



**Chanute**  
a TRADITION of INNOVATION

# City of Chanute

## APPLICATION FOR PROPERTY TAX EXEMPTION FOR ECONOMIC DEVELOPMENT PURPOSES

**PLEASE READ THE FOLLOWING INFORMATION  
PRIOR TO COMPLETING APPLICATION FOR  
PROPERTY TAX EXEMPTION**

The Property Tax Exemption program is in accordance with the Kansas Constitution, Kansas Statutes, and policy of the City of Chanute. It is intended to provide property tax relief on equipment and machinery and new construction and real property improvements used in (1) manufacturing articles of commerce, (2) research and development, or (3) storing goods or commodities which are traded in interstate commerce. The purpose of the exemption is to assist in the facilitation of the creation of jobs and expansion of the economic base of the Community.

Personal property not utilized in the production process is ineligible for exemption. No tax exemption will be granted if the exemption would create, in the judgment of the City Commission, an unfair advantage for one business over another competing business within the City. Furthermore, no tax exemption will be granted to any business unless new employment is created and capital expansion is planned.

Applications should be submitted, full and complete prior to the ordering of the equipment or entering into a contract for purchase of new real estate. Complete the application as thoroughly as possible, any misinformation or inaccurate statements may invalidate the application. The base rate for exemption is listed below:

<u>Year</u>	<u>Real Property</u>	<u>Personal Property</u>
One	100%	100%
Two	100%	100%
Three	100%	100%
Four	100%	100%
Five	100%	100%
Six	100%	80%
Seven	100%	60%
Eight	100%	40%
Nine	100%	20%
Ten	100%	20%

Threshold for base exemption is the creation of two new jobs; OR \$50,000 capital investment; OR the increase of 2% of Net Fixed Assets facilities or machinery/equipment in Chanute (over amount on balance sheet for the prior fiscal year); AND business must be current on all financial obligations with City, County, and State and in good financial condition.

An additional year of 100% exemption is available based on one or more of the following criteria being met over the base exemption:

1. Job Creation -- for each net two new jobs created; OR
2. Capital Investment --for each \$25,000 in capital investment; OR
3. Increase in Net Fixed Assets -- for each 2% increase.

A 100%/ 10 year exemption is available for either or a combination of:

1. The creation of 12 new jobs;
2. A \$175,000 capital investment;
3. A 12% increase in net fixed assets in facilities or machinery/equipment in Chanute.

The following process will be utilized in the process of granting tax exemptions:

(1) The applicant business shall apply for a tax exemption/incentive by filing a written application. A non-refundable administrative fee of \$100 shall accompany each application, to defray expenses incurred in processing and evaluating the application.

(2) The Administrative Review Committee shall then determine whether the requested tax exemption/incentive may be lawfully granted and should be granted, with the amount to be determined later. If it is determined that a tax exemption/incentive should be granted, a 100 percent exemption of that property of the business legally eligible for exemption shall be provided, but subject to an agreement of the business to make an in-lieu tax payment as may be required by the City. The amount of the tax incentive, which will be an amount less than the taxes otherwise payable if the property were not exempt, will then be determined.

(3) Upon receiving the recommendations of the Administrative Review Committee, the Governing Body shall either issue a letter of intent or schedule a public hearing. **The City will not grant a property tax exemption, prior to a public hearing.**

The letter of intent shall set forth in general terms, its proposed plans for granting a tax exemption/incentive and any conditions. Such letters of intent shall be issued only as an expression of good faith intent and shall not in any way bind the City to the granting of an exemption/incentive. **It should be clearly understood that the City Commission cannot assure tax exemption.** Such letters of intent shall expire six months after issuance, but may be renewed.

(4) The Governing Body shall, subsequent to the issuance of the letter of intent and/or the public hearing, determine the granting of the tax exemption/incentive.

(5) The extent and term of any tax exemption/incentive granted shall be subject to annual review and determination by the Governing Body to insure that the ownership and use of the property and any other qualifying criteria of the business for the tax exemption/incentive continue to exist. The recipient shall file with the City, not later than February 1 of each year; a statement or statements evidencing continued qualification for the abatement. Failure to meet pre-determined standards for employment could cause repeal of any tax exemptions/incentives and may require back-payments of property taxes. Any material omission or misstatement of fact in information provided to the City in any such statement or renewal application may be cause for repeal of any tax incentive adopted, renewed, or extended.

#### Payments in-lieu of taxes

Any applicant receiving a tax exemption/incentive pursuant to this statement may be required to make payments in lieu of taxes. These payments equal the amount of real and personal property tax which was payable, less the rate of exemption for that year as determined by the City Commission at the time the exemption was granted.

The purpose of requiring this minimum in lieu tax payment is to insure that the City, County, School District and any other taxing jurisdictions affected by the exemption will not receive less tax revenue from the exempted property than was received prior to the exemption.

Upon the failure of the business to fully and timely pay the in lieu of tax payments, as may be required as a condition of the granting of an exemption, or to provide reports or other information requested by the City and necessary for the implementation of this policy, the City may either deny, revoke, or not renew, the authorization of such an exemption. All requests for a tax exemption/incentive for economic development purposes shall be considered and acted upon in accordance with City Policy.





**E. Employee Information**

	Number of new (full-time) jobs to be created:	Number of new employees moving from out-of-state:	Number of new employees moving from other areas:	Average Annual Salary - new Employees:
Year 1				\$
Year 2				\$
Year 3				\$
Year 4				\$
Year 5				\$
Year 6				\$
Year 7				\$
Year 8				\$
Year 9				\$
Year 10				\$

**F. Where the New Employees will live:**

In Chanute	%
In Neosho County, but not Chanute	%
In USD #413	%
In Kansas	%

**G. Where the New Employees will shop (as a percent of total shopping):**

In Kansas	%
Within Neosho County	%
Within Chanute	%

**H. Construction Information**

Construction Costs \$

Taxable construction material purchased in:

Kansas	\$
Neosho County	\$
Chanute	\$

Taxable furniture, fixtures and equipment purchased in:

Kansas	\$
Neosho County	\$
Chanute	\$

Total construction salaries \$

Construction salaries spent in:

Kansas	\$
Neosho County	\$
Chanute	\$

Amount paid to average construction worker \$

Number of construction workers \$

**I. Visitors**

A. Number of out-of-town visitors expected at the firm's facility each year, due to the project

B. Average days' stay by each visitor in the City

C. Average number of nights' lodging in the City

D. Average daily spending for:

- Lodging
- Car rental
- Meals
- Entertainment
- Other taxable spending

**J. Summary of proposed purchase of equipment and machinery, including cost and age of equipment purchased (year):**

**III. Why is this tax exemption a critical factor in determining whether the proposed project is to be completed?**

**IV. CERTIFICATION OF APPLICANT.**

I hereby certify that the above information and statements are true and correct to the best of my knowledge and belief. I further understand that this information will be available for public inspection under the Kansas Open Records Act, and that the failure to produce the stated economic benefits may result in a reduction or loss of tax exemption.

\_\_\_\_\_  
Signature

Name (Printed) and Title

Telephone Number