

## ORDINANCE NO. 160017

Repealing Committee Substitute for Resolution No. 150571 and enacting guidelines on the use of public incentives.

WHEREAS, pursuant to the Land Clearance for Redevelopment Authority Law, Sections 99.300 to 99.660 of the Revised Statutes of Missouri, as amended, the City Council of Kansas City, Missouri by Ordinance No. 16120 passed on November 21, 1952, created the Land Clearance for Redevelopment Authority of Kansas City, Missouri ("LCRA"); and

WHEREAS, pursuant to the Planned Industrial Expansion Law, Sections 100.300 to 100.620 of the Revised Statutes of Missouri, as amended, the City Council of Kansas City, Missouri by Ordinance No. 34677 passed on February 9, 1968, created the Planned Industrial Expansion Authority of Kansas City, Missouri ("PIEA"); and

WHEREAS, pursuant to the provisions of Chapter 68 of the Revised Statutes of Missouri, as amended, the City Council of Kansas City, Missouri by Resolution No. 47523 adopted on February 11, 1977, created the Kansas City, Missouri Port Authority ("PortKC"); and

WHEREAS, pursuant to the Real Property Tax Increment Allocation Redevelopment Act, Sections 99.800 to 99.865 of the Revised Statutes of Missouri, as amended, the City Council of Kansas City, Missouri by Ordinance No. 54556 passed on November 24, 1982, and thereafter amended in certain respects by Committee Substitute for Ordinance No. 911076, As Amended, passed on August 29, 1991, Ordinance No. 100089, As Amended, passed on January 28, 2010, Ordinance No. 130986, passed on December 19, 2013, and Committee Substitute for Ordinance No. 140823, As Amended, passed on June 18, 2015, created the Tax Increment Financing Commission of Kansas City, Missouri ("TIF Commission"); and

WHEREAS, pursuant to the provisions of Sections 100.010 to 100.200 of the Revised Statutes of Missouri, as amended, and the provisions of Committee Substitute for Resolution No. 041033 adopted on September 16, 2004, the City Council of Kansas City, Missouri is authorized to approve the issuance of revenue bonds for the purpose of promoting industrial development through, among other things, the abatement of real property taxes; and

WHEREAS, pursuant to Committee Substitute for Resolution No. 121013 adopted on December 20, 2012 and Committee Substitute for Resolution No. 130297 adopted on April 25, 2013, the City Council of Kansas City, Missouri expressed its support for and authorized the use of sale-leasebacks by certain economic development entities as a mechanism for abating, among other things, real property taxes; and

WHEREAS, pursuant to the Urban Redevelopment Corporations Law, Sections 353.010 to 353.190 of the Revised Statutes of Missouri, as amended, the City Council of

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Kansas City, Missouri is authorized to promote urban renewal through the abatement of real property taxes and has, by Committee Substitute for Ordinance No. 140306 passed on May 1, 2014, created the Kansas City Chapter 353 Advisory Board (“353 Board”) and vested it with certain powers in furtherance of such urban renewal efforts; and

WHEREAS, the City Council adopted Committee Substitute for Resolution No. 120836 expressing its support for the AdvanceKC Strategic Plan and the related underlying planning process; and

WHEREAS, the City Council passed Ordinance No. 120966 adopting the AdvanceKC Strategic Plan as the Economic Development Strategic Plan for the City of Kansas City and directing the City Manager to proceed with supporting the planning and development of the Implementation Phase of the project; and

WHEREAS, the Implementation Phase began with the adoption of Committee Substitute for Resolution No. 130274 which provides for a single point of entry for development projects through the Economic Development Corporation of Kansas City, Missouri (“EDC”); and

WHEREAS, Committee Substitute for Ordinance No. 140031, As Amended, adopted the City’s Economic Development and Incentives Policy (“AdvanceKC”) and directed the City Manager to develop the scoring system set forth therein; and

WHEREAS, the City Manager developed a scoring system for project others than housing and the City Council subsequently adopted the same (the “AdvanceKC Scorecard”) by Ordinance No. 140375; and

WHEREAS, the City is empowered, directly or through one or more of the aforementioned agencies, to offer public incentives for economic development projects in the form of, among other things, a capture and redirection, or abatement or exemption, in whole or in part, of certain taxes; and

WHEREAS, AdvanceKC encourages the use of incentives only as necessary to fill financial gaps, and limits them to reasonable and appropriate project expenses which have a public benefit and which are essential to the successful completion of projects, and which provide a positive fiscal impact on taxing jurisdictions; and

WHEREAS, the City has been working collaboratively with other taxing jurisdictions towards the establishment of economic development policies and practices that are in the best interest of the public good, and which strive to reasonably limit the extent to which incentives are utilized, while still working to aggressively eliminate blight and encourage redevelopment and business and job growth in our community; and

WHEREAS, it is proper that the City’s policies for granting any approval, directly or through one of the aforementioned agencies, take into account the impact of the loss of revenues on the affected taxing jurisdictions and the extent to which the use of such

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revenues might be minimized consistent with maintaining a viable economic development project; and

WHEREAS, the City contracts with the EDC for purposes of managing the City's economic development projects and providing support to each of the aforementioned agencies, among others; and

WHEREAS, it is proper that the City Council should declare its expectations with regards to how the EDC administers the tasks assigned to it and evaluates financial need prior to the City Council's being asked to make determinations with respect to the capture and redirection, or abatement or exemption of taxes; NOW, THEREFORE,

BE IT RESOLVED BY THE COUNCIL OF KANSAS CITY:

Section 1. That Committee Substitute for Resolution No. 150571 is hereby repealed.

Section 2. That the EDC shall not recommend a project to the City Council for the capture and redirection, or abatement or exemption of taxes unless the following, at a minimum, shall have occurred.

- A. The EDC shall have evaluated the project using the AdvanceKC Scorecard for the purposes of determining the extent to which the project aligns with the City Council's priorities as set forth therein.
- B. The EDC shall have prepared, or caused a third party to prepare, a financial return analysis for the purposes of comparing the leveraged and unleveraged internal rate of return, with and without varying level of incentives, to determine whether and to what extent the project warrants public assistance consistent with incentivizing the project to an appropriate market benchmark.

Section 3. That the City Council, in cooperation with other taxing jurisdiction representatives, hereby establishes a Reasonable Utilization Incentives Policy which provides guidelines for the use of incentives, including recommendations on the preferred limitations on the depth and duration of incentives throughout the City of Kansas City, Missouri, a copy of which is hereby attached.

Section 4. That the City Council shall, to the extent permitted by law, retain the discretion to authorize the capture and redirection, or abatement or exemption, in whole or in part, of taxes to the full extent authorized by any provision of law, notwithstanding any provision of this ordinance to the contrary, and the approval of the City Council with respect to any matter included within this ordinance shall serve to conclusively establish that the requirements of this ordinance shall have been fulfilled with respect to the matter so approved.

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Section 5. That the provisions of this ordinance shall apply prospectively only and shall not be construed in a manner as to impair any tax abatement, tax exemption, tax capture and redirection, or any transaction related thereto authorized by the City, any agency referenced herein, or any other public entity prior to its adoption.

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Approved as to form and legality:

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Brian T. Rabineau  
Assistant City Attorney