



Economic Development Incentives Summary

Community Improvement Districts (CID)

CIDs allow an additional sales tax or a special assessment to be charged within the district. The proceeds from this additional tax or assessment are used to finance CID eligible project costs. According to Kansas law, a CID tax or special assessment can be used to fund capital improvements, infrastructure, and certain operational costs.

Projects may be funded by the use of special obligation bonds, full faith and credit bonds, or on a pay-as-you-go basis.

Industrial Revenue Bonds

Industrial Revenue Bonds (IRBs) allow cities to provide a tax abatement to new and existing businesses on real property investments if the project meets certain criteria. In IRB financing, the bond issuer acquires an interest (either ownership of the property financed or a leasehold interest) and leases it to the business. The lease rentals are used to repay the bonds with interest. The business is given an option to purchase the property at the end of the lease term for a nominal sum.

Sales Tax Revenue (STAR) Bonds

Sales Tax Revenue (STAR) Bonds provide the opportunity to issue bonds to finance the development of major commercial, entertainment and tourism areas and use the sales tax revenue generated by the development to pay off the bonds. STAR bonds are approved through the Kansas Department of Commerce.

Tax Increment Financing (TIF)

Tax Increment Financing is a tool which pledges future gains in taxes to finance the current improvements which will result in those gains. TIF is designed to channel funding toward improvements in areas where development/redevelopment may not otherwise occur.

When an area is developed or redeveloped, there is an increase in the value of the property. The increased site value and investment creates more taxable property, which increases tax revenues. The increased tax revenues are the "tax increment." TIFs pledge the future increased revenue for repayment of eligible costs associated with the improvements.

In Kansas, a TIF Project must be located within a "redevelopment district," which may be established by a city in: (1) Blighted Areas; (2) Conservation Areas; (3) Enterprise Zones; (4) Major Tourism Areas; (5) Major Commercial Entertainment and Tourism Areas; and (6) Bioscience Development Areas.

TIF do not result in increased property tax rates or increased sales tax rates. Projects may be funded by the use of special obligation bonds or on a pay-as-you-go basis.

Transportation Development District (TDD)

A TDD enables an additional sales tax or a property tax special assessment to be charged within the district. The proceeds from this additional tax or assessment are to be used for repayment of TDD eligible project costs. According to Kansas law, a TDD tax or special assessment can only be used on costs that are for transportation related projects or infrastructure. This may include roads, traffic signals, parking lots, sidewalks, and related utility relocation.

Projects may be funded by the use of special obligation bonds or on a pay-as-you-go basis.