



**MICHAEL D. SANDERS**  
Jackson County Executive

**EXECUTIVE ORDER #08-14**

**TO: MEMBERS OF THE LEGISLATURE  
CLERK OF THE LEGISLATURE**

**FROM: MICHAEL D. SANDERS  
JACKSON COUNTY EXECUTIVE**

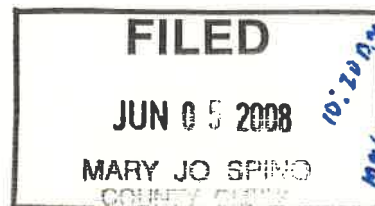
**DATE: JUNE 4, 2008**

**RE: JACKSON COUNTY TAX INCREMENT FINANCING POLICY AND  
GUIDELINES**

- A. Executive Order # 06-18 is hereby resinded.
- B. I hereby promulgate the attached Jackson County, Missouri Tax Increment Financing Policy and Guidelines.

Michael D. Sanders, County Executive

Date: 06/04/2008



# JACKSON COUNTY, MISSOURI

## Tax Increment Financing Policy and Guidelines



### *Important Notice and Disclaimer*

The attached procedures, policies and forms have been prepared by Jackson County, Missouri for the purpose of assisting private developers in the consideration of whether Tax Increment Financing ("TIF") for prospective projects is a realistic possibility. Applicants and Projects are cautioned that the attached materials have been prepared primarily for informational purposes to inform applicants of the types of projects that Jackson County would consider for TIF assistance. Jackson County reserves the right to reject any and all projects, even those which satisfy all of the attached criteria for the use of TIF for any reason whatsoever, without regard for the viability of the project. Furthermore, Jackson County reserves the right to waive any non-conformance to these policies and approve any project that Jackson County deems favorable to the County.

**General Policy**

Jackson County representative(s) on a city Tax Increment Financing Commission will consider each TIF project on its own merits. A County representative will support the use of TIF for a redevelopment or development project which, in the judgment of Jackson County, is in the public's best interests, in compliance with the state law and addresses the County's financial concerns.

It is the policy of Jackson County to consider the use of tax incentives for those projects which demonstrate a substantial and significant public benefit by constructing public improvements in support of developments that will, by creating new jobs and retaining existing employment, eliminate blight; strengthen the employment and economic base of the County; increase property values and tax revenues; reduce poverty; create economic stability and self-sufficiency; stabilize and upgrade existing neighborhoods; encourage the redevelopment of brownfields rather than greenfields to promote green space preservation and represent a commitment to environmental sustainability and community health through coordinated, cooperative efforts.

The County must be treated as a partner in the negotiations for any TIF development, allowing the County an opportunity to directly participate in negotiations from the very beginning of the application process. Jackson County has formally notified all municipalities within the County and respectfully requests that they direct developers making application to meet with Jackson County early in the process.

Once a TIF District is approved by a city, all of the incremental property taxes attributable to the increase in assessed value from the development and 50% of the local sales taxes are paid into a special allocation fund. The increase in the value of the property is distinct and tangible, that net increase can be easily measured.

An increase in sales is much more obscure. The sales generated in the TIF district may not be "new" sales. In many TIF projects that capture Economic Activity Taxes (EATS), the claim of incremental new sales is simply a substitution of sales tax previously generated by a non-TIF project. Because there is a finite amount of disposable income people have to spend, retail businesses often simply move money around rather than creating increased spending. The proximity of the replaced sales becomes a critical issue.

Care must be exercised in the use of tax incentives to thoroughly evaluate each project and to ensure that the benefits that accrue from the approval of the Development/Redevelopment Plan will not otherwise occur without the TIF ("but for" test), and are an appropriate return on investment and that they are equitable to Jackson County and other taxing districts as a whole.

Jackson County is concerned that a city, at its own discretion, can commit county tax funds to a redevelopment area without requiring approval of the County. This implies a certain level of transfer of authority in terms of County voter authorized revenues being redirected in a manner that will limit the voice and control of Jackson County taxpayers. The County prerogative is diluted by the creation of a TIF District. The special allocation fund siphons off tax revenue which was not passed through the County process. There is a re-appropriation of money from County coffers to City coffers for the developer's benefit without requiring approval from the County or its citizens.

