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**City of North Kansas City, Missouri**

**Application Packet For Certain Property Tax Abatement**

**Under RSMo Chapter 100**

**INTRODUCTION:**

The City of North Kansas City has a long history of working with private business to develop and redevelop property in order to facilitate the growth of the City. However, as this incentive necessarily involves other taxing jurisdictions, we must be judicious in its use. Therefore an application represents a significant effort on the part of both the applicant and the City. We have organized this application in a way that identifies the requirements and assists in preparing for the City’s review process.

This application considers the typical issues in implementing a Chapter 100 plan. However, each instance is unique, and this application does not necessarily anticipate all issues for every circumstance. Applicants are responsible for making themselves fully aware of the requirements of state statutes (see Sections 100.010 to 100.200, RSMo of the Missouri State Statutes) and it is strongly recommended that applicants be represented by outside legal counsel with a demonstrated competence in the area of Missouri tax abatements.

Finally, while this application works toward the eventual adoption of a Chapter 100 plan that will meet statutory requirements, it is likely that the applicant and the City will both have responsibilities that are required as part of a successful development process. If necessary, the City will delineate such responsibilities in a separate contract called a development agreement which will accompany the approval of a Chapter 100 project plan.

**CHAPTER 100 OVERVIEW:**

Sections 100.010 to 100.200 of the Revised Statutes of Missouri (“Chapter 100”) authorizes cities to issue Industrial Development Bonds, which are revenue bonds used to finance industrial development projects for private corporations, partnerships or individual companies. Under Chapter 100, the City issues revenue bonds to finance real and/or personal property for approved development projects. Eligible projects include warehouses, distribution facilities, research and development facilities, office industries and manufacturing plants; and may apply to the financing of land, buildings and personal property.

Under Chapter 100 financing, the company transfers title in the real or personal property to the City pursuant to a lease-purchase agreement. The lease-purchase agreement provides that the City will issue the revenue bonds in the amount necessary to finance the purchase, new construction, or expansion contemplated for the project. Under the lease-purchase agreement, the City will retain ownership of the real and/or personal property for the tax abatement period and leases it back to the company. The rent paid by the company will be an amount sufficient to pay the principal and interest on the bonds as they come due. Most commonly, the bonds are purchased by the company or an affiliate. The lease- purchase agreement also provides for the company to assume ownership of the leased property once the bonds have been paid off, at such time the tax incentive ends.

Because title to the property is held by the City during the lease term, the property acquired with the bond proceeds is tax exempt, which effectively results in tax abatement for the company. A payment in lieu of taxes (PILOT) is typically negotiated in order to determine the exact level of abatement that will be offered. In addition to property tax abatement, the company may also benefit from a sales tax exemption for construction materials and other personal property that is part of the project.

Recommended Resources (in addition to this application):

* RSMo Chapter 100, section 100.010 – 100.200 inclusive
* North Kansas City Master Plan
* North Kansas City Zoning Ordinance

**PRELIMINARY APPLICATION**

**PRELIMINARY APPLICATION INSTRUCTIONS/PROCESS**

The purpose of the preliminary application is to obtain enough basic information to determine if a proposed project may be suitable for the use of Chapter 100 benefits. Because the final application requires a significant investment of time and money for both the applicant and the City, the preliminary application allows for the gathering of basic information prior to making major commitments of time and money.

Preliminary Application. The applicant must first supply at least the information listed below. Providing additional pertinent information is encouraged as part of the application process.

Preliminary Application Meeting. After supplying the preliminary application the applicant should then contact the City to arrange a meeting to review the preliminary application information submitted with City staff.

Preliminary Application Review. The City will then review the application. The City’s response will offer an opinion of future success and indicate any information in the preliminary application that should be updated or modified for the final application.

**PRELIMINARY APPLICATION INFORMATION**

*Following this outline, please respond to all of the following. If a particular item is not relevant indicate not applicable (“N/A”), “unknown”, “to be determined”, etc..*

