

Legislation Text

File #: BILL NO. 21-141, **Version:** 1

An Ordinance terminating Project 4 of the East U.S. 50 Corridor Improvement Tax Increment Financing Plan and terminating the collection of Tax Increment Financing Revenues within the Project 4 Area.

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

Issue/Request:

Ordinance to terminate Project 4 of the East U.S. 50 Corridor Improvement TIF Plan

Key Issues:

Termination of Project 4 and ending the collection of TIF revenues in that project area.

Proposed City Council Motion:

I move for adoption of an Ordinance terminating Project 4 of the East U.S. 50 Corridor Improvement Tax Increment Financing Plan and terminating the collection of Tax Increment Financing Revenues within the Project 4 Area.

Background:

The East U.S. 50 Corridor Improvement Tax Increment Financing Plan (the "TIF Plan") was approved on December 13, 2007 through the adoption of Ordinance No. 6551. The original purpose of the TIF Plan was to collect revenues to fund the construction of the Blackwell Interchange at Highway 50 and improvements to arterial roads in the area including Todd George.

The TIF Plan originally called for four project areas, but only two have been activated. Project 1 was activated through the adoption of Ordinance No. 6551 as described above and includes the Lee's Summit Hospital. Projects 2 and 3 have never been initiated, and it is now too late to initiate those project areas.

On April 4, 2013, the City Council approved the First Amendment to the TIF Plan for Project 4 through the adoption of Ordinance No. 7312. The development that has occurred in Project 4 includes a Price Chopper grocery store, the Johnny's Tavern restaurant, and other retail stores and service establishments. On December 19, 2013, the City Council approved the Second Amendment to the TIF Plan through the adoption of Ordinance No. 7410, which provides that Project 4 will be terminated after all of the Project 4 Developer's reimbursable project costs have been paid. Those reimbursable project costs have been repaid, and this ordinance will terminate Project 4 as directed in the Second Amendment to the TIF Plan.

Impact/Analysis:

Project 4 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 Project 4 is terminated:

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

FY2017: \$269,510

FY2018: \$317,101

FY2019: \$335,373

FY2020: \$344,571

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 \$51,300 in property tax revenues as a result of terminating TIF collection in Project 4.

EATs collected from the City's sales taxes only:

FY2017: \$333,875

FY2018: \$359,276

FY2019: \$358,017

FY2020: \$247,092

Coming out of the Covid pandemic, it is difficult to predict retail and restaurant sales going forward with any level of certainty. We can conservatively project that the City should receive an additional approximately \$300,000 in sales tax revenue after Project 4 is terminated.

The additional revenue to be received by the City after terminating Project 4 is projected to be approximately \$351,000 in real property tax revenue and sales tax revenue combined. This is a conservative estimate, and if sales levels return to pre-Covid levels then the sales tax revenues will be higher than FY 2020.

David Bushek, Chief Counsel of Economic Development & Planning

Bette Wordelman, Director of Finance

Recommendation: Staff recommends approval of the ordinance.

Committee Recommendation: Not directly applicable. However, the TIF Commission previously recommended approval of the several ordinances above, including the Second Amendment which dictates the timing to terminate Project 4 now that the Developer's Reimbursable Project Costs have been paid.