

Details

period (the 5-year exemption applies to each year's new or replacement equipment, such that equipment purchased in Year 1 would be exempt for Years 2-6, beginning in 2016, and equipment purchased in Year 6 would be exempt for Years 7-11 beginning in 2021). The City's portion of this tax abatement is approximately \$887,622. Pursuant to the City's Chapter 100 policy, Cerner will make annual payments in lieu of taxes (PILOTS) equal to 50% of the personal property taxes to the affected taxing jurisdictions that would have been payable had the personal property been fully taxed.

Cerner, as the City's contractor, will purchase and install personal property on the project site in accordance with the lease agreement. The City shall be the sole owner of the personal property during the lease term. While the personal property is owned by the City and is subject to the lease, Cerner's leasehold interest will be exempt from all ad valorem property taxes, while Cerner will make PILOT payments. During the lease term, Cerner has agreed to both earnings tax and investment thresholds. Each item of personal property shall be conveyed by the City to Cerner on the 5th anniversary of Cerner's conveyance to the City (or sooner at Cerner's option).

The cost/benefit report for the project shows a net positive benefit for all the affected taxing jurisdictions as follows:

- City: \$3,846,068
- North Kansas City School District: \$3,184,158
- Clay County: \$992,414
- Metropolitan Community College \$115,997

The affecting taxing jurisdictions were given notice of the project by certified mailing in accordance with Section 100.059.1 of the Revised Statutes of Missouri on April 27, 2015.

Policy/Program Impact

Policy or Program Change	<input type="checkbox"/> No <input checked="" type="checkbox"/> Yes
Operational Impact Assessment	None

Finances

Cost & Revenue Projections -- Including Indirect Costs	
Financial Impact	Any future bond issuance associated with this project would be considered "conduit debt" of the City solely repaid by Cerner's resources. The bond issue will not count against the City's debt capacity and will only appear on the City's financial statements as a footnote.
Fund Source (s) and Appropriation Account Codes	
Is This Ordinance or Resolution Good for the Children?	Yes. The Cerner Corporation Project is an important economic development to the City because it is expected to generate additional investment in the City and the creation of 2 jobs and the retention of 16 jobs.

Applicable Dates:

Fact Sheet Prepared by:
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Reviewed by:

Reference Numbers