***Applicant Information***

1. Applicant. Please provide the applicant’s name, address, name and title of contact person, telephone number, facsimile number and e-mail address.
2. Applicant Representative. Please provide the name, address, name and title of contact person, telephone number, facsimile number and e-mail address, of the person or firm representing the applicant (this could be a developer, consultant or financial advisor).
3. Applicant Legal Counsel. Provide the name of the law firm being used as outside legal counsel and the individual lawyers working on the matter.
4. Applicant Business. Please describe the nature of the business(es) in which the applicant is engaged. Provide the SIC codes related to the business.
5. Litigation. Please describe any pending or threatened litigation to the company or parent company *(if the applicant is some form of limited liability entity),* including case numbers if available.
6. Criminal Offenses. Has the applicant, or any partner, officer, member or director of the applicant, or any entity in which any partner, officer, member or director of the applicant is or was a partner, officer, member or director ever been charged with and/or convicted of a criminal offense (other than traffic violations) or charged by any regulatory agency with violations of financial or professional regulations. If yes, please describe the disposition and/or status.
7. Bankruptcy. Within the last 10 years, has the applicant or any partner, officer, member or director of the applicant, or any entity in which any partner, officer, member or director of the applicant is or was a partner, officer, member or director been a debtor in bankruptcy? If yes, please describe and the disposition and/or status.
8. Borrowing Default. Has the applicant or any partner, officer, member or director of the applicant or any entity in which any partner, officer, member or director of the applicant is or was a partner, officer, member or director ever defaulted on any bond or mortgage commitment? If yes, please describe the disposition and/or status*.*

***Project Information***

*Please respond to each of the following as they relate to the proposed project. Applications need not be limited however to only these items. Applicants may provide any additional information that further explains the project.*

Note: The City may request that financial statements of the applicant be reviewed by the City’s financial advisor during this application process. If so, the applicant can enter into a confidentiality agreement with the City’s financial advisor in order to protect sensitive financial information that will not be disclosed to the City.

1. Project Location/Area. Please identify or describe the location of the project area and the size of the facility.
2. Intent For Requested Use of Chapter 100 Authority. Please summarize the intended use of the benefits sought and the reason for requesting the incentive.

1. Property Tax Abatement. Please indicate the degree of property tax abatement, if any, being sought through the issuance of Chapter 100 bonds.
2. Sales Tax Exemption. Please indicate any intention to apply to receive a sales tax exemption on construction materials or personal property purchased through a Chapter 100 transaction.
3. Please indicate the amount of bond financing anticipated, and if the bonds are intended for purchase by the company or other private investor(s).
4. Status of Property. Please describe the current condition of the property proposed for the project.
5. Project Description. Please describe how the property will be developed or redeveloped, noting any necessary demolition, construction, and/or renovation. In particular, please indicate the value of new real property improvements. *(See RSMo 100.050)*
6. Project Details. Provide at least the following:
   1. Anticipated investment in construction of real property.
   2. Anticipated investment in personal property.
   3. Anticipated new jobs or retained jobs.
   4. Anticipated total payroll for new jobs or retained jobs.
   5. Facility 4-digit SIC number
   6. County tax parcel number(s)
7. Relocation Plans. Please discuss any existing residential, business, or tenancies thereof that will need to be considered for relocation as a result of the project.
8. Comprehensive Plan. Please indicate how the Project will be consistent with the City’s Comprehensive Plan.
9. Zoning. Please indicate the current zoning district for the property and describe any request for consideration of re-zoning if required.
10. Applicant’s Statement. The applicant must include as part of this preliminary application, language substantially in the form as noted below:
    1. The applicant certifies that the undersigned is authorized to execute this preliminary application on behalf of the applicant.

b. The applicant understands and agrees that if a particular project requires extraordinary due diligence steps (e.g. traffic studies, environmental reports, appraisals or other third-party professional analyses), the City, in its sole and absolute discretion, reserves the right to discontinue further consideration and review of the application until an appropriate applicant funding agreement has been approved by the City to insure payment for such additional expenses. Such funding agreement will be used by the City for payment of third-party expenses necessary to complete the City’s due diligence review.

c. Applicant represents and warrants that all statements of fact contained in this preliminary application are true to applicant’s best knowledge and belief.

d. The applicant understands it has a continuing obligation to supplement its application with any new information that materially affects the application.

e. It is understood and agreed that the information required in this application or any other information received will be disclosed to appropriate City staff and may be disclosed to the public.

*(Include appropriate lines for signature of applicant and applicant’s representative, and dates)*

***Exhibits/Attachments***

1. Site Plan

**FINAL APPLICATION**

**FINAL APPLICATION INSTRUCTIONS/PROCESS**

The purpose of the final application is to build upon information submitted in the preliminary application and include additional information that requires a more detailed review. Any updates or changes to application data resulting from the pre-application meeting or further due diligence should be included in this final application. An approved final application will contain a substantial amount of the information required for filing a project plan.

Final Application. This application and all required exhibits and attachments will be submitted per these instructions.

