

PLAN

Purpose:

This plan is intended to promote the revitalization and development of the County of Sherman by stimulating new construction and the rehabilitation, conservation or redevelopment of the area in order to protect the public health, safety or welfare of the County by offering certain incentives, which includes tax rebates.

Disclaimer:

In the event the county experiences a natural disaster with major property loss, as determined by the governing body, this program can be discontinued immediately after the declaration. There will be no new applications accepted after that point.

CRITERIA FOR DETERMINATION OF 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 necessarily be limited to:

Non real estate items

Sprinkling systems, fences, landscaping, gazebos, garden type structures, patios, hot tubs, swimming pools, irrigation wells and equipment, both agriculture and residential.

- (B) There will be a three (3) year application period beginning January 1, 2014 ending December 31, 2016. At the end of the three (3) years, the taxing entities will review the plan and determine its continuation. Those approved during the three (3) year period will continue to receive the tax rebate.
- (C) There must be a minimum increase of \$5,000 in appraised value to receive a tax rebate for commercial or residential construction.
- (D) New as well as existing improvements on property must conform to all codes, rules, and regulations in effect at the time the improvements are made. Tax rebates may be terminated if improvements or new construction do not conform to code during the ten-year rebate period.
- (E) Any Applicant that is *delinquent* in any real estate tax payment in Sherman

County and/or special assessment will forfeit any current or future rebates.

- (F) Qualified improvements or new construction eligible for tax rebates under Neighborhood Revitalization Plan may submit only one application per project.
- (G) Tax rebates are subject to approval of the Board of County Commissioners. See the County Clerk for taxing units who have adopted the Tax Rebate Program of the Neighborhood Revitalization Plan. A tax rebate will be based on the increase in appraised value following the first full year of completion.
- (H) Tax rebates transfer with ownership of the qualifying property.
- (I) Upon payment in full of the real estate tax for the subject property for the initial and each succeeding year period extending through the specified rebate period, and within a thirty (30) day period following the date of tax distribution by Sherman County to the other taxing units, a tax rebate in the amount of the tax increment (less the administrative fee as specified in Paragraph 15, below) will be made to the owner. The tax rebate will be made by the County Treasurer of Sherman County through the Neighborhood Revitalization Fund established in conjunction with the other taxing units participating in an Interlocal Agreement.
- (J) In any given year, the rebate paid will be based upon the lesser of the increase in appraised value from the first year, or the value as appraised in the current year.
- (K) Construction must be completed in one year from approval date, with a one-year extension allowed if requested in writing and approved by the Board of County Commissioners. Extensions beyond that period will be considered on a case by case basis.
- (L) Each August the Sherman County Board of County Commissioners shall publish twice in the local paper a list of all NRP participants that received rebates. The publication will include the amount of taxes paid by all participants and the amount of the rebates (Both in lump sum format). This information will also be posted on the Sherman County website. These postings will also include a brief overview of the NRP requirements and benefits available.

APPLICATION PROCEDURE

Prior to filing the Application for Tax Rebate, you will need to do the following:

1. Obtain an application from the County Appraiser's Office.
2. Prior to the commencement of demolition or construction on any improvement or new construction for which a tax rebate will be requested, the applicant-owner will complete Part 1A of the application. Requests must be received and approved before commencement of demolition for rehab or remodel projects and before commencement of construction on new construction projects. Prep work or minor demolition required to determine the scope of the project can be undertaken before application.

*Projects commencing after January 1, 2014 thru adoption of this program can qualify retroactively if an application was properly submitted.

