

**CITY OF HESSTON, KANSAS    POLICY MANUAL**

SUBJECT:	EFFECTIVE DATE:
2. FINANCIAL POLICIES	5/14/2004

2-1 TAX EXEMPTION POLICY STATEMENT

(Approved by Resolution No. 971 adopted December 8, 2003 and amended by Resolution No. 978 adopted June 14, 2004)

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SECTION 1. PURPOSE. The purpose of this statement is to establish the official policy and procedures of the City of Hesston for the granting of property tax exemptions and tax incentives for real and personal property used for economic development purposes, in accordance with the provisions of Section 13 of Article 11 of the Constitution of the State of Kansas and as required by K.S.A. 79-251. This policy shall not effect or govern exemptions granted in connection with other applicable provisions of the Kansas Statutes.

SECTION 2. GENERAL OBJECTIVE. The securing of private economic growth and development and the addition of new jobs within the community are important current and long-term objectives of this City. This Statement is intended to establish the procedure and policy standards to govern the fair, effective and judicious use of the power to grant such exemptions and tax incentives in this City.

SECTION 3. LEGAL AUTHORITY. The governing bodies of Kansas counties and cities may exempt certain property used for economic development purposes from taxes for a maximum period of 10 years, in accordance with the provisions of Section 13 of Article 11 of the Kansas Constitution, subject to the requirements of K.S.A. 79-251 *et. seq.* This authority is discretionary and vested with the City (subject to approval by the Kansas Board of Tax Appeals), and the City may provide for tax exemptions-incentives in an amount and for purposes more restrictive than that authorized by the Constitution or state laws. Pursuant to its home rule powers, the City may (1) require the owners of any property for which an exemption is requested to provide certain information, (2) condition the granting of an exemption to an agreement providing for the payment of in lieu charges or taxes under the provisions of K.S.A. 12-147 and 12-148, and (3) require the payment of initial application and annual renewal fees reasonably necessary to cover the costs of administration.

SECTION 4. GENERAL PROCEDURE. The following basic procedure shall govern the issuance of tax exemptions-incentives within this City:

(1) The applicant business shall apply for a tax exemption-incentive by filing a written application on standard forms provided by the City Clerk as provided in Section 15.

(2) If the City determines the requested tax exemption-incentive (a) may be lawfully granted, and (b) the initial request is worthy of further consideration, the City shall prepare a cost-benefit analysis report of the requested tax exemption-incentive, as provided in Section 12 and based upon information provided to the City by the business applicant.

(3) The City shall then determine whether the proposed tax exemption-incentive should be granted, following a public hearing after the required notice. The City will accept comments from the business applicant, affected taxing districts and the general public.

(4) If it is determined that some tax exemption-incentive should be granted, a 100 percent exemption of that property of the business legally eligible for exemption shall be provided, but the exemption may be made subject to an agreement of the business to make an in lieu tax payment as may be required by the City.

(5) The amount of the tax incentive, which will be an amount equal to or less than the taxes otherwise payable if the property were not exempt, will then be determined in accordance with this Statement.

(6) Upon the failure of the business to fully and timely pay the in lieu tax payments, as may be required as a condition of the granting of an exemption, or to provide reports or other information requested by the City and reasonably necessary for the implementation of this policy, the City may either deny, revoke, or not renew, the authorization of such an exemption. All requests for a tax exemption-incentive for economic development purposes shall be considered and acted upon in accordance with this Statement.

SECTION 5. "TAX INCENTIVE" DEFINED. Various words and terms used in this Statement are defined in Section 29. The terms "tax incentive" or "tax exemption-incentive" shall both mean the difference between the amount of ad valorem property taxes the affected business would pay if there were no city-approved exemption and the amount required to be paid as in lieu of taxes or charges. For example, if the taxes required with no exemption were \$5,000, and the required in lieu payments were \$3,000, the "tax incentive" or "tax exemption-incentive" would be \$2,000, or 40%.