## **Policy Guidelines**

The following guidelines will be used by Jackson County to evaluate tax incentive applications:

1. Jackson County will only consider, on a case-by-case basis, the approval of incentive projects where, “but for” the availability of incentives, such development would not be economically viable.
2. The total amount of tax incentive assistance should be a reasonable percentage of the total project costs. (Total project is defined as the complete project with all new elements to be constructed included. This limitation may be waived if the tax incentive project involves redevelopment of existing structures or the assembly and clearance of land upon which existing structures are located.)
3. Each tax incentive application must include evidence that the applicant:
  - a) Has provided documentation illustrating exploration of alternative financing methods other than tax incentive assistance; and
  - b) Has demonstrated to the County that such applicant possesses the financial and technical ability to complete and operate the project.
4. The tax incentive project shall not negatively impact the credit rating of Jackson County.
5. Projects involving redevelopment of existing retail, commercial, office or industrial properties should serve to stabilize areas that have or will likely experience deterioration.
6. Projects for retail and service commercial uses should be targeted to those that encourage an inflow of customers from outside of Jackson County or that will provide services or fill retail markets that are currently unavailable or in short supply in Jackson County. In addition, a thorough market analysis should be completed which identifies: (1) where the population areas are that will be drawn upon; and, (2) the businesses of similar types that will compete with the TIF area businesses.
7. Projects involving redevelopment of existing residential neighborhoods should serve the community by re-developing neighborhoods, commercial or industrial areas that have or will likely experience deterioration.
8. Jackson County does not support the use of tax increment financing for new residential projects, particularly in undeveloped or lightly developed greenfields. The use of TIF with new residential greenfield development requires Jackson County and other taxing districts to provide quality services to these projects without the net additional real property taxes to pay for them.
9. The TIF applicant must show that payments in lieu of taxes (PILOTS) and/or economic activity taxes (EATS) generated by the TIF project will at a minimum cover the projected debt service 1.25 times.

10. For retail and service commercial projects, favorable TIF applications will include a yearly payment to the County from the Special Allocation Fund equal to 15% of the County's sales tax or EATS captured as redevelopment projects are activated. Variances to the 15% pledge will be evaluated and negotiated by the developer, City and County staff based on factors such as project scope, budget and impact of sales tax substitution.

11. For projects other than retail and service commercial, favorable TIF applications will include a yearly PILOT (Payment In Lieu Of Taxes) based on the increased assessed value of real property activated within a redevelopment project area. The appropriate PILOT payment will be evaluated and negotiated by the developer, City and County staff based on factors such as project scope, budget and impact to County service levels. The County discourages the use of TIF for any residential projects.

12. The County's funding participation should not exceed 15 years. However, if the term of the debt used to finance the public infrastructure is greater than 15 years, the County will consider supporting the project up to the full length of the debt term. Of particular consideration will be a life cycle analysis of the TIF project to ensure the life span of the development exceeds the financing term.

13. Economic development incentives will not be supported if any signatory to the tax incentive application has a financial interest in real estate located in Jackson County with existing delinquent tax obligations.

14. The County encourages Cities to view more favorably those TIF projects that demonstrate sustainability by:

- a) Designing for the local environment by conserving resources, minimizing disturbance and protecting existing vegetation.
- b) Managing storm water on-site by utilizing vegetative swales, wetlands, rain gardens and/or waterscaping to maximize infiltration and minimize run-off.
- c) Aspiring to meet at least the minimum LEED (Leadership in Energy and Environmental Design) certification.
- d) Representing innovation in the area of sustainability; for example, a developer will be encouraged to establish community recycling areas on-site.

Many of the tax revenues captured by TIF projects fund basic County services such as the tax assessment and collection process, public safety for unincorporated Jackson County, the entire judicial system and corrections facility and special funds such as the Health Fund and Anti-Drug Sales Tax. In light of this, it is Jackson County's obligation to ensure these functions are properly funded and not compromised for other purposes.

It is Jackson County's goal to support TIF and other economic development financing tools by balancing the public interest and the County's financial needs against the overall value of the project and its related improvements.