



May 20, 2010

Mayor Mike Amyx
City Hall
6 East 6th
Lawrence, KS 66044

Economic development is the programs, policies and/or activities that seek to improve the economic well-being and quality of life for a community, by creating and/or retaining jobs that facilitate growth and provide a stable tax base. Communities, counties, states and regions are all competing for a limited number of projects each year. What communities do to make themselves attractive is what sets them apart and prepares them for development. In order to compete, we need tools. Those tools range from tax abatements to pad-ready sites to financing tools.

Financing tools include Industrial Revenue Bonds (IRB's), Tax Increment Financing (TIF), Transportation Development Districts (TDD's), Sales Tax Anticipated Revenue (STAR) and Community Development Districts (CID's) as well as other bond financing. Each year during the legislative session there are discussions about economic development tools and additions or expansions of current programs. CID's were added, somewhat in response to the use of similar programs in Missouri but also because the State realized that more had to be done to entice development to occur in the state. The CID Act was approved by the Kansas Legislature and signed into law by Governor Sebelius in 2009. In fact, all of the Lawrence delegation in the House and Senate voted in favor of the CID legislation.

Approving usage of this economic development financing tool is an asset for our community and adds another tool to our toolbox. As with almost every economic development tool, there are common misperceptions. Several of those are listed below and should be taken into consideration during your discussion of the CID policy.

- There is no decrease in the City's sales tax revenue with approval of a CID project. The City will continue to receive the sales tax percentage and only the additional portion will be sent to the CID project developer or retailer.

- The City nor taxpayers are financially responsible if a CID project fails as the risk is held by the developer and retailer.
- The City's policy goes beyond the State guidelines to require that 100% approval by property owners, meaning that a property owner will not be made to comply against their will.
- The Kansas Department of Revenue's website contains information on all approved TIF, TDD, STAR and CID projects with the corresponding sales tax charges in each area.
- The proposed \$2500 application fee is steep enough to deter overuse of applications and projects. This fee is higher than fees charged for the Recovery Zone Bonds (\$500) or a tax abatement (\$500) application.

As we continue to add jobs to the Lawrence economy, we need to ensure that we are providing a quality of life that entices companies and jobs to the community. Encouraging redevelopment and additional opportunities is important to the growth of our community to meet the needs of residents and businesses. We encourage you to pass the CID policy and add this tool to our toolbox for economic development use.

Sincerely,



Tom Kern
President