SECTION 6. JURISDICTION. The City shall grant tax exemption-incentives only for property located within the City. The City encourages the Board of County Commissioners to consult with the City as to the applications outside the City, but within three miles of the City.

SECTION 7. NOMINAL TAX DETERMINATION. All tangible property of a business receiving a tax exemption-incentive under this Statement shall be annually assessed by the county appraiser in the same manner as if it were not exempt, but the amount thereof shall not be placed on the assessment rolls. The amount of the property taxes which would be payable shall also be determined annually by the county clerk and treasurer, in the same manner as if the property were not exempt, but such amount shall not be placed on the tax rolls. Separate assessment and tax calculations shall be made for the land, for the improvements thereon, and for any taxable tangible personal property associated therewith, of the exempt business. The appropriate county officers are requested to provide the City with this information as early as possible, but not later than November 15 of each year.

SECTION 8. MINIMUM PAYMENT IN LIEU OF TAXES. Any applicant receiving a tax exemption-incentive pursuant to this Statement shall be required to make a minimum payment in lieu of taxes which equals the amount of property tax which was paid was payable for the most recent year on the appraised valuation of the real estate, including either buildings together with land or land only, prior to the construction of new buildings or added improvements to buildings on such property or prior to the acquisition of the property by the new business. The City may, at its discretion and on an individual basis, require payments to be made in lieu of taxes. Any business applicant receiving a tax exemption-incentive shall be required to make payments in lieu of taxes equal to the amount of property tax not exempted. The purpose of requiring this minimum in lieu tax payment is to ensure that the city, county, school district and any other taxing jurisdictions affected by the exemption will not receive less tax revenue for the exempted

property than was received prior to the exemption. For extraordinary reasons, such as when vacant buildings are acquired for a new business, or when the market value of the property decreases, this requirement may be waived in part or in whole by the governing body, as provided in Section 27.

**SECTION 9. SPECIAL ASSESSMENTS.** Any tax exemption granted for real property under this Statement shall not affect the liability of such property for any special assessments levied or to be levied against such property.

**SECTION 10. PIRATING.** It shall be the policy of the City to discourage applications for tax exemptions-incentives, or to grant such tax incentives, which deliberately encourage and cause the pirating of business from another Kansas community to this community, or from this community to another Kansas community. It is the intent of the City to avoid participation in "bidding wars" between cities or areas competing for the location of new businesses or expansion of existing businesses, through attempts to offer the largest tax incentive or other public inducement, which is detrimental to the state's economy and the public interest.

**SECTION 11. APPLICATION OF "BUT-FOR" PRINCIPLE.** Any tax exemption-incentive granted by the City shall be subject to the "but-for" principle, i.e., the tax incentive must make such a difference in determining the establishment or expansion of the business that the business would not otherwise be established or expanded in the City but for the availability of the tax incentive. It is the policy of the Governing Body that private businesses should not be subsidized with public funds, the indirect consequence of tax exemptions-incentives, unless some public good results and the public subsidization can reasonably be expected to make a significant difference in achieving economic growth and development and the creation of new jobs within the City.

**SECTION 12. ANALYSIS OF COSTS AND BENEFITS.** The City will consider granting tax exemptions-incentives only upon a clear and factual showing of direct economic benefit to the City through advancement of its economic development goals, including the creation of additional jobs and the stimulation of additional private investment. Before a tax exemption-incentive is granted to an applicant, the Administrative Review Committee shall prepare, or direct to be prepared, a cost-benefit analysis report which shall examine the costs and benefits to the public of the proposed tax exemption-incentive. The cost-benefit analysis report shall consider, but not be limited to the following factors, as applicable:

- (a) The number of new jobs created directly by the business in the first year and over the next ten years.
- (b) The number of new jobs created indirectly by the business in the first year and over the next ten years.
- (c) The number of new residents in the community in the first year and over the next ten years.

(d) The number of additional school children in the local school district in the first year and over the next ten years.

(e) The anticipated increase in local personal income in the first year and over the next ten years.

(f) The anticipated increase in local retail sales in the first year and over the next ten years.

