



MEMORANDUM

TO: Economic Development Council
FROM: David Dillner, City Manager
SUBJ: Proposed Tax Abatement for TSB Enterprises, LLC
DATE: December 9, 2016

ISSUE:

The Economic Development Council is asked to consider a recommendation, to be forwarded to the City Commission, concerning a proposed constitutional tax abatement for TSB Enterprises, LLC for real property located at 401 Cottage Avenue.

BACKGROUND:

In 2015, TSB Enterprises, LLC acquired certain real property located at 401 Cottage Avenue and established a business enterprise in the former Alco corporate offices located on the site. The business, Thunderstruck Bumpers, Inc., has been a major employer for the community and desires a constitutional tax abatement for the real property associated with their business.

Initially, the City determined that the site was ineligible for a constitutional tax abatement because the building was also being used for uses ineligible for such an incentive. TSB Enterprises, LLC was leasing space to the Great Plains Theater, and the City's legal counsel opined that such use made the entire property ineligible for a constitutional tax abatement.

It was later learned that the City could approve a constitutional tax abatement for the portion of the building that housed the eligible use. The property is under consideration for a constitutional tax abatement pursuant to Article 14, Section 13 of the Kansas Constitution with the understanding that certain property owned by the company is used in the manufacturing and storage of goods manufactured for interstate commerce.

Thunderstruck Bumpers, Inc. is projected to create seventy-seven jobs during the abatement period with an estimated increase in local personal income of \$5.8 million. The estimated increase in local retail sales during the abatement period from employees is \$2.0 million.

RECOMMENDATION:

Staff recommends approval of a constitutional tax abatement to the company for a ten year period using the following schedule of abatement: **Year 1: 98% abatement; Year 2: 88%; Year 3: 78%; Year 3: 68%; Year 4: 58%; Year 5: 48%; Year 6: 38; Year 7: 28%; Year 8: 18%; Year 9: 8%; Year 10: 0%.** The 2% removed from the abatement represents the portion of the real property that is not eligible for abatement due to ineligible uses.

FISCAL NOTE:

Over the ten-year abatement period, the City will abate a total of \$68,300 from the property taxes from the real property included in the request, representing an average impact to the City's budget of about \$6,830 per year. The cost-benefit analysis, performed using the Kansas Department of Commerce's model, estimates a net benefit to the City of \$2.2 million over the ten-year abatement period.

The net benefit attempts to quantify the amount of sales taxes, property taxes, utility fees, and other revenues the City will receive less the estimated cost of providing municipal service to the business. The model estimates the City's compound rate of return over the ten years at 21%.

SPECIAL CONSIDERATIONS:

The City is required to notify other taxing subdivisions, such as Dickinson County and USD 435, about the proposed constitutional tax abatement. These taxing entities will have an opportunity to provide public comments before or during the public comment period scheduled for the governing body's December 27, 2016 regular meeting. The costs and benefits for these taxing subdivisions is included in the cost-benefit analysis included with this memorandum.

ATTACHMENTS:

- Proposed ordinance approving the constitutional tax abatement for 401 Cottage Avenue for TSB Enterprises, LLC.
- Cost-Benefit Analysis for Thunderstruck, Inc.
- Cost-Benefit Analysis Worksheet for Thunderstruck, Inc.
- Notice of Public Hearing

ORDINANCE NO. 3314

AN ORDINANCE EXEMPTING CERTAIN REAL PROPERTY LOCATED AT 401 COTTAGE AVENUE FROM AD VALOREM TAXATION FOR ECONOMIC DEVELOPMENT PURPOSES

WHEREAS, the City of Abilene, Kansas (the “City”) is a duly organized and existing municipal corporation of the State of Kansas; and

WHEREAS, in accordance with Section 13 of Article 11 of the Kansas Constitution, and pursuant to City policy, (collectively, the “Authority”), the City is authorized to exempt certain property from ad valorem taxation for economic development purposes; and

WHEREAS, the City has developed and adopted official policies and procedures for the granting of such exemptions, including the preparation of a cost/benefit analysis, which includes the effect of the exemption on state revenues, and a procedure for monitoring the compliance of a business receiving an exemption with terms or conditions, if any, established by the City for the granting of the exemption; and

WHEREAS, in the year 2015, TSB Enterprises, LLC (the “Applicant”) acquired real property as described herein and more generally described as 401 Cottage Avenue, Abilene, Kansas, (the “Project”); and

WHEREAS, the City has prepared a cost/benefit analysis of the Project, attached hereto as **Exhibit A**, and subsequently the City has conducted a Public Hearing on the proposed exemption of the Project;

WHEREAS, notice of the Public Hearing was published once ten days prior to the hearing in the official city newspaper and notice was also provided in writing to Dickinson County and Unified School District 435; and

WHEREAS, the City finds it necessary and desirable to make the finding of fact that the Project will be used exclusively for the purposes specified in Article 11, Section 13 of the Kansas Constitution; and

WHEREAS, the City finds that a compelling reason exists to exempt the Project from ad valorem taxation.

NOW, THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF ABILENE, KANSAS AS FOLLOWS:

SECTION ONE. Exclusive Use. The City hereby finds and determines that the Project will be used exclusively for the purposes specified in Article 11, Section 13 of the Kansas Constitution.

SECTION TWO. Necessity of Exemption. The City further finds that a compelling reason exists to exempt the Project from ad valorem taxation and that a waiver of any requirements of the City’s Resolution No. 87-10 that are in conflict with this Ordinance or the actions heretofore taken is in the public interest.

SECTION THREE. Ad Valorem Exemption. Real and personal property, to include land and improvements, as legally described as:

A tract of land located in the southeast quarter of Section 16, Township 13 South, Range 2 East of the 6th PM, in the City of Abilene, Dickinson County, Kansas, more particularly described as follows:

Commencing at the Southeast corner of said Southeast quarter of said Section 16, thence North 00 degrees 56' 22" West on an assumed bearing along the East line of said Southeast quarter to a point on the North line of Cottage Avenue a distance of 480.00 feet; thence South 89 degrees 25' 08" West to existing property pin and to the point of beginning a distance of 475.21 feet; thence South 89 degrees 22' 44" West to existing property pin a distance of 785.14 feet; thence North 00 degrees 55' 03" West to South right-of-way line of the Union Pacific Railroad a distance of 210.72 feet; thence North 78 degrees 13' 10" East along said right-of-way line to existing property pin a distance of 799.75 feet; thence South 00 degrees 52' 18" East a distance of 365.51 feet to the point of beginning.

shall be exempt from 98% of the ad valorem taxation levied by the City of Abilene, Dickinson County and USD 435, in conformance with written City policy regarding tax exemptions for economic purposes for a term of ten years. Such exemption shall decrease by 10% annually during the prescribed period commencing with the calendar year 2017.

SECTION FOUR. Transferability of Exemption. The ad valorem tax exemption hereby granted shall not be transferable if there is a change in ownership of the exempt assets.

