

**Kansas Journal of Law and Public Policy Symposium  
Preventing the Ghost Town: What Rural Communities need to do to  
Survive in the Modern Economy**

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**Governmental Needs and Challenges Faced by the Rural Community**

**Outline**

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LAW FIRM

## I. Needs and Challenges

### A. Two Populations

#### 1. Adults and Aging

##### Characteristics:

- Entrenched in the community – spent majority of life and career
- No desire to move
- Engaged in community events and activities

##### Specific Needs:

- Healthcare – Hospitals, doctors/clinics, assisted living facilities, skilled nursing facilities
- Housing

#### 2. Youth and Families

##### Characteristics:

- May not be as connected to the community
- Willing to move for better lifestyle (job, commerce, education, etc.)

##### Specific Needs:

- Jobs – means to support lifestyle
- Housing and neighborhoods to raise children
- Schools
- Family Healthcare

### B. Needs for Entire Community

1. Industry
2. Commerce (local and tourist)
3. Utilities
4. Police and Fire Protection
5. Infrastructure
6. Community Planning - Recreation/Parks/Aesthetics/Community Events

### C. Economic Development Cycle

Jobs/Industry → Commerce → Basic Public Services → Community Planning → Jobs

D. How do you start this cycle?

## II. Tools

### A. Incentives

1. Constitutional Tax Abatements
  - Manufacturing, warehousing for interstate commerce, research facilities
  - 10 year property tax abatement
2. Industrial Revenue Bonds
  - Community issues bonds to finance projects – bond paid by private enterprise
  - 10 year property tax abatement (negotiable by community)
  - Tax-exempt interest for manufacturing, certain housing, and 501(c)(3) organizations
  - Sales tax exemption
  - No mortgage registration tax
  - Can be used in connection with State and Federal tax credits
  - Cannot be used for most retail and certain animal processing operations
3. Community Improvement Districts
  - Funds can be used for private improvements
  - Special or General obligation bonds
  - Improvements or bonds paid from special assessments or special sales tax
4. Neighborhood Revitalization
  - Designate blighted area (cannot be entire community)
  - Property tax increment rebate
5. Downtown Redevelopment
  - Requirements:
    - Population of less than 50,000 or 20% of population below poverty level;
    - Self-defined, core commercial district;
    - Vacancy rate exceeding 15%;
    - Average appraised value has not increased by more than 15% over past 10 years.
  - Designation requires approval by Secretary of Commerce
  - Property tax increment rebate:
    - Years 1-5 100%

- Year 6 80%
- Year 7 60%
- Year 8 40%
- Year 9 20%
- Landowner qualifies if he/she has made real property/trade fixtures of 25% or more of appraised value

**B. Infrastructure**

1. Special Assessments

- Public infrastructure improvements
- Landowner petitions/Community hearing
- All benefitting properties in benefit district
- Bonds paid by new special assessment taxes in benefit district

2. Tax Increment Financing

- Used to finance public infrastructure
- Must designate as “blighted” area
- Special or General obligation bonds
- Improvements or bonds paid from incremental tax increases
- Eliminates ability to use IRBs, conflicts with Neighborhood Revitalization

3. Transportation Development District

- Transportation improvements – roads, bridges, terminals, wharfs, airport, railroad facilities, etc.
- Landowners petition for establishment
- Special assessments and sales tax
- Special obligation bonds

**III. Intersection and Conflicts**

A. Conflicts with other taxing districts

1. USD funded by property taxes
2. Most tools require notice to other taxing districts
3. Some tools (rebates) require participation by other taxing districts

B. Conflicts with other tools – many tools conflict with one another (e.g. TIF, Neighborhood Revitalization, IRBs)

C. Public Opposition

1. Standard tools such as special assessments are not frequently opposed

2. Tax abatements and rebates are often opposed on political grounds
3. Cost/Benefit analysis importance

D. Solutions

1. Policies – establish an incentive policy for your community
2. Goals and Requirements
  - Cost/Benefit Ratio
  - Investment
  - New jobs
  - Wages
3. Ensure incentives are available to all who qualify
4. But for test
5. Tie incentives to performance – adjust percentages and time periods
6. Community Planning – success will ultimately depend upon making your community attractive to employers and new residents