

## **OVERVIEW**

Industrial Revenue Bonds (IRB's) are bonds issued by the City to finance acquisition and construction of a broad variety of industrial and commercial properties on behalf of a private business or non-profit agency. The City leases the property to the business and holds an ownership interest in the property for as long as the bonds are outstanding and title transfers to the business when the IRBs are retired. The principal and interest payments on the IRBs are the responsibility of the business. The City is a conduit and has no obligation to repay the bonds.

## **TAX EXEMPTIONS**

Property Tax Abatements. Many property owners seek IRB's as a form of financing because of the associated property tax exemptions of up to 10 years.

Sales Tax Abatements. Generally, property and services acquired with the proceeds of IRBs are eligible for sales tax exemption.

## **ADMINISTRATIVE FEES**

IRB agreements may provide that the lessee shall reimburse the City for the costs of administering and supervising the issue. The City may charge an origination fee.

## **PAYMENT IN LIEU OF TAXES**

The City can require that all or a portion of the abated taxes be made available to local taxing jurisdictions in the form of Payments in Lieu of Taxes (PILOT).

## **STEPS IN THE IRB PROCESS.**

- 1) Applicant engage Bond Counsel and/or Financial Advisors for the project and secure an option to purchase a building site
- 2) Applicant meet with City Staff to discuss property tax abatement options for the project
- 3) Applicant submit Economic Development Incentives Application with \$1,000 fee, and complete Applicant section of Firm Data Sheet for required Cost Benefit Analysis
- 4) City approves Letter of Intent outlining the issuance, PILOT and/or other fees
- 5) City submit Notice of Hearing for Publication and mail any required notifications
- 6) City hold Public Hearing at City Council meeting
- 7) City Council authorizes Resolution of Intent
- 8) City Council approves Resolution of Intent inclusive of expiration date
- 9) Notice of proposed issuance provided to BOTA at least 7 days prior to issuance
- 10) City Council approves Ordinance Authorizing Issuance
- 11) Notice of issuance provided to BOTA

For more information please review:

K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, K.S.A. 79-201a. and K.S.A. 79-3606