SECTION FIVE. Letter of Intent, Final Determination and Procedural Waiver. The governing body intends this Ordinance (1) to indicate the intent of the governing body to exempt the Project from ad valorem taxation in accordance with the terms hereof and the requirements of the City and (2) to serve as its final authorization wherein the exemption of the specific nature of the Project is clearly approved. The governing body acknowledges the receipt from the Applicant of any and all information required by the City and compliance with all other procedural requirements of said Resolution. Notwithstanding the foregoing, to the extent, if any, the procedures, intent or findings contemplated and made by this Ordinance are in any manner inconsistent with City policy, the governing body specifically intends by this Ordinance to waive and modify such policy requirements, consistent with an exemption of ad valorem taxes on the Project.

SECTION SIX. Copies of Documents. A copy of this Ordinance shall be provided to the owner of the property and to the County Appraiser of Dickinson County, Kansas. Copies of the Tax Abatement Application, Cost-Benefit Analysis, and this Ordinance shall be made available for public viewing in the office of the City Clerk of the City of Abilene, Kansas.

SECTION SEVEN. Effective Date. This Ordinance shall be in full force and effect from and after its passage, signature and publication in the official city newspaper as provide by law.

PASSED AND APPROVED by the Governing Body of the City of Abilene, Kansas this ____ day of December, 2016.

CITY OF ABILENE, KANSAS

By: _____
Dee Marshall, Mayor

ATTEST:

Penny Soukup, CMC
City Clerk

APPROVED AS TO FORM:

Aaron O. Martin, City Attorney

EXHIBIT A

Cost/Benefit Analysis

Thunderstruck, Inc.

A Tax Abatement Cost-Benefit Analysis of Thunderstruck Inc.

The firm is located in: **City of Abilene**

Report Printed: 12/8/2016

Description of the firm's location or expansion in the community:

The company purchased a building in Abilene for the purposes of expanding its operations and to provide better opportunities for research and development of new products. The move to Abilene has provided the advantage of a larger building to allow the company to expand into new markets and increase its offerings in existing markets.

This report includes an analysis of costs and benefits from the firm for the following taxing entities where the firm is or will be located. These taxing entities are considering tax abatements or incentives for the firm:

City:	Abilene
County:	Dickinson
School District:	USD 435 Abilene
Special Taxing District:	Hospital District #1
Special Taxing District:	Cemetery District #1
State of Kansas	

Contents of this report:

About this Cost-Benefit Analysis Report	Page 2
Summary of Costs and Benefits for all Taxing Entities	Page 5
The Economic Impact that the Firm will have on the Community	Page 6
Costs and Benefits for:	
City:	Abilene Page 7
County:	Dickinson Page 8
School District:	USD 435 Abilene Page 9
Special Taxing District:	Hospital District #1 Page 10
Special Taxing District:	Cemetery District #1 Page 11
State of Kansas	Page 12

This Kansas Tax Abatement Cost Benefit Analysis (CBA) is prepared by the Kansas Department of Commerce for the benefit and use of the State of Kansas and its local units of government. This model was developed to assess the costs and benefits property tax abatement and economic development incentives have on state revenues. The Department of Commerce makes no representations, guarantees, or warranties as to the accuracy, completeness, or suitability of the analysis or information contained in this CBA. The Kansas Department of Commerce specifically disclaims any and all liability for any claims or damages that may result from other uses of the analysis in this CBA.

About this Cost-Benefit Analysis Report

This cost-benefit analysis report was prepared using a computer program that analyzes economic and fiscal impact. The report shows the impact that the firm, its employees and workers in spin-off jobs will have on the community and the state.

The economic impact over the next ten years is calculated along with the accompanying public costs and benefits for the State of Kansas and the taxing entities included in this analysis.

The analysis also shows the effect of tax abatements and incentives that may be considered for the firm.

Here is how the analysis was performed:

1. Data was entered for the state and community's tax and other rates; the firm and its employees; tax abatements and other incentives being considered for the firm; construction activity; and expected visitors.
2. Using the data entered, as well as some rates built into the computer program, calculations were made of the economic impact of the firm along with the related costs and benefits.

The calculations of impact include direct, indirect and induced impact. Regional economic multipliers, specific to the firm's industry group, were used by the program to calculate the direct and induced or spin-off jobs and earnings in the community.

These are the report sections:

Summary of Costs and Benefits for all Taxing Entities

This report page summarizes the costs and benefits for all taxing entities resulting from the firm and from new direct, indirect and induced jobs.

The Economic Impact that the Firm will have on the Community

This report page shows the number of direct, indirect and induced jobs that will be created in the community, the number of new residents and additional school children, and increases in local personal income, retail sales, economic activity and the property tax base in the first year and over the next ten years.

Benefits and Costs for Each Taxing Entity

These report pages summarize the costs and benefits for the State of Kansas and for each taxing entity as a result of the firm locating or expanding in the Kansas community.

The public benefits include additional revenues from the firm and employees for the taxing entities -- sales taxes, property taxes, utilities, utility franchise fees, other payments by new residents, Payments in lieu of taxes (PILOT) by the firm and additional school funding. Public costs include the additional costs of public services for new residents and the firm, costs of educating new students that move to the school district, along with tax abatements and incentives provided to the firm.

In addition to a presentation of public costs and benefits, this report also computes the present value of net benefits to be received by each taxing entity; the payback period for incentives and taxes to be abated; the rate of return on investment for each entity, and, cost benefit ratios.

Payback Period

The investment payback period for each taxing entity was computed. This analysis views the financial incentives, including tax abatement, that the taxing entities are considering for the firm as an investment that the public will be making in the company. The payback period, therefore, is the number of years that it will take each taxing entity to recover the cost of incentives from the net annual benefits that they will receive. This payback period also shows the point in time where the cost and benefits are equal for the level and length of tax abatements and incentives being granted. The payback period is a basis for judging the appropriateness of providing incentives to a firm. Generally, the shorter the payback period the better the investment.

Present Value

The present value of the expected cash flow over the next ten years for each entity was computed. Present value is a way of expressing in today's dollars, dollars to be paid or received in the future. Today's dollar and a dollar to be received or paid at differing times in the future are not comparable because of the time value of money. The time value of money is the interest rate or each taxing entity's discount rate. The analysis uses a discount rate that is entered to make the dollars comparable—by expressing them in today's dollars (present value). Generally, a positive present value indicates an acceptable investment.

Rate of Return on Investment

The rate of return on investment for each taxing entity was also computed. As with the computation of payback, the rate of return analysis views the incentives that each taxing entity is considering as an investment that the public will be making in the company. The rate of return, therefore, is the compound rate of return, over the next ten years, on each taxing entity's investment in the firm. Generally, a positive compound rate of return is considered desirable.

Benefit to Cost Ratio

The benefit to cost ratio for each taxing entity was also computed. This ratio compares public benefits over a ten year period from the new or expanding firm to public costs during the same period. For example, a benefit to cost ratio of 1.55 (or 1.55 to 1) shows that ten year benefits are 155 percent of public costs. Conversely, a benefit to cost ratio of .75 shows that public benefits are only 75 percent of public costs —costs exceed benefits. Generally, a benefit to cost ratio of 1.30 to 1 is considered acceptable for a taxing entity to grant tax abatements and other financial incentives to a firm.