3. Part 1A of the application must be filed with the County Appraiser's Office, with a non-refundable \$50.00 application fee prior to the commencement of construction.
4. The County Appraiser's Office will return a copy of Part 1A to the applicant within fifteen (15) working days, indicating approval or denial of the project.
5. The County Appraiser's Office will forward a copy of Part 1A to the County Clerk for notification and information purposes. Copies of the application will also be forwarded to the Economic Development Coordinator for monitoring purposes.
6. The applicant-owner will notify the County Appraiser before the commencement of construction by filing Part 1B of the application.
7. For any improvement that is only partially completed as of January 1, following the commencement of construction:
 - a. The owner-applicant will file Part 3 of the application with the County Appraiser indicating the status of construction on January 1. Part 3 will be filed on or before December 15, preceding the commencement of the tax rebate period.

8. For any improvement that is completed before January 1, following the commencement of construction:
 - a. The owner-applicant will file Part 3 of the application with the County Appraiser on or before December 1, preceding commencement of the tax rebate period, certifying the completion of construction.
9. Soon after January 1, the County Appraiser will conduct an on-site inspection of the construction project (improvement, rehabilitation, or new) and determine the new valuation of the real estate accordingly. The valuation is then reported to the County Clerk by June 15. The tax records will be revised.
10. Upon filing of Part 3, and the determination of the new valuation of the said real estate, the form will be filed with the County Clerk and the County Appraiser certifying the project is in compliance with the eligibility requirements for a tax rebate. The owner-applicant will be notified after valuations have been completed.
11. Upon payment in full of the real estate tax for the subject property for the initial and each succeeding year period extending through the specified rebate period, and within a thirty (30) day period following the date of tax distribution by Sherman County to the other taxing units, a tax rebate in the amount of the tax increment (less the administrative fee as specified in Paragraph 15, below) will be made to the owner. The tax rebate will be made by the County Treasurer of Sherman County through the Neighborhood Revitalization Fund established in conjunction with the other taxing units participating in an Interlocal Agreement.
12. The owner of commercial property eligible for a tax rebate under the Neighborhood Revitalization Plan and, also, eligible for property tax exemption under K.S.A. 79-201(a) or any other existing ad valorem tax exemption law, will be eligible to secure relief only under one such Plan or law, as the owner may elect.
13. Multiple qualified improvements to the same parcel completed within one calendar year shall be treated as one improvement.

14. If the owner is aggrieved by any act, action or omission by the County Appraiser, the owner, if possible, shall complete the remedial actions, as shall be necessary to secure the required approval of the County Appraiser or, if the owner cannot secure such approval, then the owner may appeal the County Appraiser's decision to the Board of the Sherman County Commissioners in the manner provided for the filing of tax appeals by taxpayers in K.S.A. 79-1606(a) and (b). On the filing of any such appeal, the same shall be heard by the Board prior to September 1st next following filing of any such appeal. If the owner is likewise aggrieved by the Board's decision, then the taxpayer may appeal to the District Court in the manner authorized by K.S.A. 19-223.
15. 3% of the tax rebate will be retained on all projects to cover administrative costs.

Benefits of the Tax Rebate Program

- It will provide incentives for housing improvements through property tax refunds.
- It does not interfere with current property tax revenues.
- The program will help spur new long-term tax revenue, without creating a fiscal burden for the cities and county.
- It will offer incentives for development where development might not otherwise occur.
- It will help create jobs because historically, jobs follow development.
- It will assist private efforts to stem the outward migration of residents and the resulting deterioration of neighborhoods within the county.
- It can assist in strengthening the fiscal capacity of our city and county governments to grow and serve our area.
- It provides a limited window of opportunity for participation thereby encouraging quick response.
- It will encourage housing, commercial and industrial development in the county.

**TAX REBATE PROGRAM
UNDER THE NEIGHBORHOOD REVITALIZATION PLAN**

**CRITERIA FOR RESIDENTIAL PROPERTY
NEW & REHAB PROJECTS**

REBATE SCHEDULE – 5 YEAR

1-5 Yr 90%

- New construction/tear-down/rebuild and /or remodel projects qualify for rebates up to an appraised valuation of \$300,000. Any appraised amount over \$300,000 will not qualify for tax rebates.
- \$5,000 minimum increase of appraised value required. Each property can apply multiple times, but cannot exceed any specified caps for the total of all improvements.

