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October 4, 2023

To: Members of the Neighborhood Planning and Development Committee

From: Mario Vasquez, Assistant City Manager

Subject: Overview of the PIEA

Pursuant to your request, this memorandum provides a brief summary of the tax incentive offered by the Planned Industrial Expansion Authority of Kansas City, Missouri (the "PIEA") and the procedural requirements to implement the incentive.

Incentive Summary

The PIEA is statutorily authorized to provide up to twenty-five (25) years of tax abatement for approved redevelopment projects, however, pursuant to Chapter 353 of the Revised Statutes of Missouri (the "Act"), the tax abatement is separated into two (2) different phases. During the first ten (10) years of the abatement, the property is not subject to real property taxes except in the amount of real property taxes assessed on the land, exclusive of improvements, during the calendar year proceeding the calendar year during which an Urban Redevelopment Corporation acquires title to the real property. During the next fifteen (15) years, the real property may be assessed up to 50% of its true value.

Furthermore, the PIEA can impose Payments in Lieu of Taxes (PILOTs) by contract to achieve a tax abatement that is less than the standard twenty-five (25) year abatement. All PILOTs are required to be paid on an annual basis and are split among the affected taxing jurisdictions in accordance with their proportionate share of ad valorem property taxes.

Maximum Incentive Cap

The City of Kansas City, Missouri (the "City") recently approved an ordinance setting a maximum cap on tax abatements offered by the PIEA unless the project either (i) is located in a severely distressed census tract that has continuously maintained such status for not less than ten (10) years immediately prior to the date of the tax abatement request; (ii) supports affordable housing and extremely affordable housing by meeting the requirements of Committee Substitute for Ordinance No. 201038; (iii) involves the renovation of a building designated as local or national historic landmark or contributes to a historic district; or (iv) is industrial in nature and supports

Implementing Approved Tax Abatement

Pursuant to the Act, the tax abatement will not commence until the redevelopment project is substantially completed and the property is transferred to an urban redevelopment corporation. Therefore, once the PIEA has approved the redevelopment plan and authorized the ad valorem tax abatement by resolution of its board, the developer must enter into a redevelopment agreement with the PIEA. This agreement will outline the developer's obligation to implement the project and specify the structure of tax abatement, the required PILOT payments, and the minority contractor utilization requirements.

Once the developer has substantially completed construction in accordance with the redevelopment agreement, the developer and any of its affiliates shall have the right to convey the property to the PIEA's Redevelopment Corporation. Immediately upon receiving title to the property, the PIEA's Redevelopment Corporation will transfer the property back to the developer or its designated affiliate and provide the developer with a tax exemption certificate which must be submitted to the Jackson County Assessment Department. Thereafter, the tax abatement shall run with the land and shall pass to and be enjoyed by the developer, its affiliated entities and each subsequent owner of any real property within the redevelopment project area, and their respective successors and assigns, and any owner through foreclosure, so long as the property is being used, operated, and maintained in accordance with the redevelopment project.

Should you have additional questions regarding this information, please contact David Macoubrie, Executive Director of the Planned Industrial Expansion Authority.

Cc: David Macoubrie