

**RESOLUTION NO. 12-505**

**A RESOLUTION CREATING A RETAIL INCENTIVE PROGRAM FOR NEW COMMERCIAL AND RETAIL DEVELOPMENT IN THE CITY OF SOUTH HUTCHINSON.**

**WHEREAS**, the City of South Hutchinson has made the recruitment of new commercial and retail development a priority, and

**WHEREAS**, the City of South Hutchinson believes that commercial and retail growth is vital to the future of both the City of South Hutchinson and Reno County, and

**WHEREAS**, the City of South Hutchinson believes expanding the commercial and retail job base for the community is an integral part of building a strong local economy, and

**WHEREAS**, the City of South Hutchinson City Council, in accordance with the city strategic plan, have directed the Economic Development Taskforce to recommend recruitment and incentive plans to attract new commercial and retail growth, and

**THEREFORE, BE IT RESOLVED**, the City Council of South Hutchinson, Kansas hereby establishes a retail incentive program for new retail development. The retail incentive program shall become effective after passage by the majority of the City Council and shall renew annually unless terminated by the City Council. The program shall be administered under the following criteria.

Only retail development newly located in the corporate city limits of South Hutchinson are eligible. Existing businesses within the corporate city limits at the time of the passage of this resolution shall not be eligible for retail sales tax incentives. Application for the retail incentives must be made before the business begins operations within the City of South Hutchinson.

New retail development that has committed to locate within the city limits of South Hutchinson shall be eligible for an annual rebate of the .25% local option sales tax levied by the City of South Hutchinson for economic development and road improvement. No other sales tax revenue generated and remitted by the business will be eligible for rebate. There shall be no limit to the rebated amount of eligible sales for the business.

Incentive periods shall be based on annual payroll requirements and can be extended up to five (5) years. The length of incentive shall be determined by the following criteria:

Year(s) of incentive	Projected Payroll
1	Up to \$150,000
2	\$151,000 - \$350,000
3	\$351,000 - \$550,000
4	\$551,000 – \$750,000
5	\$751,000 and over

Businesses receiving the utility credit incentives shall submit an annual report to the City Clerk verifying that the projected payroll has been met. Failure to maintain projected payroll that results in the business

moving from one payroll threshold level to the next lower payroll level will result in an adjustment in the length on incentive to the lower number of years. A business that verifies that the projected payroll for a year has exceed projections and placed the business in the next payroll threshold level, this will result in an adjustment in the length of the incentive to the higher number of years.

Rebates will be issued after the completion of one (1) full calendar year of sales from the business start date or a date agreed upon by the business and the City of South Hutchinson. As part of the annual report, businesses granted retail incentive shall be required to submit satisfactory verification to the City Clerk from the Kansas Department of Revenue regarding the official amount of sales tax collected during the calendar year.

The business must remain in good standing with the City and any other applicable governmental or regulatory units to be eligible for incentive. Businesses that cease operations for thirty (30) days or more during the calendar year shall not be eligible for retail incentives for that calendar year and forfeit any remaining years of incentives.

The City Council, in its complete discretion, hereby reserves the right to cancel or amend any or all provisions set forth in this resolution and to cancel the program set forth herein at any time. The City Council may consider any business eligible for assistance if it deems such business is critical to the development of the City. Formal action shall be taken by the majority of the City Council prior to any incentive assistance being given to any business.

**PASSED AND APPROVED THIS 19<sup>TH</sup> DAY OF NOVEMBER, 2012.**

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Weldon Cook, Mayor

ATTEST

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Denise McCue, City Clerk