**CRITERIA FOR COMMERCIAL AND INDUSTRIAL PROPERTIES
NEW & REHAB PROJECTS**

REBATE SCHEDULE – 5 YEAR

1-5 Yr 90%

- New construction/tear-down/rebuild and /or remodel projects qualify for rebates up to an appraised valuation of \$3,000,000. Any appraised amount over \$3,000,000 will not qualify for tax rebates.
- \$5,000 minimum increase of appraised value required. Each property can apply multiple times, but cannot exceed any specified caps for the total of all improvements.

*THE INTENDED PURPOSE OR USE OF STRUCTURE WILL DETERMINE IF PROJECT IS COMMERCIAL OR RESIDENTIAL.

*MULTI-FAMILY STRUCTURES AND AGRICULTURE WILL BE CONSIDERED COMMERCIAL.

*MULTI-USE STRUCTURES THAT INCLUDE A SINGLE FAMILY RESIDENCE QUALIFY FOR THE RESIDENTIAL SCHEDULES. ALL OTHERS QUALIFY AS COMMERCIAL.

Frequently Asked Questions

Q. What is the Tax Rebate Program?

A. During the 1994 legislative sessions, lawmakers passed Senate Bill 3732, which provides tax rebates for new construction and the rehabilitation of existing structures. In order to implement the legislation locally, each municipality must adopt a plan and designate an area in which they want to promote revitalization and development or redevelopment.

Q. What is a “Tax Rebate”?

A. It is a refund of the property taxes which are paid on the actual value added to a property due to the improvement. Under the Neighborhood Revitalization Plan legislation, the taxes relating to the appraised value on the property prior to the improvement may not be reduced and will continue to be payable.

Q. What is “Qualified Improvement”?

A. “Qualified Improvement” includes new construction, rehabilitation and additions.

Q. How is “Structure” defined?

A. “Structure” means any building wall or other structure, including the building and improvements to the existing structures and fixtures assimilated to the real estate.

Q. What kind of “Improvements” will increase the appraised value?

A. New construction, additions and major rehabilitations will increase the appraised value. Repairs generally will not increase the appraised value unless there are several major repairs or improvements completed at the same time.

Q. Does “one dollar” spent on work equal “one dollar” of increase value?

A. One dollar spent is not necessarily equal to one dollar of increased value.

Q. How can I determine if I am eligible for a tax rebate?

A. There must be a minimum appraised value increase of \$5,000. New as well as existing improvements must conform to all codes, rules and regulations in effect. You should secure a building permit for all improvements (if applicable). Call the City Inspector to obtain the permit.

Q. What is the difference between appraised and assessed values?

A. Appraised value is the value the County Assessor values your property at and assessed value is a fraction of this value. Typically, assessed value for residential is 11.5% of appraised value and commercial is 25% of appraised value.

Q. If qualified improvements have been made, how does one obtain a tax rebate? Who applies?

A. A property owner applies. Even if, as a lessee, you are doing the improvements and your lease agreement has you paying the taxes, the property owner must apply. The tax rebate will be included as part of the property's tax record for the term of the rebate regardless of who owns or occupies the property.

Q. How often do I need to apply?

A. Apply each year that you make a qualifying improvement to the property even though the improvements may not actually be completed during the year. If no further improvements are made, the initial application will be sufficient without the property owner having to file an additional application for succeeding years in which a tax rebate is received.

Q. Will the schedule of tax rebates as determined by the increase in appraised value in the first year ever change?

A. Yes. The total taxes rebated to you over the five or ten years may decrease only if the appraised value of the property decreases. However, if the appraised value of your property increases during the five years, your rebate will not increase. In other words, the rebate paid in any given year (1-5) will be based on the lesser of the increase in appraised value from the first year or the value appraised in the current year.