

Combining with other tax incentives and economic development tools

Investments in a qualified opportunity fund may also be eligible for other tax benefits.

- **Community Development Block Grant (CDBG)** - The Small Cities Community Development Block Grant (CDBG) economic development and housing program is a source of financing for companies that are expanding an existing facility, starting a new operation in the non-metropolitan areas of Kansas or housing related projects.
- **Community Improvement District (CID)** – A CID is a district area of the city that taxes itself to provide services above those available to the city-at-large. A CID project provides public benefits, such as strengthening economic development and employment opportunities, enhancing tourism, upgrading older real estate through redevelopment or rehabilitation, or promoting sustainability. (K.S.A. 12-6a26 et seq.)
- **Neighborhood Revitalization Program (NRP)** – The NRP provides a tax rebate incentive to property owners for making major improvements that raise the appraised value of residential property by 10% and of commercial property by 20%. The program is intended to promote the revitalization of the city's blighted area(s), intensive care and at risk neighborhoods and downtowns by creating an incentive for the rehabilitation, conservation and redevelopment.
- **Tax Increment Financing (TIF)** – TIF is a real estate redevelopment tool applicable to industrial, commercial and residential projects. TIF uses a project's incremental increase in real estate tax revenues and local sales tax revenues over the base year to finance public improvements related to the project.
- **Industrial Revenue Bond (IRB)** – Tax abatements granted through an IRB under certain circumstances can be used in the rehabilitation or redevelopment of targeted areas of a city for commercial or residential real estate improvements. The benefits may include tax abatements and exemption from sales tax on materials.
- **Kansas Housing Resources Moderate Income Housing program (MIH)** - The MIH program serves the needs of moderate-income households, those families that cannot afford market-rate housing, yet don't qualify for federal housing assistance. MIH grants and/or loans are awarded to cities and counties to develop multi-family rental units, single-family for-purchase homes, and water, sewer and street extensions in communities with populations fewer than 60,000 people. MIH awards also help finance construction costs, rehabilitate unsafe or dilapidated vacant housing, and offer down-payment and closing-cost assistance to homebuyers.
- **Federal Home Loan Bank of Topeka Grant Programs** – Whether you're converting a treasured downtown building into senior citizens' housing or financing a commercial loan in a low-income neighborhood, FHLB of Topeka's affordable housing and community development programs may be available to help.
- **Kansas State Historic District Tax Credits** - The Kansas State Tax Credit is equal to 25 percent of qualifying expenses incurred during a qualified project on a qualified building.
- **Federal Historic Rehabilitation Tax Credits** – Previous 20%, Applicants interested in the use of the credits are strongly advised to consult an accountant, tax attorney, legal counsel, or the Internal Revenue Service regarding the changes to the Internal Revenue Code related to Public Law No: 115-97



Opportunity Zone Program creates investment opportunities for a stronger El Dorado

The Tax Cuts and Job Act, enacted by Congress in 2017, established the new Opportunity Zone program, consisting of Opportunity Zones and Opportunity Funds.

The Opportunity Zone program offers local citizens the opportunity to invest back into their communities and proactively be a part of the solution to problems such as population decline, lack of jobs and crumbling infrastructure. The program provides deferral and reduction of capital gains taxes when the gain is invested in a qualified opportunity fund and maintained for at least five years. Additional tax incentives are available for investments held for periods of seven and ten years.

A census tract in El Dorado, Kansas was designated as one of 8,761 qualified Opportunity Zones in the nation.

Find out how your investment could help build a stronger El Dorado, while saving you tax dollars.



*Qualified Opportunity Zone
20015020400*

Why invest in El Dorado?

“The tax benefit created by the 2017 Tax Cuts and Jobs Act, is designed to spur economic development and job creation by encouraging long-term investments in economically distressed communities nationwide.”
 —U.S. Treasury