(g) The anticipated increase in the community's property tax base in the first year and over the next ten years.

(h) Proposed benefits to the City in terms of sales taxes, property taxes, utilities, utility franchise fees, other payments by new residents, payments by the business and additional school funding.

(i) Proposed benefits to the State of Kansas (and any other taxing entity) in terms of sales taxes, property taxes, utilities, utility franchise fees, other payments by new residents, payments by the business and additional school funding.

(j) The City's anticipated costs in terms of additional costs for public services for new residents and the business, costs of educating new students that move to the school district and the costs of granting tax abatements and incentives to the business.

(k) The State's anticipated costs (and any other taxing entity) in terms of additional costs for public services for new residents and the business, costs of educating new students that move to the school district and the costs of granting tax abatements and incentives to the business.

(l) The present value of the expected cash flows over the next ten years for each taxing entity.

(m) The payback period for each taxing entity.

(n) The rate of return on investment for each taxing entity.

(o) The cost-benefit ratio (comparing public benefits and public costs over a ten year period) for each taxing entity.

(p) The effect of the exemption on state revenues prior to the granting of such exemption.

**SECTION 13. NO EXEMPTIONS.** (1) No tax exemption shall be granted if the exemption would create, in the judgment of the Governing Body, an unfair advantage for one business over another competing business within the City. (2) No tax exemption shall be granted for the expansion of a business unless such expansion created new employment.

SECTION 14. AMOUNT OF TAX INCENTIVES. The three primary objectives of the City in granting tax incentives for economic development are to (1) provide needed jobs, (2) expand the economic and tax base of the City through capital investment and (3) encourage projects that will result in a net economic growth benefit to the community (i.e., businesses with a substantial part of their total products and/or services being exported from the Hesston area). The City will consider the following standards in computing the amount of tax incentive:

A. 90% Investment/Employment/Wage Factor. The percentage of tax incentive approved by the City will be the sum of (1) and (2) below, not to exceed 90%:

- (1) Capital Investment Factor. If the amount of capital invested is at least \$250,000, a business will qualify for a 1% incentive for every \$10,000 invested, not to exceed 50%; and
- (2) Employee Factor. The business will qualify for a 5% incentive for every Employee Equivalency Unit.

For purposes of the Employee Factor, "Employee Equivalency Unit" shall be the number of new employees multiplied by the average of the following two ratios:

- (i) The ratio that the amount of capital invested for each new employee bears to \$100,000 (e.g.,  $\text{investment} \div \text{employees} \div 100,000 = \text{ratio}$ ).
- (ii) The ratio of
  - (A) The average wage of new employees at the prospective project, over
  - (B) The average wage of an employee in Harvey County as published annually by the Kansas Department of Human Resources (e.g.,  $\text{average new wage} \div \text{average county wage} = \text{ratio}$ ).

B. 10% Export Factor. An additional incentive of up to 10% may be added to the sum calculated above, which percentage shall relate to the total sales volume of the business exported outside the County of Harvey, either directly or indirectly through a customer who exports. The business may receive a 1% incentive for each 10% of products exported from Harvey County.

For the purposes of the Export Factor, "export" shall mean any product, item or service which is intended for, and is in fact, sold to an end user outside the County of Harvey. Any manufactured material, product or item which is intended for use in, and is in fact, used in any finished product or item that is sold to an end user outside the County of Harvey shall be considered to be exported.

Provided that, the amount paid by the business in lieu of taxes shall not be less than the amount of property tax which was paid or payable for the most recent year on the appraised valuation of the real estate, including buildings together with land, prior to the construction of new buildings

or added improvements to buildings on such property or prior to the acquisition of the property by the new business.

**SECTION 15. APPLICATION REQUIRED.** The City will not consider the granting of any tax exemption-incentive unless the business submits a full and complete application, and provides such additional information as may be requested by the Governing Body. The city clerk is hereby authorized and empowered to prepare a standard application form which, upon completion, will provide the Governing Body with adequate and sufficient information to determine whether a tax incentive should be granted and the amount thereof. The accuracy of the information provided in the application shall be verified by the applicant. Any misstatement of or error in fact may render the application null and void and may be cause for the repeal of any ordinance adopted in reliance on said information.

