

**“EXHIBIT A”**  
**HARPER COUNTY COMMUNITY**  
**AD VALOREM REBATE**  
**PROGRAM**  
September 28, 2020

**PURPOSE:** This program is intended to promote the economic development of the Harper County Community by stimulating new commercial construction and rehabilitation. A tax rebate incentive based on the incremental increase of qualified improvements will be available to commercial and industrial property owners in Harper County, Kansas.

**ELIGIBILITY:**

- A. “Structure” means any building, wall or other structure, including the building and improvements to existing structures and fixtures permanently assimilated to the real estate. Exceptions will include, but not be limited to, non-real estate items, sprinkling systems, fences, landscaping, gazebos, garden type structures, patios, hot tubs, swimming pools, irrigation wells and equipment; the preceding list of exemptions may not be complete and may be enlarged on a case by case basis.
- B. Any structure that does not lend itself to obvious inclusion within the above meaning should be cleared with the Harper County Community Development Director prior to application. For all applicants inside any participating cities’ corporate city limits, the Director shall confer with the appropriate city clerk.
- C. There will be two tiers for the Ad Valorem Rebate Program (AVRP). The minimum appraised valuation increase in order to meet eligibility for Tier 1 of the program is \$25,000; minimum appraised valuation increase in order to meet eligibility for Tier 2 of the program is \$100,000.00. This must be verified by the Harper County Appraiser’s office.
- D. New construction as well as improvements to existing properties must be in compliance with all applicable building codes and zoning regulations in effect within its location at the time construction or improvement begin. Tax rebates may be denied or terminated for noncompliance with this paragraph during the rebate period.
- E. No applicant having delinquent real, personal or special assessment taxes due any taxing jurisdiction in Harper County will be eligible for this program. For any corporation, limited liability company, or partnership with individuals having equal to or greater than 25% stakeholdings in the corporation, limited liability company or partnership that is delinquent real, personal or special assessment taxes due any taxing jurisdiction in Harper County will not be eligible for this program. In the event any such taxes become delinquent during the rebate period, all current and future tax rebates shall be forfeited in full. Taxes are considered delinquent if at least half of the taxes are not paid by December 20<sup>th</sup> of the tax year.
- F. Once a project application for new construction or improvements to an existing property has been approved, no modifications to that project shall be allowed for additional benefits under this Program.
- G. All tax rebated under this Program shall commence the calendar year following the year of completion; and may change upward or downward depending on the applicable mill levies.
- H. All tax rebates under this Program shall be made only from the resulting increase in ad valorem taxes generated and collected by reason of the new construction or improvements to existing properties and may not equal the amount of the actual dollars spent. (Example: a \$100,000

improvement to an existing property may add only \$90,000 to the appraised value of the property; thus the property would not be eligible for the Program.)

- I. All tax rebate benefits under this Program shall transfer with a change of ownership of qualifying property.
- J. After the payment of the real estate taxes in full, the tax rebate shall be made within thirty (30) days following the date of the next scheduled tax distribution. (Example: Real estate taxes are paid in full December 20, 2020; scheduled distribution to the taxing entities is January 25, 2021; rebate will be paid on or before February 24, 2021.)
- K. Rebates will only be made after 100% of the taxes have been paid. If applicant does not pay 2<sup>nd</sup> half taxes until May 10<sup>th</sup>, the rebate will be made after the June distribution.
- L. "Base Year Valuation" shall mean the appraised value of the property as of January 1 of the year of commencing any new construction or improvement. In any given year (Tier 1: 1 through 5; Tier 2: 1 through 10), the rebate paid will be based upon the lesser of the following:
  - a. The increase in appraised value in year one; OR
  - b. The difference between the appraised value in that particular tax year and the Base Year Valuation.

(Example: If the finished improvement provides an increase of \$100,000 in appraised valuation in year one, the rebate will be paid on a maximum of \$100,000 increase. Should valuation decrease after the first year, the rebate will be paid on the difference between Base Year Valuation and that particular year's current valuation.)

- M. New construction and improvements to existing properties must be completed within one (1) year of the date of application. Any request from an extension beyond that period will be made to the Harper County Community Development Director and considered for good cause shown on a case-by-case basis. The Director shall confer with the appropriate city clerk if the subject property lies within their corporate city limits.
- N. Property rebate period will begin the tax year following the year construction is complete.
- O. To be eligible for any of tax rebates under this Program:
  - a. The Ad Valorem Rebate Program application must be completed in full and filed with the Harper County Community Development Director's office 30 days prior to commencing any portion of the construction or improvement. The Director will forward a copy of the application to the city clerk if the application is for property lying within corporate city limits.
  - b. Thirty (30) days prior to the commencement of all new construction and all improvements to existing properties, an interior and exterior inspection of the site of the project shall be completed by the Harper County Appraiser's office to establish the base line valuation between non-qualifying portions and the eligible portions under this Program.

**REBATE PROGRAM:**

- A. Upon being found eligible to participate in the Program, the Harper County Community Development Director will process the application and enter the applicant on the Schedule of Rebates.
- B. Applicant(s) will not appeal the valuation of the property or seek refund of any tax for which tax rebate payments have been made during at any time during the rebate period, doing so will result in all current and future rebates being forfeited.
- C. The Schedule of Rebates:
  - a. Tier 1 (\$25,000) - will be a declining graduation of 20% of the increase in ad valorem taxes over a five (5) year period, beginning with 100% the 1<sup>st</sup> year tax year of eligible rebates as follows:
    - Year 1: 100%
    - Year 2: 80%
    - Year 3: 60%

Year 4: 40%

Year 5: 20%

- b. Tier 2 (\$100,000) - will be a declining graduation of 10% of the increase in ad valorem taxes over a ten (10) year period, beginning with 100% the 1<sup>st</sup> year tax year of eligible rebates as follows:

Year 1: 100%

Year 2: 90%

Year 3: 80%

Year 4: 70%

Year 5: 60%

Year 6: 50%

Year 7: 40%

Year 8: 30%

Year 9: 20%

Year 10: 10%

- D. Only ad valorem taxes assessed by the participating entities are eligible for rebate.
- E. The Harper County Community Development Director will provide a report to each participating taxing jurisdiction showing the rebate allocated for that entity. The taxing jurisdiction may elect to have the rebate withheld from their regular county distributions so that they may be rebated by the county or they may elect to receive and issue a separate rebate for their portion of the rebate.