

Legislation Text

File #: BILL NO. 21-142, **Version:** 1

An Ordinance terminating and dissolving the I-470 Business and Technology Tax Increment Financing Plan, Special Allocation Fund, Redevelopment Area and terminating the collection of Tax Increment Financing Revenues for such plan.

(Note: First read by Council on July 13, 2021. Passed by unanimous vote.)

Issue/Request:

Ordinance to terminate the I-470 Business & Technology TIF Plan

Key Issues:

Termination of the TIF Plan, the Redevelopment Area, the Special Allocation Fund and the collection of TIF revenues.

Proposed City Council Motion:

I move for adoption of An Ordinance terminating and dissolving the I-470 Business and Technology Tax Increment Financing Plan, Special Allocation Fund, Redevelopment Area and terminating the collection of Tax Increment Financing Revenues for such plan.

Background:

the City Council of the City of Lee's Summit, Missouri adopted Ordinance No. 6229 on July 27, 2006 which approved the I-470 Business and Technology Increment Financing Plan (the "TIF Plan"), designated certain real property as a Redevelopment Area, and adopted tax increment financing with respect to the Redevelopment Area and established a Special Allocation Fund, all pursuant to the Real Property Tax Increment Allocation Act, Sections 99.800 to 99.865 RSMo. (the "Act")

The City entered into a Tax Increment Financing Contract with Wilgate Development, L.L.C., dated March 8, 2007 (the "TIF Contract"). The obligations of Wilgate Development, L.L.C. under the Redevelopment Plan and TIF Contract were assigned to LBC Development Corp. (the "Developer") pursuant to an Assignment Agreement approved by the City Council by Ordinance 6452, adopted July 19, 2007, which was executed on August 13, 2007.

On December 3, 2015, the City Council approved a First Amendment to the Redevelopment Plan through the adoption of Ordinance No. 7757 in order to remove approximately 34 acres from the Redevelopment Area. The City Council adopted Ordinance No. 8150 on May 4, 2017, approving the Second Amendment to the TIF Plan and the First Amendment to the TIF Contract.

The revenues on deposit in the Special Allocation Fund for the TIF Plan have been applied to the payment in full of reimbursable project costs, all revenues remaining on deposit in the Special Allocation Fund after the payment of all reimbursable project costs, have been distributed as surplus funds in accordance with Section 99.850 of the Act, and there are no funds remaining in the Special Allocation Fund. For these reasons, the TIF

Plan can be terminated.

Impact/Analysis:

The TIF Redevelopment Area has generated the following TIF revenues over the last several years, which allows a projection of the new revenues that will become available to the City after the TIF Plan is terminated:

PILOTs resulting from all property tax levies for all property taxing districts:

FY2017: \$528,083

FY2018: \$783,642

FY2019: \$811,414

FY2020: \$917,380

The City's portion of this property tax revenue for 2021 is expected to be approximately 14.9%. Based on this data, the City should receive an additional approximately \$136,600 in property tax revenue as a result of terminating the TIF Plan.

EATs collected from the City's sales taxes only:

FY2016: \$223,088

FY2017: \$190,126

FY2018: \$149,456

FY2019: \$144,487

FY2020: \$39,969

Coming out of the Covid pandemic, it is difficult to predict retail sales going forward with any level of certainty. We could conservatively project that the City should receive an additional approximately \$40,000 in sales tax revenue after the TIF Plan is terminated.

The additional revenue to be received by the City after terminating the TIF Plan is projected to be approximately \$176,000 in real property tax revenue and sales tax revenues combined.

David Bushek, Chief Counsel of Economic Development & Planning
Bette Wordelman, Director of Finance

Recommendation: Staff recommends approval of the ordinance.

Committee Recommendation: Not applicable to termination of a TIF plan.