How were the benefits and costs determined?

City, County, Special Taxing District and State Benefits and Costs

The Cost Benefit Analysis (CBA) operates with the assumption that 70% of the jurisdiction's revenues and expenditures supports its citizens, and 30% supports its businesses. Therefore, 70% of the revenues/costs (divided by number of residents) are calculated as the average revenue/cost per resident; 30% of these revenues/costs (divided by the number of workers in the jurisdiction) are calculated as the average revenue/cost per worker.

The CBA predicts potential benefits and costs from residents by multiplying the number of new employees moving to the jurisdiction by the average revenue/cost per resident. Benefits and costs from the business expansion are predicted by multiplying the average revenue/cost per worker.

Collection of sales taxes, transient guest taxes and property taxes as well as utility enterprises and franchise fees are potential benefits from an expansion.. Other revenues include fees, permits, license, and other charges.

The program predicts costs by removing utility enterprise expenditures and internal transfers from the general operating budget, and reducing the result to a cost per resident and a cost per worker.

School District Benefits and Costs

Property taxes as well as state and federal payments per full time student are used to predict benefits a school district may realize. The Kansas Department of Education condenses the school district's budget to a cost per student. One new student will not cause the addition of a new classroom or the hiring of another teacher, so it would not be fair to estimate the impact of new students using the average cost per student. The program utilizes a marginal cost per student (10% of the average cost per student, unless a different percentage is requested) to predict the cost to the district when a new student is added. Revenue per student is calculated from the amount of state and federal payment per student that the district receives.

The business predicts the average family size of new employees moving to the jurisdiction and the number of school age children in the family. The CBA can work with percentages, as in a family size of 2.5.

Indirect Jobs

The ripple or spin-off economic activity created by an expansion generates indirect or induced benefits. The number of jobs this activity generates depends largely on the type of business that is expanding and what types of jobs will be needed to support not only the business, but the new employees and their families. The program uses a default of 10% of the number of new employees to predict these jobs. The percentage can be adjusted, depending on community conditions, which also determine whether the indirect workers will be moving from out of state or out of county.

Formulas used in this analysis

- **Present Value** = (Total Benefits (for the year) ÷ 1+Discount Rate (5.5%))^{Number of Years Abated})
- **Compound Rate of Return** = ((Present Value of Total Costs ÷ Present Value of Total Benefits)^(1/Number of Years Abated))-1
- **Benefit to Cost Ratio** = Present Value of Total Benefits ÷ Present Value of Total Costs
- **Payback Period** = The point where total benefits equal or surpass total costs.

K.S.A. 79-213 (g) allows governmental bodies to seek assistance provided by the Kansas Department of Commerce (COMMERCE) in preparing an application requesting exemption from property taxes. COMMERCE prepared this cost benefit analysis as a service under this statute utilizing data gathered by the requesting governmental body, and makes no recommendation to the Board of Tax Appeals either for or against approval of a request for tax abatement.

Summary of Costs and Benefits for all Taxing Units

Benefits:

	Sales Taxes	Property Taxes	Utilities and Utility Franchise Fees	Corporate and Personal Income Taxes	Additional School Funding	Other Revenues (Including PILOT)	Total Benefits
City: Abilene	\$181,882	\$174,456	\$1,384,305			\$841,229	\$2,581,872
County: Dickinson	\$19,487	\$224,452				\$162,608	\$406,547
USD 435 Abilene		\$214,185			\$3,245,267		\$3,459,453
Hospital District #1		\$6,066				\$1,533,941	\$1,540,006
Cemetery District #1		\$5,071				\$480	\$5,551
State of Kansas	\$762,045	\$6,327		\$2,471,165		\$1,034,333	\$4,273,870

Costs, Incentives and Taxes Abated:

	Costs of Services for the Firm and New Residents	Costs of Educating New Students	Taxes Abated	Incentives	Total Taxes Abated & Incentives	Total Costs
City: Abilene	\$306,461		\$68,300	\$0	\$68,300	\$374,761
County: Dickinson	\$164,192		\$77,958	\$0	\$77,958	\$242,150
USD 435 Abilene		\$295,120	\$79,362		\$79,362	\$374,482
Hospital District #1	\$450,478		\$2,945		\$2,945	\$453,423
Cemetery District #1	\$1,145		\$2,564		\$2,564	\$3,709
State of Kansas	\$412,074	\$461,999	\$2,214	\$0	\$2,214	\$876,288

Net Benefits:

	Total Benefits	Present Value of Total Benefits	Total Costs (Includes Taxes Abated and Incentives)	Present Value of Total Costs	Benefit to Cost Ratio (Over 10 Years)
City: Abilene	\$2,581,872	\$1,790,596	\$374,761	\$269,818	6.64 : 1
County: Dickinson	\$406,547	\$292,342	\$242,150	\$178,007	1.64 : 1
USD 435 Abilene	\$3,459,453	\$2,475,461	\$374,482	\$270,332	9.16 : 1
Hospital District #1	\$1,540,006	\$1,079,184	\$453,423	\$317,988	3.39 : 1
Cemetery District #1	\$5,551	\$4,111	\$3,709	\$2,881	1.43 : 1
State of Kansas	\$4,273,870	\$2,911,349	\$876,288	\$600,458	4.85 : 1

Other

	Net Benefits	Present Value of Net Benefits	Taxes Abated & Incentives	Present Value of Taxes Abated and Incentives	Payback Period for Taxes Abated and Incentives and	Compound Rate of Return (Over 10 Yrs)
City: Abilene	\$2,207,111	\$1,524,298	\$68,300	\$55,249	1 Year	20.83%
County: Dickinson	\$164,397	\$114,335	\$77,958	\$63,749	3Years	5.09%
USD 435 Abilene	\$3,084,970	\$2,205,129	\$79,362	\$64,198	1 Years	24.79%
Hospital District #1	\$1,086,584	\$761,195	\$3,365	\$2,382	1 Year	13.00%
Cemetery District #1	\$1,842	\$1,230	\$2,930	\$2,074	5 Years	3.62%
State of Kansas	\$3,397,582	\$2,309,079	\$2,214	\$1,791	1 Year	17.10%

The Economic Impact of this expansion by Thunderstruck Inc.

NAICS Code 332999 - Fabricated metal manufacturing

	<u>In the first year</u>	<u>Over the next ten years</u>
*Number of new direct and indirect jobs to be created	19	77
Number of new residents in the community	0	0
Number of additional students in the local school district	8	40
**Increase in local personal income	\$413,904	\$5,794,656
***Increase in local retail sales	\$144,866	\$2,028,130
Increase in the community's property tax base	\$1,746,620	\$2,278,943
Land	\$290,640	\$379,219
Buildings	\$727,990	\$949,862
Furniture, fixtures & Equipment	\$0	\$0
Residential Property	\$9,580	\$149,993

*The Employment Multiplier for NAICS Code 332999 is 1.9333. The Employment Multiplier is used to estimate the total change in the number of direct and indirect jobs as a result of the expansion.