**SECTION 16. APPLICATION AND RENEWAL FEES.** Any business requesting a tax exemption pursuant to this Statement shall pay to the City a non-refundable application fee of \$500.00, which shall be submitted at the same time the application form required by Section 15 is submitted. Said fee shall be used to defray expenses incurred in processing and evaluating the application. In addition, any business which has been granted a tax exemption shall pay a non-refundable annual renewal fee in the amount of \$50.00.

**SECTION 17. INITIAL REVIEW PROCEDURE.** On receipt of the completed application form and the required fee, the city clerk shall determine (a) whether the application is complete and sufficient for review, and (b) whether the applicant business is eligible for an exemption under the Kansas Constitution, this Statement and any other applicable laws. If the application is incomplete, the city clerk shall immediately notify the applicant, noting the need for such changes or additions as deemed necessary. If questions arise as to whether the business is legally eligible for an exemption, the matter shall be referred to the city attorney, who shall consult with the applicant business. If the application is found complete, and is for a purpose which appears to be authorized by law, the city clerk shall so notify the Administrative Review Committee.

**SECTION 18. ADMINISTRATIVE REVIEW COMMITTEE.** There is hereby created an Administrative Review Committee, which shall be composed of the mayor or other member of the Governing Body designated by the mayor, who shall serve as chairman, the city administrator and the city clerk, which shall meet on call of the chairman. The purpose of the Administrative Review Committee shall be to receive and review requests and applications for tax exemptions-incentives, to gather and review such additional information as may be deemed necessary, to prepare or cause to be prepared a cost-benefit analysis report, to conduct preliminary negotiations with the applicant business, and to make such recommendations as deemed advisable to the Governing Body. Administrative Review Committee records, including applications for tax exemptions, may be withheld from public disclosure under the Kansas Open Records Act as provided for under Subsections (20) and (31) and other subsections of K.S.A. 45-221, but shall be available for public inspection when otherwise required bylaw. The committee is authorized to issue administrative letters of intent when requested by the applicant upon a finding that the public interest requires confidentiality in order to successfully negotiate the location of the prospective business within the city or the expansion of an existing business. Such administrative letters of intent shall not be binding on the Governing Body, and shall be

superseded by any final action by the Governing Body or by any letter of intent issued by the Governing Body under Section 21.

**SECTION 19. INITIAL GOVERNING BODY ACTION.** Upon receiving the recommendations of the Administrative Review Committee, the Governing Body shall first determine whether to reject the requested exemption or to further consider the request. Upon a favorable vote for further consideration, the Governing Body shall either (1) issue a letter of intent as provided by Section 21, or (2) schedule a public hearing to consider granting a tax exemption-incentive.

**SECTION 20. NOTICE AND HEARING.** No tax exemption shall be granted by the City prior to notice and a public hearing as required by K.S.A. 79-251. Notice of the public hearing shall be published at least once seven days prior to the hearing in the official City newspaper, giving the purpose, time and place thereof. The city clerk shall thereupon notify in writing the board of county commissioners and the appropriate school district, advising them of the scheduled hearing.

**SECTION 21. LETTERS OF INTENT.** Upon receiving the recommendations of the Administrative Review Committee, the Governing Body may issue a letter of intent, setting forth in general terms its proposed plans for granting a tax exemption-incentive and any conditions thereto. Such letters of intent shall be issued only with the approval of the Governing Body, and as an expression of good faith intent, but shall not in any way bind the City to the granting of an exemption-incentive. Such letters of intent shall expire six months after issuance, but may be renewed. A public hearing shall not be required prior to the issuance of letters of intent. No elected or appointed officer, employee or committee of the City, and no chamber of commerce, board, development council or other public or private body or individual, shall be authorized to speak for and commit the Governing Body to the granting of a tax exemption-incentive. Letters of intent issued by the Governing Body shall supersede any letters issued by the Administrative Review Committee.

