

FIRST PUBLISHED IN THE WICHITA EAGLE ON MARCH 7, 2008

**ORDINANCE NO. 47-770**

AN ORDINANCE EXEMPTING PROPERTY FROM AD VALOREM TAXATION FOR ECONOMIC DEVELOPMENT PURPOSES PURSUANT TO ARTICLE 11, SECTION 13, OF THE KANSAS CONSTITUTION; PROVIDING THE TERMS AND CONDITIONS FOR AD VALOREM TAX EXEMPTION; AND DESCRIBING THE PROPERTY OF CARLSON HYDRAULICS, SO EXEMPTED.

WHEREAS, Article 11, Section 13, of the Kansas Constitution provides that the governing body of the City may, by Ordinance, exempt from all ad valorem taxation all or any portion of the appraised value of certain property meeting the requirements of the constitutional provision; and

WHEREAS, the City of Wichita has adopted an Economic Development Incentive Policy by which the City will consider granting tax exemptions upon a clear and factual showing of direct economic benefit including the creation of additional jobs or the upgrading of existing jobs and the stimulation of additional private investment; and

WHEREAS, Carlson Hydraulics requests an ad valorem tax exemption on a proposed expansion project of 47% for a five-plus-five-year term on the construction of a building addition; and

WHEREAS, Carlson Hydraulics has operated within the City for more than nine years as a manufacturer of welded hydraulic cylinders; and

WHEREAS, Carlson Hydraulics proposes an \$861,716 expansion by the construction a building expansion and purchase of machinery and equipment to be located at 3525 W. Esthner in southwest Wichita; and

WHEREAS, the City Council of the City of Wichita has reviewed the application and supporting documentation supplied by Carlson Hydraulics, has reviewed the impact statements provided by Staff, and the Cost-Benefit Analysis by the Wichita State University and has conducted a public hearing on such application on February 12, 2008; and

WHEREAS, the City Council of the City of Wichita has found and determined:

1. Carlson Hydraulics is an existing business located in Wichita, Kansas and has expanded its business by construction of a new building and the purchase of certain personal property.

2. The construction of the new building and purchase of personal property for which exemption is given occurred after December 18, 2006. No exemption will be given for construction or purchases which occurred before that date.

3. Such building expansion and property purchases are to be used exclusively for manufacturing articles of commerce.

4. By such purchases, Carlson Hydraulics will create new employment for 16 employees within five years after the start of the project.

5. Tax exemption will be given only for the construction of a building expansion and purchase of certain personal property as reflected in Exhibit I hereto.

6. The property on which exemption is given will meet the requirements of the Kansas Constitution and the City of Wichita's Economic Development Incentive Policy.

7. Such ad valorem tax exemption is in the public interest providing for economic growth and benefit including the creation of jobs and stimulating additional private investment.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WICHITA, KANSAS,

1. The City Council for the City of Wichita, Kansas hereby makes a factual determination that an ad valorem tax exemption of the type requested by Carlson Hydraulics is required to retain jobs in the State of Kansas, and that the property to be exempted will be used exclusively for manufacturing articles of commerce.

2. Carlson Hydraulics is hereby granted an ad valorem tax exemption of 47% for a five-plus-five- year term on the construction of a new building started after December 18, 2006, and located within the Wichita City limits at 3525 W. Esthner in southwest Wichita at an estimated cost of \$861,716, as further defined in Exhibit I attached hereto. Such exemption is to begin in the calendar year after the calendar year in which the expansion is completed, and may be terminated early (and Carlson Hydraulics may be required to repay amounts previously abated), in the event of any failure by Carlson Hydraulics to perform its obligations under the Economic Development Incentive Agreement it has executed with the City.

3. The Economic Development Incentive Agreement between the City of Wichita and Carlson Hydraulics is hereby approved.

4. The City Manager's Office shall be responsible for monitoring the performance of Carlson Hydraulics and shall provide annual reports on such performance.

5. Such exemption is subject to verification that the level of employment at the time of the completion of the project is at least equal to the level of employment as stated in Carlson Hydraulics' written request for ad valorem tax exemptions as presented to the City Council and to administrative staff and dated October 15, 2007, and as stated in Carlson Hydraulics' annually approved EEO/AA Plan.

6. Such exemption may hereafter be withdrawn by the City Council upon a finding that Carlson Hydraulics no longer is entitled to such exemption in accordance with the Economic Development Incentive Policy of the City of Wichita and the terms of the Economic Development Incentive Agreement which Carlson Hydraulics has executed with the City.

7. The City Council may, at its discretion, require Carlson Hydraulics to return all funds exempted if there is a failure to meet the terms and conditions of the Economic Development Incentive Agreement which Carlson Hydraulics has executed with the City.

8. Upon finding that Carlson Hydraulics has failed to meet its obligation under the Economic Development Incentives Agreement, the City Council shall require the repayment of all prior amounts of taxes that have been exempted and shall withhold any future exemption of taxes on Carlson Hydraulics' expansion project. All repayments shall be redistributed to the local taxing authorities at the proper taxing rates.

9. This Ordinance shall be in full force and effect from and after its passage and publication in the official City paper.

Passed by the governing body of the City of Wichita, Kansas this 4th day of March, 2008.

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Carl Brewer, Mayor

ATTEST:

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Karen Sublett, City Clerk

Approved as to Form:

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Gary E. Rebenstorf, City Attorney