

**ORDINANCE NO. 22-01**

**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 EXEMPTIONS; AND DESCRIBING THE PROPERTY OF AMERICAN PACKAGING CORPORATION, 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 South Hutchinson has adopted an Ad Valorem Tax Abatement Policy by which the City will consider granting tax exemptions upon a clear and factual showing of direct economic benefit including the stimulation of additional private investment; and

**WHEREAS**, American Packaging Corporation requests an ad valorem tax exemption on a proposed expansion project for ten years on declining scale totaling 100% over ten years on a proposed building expansion; and

**WHEREAS**, American Packaging Corporation has operated within the City for more than 44 years as a manufacturer of boxes and corrugated cardboard.

**WHEREAS**, American Packaging Corporation proposed a 7 million dollar building expansion and approximately 3 million dollar investment in equipment and technology proposed to be exempted from ad valorem tax.

**WHEREAS**, American Packaging Corporation proposes the expansion to be located at 400 West Blanchard Avenue, South Hutchinson, Kansas. The legal description of which is as follows: "Attached per Exhibit A".

**WHEREAS**, the City Council of the City of South Hutchinson has reviewed the application and supporting documentation supplied by American Packaging Corporation and the Cost-Benefit Analysis by the Kansas Department of Commerce and has conducted a public hearing on such application on February 7, 2022; and

**WHEREAS**, the City Council of the City of South Hutchinson has found and determined:

1. American Packaging Corporation is an existing business located in South Hutchinson, Kansas and plans to expand its business by investing in modern technology and capital infrastructure.
2. Real property improvements are to be used exclusively for manufacturing articles of commerce.
3. By such investment, American Packaging Corporation will insure the viability of the South Hutchinson facility for the future including the preservation and full time jobs.
4. Such ad valorem tax exemption is in the public interest providing for economic growth and benefit at cost benefit ratio of 1.51:1 for the City of South Hutchinson.

5. The property on which exemption is given will meet the requirements of the Kansas Constitution.

6. The property on which exemption is given meets the requirements of City of South Hutchinson's Ad Valorem Tax Exemption Policy which allows the City Council to consider large capital investment absent of new job creation.

**NOW THEREFORE, BE IT ORDAINED BY THE GOVERNING BODY OF THE CITY OF SOUTH HUTCHINSON, KANSAS:**

1. The City Council for the City of South Hutchinson, Kansas hereby makes a factual determination that an ad valorem tax exemption of the type requested by American Packaging Corporation 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. American Packaging Corporation is hereby granted an ad valorem tax exemption of 100% per year for a ten-year on a project with an estimated cost of \$7,000,000.00. Such exemption being in the calendar year after the calendar year in which the expansion is completed and may be terminated early by action of the City Council of the City of South Hutchinson upon annual review of the exemption.

3. The City of South Hutchinson will conduct an annual review of the exemption to ensure terms and commitments are honored.


4. The City Administrator shall be responsible for monitoring the performance of American Packaging Corporation and shall provide annual reports on such performance.

5. American Packaging Corporation shall be responsible for providing all documentation necessary regarding performance to satisfy the terms of the economic development incentive agreement.


6. Such exemption may hereafter be withdrawn by the City Council upon a finding that American Packaging Corporation no longer is entitled to such exemption in accordance with the Ad Valorem Tax Abatement Policy of the City of South Hutchinson and the terms of the economic development incentive agreement which American Packaging Corporation has executed with the City.

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

PASSED BY THE GOVERNING BODY THIS 7th day of February 2022.

  
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Mayor

Attest:

  
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Denise McCue, City Clerk