

Memorandum

City of Lawrence

City Manager's Office

TO: David L. Corliss, City Manager
FROM: Diane Stoddard, Assistant City Manager
Britt Crum-Cano, Economic Development Coordinator
DATE: August 27, 2013
RE: Some historical performance records on tax abatements

Staff has reviewed accessible records in response to the inquiry regarding historical performance for companies that had or are currently receiving a tax abatement.

For several years, an annual "compliance" or tax abatement report has been published. Abatement reports provide an annual snapshot of performance, measuring compliance to terms indicated within an agreement with the City. Terms vary depending on the tax abatement policy in place at the time the abatement was granted and projections provided on tax abatement applications.

Staff was able to locate several of these reports dating to 1993, but locating supporting data for these reports, including applications and performance agreements would involve searching records placed in storage.

The summary below highlights performance compliance for abatements approved since the year 2000, based on information found in annual reports. All of these companies are still in operation and all of the current abatements are in full compliance with performance agreements. It should be noted that in the past there have been companies whose taxes have been abated and the company closed prior to the end of the abatement. In those cases, the abatement was ended early and the property returned to the tax rolls. An example of this was Sauer Danfoss. After the company closed in 2010, the property was returned to the tax rolls. This was the 10th year of the abatement, which would have expired at the end of 2010. The former Sauer Danfoss building was eventually sold to Grandstand Sportswear and Glassware/Screen-It Graphics. That company applied for and was granted an abatement in 2011, effective beginning in 2012. Another item of note is that the City's tax abatement policy, and therefore applicable performance requirements, has varied over time.

Company	Duration of Abatement	Amount of Abatement	Status
DST Systems 2000 Bluffs Drive	2002-2011	100% existing personal property and 50% new personal property	Back on the tax rolls after abatement period ended; in final year, company met 96% of personal property investment, 70% of job creation target (122/175 FTEs) and 76% of average wage target (\$39,388 actual versus \$51,812 projected) Source- 2011 report
Prosoco, Inc. 3741 Greenway Circle	2005-2014	55% real and personal property	In Compliance; meets 102% of real property investment, 255% of personal property investment, 134% of job creation target (67/50 jobs to date) and 158% of average wage target (\$45,994 actual versus \$29,034 projected) Source- 2012 report
Reuter Organ Co. 1220 Timberedge Road	2002-2011	50% real and personal property	Back on the tax rolls after abatement period ended; in final year, company met 100% of real property investment, 109% of personal property investment, 193% of job creation target (27 actual versus 14 projected) and 91% of average wage target (\$39,592 actual versus \$43,610 projected) Source- 2011 report
Amarr Garage Doors Inc. 3800 Greenway Circle	2010-2019	55% personal property	In Compliance; meets 103% of personal property investment, 100% of job creation target of 40 new jobs and 111% of average wage target Source- 2012 report
Grandstand/Screen-It Graphics 3840 Greenway Circle	2012-2021	65% on real property	In Compliance; meets 102% of real property investment, 88% of job creation target (45/51 jobs to date) and 120% of average wage target Source- 2012 report