**The Earnings Multiplier for NAICS Code 332999 is 1.7246. The Earnings Multiplier is used for estimating to what degree more personal income will be generated.

***The Percentage of Gross Salaries expected to be spent on retail sales is 0.35

Property taxes to be abated by the following taxing entities:

City	<input checked="" type="checkbox"/>	Special Taxing District 1	<input checked="" type="checkbox"/>
County	<input checked="" type="checkbox"/>	Special Taxing District 2	<input checked="" type="checkbox"/>
School District	<input checked="" type="checkbox"/>	The State	<input checked="" type="checkbox"/>

Percent of property taxes to be abated on:

	Land	Buildings and Improvements	Furniture, Fixtures & Equipment
Year 1	98.00%	98.00%	100.00%
Year 2	88.00%	88.00%	100.00%
Year 3	78.00%	78.00%	100.00%
Year 4	68.00%	68.00%	100.00%
Year 5	58.00%	58.00%	100.00%
Year 6	48.00%	48.00%	100.00%
Year 7	38.00%	38.00%	100.00%
Year 8	28.00%	28.00%	100.00%
Year 9	18.00%	18.00%	100.00%
Year 10	8.00%	8.00%	100.00%

City of Abilene

Benefits:

Year	Sales Taxes	Property Taxes	Utilities and Utility Franchise Fees	Other Municipal Revenues (Including PILOT)	Total
Construction Period	\$9,328	\$0	\$0	\$0	\$9,328
1	\$17,638	\$12,226	\$29,697	\$30,497	\$90,057
2	\$16,530	\$13,163	\$41,208	\$40,689	\$111,590
3	\$20,018	\$15,086	\$55,204	\$51,464	\$141,773
4	\$24,371	\$15,539	\$72,308	\$62,849	\$175,067
5	\$28,086	\$17,003	\$93,361	\$74,871	\$213,321
6	\$3,868	\$18,027	\$108,772	\$77,117	\$207,783
7	\$36,473	\$19,229	\$152,409	\$100,938	\$309,049
8	\$6,825	\$20,487	\$181,318	\$103,967	\$312,597
9	\$8,509	\$21,383	\$219,953	\$107,086	\$356,930
10	\$10,238	\$22,313	\$430,076	\$191,750	\$654,377
Total	\$181,882	\$174,456	\$1,384,305	\$841,229	\$2,581,872

Costs:

Year	Property Taxes Abated	Incentives	Taxes Abated & Incentives	City Costs for the firm and Municipal Services for New Residents	Total Costs, Taxes Abated & Incentives
Construction Period	\$0	\$0	\$0	\$0	\$0
1	\$11,547	\$0	\$11,547	\$10,995	\$22,542
2	\$10,680	\$0	\$10,680	\$14,770	\$25,450
3	\$9,750	\$0	\$9,750	\$18,761	\$28,512
4	\$8,755	\$0	\$8,755	\$22,979	\$31,734
5	\$7,692	\$0	\$7,692	\$27,433	\$35,124
6	\$6,556	\$0	\$6,556	\$28,256	\$34,812
7	\$5,346	\$0	\$5,346	\$37,091	\$42,437
8	\$4,057	\$0	\$4,057	\$38,203	\$42,261
9	\$2,687	\$0	\$2,687	\$39,349	\$42,036
10	\$1,230	\$0	\$1,230	\$68,623	\$69,853
Total	\$68,300	\$0	\$68,300	\$306,461	\$374,761

Net Benefits (or Costs)

Year	Public Benefits	Public Costs, Property Taxes Abated and Incentives	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of taxes abated and incentives
Construction Period	\$9,328	\$0	\$9,328	\$9,328	\$0
1	\$90,057	\$22,542	\$67,515	\$67,515	\$10,945
2	\$111,590	\$25,450	\$86,140	\$77,393	\$9,595
3	\$141,773	\$28,512	\$113,261	\$96,455	\$8,303
4	\$175,067	\$31,734	\$143,333	\$115,701	\$7,067
5	\$213,321	\$35,124	\$178,196	\$136,344	\$5,885
6	\$207,783	\$34,812	\$172,971	\$125,447	\$4,755
7	\$309,049	\$42,437	\$266,612	\$183,279	\$3,675
8	\$312,597	\$42,261	\$270,336	\$176,151	\$2,644
9	\$356,930	\$42,036	\$314,894	\$194,488	\$1,659
10	\$654,377	\$69,853	\$584,524	\$342,198	\$720
Total	\$2,581,872	\$374,761	\$2,207,111	\$1,524,298	\$55,249

Discounted payback period for taxes abated and incentives	1 Year
Compound rate of return over the next ten years on the city's investment of taxes abated and incentives for the firm	20.83%
Benefit/Cost Ratio (Over 10 Years).....	6.64 : 1

Dickinson County

Benefits:

Year	Sales Taxes	Property Taxes	Other County Revenues (Including PILOT)	Total
Construction Period	\$1,025	\$0	\$0	\$1,025
1	\$1,438	\$14,240	\$5,854	\$21,532
2	\$1,816	\$15,685	\$7,846	\$25,348
3	\$2,200	\$18,883	\$9,953	\$31,035
4	\$2,678	\$19,449	\$12,178	\$34,306
5	\$3,086	\$21,813	\$14,528	\$39,428
6	\$425	\$23,385	\$14,964	\$38,774
7	\$4,008	\$25,267	\$19,624	\$48,899
8	\$750	\$27,241	\$20,213	\$48,204
9	\$935	\$28,559	\$20,819	\$50,313
10	\$1,125	\$29,931	\$36,628	\$67,684
Total	\$19,487	\$224,452	\$162,608	\$406,547

Costs:

Year	Property Taxes Abated	Incentives	Taxes Abated & Incentives	County Costs for the firm and County Services for New Residents	Total
Construction Period	\$0	\$0	\$0	\$0	\$0
1	\$13,180	\$0	\$13,180	\$5,911	\$19,091
2	\$12,190	\$0	\$12,190	\$7,923	\$20,113
3	\$11,129	\$0	\$11,129	\$10,049	\$21,178
4	\$9,993	\$0	\$9,993	\$12,297	\$22,290
5	\$8,779	\$0	\$8,779	\$14,670	\$23,449
6	\$7,484	\$0	\$7,484	\$15,110	\$22,593
7	\$6,102	\$0	\$6,102	\$19,816	\$25,918
8	\$4,631	\$0	\$4,631	\$20,410	\$25,041
9	\$3,067	\$0	\$3,067	\$21,022	\$24,089
10	\$1,404	\$0	\$1,404	\$36,984	\$38,388
Total	\$77,958	\$0	\$77,958	\$164,192	\$242,150

Net Benefits (or Costs)