**SECTION 22. ANNUAL RENEWAL SUBJECT TO REVIEW.** To the extent and term of any tax exemption-incentive granted, it shall be subject to annual review by the Governing Body to ensure that the ownership and use of the property and any other qualifying criteria of the business for the tax exemption-incentive continue to exist. The review shall be completed by not later than February 1 of each year. The City shall require an annual renewal application to be filed by the business and the payment of a non-refundable renewal fee as set forth in Section 16. The annual renewal application shall include information from the business indicating compliance with any terms or conditions established by the governing body for the granting of the exemption, such as number, quality of jobs created, etc. Upon a finding that the property continues to meet all the terms and conditions established as a condition of granting the exemption, the city clerk shall so certify to the owner for submission to the assessing officer, as providing by K.S.A. 79-210. No tax exemption-incentive granted shall be continued if the business ceases operations or ceases to be engaged in eligible business activities. The City reserves the right to revoke a granted tax exemption due to submittal of a fraudulent application, failure to submit the annual renewal application and supporting information, failure to meet qualifying criteria, or failure to comply with established terms or conditions.

SECTION 23. TRANSFER OF OWNERSHIP OR USE. No exemption or tax incentives granted by the City shall be transferred. A change in the majority ownership of the business applicant shall be deemed to end the tax exemption, subject to the otherwise applicable terms of this Policy Statement. Any new owner shall file a new application for a tax exemption-incentive. Further, the City shall be notified by the business of any substantive change in the use of a tax exempt property (see Section 26.)

SECTION 24. DISTRIBUTION OF REVENUE. The granting of tax exemptions-incentives by the City is hereby declared to be a contract under the provisions of K.S.A. 12-147. The in lieu of taxes payment which may be required of a business granted a tax exemption under this Statement shall be paid to the county treasurer, with notice of the amount and date paid provided to the City. The county treasurer is directed to apportion the payment, under the provisions of subsection (4) of K.S.A. 12-148, to the general fund of all taxing subdivisions, excluding the state, which levy taxes on property where the business is situated. The apportionment shall be based on the relative amount of taxes levied, for any and all purposes, by each of the applicable taxing subdivisions.

SECTION 25. EXEMPTION ORDINANCE. The city clerk shall provide a copy of the ordinance, as published in the official City newspaper, granting an exemption from taxation to the applicant for use in filing an initial request for tax exemption as required by K.S.A. 79-213, and by K.S.A. 79-210 for subsequent years.

SECTION 26. EXEMPTION FORMS. A copy of the exemption applications required by K.S.A. 79-213 and 79-210, and the statement required by K. S.A. 79-214 for the cessation of an exempt use of property, shall be filed with the city clerk by the property owner.

SECTION 27. WAIVER OF STATEMENT REQUIREMENTS. The Governing Body reserves the right to grant or not to grant a tax exemption-incentive under circumstances within or beyond the scope of this Statement, or to waive any procedural requirement. The Governing Body is under no obligation to approve any requested exemption and reserves the right to deviate from the policies and criteria contained herein if circumstances exist to warrant such deviation. Such circumstances may include, but not be limited to: (1) economic development projects which, due to their unusual nature or magnitude, offer extraordinary benefits to the community, and (2) projects which are essentially local in nature and do not enhance the local economy by importing new wealth into the community. However, no such action or waiver shall be taken or made except upon a finding by the Governing Body that a compelling or imperative reason or emergency exists, and that such action or waiver is found and declared to be in the public interest. The Governing Body shall not waive any procedural requirements required by state law.

SECTION 28. AMENDMENTS. The Governing Body reserves the right to amend, revoke, change or otherwise modify this Statement from time to time to promote the best interests of the City of Hesston.

SECTION 29. DEFINITIONS. For the purpose of this Statement, in application to this City, the words or phrases as used in either the Constitution, applicable state law or this Statement shall have meaning or be construed as follows:

(a) "Applicant" shall mean and include the business, property owner or owners, and their officers, employees and agents.

