

ORDINANCE NO. 200497

Establishing a policy limiting the use of real property tax abatement as an economic development tax incentive within the boundaries of the Kansas City Missouri, Independence, Center, Hickman Mills, Grandview, Raytown, and Lee's Summit School Districts.

WHEREAS, on August 8, 2006, the voters of Kansas City adopted a new City Charter for the City of Kansas City, Missouri; and

WHEREAS, Section 807 of the City Charter requires that the Council enact by ordinance policies which reflect best practices for the prudent use of economic incentives; and

WHEREAS, one of the economic development tax incentives often requested is the abatement of ad valorem property taxes; and

WHEREAS, these requests for the abatement of ad valorem property taxes are presented either directly to the City or through one or more of the economic development entities authorized by Missouri stature and created by an ordinance of the City Council; and

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 (the "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 (the "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 provisions of Sections 135.950 to 135.973 of the Revised Statutes of Missouri, as amended, and the provisions of Resolution No. 050844 adopted by the City Council on July 28, 2005, Enhanced Enterprise Zones (EEZ) have been authorized and established in Kansas City; and

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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 (the "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 Urban Redevelopment Corporations Law, Sections 353.010 to 353.190 of the Revised Statutes of Missouri, as amended, the City Council of 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 and vested it with certain powers in furtherance of such urban renewal efforts; and

WHEREAS, on July 18, 2019, the City Council passed Ordinance No. 190563 which established a two-year program authorizing twenty (20) years of 100% real property tax abatement for qualified Enhanced Enterprise Zone ("EEZ") development projects to be located within designated Opportunity Zones and the East Side Investment Zone; 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 of payments in lieu of taxes or abatement or exemption, in whole or in part, of real property taxes; and

WHEREAS, the abatement of ad valorem property taxes for any period of time limits the amount of tax revenues that the Kansas City Missouri, Independence, Center, Hickman Mills, Grandview, Raytown, and Lee's Summit School Districts (collectively,

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“School Districts”) can receive from redeveloped or improved real property situated within their jurisdictional boundaries; and

WHEREAS, the main source of tax revenues for the School Districts are their levies of ad valorem property taxes; and

WHEREAS, the abatement of ad valorem property taxes as an economic development incentive by the City, and those economic development agencies the City has created, continues to limit the growth of ad valorem tax revenues needed by the School Districts to provide their students the highest quality of educational opportunities they deserve; and

WHEREAS, the Council recognizes the importance of balancing the need for economic development growth within the City with the need for the School Districts to have sufficient funds to best educate their students; and

WHEREAS, the Council recognizes that the financial ability of the School Districts to best educate their students is of great importance to the continued and expanded economic vitality of the City; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That the City Council shall not approve any ad valorem property tax abatement or exemption for any development plan, redevelopment plan, or substantial modification thereto which includes real property located in whole, or in part, within the boundaries of the School Districts after the effective date of this ordinance; except as permitted by Ordinance No. 190563.

Section 2. That no economic development agency created by the City, by ordinance or otherwise, shall approve any ad valorem property tax abatement or exemption for any development plan, redevelopment plan, or substantial modification thereto which includes real property located in whole, or in part, within the boundaries of the School Districts after the effective date of this ordinance; except as permitted by Ordinance No. 190563.

Section 3. That notwithstanding the foregoing provisions of this ordinance, the City Council and any economic development agency created by the City, shall retain the discretion to authorize the abatement or exemption, in whole or in part, of ad valorem real property taxes to the full extent authorized by any provision of law for projects located in a severely distressed census tract that has continuously maintained such status for not less than ten (10) years immediately prior to the effective date of the request.

Section 4. That this ordinance shall apply prospectively only and shall not be construed in a manner as to impair any tax abatement or any transaction authorized by the City, any agency referenced herein, or any other public entity, prior to the effective

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date thereof. Furthermore, it is the City Council's intention that the provisions of this ordinance not be imposed upon any previously approved project with defined abatement levels, or amendments or extensions of any existing project agreements therefor; provided, however, that if any amendment or extension substantially expands the area within which any existing project agreements are applicable or any economic incentives currently in effect are available, the provisions of this ordinance shall be applicable to the area of expansion.

Section 5. That this ordinance is not intended, nor should it be construed, to repeal Ordinance No. 190563, in whole or in part.

Approved as to form and legality:

Katherine Chandler
Senior Associate City Attorney