Year	Public Benefits	Public Costs, Property Taxes Abated and Incentives	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of taxes abated and incentives
Construction Period	\$1,025	\$0	\$1,025	\$1,025	\$0
1	\$21,532	\$19,091	\$2,441	\$2,314	\$13,180
2	\$25,348	\$20,113	\$5,235	\$4,704	\$10,952
3	\$31,035	\$21,178	\$9,857	\$8,394	\$9,477
4	\$34,306	\$22,290	\$12,016	\$9,699	\$8,067
5	\$39,428	\$23,449	\$15,979	\$12,226	\$6,717
6	\$38,774	\$22,593	\$16,180	\$11,735	\$5,427
7	\$48,899	\$25,918	\$22,981	\$15,798	\$4,195
8	\$48,204	\$25,041	\$23,162	\$15,093	\$3,018
9	\$50,313	\$24,089	\$26,224	\$16,197	\$1,894
10	\$67,684	\$38,388	\$29,296	\$17,151	\$822
Total	\$406,547	\$242,150	\$164,397	\$114,335	\$63,749

Discounted payback period for taxes abated and incentives	3years
Compound rate of return over the next ten years on the county's investment of taxes abated and incentives for the firm.....	5.09%
Benefit/Cost Ratio (Over 10 Years).....	1.64 : 1

School District: USD 435 Abilene

Benefits:

Year	Property Taxes	Additional State, Federal and Other School Funding (Including PILOT)	Total
1	\$14,335	\$142,029	\$156,364
2	\$15,594	\$182,862	\$198,457
3	\$18,283	\$226,018	\$244,301
4	\$18,832	\$271,598	\$290,429
5	\$20,847	\$319,709	\$340,556
6	\$22,219	\$329,301	\$351,519
7	\$23,847	\$423,975	\$447,821
8	\$25,552	\$436,694	\$462,246
9	\$26,727	\$449,795	\$476,522
10	\$27,949	\$463,288	\$491,237
Total	\$214,185	\$3,245,267	\$3,459,453

Costs:

Year	Additional Costs	Property Taxes Abated	Total
1	\$11,302	\$13,417	\$24,719
2	\$14,552	\$12,409	\$26,961
3	\$17,986	\$11,329	\$29,315
4	\$25,442	\$10,173	\$31,786
5	\$26,205	\$8,937	\$34,379
6	\$26,205	\$7,618	\$33,823
7	\$33,739	\$6,212	\$39,951
8	\$34,751	\$4,715	\$39,466
9	\$35,794	\$3,122	\$38,916
10	\$73,735	\$1,429	\$75,164
Total	\$295,120	\$79,362	\$374,482

Net Benefits (or Costs)

Year	Public Benefits	Total Costs and Property Taxes Abated	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of Taxes Abated
1	\$156,364	\$24,719	\$131,644	\$124,781	\$12,718
2	\$198,457	\$26,961	\$171,495	\$154,080	\$11,149
3	\$244,301	\$29,315	\$214,985	\$183,085	\$9,648
4	\$290,429	\$31,786	\$258,643	\$208,781	\$8,212
5	\$340,556	\$34,379	\$306,177	\$234,266	\$6,838
6	\$351,519	\$33,823	\$317,696	\$230,408	\$5,525
7	\$447,821	\$39,951	\$407,870	\$280,385	\$4,270
8	\$462,246	\$39,466	\$422,780	\$275,483	\$3,072
9	\$476,522	\$38,916	\$437,606	\$270,278	\$1,928
10	\$491,237	\$75,164	\$416,073	\$243,582	\$837
Total	\$3,459,453	\$374,482	\$3,084,970	\$2,205,129	\$64,198

Discounted payback period for taxes abated and incentives	1 Years
Compound rate of return over the next ten years on the school district's investment of taxes abated and incentives for the firm	24.79%
Benefit/Cost Ratio (Over 10 Years).....	9.16 : 1

Special Taxing District: Hospital District #1

Benefits:

Year	Property Taxes	Additional Revenues	Total
1	\$508	\$54,035	\$54,543
2	\$530	\$73,470	\$73,999
3	\$555	\$94,021	\$94,576
4	\$572	\$115,740	\$116,312
5	\$595	\$138,677	\$139,272
6	\$616	\$142,838	\$143,454
7	\$639	\$188,424	\$189,062
8	\$662	\$194,076	\$194,738
9	\$684	\$199,899	\$200,582
10	\$706	\$332,761	\$333,467
Total	\$6,066	\$1,533,941	\$1,540,006

Costs:

Year	Additional Costs	Property Taxes Abated	Total
1	\$15,869	\$498	\$16,367
2	\$21,576	\$460	\$22,037
3	\$27,612	\$420	\$28,032
4	\$33,990	\$378	\$34,367
5	\$40,726	\$332	\$41,057
6	\$41,948	\$283	\$42,230
7	\$55,335	\$231	\$55,566
8	\$56,995	\$175	\$57,170
9	\$58,705	\$116	\$58,821
10	\$97,723	\$53	\$97,776
Total	\$450,478	\$2,945	\$453,423

Net Benefits (or Costs)

Year	Public Benefits	Total Costs and Property Taxes Abated	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of Taxes Abated
1	\$54,543	\$16,367	\$38,177	\$36,186	\$472
2	\$73,999	\$22,037	\$51,963	\$46,686	\$414
3	\$94,576	\$28,032	\$66,544	\$56,670	\$358
4	\$116,312	\$34,367	\$81,944	\$66,147	\$305
5	\$139,272	\$41,057	\$98,215	\$75,147	\$254
6	\$143,454	\$42,230	\$101,223	\$73,412	\$205
7	\$189,062	\$55,566	\$133,497	\$91,771	\$158
8	\$194,738	\$57,170	\$137,568	\$89,639	\$114
9	\$200,582	\$58,821	\$141,761	\$87,556	\$72
10	\$333,467	\$97,776	\$235,691	\$137,981	\$31
Total	\$1,540,006	\$453,423	\$1,086,584	\$761,195	\$2,382

Discounted payback period for taxes abated and incentives	1 Year
Compound rate of return over the next ten years on the taxing district's investment of taxes abated and incentives for the firm	13.00%
Benefit/Cost Ratio (Over 10 Years).....	3.39 : 1

Special Taxing District: Cemetery District #1

Benefits:

Year	Property Taxes	Additional Revenues	Total
1	\$442	\$14	\$456
2	\$456	\$22	\$477
3	\$469	\$30	\$499
4	\$483	\$38	\$522
5	\$498	\$47	\$545
6	\$513	\$49	\$562
7	\$528	\$67	\$595
8	\$544	\$69	\$613
9	\$560	\$71	\$631
10	\$577	\$73	\$650
Total	\$5,071	\$480	\$5,551

Costs:

Year	Additional Costs	Property Taxes Abated	Total
1	\$33	\$433	\$467
2	\$52	\$401	\$453
3	\$71	\$366	\$437
4	\$91	\$329	\$420
5	\$113	\$289	\$402
6	\$116	\$246	\$362
7	\$160	\$201	\$360
8	\$165	\$152	\$317
9	\$170	\$101	\$270
10	\$175	\$46	\$221
Total	\$1,145	\$2,564	\$3,709

Net Benefits (or Costs)