(b) "Associated therewith" as used with respect to tangible personal property shall mean being located within, upon or adjacent to buildings or added improvements to buildings.

(c) "Commenced operations" shall mean the start of the business activity housed in the building for which a tax exemption-incentive is requested.

(d) "Economic development purposes" shall mean the establishment of a new business or the expansion of an existing business, engaged in manufacturing articles of commerce, conducting research and development, or storing goods or commodities which are sold or traded in interstate commerce, which results in additional employment.

(e) "Expansion" shall mean the enlargement of a building or buildings, construction of a new building, the addition of tangible personal property, or any combination thereof, which increases the employment capacity of a business eligible for a tax exemption-incentive and which results in the creation of new employment.

(f) "Manufacturing articles of commerce" shall mean a business engaged in the mechanical or chemical transformation of materials or substances into new products, as defined in the "Standard Industrial Classification Manual."

(g) "Research and development" shall mean the application of science or technology to the improvement of either the process of manufacturing or manufactured products or both.

(h) "Storing goods or commodities which are sold or traded in interstate commerce" shall refer to the business of storing property which may be exempt from ad valorem taxation under the provisions of K.S.A. 79-201f.

(i) "Tangible personal property" shall mean machinery and equipment used during the term of the tax exemption, which may be granted.

(j) "Tax incentive" or "tax exemption-incentive", see Section 5.

## **CITY OF HESSTON, KANSAS**

### **Outline of Tax Abatement Procedure**

By law, tax abatement cannot be granted until after a new facility is acquired and equipped or until after an expansion project is completed. The steps outlined below involve: (a) the adoption in advance of the project of a Resolution of the City Council indicating their intent to grant an abatement after the project is completed; (b) the adoption following project completion of an Ordinance granting the abatement; (c) processing the abatement through the County Appraiser's office; and (d) review and approval of the abatement by the Kansas Board of Tax Appeals. The abatement does not become legally effective until approved by the Board of Tax Appeals, although it is then retroactive to the date the project was completed.

The details of the tax abatement procedure are as follows:

1. **Submission of application.** The application may be submitted to the City Administrator or the City Clerk, but a copy should also be conveyed to the City Attorney. The application does not have to be in any particular form, but needs to contain the following information:
  - Applicant information (company name, address, phone, fax, identity of contact person).
  - Description of the business activities to be conducted.
  - Description of the project (e.g., whether this is an acquisition or expansion of an existing facility or construction of a new facility; estimates of the associated costs).
  - Legal description as to the location of the facility.
  - Statement of levels of existing employment and projections of future employment as a result of this project.
  
2. **Submission of economic impact analysis based upon the project as proposed.** These are performed on the City's behalf by the Harvey County Economic Development Council, Inc. (the "EDC"), 500 Main Place, 500 North Main, Newton, KS (316-283-6033). The applicant is responsible for contacting the EDC to prepare this analysis, and for providing all information and projections necessary for the analysis. The analysis will be performed based upon a model developed by the EDC with the approval of the City. The City reserves the right to direct aspects of the analysis, such as preparing the analysis based upon various levels of abatement. The completed analysis is then submitted to the City Administrator.
  
3. **Setting of a public hearing on the application.** Upon receipt of all of the application and economic analysis, the matter will be placed on the agenda for an up-coming City Council meeting. At that time a Resolution will be considered that will set a date and time for the conduct of a required public hearing on the request. Normally no appearance by the applicant is required at this initial City Council meeting.

[**Note:** The City Attorney will prepare the necessary Resolution and will prepare the notices of the hearing that are required to be published and to be mailed to the Harvey County Commission and to U.S.D. 460.]

4. **Conduct of a public hearing on the application.** At the time of the designated public hearing, a representative of the company should appear before the City Council to explain the project and answer any questions that the Council or staff may have. Typically a representative of the EDC also appears to present and answer questions regarding the economic impact analysis. Upon the conclusion of the public hearing, if the City Council is then satisfied that the granting of a tax abatement is warranted, they then will adopt a Resolution declaring their intent to grant the abatement when the project is completed. The Resolution will designate the details of the abatement intended to be granted.
  