Documents to be Submitted:

* 1 original of the application document and all required attachments and exhibits
* 1 CD or USB with all documents included in PDF format

Please submit all application materials to:

City Clerk

City of North Kansas City

2010 Howell St.

North Kansas City, MO. 64116

Determination of Completeness. Staff will review the application and materials submitted to determine if the submittal is complete. If the application is incomplete, the applicant will be notified and apprised as to what additional information is required.

Application Review. After the application is determined to be complete, City staff will undertake a review of the requested economic development incentive and its benefit to the City. This review may include a meeting with the applicant. Staff will generate a recommendation to the City Council regarding the advisability of the application, particularly with regard to the level of incentive requested vis-à-vis the anticipated benefit.

Application Approval. If the application is approved by the City Council the applicant will then file a project plan consistent with the approved application and statutory requirements for such plans.

**FINAL APPLICATION INFORMATION**

*Following this outline, please respond to each of the following, even if that particular item may not be applicable for this project.*

***Applicant Information***

Preliminary Application Information. Please provide the information previously supplied in the preliminary application (Items 1 - 8 on pages 3 and 4), updated as required.

***Project Information***

*Please respond to each of the following as they relate to the proposed project. Applicants may provide any additional information that further explains the plan for the project.*

Preliminary Application Information. Please provide the information previously supplied in the preliminary application (Items 1 – 12, pages 4 – 6), updated as required.

1. Project Schedule. Please indicate the overall time frame for the project, including any stages or phases. Show the indicated start and finish dates.
2. Environmental Issues. Please describe any environmental issues that may pertain to this property or the project.
3. Request for Abatement. In specific terms, delineate the type of abatement sought (real or personal property and/or sales tax exemption). Also provide an estimate for the value of each of the abatements.
4. “But For” Test. Per the requirements of Chapter 100, please discuss why, “but for” the granting of this incentive, the project will be unable to proceed.
5. Assignment of Project. Please discuss any potential or intent, and the circumstances by which the redeveloper may have to assign, or potentially assign, the project to another party in the future. Assurance should be given that for any assignment that might occur, the intention and purpose of the plan will be carried out if the plan is approved. Applicant must indicate its understanding that any intent to such assignment must be a part of and agreed to in the project agreement.
6. Applicant’s Statement. The applicant must include as part of their application, agreement language substantially in the form as noted below:
7. The applicant certifies that the undersigned is authorized to execute this application on behalf of the applicant.
8. The applicant understands and agrees that if a particular project requires extraordinary due diligence steps (e.g. traffic studies, environmental reports, appraisals or other third-party professional analyses), the City, in its sole and absolute discretion, reserves the right to discontinue further consideration and review of the application until an appropriate applicant funding agreement has been approved by the City to insure payment for such additional expenses. Such funding agreement will be used by the City for payment of third-party expenses necessary to complete the City’s due diligence review.
9. Applicant represents and warrants that all statements of fact contained in this application are true to applicant’s best knowledge and belief.
10. The applicant understands it has a continuing obligation to supplement its application with any new information that materially affects the application.
11. It is understood and agreed that the information required in this application or any other information received will be disclosed to appropriate City staff and may be disclosed to the public.

*(Include appropriate lines for signature of applicant and applicant’s representative, and dates)*

***Exhibits/Attachments***

1. Site Plan (updated as necessary from preliminary application)
2. Legal Description & Clay County Parcel ID number(s)
3. Plan of Finance – please include the following information:

* Project Costs. Please indicate the value of new real property improvements and construction materials to be purchased that are proposed for exemption under this application.
* Sources and Uses of Funds (inclusive of proposed plan for bond financing).
* Tax Impact Analysis. Please describe how the project will impact municipal tax revenues (i.e. real and personal property taxes, sales taxes, utility franchise taxes, etc.).
* Identification of each affected taxing jurisdiction, including but not limited to the North Kansas City School District, Clay County, and the Metropolitan Community College District.
* The most recent equalized assessed valuation of the real property and personal property included in the project, and an estimate as to the equalized assessed valuation of real property and personal property after completion of the project.
* An analysis of the costs and benefits of the project to each affected taxing jurisdiction.

**PROJECT PLAN**

***(See RSMo 100.050)***

**PROJECT PLAN FILING INSTRUCTIONS/PROCESS**

The filing of a project plan under Chapter 100 completes the application process. The plan must include all plan data required by Chapter 100 and any data required by the City through the application process. The filing of a plan will commence the process of conducting a public hearing on the project plan.

Ch. 100 Plan. In order to file a project plan per Chapter 100, the applicant must include all of the information listed below.

