COMPARED VERSION
COMMITTEE SUBSTITUTE TO ORIGINAL ORDINANCE

COMMITTEE SUBSTITUTE FOR ORDINANCE NO. 250643

Amending Chapter 2, Code of Ordinances entitled “Administration” by enacting a new Section 2-1972 entitled “Surplus TIF Revenue Policy”; and directing the City Manager to work with the Economic Development Corporation to achieve certain objectives related to semi-annual review of TIF plans.

WHEREAS, pursuant to the Real Property Tax Increment Allocation Redevelopment Act Section 99.800 to 99.865 of the Revised Statutes of Missouri, as amended, the (“TIF Act”) the City has approved 89 Tax Increment Financing (TIF) Plans; and

WHEREAS, pursuant to the TIF Act up to 50% of the incremental economic activity taxes (EATs) and 100% of the Payments in-Lieu of Taxes (PILOTs) generated within TIF redevelopment project areas (“TIF Revenues”) may be captured for up to 23 years; and

WHEREAS, TIF for a project area may also be terminated at such time as when all reimbursable project costs have been reimbursed; and

WHEREAS, at such time that a redevelopment project area is either expired or terminated, the redevelopment project area may have remaining TIF Revenues within the Special Allocation Fund which shall be returned to the taxing districts as surplus revenue; and

WHEREAS, pursuant to Second Committee Substitute for Ordinance No. 160383, As Amended, PILOTs distributed to and retained by the City shall be deposited into the Shared Success Fund, unless otherwise budgeted, or subject to the remaining limitations included in Section 15 therein; and

WHEREAS, Ordinance No. 240323, As Amended, authorized a contract with Angelou Economics for the creation of a comprehensive economic development policy and strategic plan and Ordinance No. 240696 expressed the intent of the City Council to incorporate equitable economic development strategies in the comprehensive economic development policy; and

WHEREAS, Angelou Economics reviewed the policy contained herein and determined it to be in accordance with their recommendations for the comprehensive economic development policy; and

WHEREAS, the City has a suite of financial policies codified in Chapter 2, Article XIV, Code of Ordinances, which offers policy direction to staff, and the City Council desires to consider formulation of a policy to treat the City’s portion of surplus TIF revenue in a consistent manner; and

WHEREAS, Ordinance No. 250040 directed the City Manager to provide a draft of the Surplus TIF Revenue Policy to the City Council within 60 days of the date of its passage; NOW, THEREFORE,

BE IT ORDAINED BY THE COUNCIL OF KANSAS CITY:

Section 1. That Chapter 2, “Administration,” is hereby amended by enacting new section 2-1972 entitled “Surplus TIF Revenue Policy” to read as follows:

Section 2-1972. Surplus TIF Revenue Policy.

(a) The following definitions shall apply to this section:

City Surplus TIF Revenue means the portion of Surplus TIF Revenue which is distributed to and retained by the City.

Redevelopment Area means an area designated by the City Council, and within which the City Council has found conditions exist to cause the area to be classified as a conservation area, blighted area, economic development area, or a combination thereof.

Tax Increment Financing means a development finance tool adopted by City Council pursuant to the Real Property Tax Increment Allocation Redevelopment Act 99.800 to 99.865 of the Revised Statutes of Missouri, as amended (the “TIF Act”).

Tax Increment Financing Redevelopment Plan (the “*TIF Plan*”) means a plan containing a comprehensive program for redevelopment intended by payment of redevelopment costs to reduce or eliminate the conditions which qualified the area as a conservation area, blighted area, or economic development area, and which contains all other requirements of 99.810.

Surplus TIF Revenue means TIF revenue which is not used to reimburse certified costs included within the TIF Plan, as amended, and is returned to the Taxing Districts.

(b) Considerations when utilizing City Surplus TIF Revenues

(1) Consistency with TIF Plan – City Surplus TIF Revenue shall be utilized in a manner consistent with the purposes set forth within the TIF Plan.

(2) Proximity to the Redevelopment Area – When possible, the City Surplus TIF Revenue will be reallocated within close proximity of the expired TIF Redevelopment Area.

(3) Shared Success Fund – City Surplus TIF Revenue may be estimated within the Shared Success Fund to further economic development in severely distressed census tracts within the City.

(4) Demonstrated Need – the project to be funded with City Surplus TIF Revenues must have a demonstrated need for funding.

(5) In the event the city's General Fund reserve balance pursuant to the Fund Balance and Reserve Policy, Section 2-1954, is below policy limits, City Surplus TIF Revenues will be deposited to the General Fund.

(6) Any use of City Surplus TIF Revenues shall comply with the Revenue Policy, Section 2-1970(g), relating to one time and unpredictable revenue.

(c) City Surplus TIF revenue estimates and appropriations will be included in quarterly clean-up ordinances, when possible.

(d) City Surplus TIF revenues will be appropriated in a manner that makes the originating TIF Plan identifiable, and appropriations will be rolled forward until fully expended or reallocated to another use by ordinance.

Section 2. That TIF Commission staff shall semi-annually review TIF Plans with excess funds in its Special Allocation Fund as well as TIF Plans that have met stated objectives; and provide a list, with accompanying recommendations, to terminate redevelopment project areas and/or surplus funds.

Section 3. That the City Manager is hereby directed to include a requirement within the City's contract with the Economic Development Corporation to undertake the reviews required in Section 2 of this ordinance.

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Approved as to form:

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Samuel Miller
Assistant City Attorney