5. **Submission of project details and revised economic impact analysis upon the completion of the project.** After the applicant has completed the project, the City Administrator is to be provided with detailed information (in a form acceptable to the County Appraiser's office) regarding all real estate and personal property as actually acquired in relation to the project. Also, a revised economic impact analysis is to be prepared by the EDC based upon these actual figures. The applicant is responsible for contacting the EDC and seeing to the preparation of this analysis. All of this information is to be submitted to the City Administrator.
  
6. **Setting of a public hearing to consider adoption of an Ordinance granting the tax abatement.** If everything appears to be in order, the City Administrator will see to the matter being placed on the next available City Council agenda.
  
7. **Conduct of a public hearing on the granting of the tax abatement.** At the time of the designated public hearing, a representative of the company should appear before the City Council to answer any final questions that the Council or staff may have. A representative of the EDC typically also appears to present the final economic impact analysis. Upon the conclusion of the public hearing, if the City Council is then satisfied that the granting of a tax abatement continues to be warranted, they then will adopt an Ordinance granting the tax abatement.
  
8. **Processing of the tax abatement through the County Appraiser's office.** After the Ordinance has been adopted, the applicant is responsible for processing the tax abatement through the County Appraiser's office. This step is commenced by filing all necessary paperwork with the County Appraiser's office, who has forms that will need to be filled out at the time.

[**Note:** The applicant is responsible for completing all required paperwork in this regard, although the City Administrator will provide the necessary documentation of the City's hearing procedures, Resolutions, Ordinance, etc.]

9. **Processing of the tax abatement through the Kansas Board of Tax Appeals.** After the County Appraiser has reviewed all pertinent materials and found them to be in order, these materials will then be forwarded to the Kansas Board of Tax Appeals who must perform the final review to determine compliance with all statutory requirements. The Kansas Board of Tax Appeals can conduct hearings on the matter if necessary in order to determine any disputes over eligibility or satisfaction with statutory requirements. Once the Kansas Board of Tax Appeals has passed on the matter, then the abatement is in effect.

### **Additional Information**

**Annual Review of Abatements Granted:** Tax abatements are granted subject to an annual review to determine if the applicant is achieving the projected increase in employment and in producing the other projected benefits to the community. If that is not the case, the City Council reserves the authority to either terminate the abatement or accelerate the rate at which the property comes onto the tax roles. This is a hedge against overly optimistic projections being presented in justification for the abatement. Accordingly, projections included in an application should be reasonably based.

**Applicant's Responsibility for Legal Compliance:** Neither the City of Hesston or any of its officials or agents will be liable or responsible for the failure of a tax abatement for any reason of legal non-compliance with statutory requirements. The City may require the applicant to execute an agreement to this effect as a condition to considering a tax abatement application. The applicant is entitled to retain its own counsel or consultants to monitor and assist in this process to help insure full compliance. Also, if for any reason the applicant runs into any problems processing the abatement through either the County Appraiser's office or through the Kansas Board of Tax Appeals, the applicant is solely responsible for conducting any necessary proceedings, hearings, appeals, etc. Other than supplying any supporting documentation of the City procedures followed, the matter is out of the City's hands after the Ordinance granting an abatement is adopted.

**Legal Authority of City Council, County Appraiser and Board of Tax Appeals:**

Technically, the granting of the abatement by the Hesston City Council is entirely discretionary. The function then of the review by the County Appraiser and the Kansas Board of Tax Appeals is in the nature of a technical review to be sure that all legal requirements have been met. They do not exercise discretion regarding the "wisdom" of the granting of the request (and have no authority to grant a tax abatement if the City Council denies it).

Any further questions regarding any of these matters may be directed to the City Administrator.