Year	Public Benefits	Total Costs and Property Taxes Abated	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of Taxes Abated
1	\$456	\$467	(\$11)	(\$10)	\$411
2	\$477	\$453	\$25	\$22	\$360
3	\$499	\$437	\$62	\$53	\$312
4	\$522	\$420	\$102	\$82	\$265
5	\$545	\$402	\$144	\$110	\$221
6	\$562	\$362	\$199	\$144	\$179
7	\$595	\$360	\$235	\$161	\$138
8	\$613	\$317	\$296	\$193	\$99
9	\$631	\$270	\$361	\$223	\$62
10	\$650	\$221	\$430	\$252	\$27
Total	\$5,551	\$3,709	\$1,842	\$1,230	\$2,074

Discounted payback period for taxes abated and incentives	5 Years
Compound rate of return over the next ten years on the taxing district's investment of taxes abated and incentives for the firm	3.62%
Benefit/Cost Ratio (Over 10 Years).....	1.43 : 1

State of Kansas

Benefits:

Year	Sales Taxes	Property Taxes	Corporate and Personal Income Taxes	Other State Revenues (Including PILOT)	Total
Construction Period	\$22,140		\$12,600	\$0	\$34,740
1	\$9,994	\$404	\$38,031	\$14,760	\$63,189
2	\$15,375	\$446	\$57,932	\$22,804	\$96,557
3	\$22,933	\$495	\$77,905	\$51,508	\$152,841
4	\$45,096	\$552	\$150,453	\$81,914	\$278,015
5	\$55,090	\$620	\$188,077	\$92,677	\$336,464
6	\$65,344	\$664	\$223,514	\$95,458	\$384,980
7	\$94,036	\$718	\$298,495	\$161,394	\$554,643
8	\$115,313	\$767	\$369,095	\$166,236	\$651,410
9	\$143,756	\$811	\$474,713	\$171,223	\$790,503
10	\$172,969	\$850	\$580,349	\$176,360	\$930,528
Total	\$762,045	\$6,327	\$2,471,165	\$1,034,333	\$4,273,870

Costs:

Year	Property Taxes Abated	Incentives	Taxes Abated & Incentives	State Costs for the firm and Services for New Residents	Cost of Educating New Students	Total
Construction Period	\$0	\$0	\$0	\$0	\$0	\$0
1	\$374	\$0	\$374	\$8,870	\$0	\$9,244
2	\$346	\$0	\$346	\$13,704	\$0	\$14,050
3	\$316	\$0	\$316	\$22,958	\$17,632	\$40,906
4	\$284	\$0	\$284	\$32,754	\$36,322	\$69,361
5	\$249	\$0	\$249	\$38,729	\$37,412	\$76,390
6	\$213	\$0	\$213	\$39,891	\$38,534	\$78,637
7	\$173	\$0	\$173	\$60,992	\$79,381	\$140,546
8	\$132	\$0	\$132	\$62,822	\$81,762	\$144,716
9	\$87	\$0	\$87	\$64,707	\$84,215	\$149,009
10	\$40	\$0	\$40	\$66,648	\$86,741	\$153,429
Total	\$2,214	\$0	\$2,214	\$412,074	\$461,999	\$876,288

Net Benefits (or Costs)

Year	Public Benefits	Public Costs, Property Taxes Abated and Incentives	Net Benefits or (Costs)	Present Value of Net Benefits	Present Value of taxes abated and incentives
Construction Period	\$34,740	\$0	\$34,740	\$32,929	\$0
1	\$63,189	\$9,244	\$53,945	\$51,132	\$355
2	\$96,557	\$14,050	\$82,506	\$74,128	\$311
3	\$152,841	\$40,906	\$111,934	\$95,325	\$269
4	\$278,015	\$69,361	\$208,655	\$168,429	\$229
5	\$336,464	\$76,390	\$260,074	\$198,991	\$191
6	\$384,980	\$78,637	\$306,342	\$222,173	\$154
7	\$554,643	\$140,546	\$414,097	\$284,666	\$119
8	\$651,410	\$144,716	\$506,695	\$330,162	\$86
9	\$790,503	\$149,009	\$641,495	\$396,206	\$54
10	\$930,528	\$153,429	\$777,099	\$454,938	\$23
Total	\$4,273,870	\$876,288	\$3,397,582	\$2,309,079	\$1,791

Discounted payback period for taxes abated and incentives	1 Year
Compound rate of return over the next ten years on the state's investment of taxes abated and incentives for the firm	17.10%
Benefit/Cost Ratio (Over 10 years).....	4.85 : 1

Data Used in this Benefits/Cost Report

#599 Thunderstruck Inc.

1. City of Abilene

<u>46,268</u>	2. City Mill Levy
<u>9.10%</u>	3. City Sales Tax rate
<u>8.00%</u>	4. City Transient Guest Tax rate
<u>\$130,160</u>	5. Average market value of new residential property in the city
<u>6,558</u>	6. Number of residents in the city
<u>3,968</u>	7. Number of workers at businesses in the city
<u>2,797</u>	8. Number of households in the city
<u>\$14,075,046</u>	9. Total Annual Revenues for the city
<u>\$14,067,155</u>	10. Total General Operating budget for the city
<u>\$3,161,940</u>	11. Enterprise funds that are self supporting, such as utilities
<u>\$399,188</u>	12. Internal transfers (the portion of the city budget reflecting one city department billing another city department)
<u>\$6,764,521</u>	13. Collection of property taxes, transient guest taxes, sales taxes, utilities and utility franchise fees

Utility Revenue from Households

	City Owned Utilities		Franchise Fee Collections	
	Annual Billed Amount	Annual Cost	Collected	Fee Rate
14. Telephone	\$66,000,000	\$0	\$33,000	0.05
15. Electricity	\$750,000,000	\$0	\$450,000	0.06
16. Gas	\$0	\$0	\$167,000	0.05
17. Water	\$1,623,640	\$1,726,454	\$0	0
18. Waste Water	\$13,028,010	\$1,721,128	\$0	0
19. Garbage	\$0	\$0	\$0	0
20. Cable	\$100,000,000	\$0	\$50,000	0.05
21. Other	\$127,160	\$363,970	\$0	0
	\$3,921	< Net Average per HH >	\$2,509	

\$6,430 Total Average utility revenue and franchise fee collections per household:

Utility Revenue from the Firm

	City or County Owned Utilities		Franchise Fee Collections	
	Annual Billed Amount	Annual Cost	Collected	Fee Rate
22. Telephone	\$0	\$0	\$0	0.05
23. Electricity	\$25,000	\$0	\$1,500	0.06
24. Gas	\$30,000	\$0	\$1,500	0.05
25. Water	\$0	\$0	\$0	0
26. Waste Water	\$0	\$0	\$0	0
27. Garbage	\$0	\$0	\$0	0
28. Cable	\$0	\$0	\$0	0.05
29. Other	\$0	\$0	\$0	0