Documents to be Submitted:

* 1 original of the plan document and all required attachments and exhibits
* 1 CD or USB with all above documents included in PDF format

Please submit all application materials to:

City Clerk

City of North Kansas City

2010 Howell St.

North Kansas City, MO. 64116

Determination of Completeness. Staff will review the plan materials submitted to determine if the plan is complete. If the plan is incomplete, the applicant will be notified as to what additional information is required. When the plan is determined by staff to be complete, a public hearing will be scheduled.

Public Hearing *(See RSMo 100.059)*

After the application and required documents have been filed and accepted by the City, the applicant may proceed with the scheduling of a public hearing before the City Council. The City, at its sole discretion, may schedule the public hearing. Per statute the purpose of the hearing is to allow comments by the public, including impacted parties.

If the proposed project requires approvals by any other boards, commissions, governmental authorities or recommending bodies, the City Council shall be under no obligation to take up the Plan for consideration until such time as those necessary approvals have occurred.

Inducement Resolution. If the City determines to proceed with a public hearing, the City may choose to adopt an Inducement Resolution stating its intent to proceed with the process and provide legal notice to each impacted taxing jurisdiction. This Ch. 100 plan will be provided along with such notice.

If a public hearing is scheduled, the City will provide a notice of the public hearing to be published in a newspaper having a general circulation in the City not less than twenty (20) days in advance of the hearing.

Along with the required notice to the affected taxing jurisdictions, the City will include the tax impact analysis and other relevant information to affected taxing jurisdictions.

All impacted tax jurisdictions, along with others impacted by the project, will have an opportunity to speak in favor or against the project at the public hearing.

At any time during the public hearing, the Council may continue the public hearing to a date certain to allow additional information to be obtained from City staff and/or the applicant for its further consideration. When the Council determines that sufficient information has been presented to it, the Council may close the public hearing.

Council Action

After the close of the public hearing, the City Council will consider the Chapter 100 plan. The City reserves the right to reject any and all projects, with or without cause, even those which satisfy all of the stated criteria. If the Council authorizes the Chapter 100 plan, it will do so by ordinance which shall include the requisite statutory findings required for Chapter 100 plans.

In addition, if there is a companion development/redevelopment agreement between the City and the applicant, the agreement may be approved by ordinance at the same time the development/redevelopment plan is approved.

**PLAN INFORMATION**

***Applicant Information***

1. The applicant shall submit as part of the project plan, all of the previously submitted applicant information from the final application.

***Plan Information***

1. The applicant shall submit as part of the project plan, all of the previously submitted information from the final application.
2. Requested Findings and/or Recommendations. The applicant must include a request for certain findings to be made by the City by ordinance. A list of such findings is indicated below only as a frame of reference. Some may not apply in every case, and some cases may require additional findings not listed below:
3. That the tax abatement to the fair market value of the land in the Project Area requested herein is necessary to permit the project contemplated by the Project Plan hereby submitted and that such tax abatement will not have a negative effect on the political subdivisions affected by such abatement.
4. That the exemption of sales tax on construction materials used for the construction of the project requested herein is necessary to permit the project contemplated by the Project Plan hereby submitted and that such tax exemption will not have a negative effect on the political subdivisions affected by such exemption.
5. That the Project Plan is in accordance with the Comprehensive Master Plan of the City of North Kansas City, Missouri.
6. That the area affected by this application is of sufficient size to allow the project to proceed in an efficient and economically satisfactory manner.
7. That any staging under which the project is proposed to be constructed or undertaken is practicable and in the public interest.
8. That all the necessary public facilities consisting of utility services, gas, electric, telephone and public sewer are presently adequate to service the area.
9. That the proposed estimated costs and the proposed method of financing of the Development Plan are adequate and reasonable.
10. That the approval of the application and the construction of the Project described herein are necessary for the preservation of the public peace, property, health, safety, morals and welfare.
11. That development/redevelopment of the Project Area in accordance with this Development Plan is necessary and advisable to effectuate the public purposes declared by applicable law and ordinances.

***Exhibits/Attachments***

The applicant shall include the same exhibits or attachments as submitted with the final application, plus any additional items contained within the list below:

1. Legal Description & Clay County Parcel ID number(s)
2. Site Plan
3. Plan of Finance:

* Project Costs. The value of new real property improvements and construction materials to be purchased that are proposed for exemption under this application.
* Sources and Uses of Funds (inclusive of proposed bond financing strategy).
* Tax Impact Analysis. How the redevelopment will result in a net increase in municipal tax revenues (i.e. real and personal property taxes, sales taxes, utility franchise taxes, or others).

1. Political Subdivision/Taxing Entities Notice

* Certificate of Notice
* Mailing list of taxing entities
* Notices

1. Any development agreement between the applicant and the City.