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Sedgwick County

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Legislation Text

File #: 18-159, **Version:** 1

CONTRACT FOR FIRE PROTECTION FOR TEXTRON AVIATION, INC.

Presented by: Joe Norton, Attorney, Gilmore & Bell.

RECOMMENDED ACTION: Authorize the Chairman to sign the contract for fire protection.

On February 14, 2018, the Sedgwick County Commissioners considered a resolution to issue up to \$434,800,000 of industrial revenue bonds to Textron Aviation, Inc., a Kansas corporation, and its wholly-owned subsidiaries (the Tenant). The resolution declares that the improvements funded with the proceeds of the bonds should be exempt from ad valorem taxes, conditioned upon the execution by the company of a fire protection agreement with Sedgwick County Fire District #1. The fire protection agreement provides that the company will pay an annual fee to the fire district equal to the amount of abated fire tax.

Similar fire protection agreements have been executed with other companies located in the fire district, including Aero-tech Engineering and United Warehouse.

Alternatives: The Board of County Commissioners could disapprove of the contract, in which case the Fire District would suffer lost revenue in the future due to tax abatements awarded for taxable property acquired with the Industrial Revenue Bond proceeds.

Financial Considerations: The purpose of a fire services agreement is to offset the loss of tax revenue to the Fire District. The loss of tax revenue to the Fire District as a result of tax abatement granted in conjunction with these Industrial Revenue Bonds cannot be determined because the bond proceeds could be used either for facility improvements that are subject to property taxes or for machinery and equipment that are exempt from property taxes. Based on the current Sedgwick County Fire District #1 mill levy, the maximum potential loss of tax revenue would occur if all proceeds were used to acquire or construct improvements to real property. In this event, the loss of tax revenue to the Fire District would be approximately \$1,180,000 over the life of the abatements. The existence of an executed fire services agreement would assure that the Fire District would not suffer any loss of revenue.

Legal Considerations: The authority for this action is K.S.A. 12-147. A simple majority vote is required. The contract has been drafted by the County's bond counsel, Gilmore & Bell, P.C., and approved as to form by the County Counselor.