\$3,000 Total utility revenue and franchise fee collections from firm in Year 1

30. Dickinson County

<u>52,811</u>	31. County Mill Levy
<u>1.00%</u>	32. County Sales Tax rate
<u>5.00%</u>	33. County Transient Guest Tax rate
<u>0.6081304</u>	34. Regional economic multiplier adjustment for the county
<u>19,394</u>	35. Number of residents in the county
<u>10,079</u>	36. Number of workers at businesses in the county
<u>\$162,791</u>	37. Average market value of new residential property in the county
<u>\$15,572,376</u>	38. Total Annual Revenues for the county
<u>\$15,585,324</u>	39. Total General Operating budget for the county
<u>\$657,608</u>	40. Enterprise funds that are self supporting, such as utilities
<u>\$1,363,200</u>	41. Internal transfers (the portion of the county budget reflecting one county department billing another county department)
<u>\$11,542,282</u>	42. Collection of property taxes, transient guest taxes, sales taxes, utilities and utility franchise fees

43. USD 435 Abilene

<u>53,762</u>	44. District local option mill levy
<u>\$162,791</u>	45. Average market value of new residential property in the district
<u>1,571</u>	46. Number of students enrolled in the district
<u>\$17,061,422</u>	47. Annual Operating expenditures
<u>\$8,837</u>	48. Average Cost per child enrolled in the district
<u>\$883</u>	49. Estimated marginal cost per child enrolled in the district
<u>\$8,310</u>	50. State funding per child in the district
<u>\$2,786</u>	51. Federal and other annual funding per child in district

52. Hospital District #1

<u>1,995</u>	53. District mill levy
<u>\$174,558</u>	54. Average market value of new residential property in the district
<u>14,398</u>	55. Number of residents in the district
<u>6,191</u>	56. Number of workers at businesses in the district
<u>\$31,540,688</u>	57. Total annual revenues
<u>\$30,589,863</u>	58. Total general operating budget
<u>\$291,834</u>	59. Total property taxes collected
<u>70%</u>	60. Percent of budget devoted to residents
<u>70%</u>	61. Percent of non-tax revenues received from residents.
<u>30%</u>	62. Percent of budget devoted to businesses.
<u>30%</u>	63. Percent of non-tax revenues received from businesses.

64. Cemetery District #1

<u>1.737</u>	65. District mill levy
<u>\$173,505</u>	66. Average market value of new residential property in the district
<u>7,821</u>	67. Number of residents in the district
<u>3,363</u>	68. Number of workers at businesses in the district
<u>\$125,086</u>	69. Total annual revenues
<u>\$125,000</u>	70. Total general operating budget
<u>\$88,510</u>	71. Total property taxes collected
<u>70%</u>	72. Percent of budget devoted to residents
<u>70%</u>	73. Percent of non-tax revenues received from residents.
<u>30%</u>	74. Percent of budget devoted to businesses.
<u>30%</u>	75. Percent of non-tax revenues received from businesses.

State of Kansas

<u>1.5</u>	State mill levy
<u>6.15%</u>	State sales tax rate
<u>\$1,622</u>	Annual marginal revenues per new resident (excluding property, income and sales taxes.)
<u>\$975</u>	Annual marginal cost of providing services to each new resident
<u>12%</u>	Tax classification for residential real property
<u>25%</u>	Tax classification for commercial and industrial real property
<u>25%</u>	Tax classification for commercial and industrial machinery and equipment (7 years of more life)
<u>30%</u>	Tax classification for all other tangible personal property
<u>7</u>	Economic life (in years) for straight line depreciation of commercial and industrial machinery and equipment
<u>20%</u>	Minimum taxable value (as a percent of retail cost) of commercial and industrial machinery and equipment
<u>\$887</u>	Annual marginal cost (per worker) of providing services to businesses
<u>\$1,476</u>	Annual per worker revenues for the state from businesses (excluding property, income and sales taxes)
<u>35%</u>	Percent of gross salary that a typical Kansas worker spends on taxable goods and services

Inflation and Discount Rates Used

<u>3.0%</u>	Inflation rate
<u>5.5%</u>	Discount for calculating the present value of costs and benefits

76. Thunderstruck Inc.

332999 77. NAICS Code

78. Description and purpose of the expansion:

The company purchased a building in Abilene for the purposes of expanding its operations and to provide better opportunities for research and development of new products. The move to Abilene has provided the advantage of a larger building to allow the company to expand into new markets and increase its offerings in existing markets.

Capital Investment

Market or retail value of the new or additional investment:

	First Expansion	Second	Third	Fourth
79. Land	\$290,640	\$0	\$0	\$0
80. Building Improvements	\$727,990	\$0	\$0	\$0
81. Furniture, fixtures and equipment	\$0	\$0	\$0	\$0

Sales and Purchases

	Sales	Purchases
82. Year 1	\$500,000	\$150,000
83. Year 2	\$750,000	\$250,000
84. Year 3	\$1,000,000	\$400,000
85. Year 4	\$2,000,000	\$750,000
86. Year 5	\$2,500,000	\$900,000
87. Year 6	\$3,000,000	\$1,250,000
88. Year 7	\$4,000,000	\$1,750,000
89. Year 8	\$5,000,000	\$2,500,000
90. Year 9	\$6,500,000	\$2,850,000
91. Year 10	\$8,000,000	\$3,250,000

Percentage subject to sales tax:

	Sales	Purchases
92. City	1%	1%
93. County	1%	1%
94. State	25%	90%

100.0% 95. Expected annual net taxable income (% of sales on which state corporate income tax will be computed.)

Annual Utility Expenditures

	Construction Period	Year 1 of Expansion
96. Telephone	\$0	\$0
97. Electricity	\$0	\$25,000
98. Gas	\$0	\$30,000
99. Water	\$0	\$0
100. Wastewater	\$0	\$0
101. Garbage	\$0	\$0
102. Cable	\$0	\$0
103. Other	\$0	\$0

50% 104. Anticipated percentage rate utility bills will increase during the remaining years of the expansion.

New Employees due to Expansion

	New Hires	Average Annual Salaries	Moving to the county	Moving from out of state
105. Year 1	10	\$24,000	8	0
106. Year 2	5	\$24,000	2	0
107. Year 3	5	\$24,000	2	1
108. Year 4	5	\$24,000	2	1
109. Year 5	5	\$24,000	2	0
110. Year 6	0	\$0	0	0
111. Year 7	10	\$24,000	4	2
112. Year 8	0	\$0	0	0
113. Year 9	0	\$0	0	0
114. Year 10	0	\$0	0	0

New Construction

	Initial Construction or Expansion	2nd Expansion	3rd Expansion	4th Expansion
115. Total Construction Cost	\$50,000	\$0	\$0	\$0
116. Construction Profit Percentage	0%	0%	0%	0%

Construction Materials Purchased

	Initial Construction or Expansion	2nd Expansion	3rd Expansion	4th Expansion
117. In the state	\$50,000	\$0	\$0	\$0
118. In the County	\$50,000	\$0	\$0	\$0
119. In the City	\$25,000	\$0	\$0	\$0

