

CITY OF DE SOTO & PANASONIC ENERGY DEVELOPMENT AGREEMENT

THE AGREEMENT

WHAT DID THE CITY COUNCIL APPROVE?

The City Council approved a development agreement with Panasonic Energy Corporation of North America that specifies the financial terms and conditions related to the development of the company's electric vehicle battery facility and infrastructure required to support it. The Panasonic facility will be located at Astra Enterprise Park in southwest De Soto.



The council voted 5-0 in favor of adopting the agreement.

WHAT ARE SOME OF THE AGREEMENT HIGHLIGHTS?

The City voted to approve a 20-year Tax Increment Financing (TIF) to help fund the public infrastructure needed to support the area and the development of the site.

The agreement outlines financing, deadlines, and role responsibilities for an estimated \$229 Million in public infrastructure projects. Approximately \$147 Million of these costs will be paid initially by Panasonic, who will be reimbursed by TIF revenues over the 20-year period.

- \$40 Million: Sewer Treatment Plant Expansion
- \$28 Million: Sewer Line Extension
- \$47 Million: Water Treatment Plant Expansion
- \$19 Million: New Fire Station & Truck
- \$84.2 Million: Road Improvements
- \$11 Million: New Water Tower

WILL PANASONIC HELP SUPPORT MAINTENANCE AND OPERATION?

Yes, the formation of a Community Improvement District (CID) will require Panasonic to remit annual payments of \$800,000 to fund the operation of a new fire station, police services, and road maintenance.

In addition, Panasonic will make payments to the City totaling \$4.5 million for building permits, excise tax, and third-party consulting fees including building inspections, plan review, project administration, legal and financial advisory services, and engineering design services.

WHAT OTHER SOURCES WILL HELP FUND THE INFRASTRUCTURE PROJECTS?

Other funding sources for these infrastructure projects include:

- KDOT will fund an estimated \$64 million for transportation improvements.
- Johnson County will fund \$7.5 Million toward a new fire station and fire truck; and another \$7.5 million of the roadway improvements.
- The City of De Soto will fund \$2 million of the roadway improvements.
- The City will also apply \$2 Million in County grant funding toward the roadway improvements.

TIFS

WHAT ARE PANASONIC'S MINIMUM INVESTMENT REQUIREMENTS IN ORDER TO RECEIVE THE TIF?

- A commitment from Panasonic to invest at least \$1 billion in the project and employ at least 2,500 full-time employees.
- The specific standards of construction of the 5 million square foot manufacturing facility in accordance with the approved Site Plan, which is referenced and incorporated into the agreement.

WHAT IS A TIF?

A TIF, Tax Increment Financing, is a common economic development tool that uses future property tax increases – confined to a specific area during a specific time frame—to support development that enhances the public good. TIF districts are established to attract development to areas that would otherwise not be used, in this case, the former Sunflower Army Ammunition plant, now known as Astra Enterprise Park.

TIFS CONTINUED...

The tax increment is the difference between the amount of property tax revenue generated BEFORE TIF designation and the amount of property tax revenue generated AFTER designation. It's only the difference—the increment—that can be used to support investment into the area. In this case, the investment will support public infrastructure projects that will benefit the entire City.

In short, TIFs capture the increase in property taxes resulting from new development and divert that revenue to subsidize infrastructure projects and remediation activities needed for the site to develop.

DOES DE SOTO HAVE OTHER TIF DISTRICTS?

Yes, a TIF was used to attract a grocery store to De Soto. Harp's is the result of a TIF.

BENEFITS

HOW DOES THIS AGREEMENT BENEFIT DE SOTO RESIDENTS?

The benefits are numerous and far-reaching. Some of the key benefits include:

- It makes possible the construction of an advanced manufacturing facility that will bring an estimated \$4 billion in initial investment, an estimated 4,000 jobs, and an estimated \$2.5 Billion annually in economic activity to the region.
- It represents a major milestone in the City's efforts to facilitate the environmental remediation and redevelopment of the former Sunflower Army Ammunition Plant.
- It will provide 100% funding for the rehabilitation and expansion of the City's water treatment plant and wastewater treatment plant as well as a water tower and sewer collection system.
- It also provides funding for much-needed road improvements in the southwest area of the city as well as the region.

HOW ARE OUR SCHOOLS IMPACTED?

Although this is a 100% TIF incentive, 28 mills of property tax for education are protected per statute. Of these, 20 mills will go to the State of Kansas, and 8 mills will go directly to USD 232. Based on the latest estimates, this represents a tax payment of approximately \$14 million to USD 232 and estimated \$35 million to the State for education over the life of the 20-year TIF.

HOW DOES DEVELOPING THE AREA BENEFIT RESIDENTS IN GENERAL?

Developing the area offers a multitude of opportunities for De Soto residents and the community, including:

- Well-paying jobs in our community.
- Increased revenue for existing businesses.
- An increase in the City budget, allowing us to meet residents' needs for additional parks, trails, programming.
- Attracting additional services and stores to the area.

OTHER

IS THERE A SECOND EV BATTERY PLANT PLANNED?

In 2022, the City granted preliminary approval for an incentive on an adjacent 300-acre parcel with the hope of attracting the development of an additional advanced manufacturing project of similar scope to the one currently being constructed by Panasonic. To date, the City has not received any commitments from any company for such a project.