**APPLICATION FOR EXEMPTION**

CITY OF HESSTON, KANSAS  
APPLICATION FOR PROPERTY TAX EXEMPTION  
FOR ECONOMIC DEVELOPMENT PURPOSES

Abatement from Ad Valorem property taxation pursuant to Article II, §13 of the Kansas Constitution is requested for all or any portion of the appraised valuation of property used for the purpose of manufacturing articles of commerce, conducting research and development, or storing goods or commodities which are sold or traded in interstate commerce, as described herein. This application is submitted in conformance with the applicable Statement of Policy and Procedures of the City and it is understood that the City may require in lieu of payments for property, which becomes tax-exempt. The attached sheets, if any, are submitted as a part of this application.

**Part I Applicant Identification**

Name of Applicant firm: \_\_\_\_\_

Contact Person (Name and Title): \_\_\_\_\_

Address: \_\_\_\_\_

Street or P.O. Box

City State Zip

Telephone Number: \_\_\_\_\_

Names and percent of ownership of all principal owners and officers of the Applicant Firm: \_\_\_\_\_  
\_\_\_\_\_

If applicant is a tenant, identify property owner(s):

Name(s): \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Street or P.O. Box

\_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Telephone Number: \_\_\_\_\_

**Part II – Property Identification.** List only taxable property for which an abatement is requested.

\_\_\_\_\_ Land. Attach legal description of property and plat showing location of buildings, added improvements to buildings, or both.

\_\_\_\_\_ Building(s). Attach description.

\_\_\_\_\_ Added improvements to buildings. Attach description and estimated cost.

\_\_\_\_\_ Tangible personal property. Attach list of each item with identifying nomenclature and cost. Proof of purchase after August 5, 1986 must be provided for each item on list.

**Part III – Business Information**

Type of business organization \_\_\_\_\_  
(i.e. corporation, subsidiary, partnership, sole proprietorship, etc.)

Date and place business organized or incorporated \_\_\_\_\_

Name and parent company, if applicable \_\_\_\_\_

Type of business \_\_\_\_\_

Line or lines or products manufactured or research and development conducted, or goods or commodities stored in buildings, for which tax exemption is requested.

\_\_\_\_\_

Percentage of building occupied by applicant business qualifying for tax abatement: \_\_\_\_\_%

List principal competition of the business within the City.

Name and location of firms: \_\_\_\_\_

\_\_\_\_\_

Describe nature of competition: \_\_\_\_\_

Business is (\_\_\_\_\_ new) or (\_\_\_\_ existing). (Please check one)

If new business:

Date operations will commence \_\_\_\_\_

If business is relocated to this City, give previous location(s): \_\_\_\_\_

\_\_\_\_\_

If construction of a new building for a new business is involved, give anticipated date of completed construction: \_\_\_\_\_

If existing business:

Date expansion will be completed \_\_\_\_\_

Purpose of expansion \_\_\_\_\_

Does expansion involve?

- \_\_\_\_\_ Acquisition of existing building  
\_\_\_\_\_ Enlargement of existing building  
\_\_\_\_\_ Construction of new building

Describe how property identified above facilitates the expansion of such existing business:

\_\_\_\_\_

**Part IV-Employment Data:**

Existing Business: Describe how expansion has or will create new employment:

\_\_\_\_\_

\_\_\_\_\_

**Part V-Description of Public Benefits**

Please attach a narrative description, of not to exceed two pages, of the public benefits which you believe will occur if the requested exemption is granted.

**Part VI - Financial Responsibility**

Attach a description of the businesses' financial situation. This may include a financial statement, audit and other relevant information to assess the stability of the business. Indicate whether there is any pending or threatening litigation effecting the viability of the business.

**Part VII - Certification of Applicant**

I, \_\_\_\_\_, hereby certify that the foregoing attached information is true and correct to the best of my knowledge.

Further, it is understood that additional information may be requested by the city to assist the Governing Body in its consideration of this matter.

Date \_\_\_\_\_ Signed \_\_\_\_\_  
Name  
Title

**Part VIII - Acknowledgment of Receipt:**

Receipt is hereby acknowledged:

Date \_\_\_\_\_ Finance Director/City Clerk \_\_\_\_\_