Costs of Furniture, Fixtures & Equipment Purchased

	Initial Construction or Expansion	2nd Expansion	3rd Expansion	4th Expansion
120. In the state	\$100,000	\$0	\$0	\$0
121. In the County	\$0	\$0	\$0	\$0
122. In the City	\$25,000	\$0	\$0	\$0

Construction Workers and Salaries

	Initial Construction or Expansion	2nd Expansion	3rd Expansion	4th Expansion
123. Number of construction workers	20	0	0	0
124. Household size of average worker	4.0	0.0	0.0	0.0
125. Total salary paid average worker	\$30,000	\$0	\$0	\$0
126. Total construction salaries	\$600,000	\$0	\$0	\$0

Visitors due to the Expansion

Out-of-town visitors expected

127. Year 1	0
128. Year 2	0
129. Year 3	0
130. Year 4	0
131. Year 5	0
132. Year 6	0
133. Year 7	0
134. Year 8	0
135. Year 9	0
136. Year 10	0

- 0.0 137. Number of days an average visitor is expected to stay in the area.
0.0 138. Number of nights a visitor is expected to stay in city hotels or motels
0.0 139. Number of nights a visitor is expected to stay anywhere in the county

Extraordinary Payments the Firm Will Make

	City	County	USD	State
140. Construction Period	\$0	\$0	\$0	\$0
141. Year 1	\$0	\$0	\$0	\$0
142. Year 2	\$0	\$0	\$0	\$0
143. Year 3	\$0	\$0	\$0	\$0
144. Year 4	\$0	\$0	\$0	\$0
145. Year 5	\$0	\$0	\$0	\$0
146. Year 6	\$0	\$0	\$0	\$0
147. Year 7	\$0	\$0	\$0	\$0
148. Year 8	\$0	\$0	\$0	\$0
149. Year 9	\$0	\$0	\$0	\$0
150. Year 10	\$0	\$0	\$0	\$0

Extra Costs to Provide Infrastructure and/or Services for this Expansion

	City	County	State
151. Construction Period	\$0	\$0	\$0
152. Year 1	\$0	\$0	\$0
153. Year 2	\$0	\$0	\$0
154. Year 3	\$0	\$0	\$0
155. Year 4	\$0	\$0	\$0
156. Year 5	\$0	\$0	\$0
157. Year 6	\$0	\$0	\$0
158. Year 7	\$0	\$0	\$0
159. Year 8	\$0	\$0	\$0
160. Year 9	\$0	\$0	\$0
161. Year 10	\$0	\$0	\$0

Incentives, Other than Tax Abatements offered the Firm

	City	County	State
162. Construction Period	\$0	\$0	\$0
163. Year 1	\$0	\$0	\$0
164. Year 2	\$0	\$0	\$0
165. Year 3	\$0	\$0	\$0
166. Year 4	\$0	\$0	\$0
167. Year 5	\$0	\$0	\$0
168. Year 6	\$0	\$0	\$0
169. Year 7	\$0	\$0	\$0
170. Year 8	\$0	\$0	\$0
171. Year 9	\$0	\$0	\$0
172. Year 10	\$0	\$0	\$0

Property Tax Abatements

Yes 173. Is the expansion located within city property tax jurisdiction?

Taxes will be abated by:

Yes 174. City

Yes 175. County

Yes 176. School District

Yes 177. Special Taxing District #1

Yes 178. Special Taxing District #2

Yes 179. State

Percentage of taxes to be abated on:

	Land	Buildings & Improvements	Furniture, Fixtures & Equipment
180. Year 1	98%	98%	100%
181. Year 2	88%	88%	100%
182. Year 3	78%	78%	100%
183. Year 4	68%	68%	100%
184. Year 5	58%	58%	100%
185. Year 6	48%	48%	100%
186. Year 7	38%	38%	100%
187. Year 8	28%	28%	100%
188. Year 9	18%	18%	100%
189. Year 10	8%	8%	100%

Where new employees live

As a Percentage of the Total Number of New Employees

80% 190. In the city.

80% 191. In the school district where the firm is located.

80% 192. In special taxing district 1

0% 193. In special taxing district 2

Where new employees shop

As a Percentage of the Total Number of New Employees

<u>100%</u>	194. In Kansas.
<u>75%</u>	195. In the county
<u>75%</u>	196. In the City

New Employee Housing and Schools

Count

<u>4.00</u>	197. Household size of a typical new employee
<u>2.00</u>	198. School age children in household of a typical new employee
<u>50%</u>	199. Percentage of new employees moving to the community for whom new housing will be required.

Indirect New Employees

As a Percentage of the Total Number of New Employees

<u>0.00%</u>	200. Moving to the county
<u>0.00%</u>	201. Of those, moving from out-of-state

Where construction salaries are spent

Spent in	Percentage	Initial Construction or Expansion	2nd Expansion	3rd Expansion	4th Expansion
202. Kansas	100%	\$600,000	\$0	\$0	\$0
203. County	25%	\$150,000	\$0	\$0	\$0
204. City	25%	\$150,000	\$0	\$0	\$0

Visitors

	<u>In the county</u>	<u>Of that, in the city</u>
205. Daily retail spending by a visitor, excluding lodging	\$200	\$200
206. Average daily hotel/motel room rates	\$100	\$100

NOTICE OF PUBLIC HEARING

The governing body of the City of Abilene, Kansas, will conduct a Public Hearing at 4:00 pm on **Monday, December 27, 2016** to consider an application from TSB Enterprises, LLC concerning a constitutional tax abatement for real property generally described as 401 Cottage Avenue in Abilene, Kansas, and legally described as follows:

A tract of land located in the southeast quarter of Section 16, Township 13 South, Range 2 East of the 6th PM, in the City of Abilene, Dickinson County, Kansas, more particularly described as follows:

Commencing at the Southeast corner of said Southeast quarter of said Section 16, thence North 00 degrees 56' 22" West on an assumed bearing along the East line of said Southeast quarter to a point on the North line of Cottage Avenue a distance of 480.00 feet; thence South 89 degrees 25' 08" West to existing property pin and to the point of beginning a distance of 475.21 feet; thence South 89 degrees 22' 44" West to existing property pin a distance of 785.14 feet; thence North 00 degrees 55' 03" West to South right-of-way line of the Union Pacific Railroad a distance of 210.72 feet; thence North 78 degrees 13' 10" East along said right-of-way line to existing property pin a distance of 799.75 feet; thence South 00 degrees 52' 18" East a distance of 365.51 feet to the point of beginning.

The City has the authority to grant constitutional tax abatements for the the storage of goods traded in interstate commerce as provided by Article 11, Section 13 of the Kansas Constitution.

The City Commission will not consider an ordinance granting a constitutional tax abatement until the public hearing has been conducted. All persons having an interest in this matter will be given an opportunity to be heard at the public hearing.

A copy of the notice, the application, and supporting documentation are available for public inspection between the hours of 8:00 am and 5:00 pm, Monday through Friday. In addition, the documentation is available on the City's website at www.abilenecityhall.com.

Please contact City Manager David Dillner by phone at (785) 263-2550 or by email at citymgr@abilenecityhall.com if you have questions.