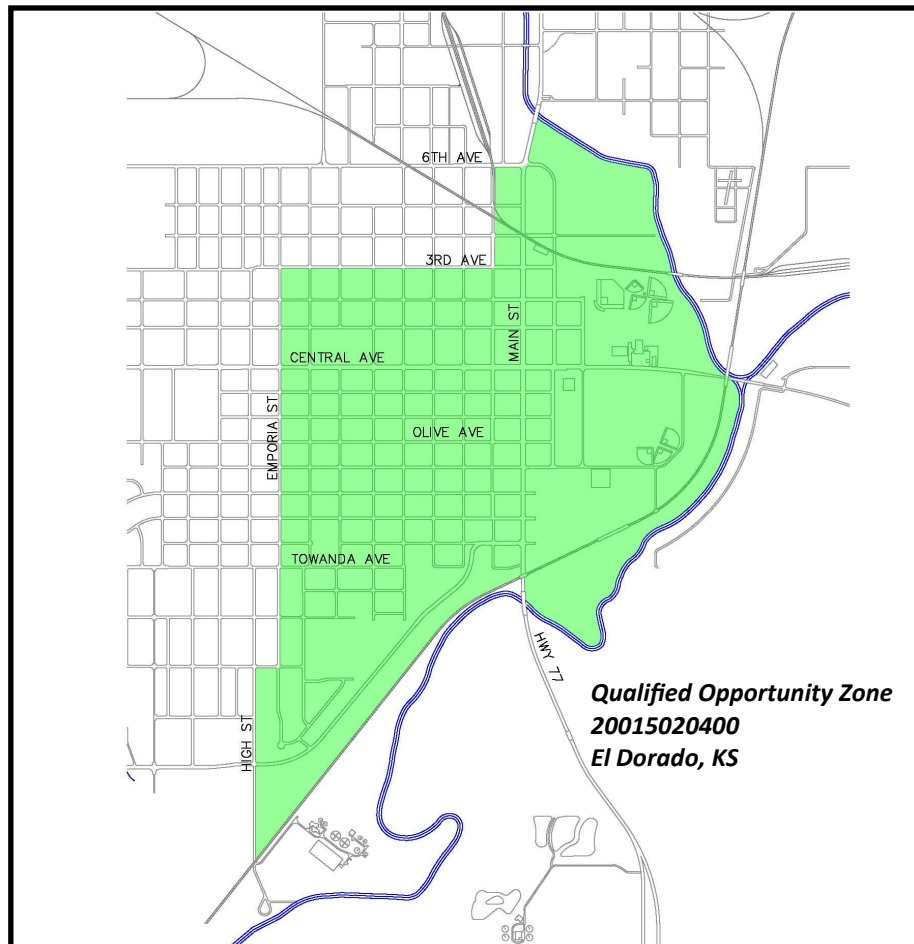
According to the Enterprise Opportunity 360 measurement report, the census tract identified as an Opportunity Zone in El Dorado is underserved in the areas of housing stability, health and wellbeing, and economic security.

Revitalizing businesses and homes in the area would provide affordable housing and jobs, while strengthening the business community and increasing the tax base.

The potential for success of investment in the area has been demonstrated by the ongoing public/private sector development in the district over the past 20 years.

Major projects would be:

- Intrust Bank renovation
- Emprise Bank new building
- El Dorado YMCA
- 220 W. Central Building
- Butler Rural Electric
- Community National Bank
- El Dorado Family Dentistry
- Susan B. Allen Memorial Hospital professional buildings and Cancer Treatment Center



Opportunity Zone Benefits

1. Deferral of Gain

- TimeValue of Deferred Obligation– earlier of:
 - Date the investment is sold or exchanged: or
 - Outside date of Dec. 31, 2026
- Gain Recognition
 - Amount of gain (or fair market value)
 - Less: the taxpayer’s basis in the Opportunity Zone fund

2. Partial forgiveness of Deferred Gain

- The Basis Step Up
 - 5 year hold = 10%
 - 7 year hold = 15%

3. Forgiveness of Additional Gain/Investment Appreciation

- 10 year hold
- Basis step up

What are Qualified Opportunity Zone Funds?

An investment vehicle organized as a corporation or a partnership for the purpose of investing in Qualified Opportunity Zone Property. An eligible taxpayer can self-certify to become a certified Qualified Opportunity Fund, or can invest in an existing fund.

What are Qualified Opportunity Zone investments?

The City of El Dorado is working on several potential projects that include retail and/or high-density residential development in our Opportunity Zone. We are targeting a few prime projects to serve as a catalyst for our downtown that would create more density.

An investor may invest directly in the business property or indirectly by purchasing stock or partnership interest in the qualified OZ business.

What is a benefit district?

A number of available incentives allow or require a defined area of impact to be identified. The area of impact is referred to as a “benefit district”. As projects evolve in the El Dorado Opportunity Zone for various types of development, it is possible numerous benefit districts that include the project only or define a much larger area may be identified.

One size does not fit all!

Local, state and federal programs and incentives are all a possibility to be paired with the tax benefits of an Opportunity Zone.

Since a variety of real estate and business ventures are eligible for benefits in an OpportunityZone, it is important to remember that not every incentive is available to all projects. Each opportunity for investment should evaluate the group of incentives that best identifies the needs of the project to make it successful.

The City of El Dorado looks forward to being an active partner in this process. See page 4 for more details.

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