because the City uses tax increment financing to finance the construction of needed public infrastructure, such as streets, bridges, storm sewer facilities and sewers, public infrastructure financed through tax increment financing must be consistent with needs identified through the City's capital planning process; and

WHEREAS, developers benefit through the use of tax increment financing by reduced costs of construction of public infrastructure and increased property values because of the construction of public infrastructure; NOW, THEREFORE,

BE IT RESOLVED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the following factors will constitute the City's policy for the use of tax increment financing:

Maximum assessed valuation for use of TIF. The total assessed valuation of parcels for which tax increment financing has been approved will not exceed a percentage of the total assessed valuation of the City, which percentage will be determined by the Council.

Use of TIF limited to public infrastructure. Tax increment financing may be used to reimburse costs directly related to the construction of public infrastructure, such as streets, sidewalks, bridges, sewers, and storm water drainage facilities.

TIF Commission funded through the general fund. Tax increment financing revenues generated by new tax increment financing plans will not be used to pay the costs of operating the Tax Increment Financing Commission or administering the tax increment

financing program. Tax Increment Financing Commission costs, except those attributable to existing plans, will be annually appropriated through the City's budget process.

Use of PILOTS. The City will devote 100 percent of the increment in property taxes to payments in lieu of taxes.

Prohibition on use of EATS. The City will not approve tax increment financing plans which call for allocation of incremental economic activity taxes for payment of redevelopment costs for tax increment financing plans.

Appropriation for shortfall in PILOTS. If tax increment financing is used to support debt and there is a shortfall in payments in lieu of taxes below that estimated by the Tax Increment Financing Commission and developer, the City will appropriate general fund revenues to make up for the shortfall.

Annual budgets/reports required. For each tax increment financing plan the developer will be required to provide annual budgets, conforming to the City's fiscal year, showing anticipated expenditures and sources of revenue, and will include comparisons of actual and budgeted expenditures for all prior years.

Required commencement of construction. All development agreements will require construction of public infrastructure in an approved tax increment financing project to begin within three years of City Council approval of the plan or project, unless otherwise extended for up to an additional three years.

Extension of project completion dates. A project completion date may be extended for up to an additional three years when the developer establishes the existence of unforeseen and unanticipated conditions that reasonably prevented the commencement or completion of actual construction during the initial approved period.

Limitation on reimbursement. All development agreements will require that if actual construction of public infrastructure has not commenced by the completion date, including the completion date as extended, the development agreements will expire and payments in lieu of taxes will not be available to reimburse costs related to public infrastructure. No completion date will extend beyond six years from the initial approval of the project.

Individual projects. The City may impose additional requirements on a project-by-project basis to insure responsible use of the tax increment financing.