

# Request For Board Action

**REFERRED TO BOARD** June 12, 2017

**AGENDA ITEM NO: 16**

**ORIGINATING DEPARTMENT:** Community Development

**SUBJECT:** Consideration of a Sales Tax Incentive Agreement for Kunes Ford expansion.

## **SUMMARY AND BACKGROUND OF SUBJECT MATTER:**

Over the past several months, Staff has been negotiating with Kunes Ford on a Sales Tax Incentive Agreement related to their proposed expansion and construction of a new showroom. Currently, Kunes Ford generates sales of approximately \$30,000,000 a year which results in approximately \$300,000.00 in sales tax to the Village of Antioch.

The applicant is requesting a sales tax rebate of a total of \$1,750,000.00 over 25 years above the base. This proposed sales tax rebate would be based on additional incremental sales related to the dealerships expansion. No sales tax rebates are being given to Kunes on the existing \$30,000,000.00 in sales that exists today, only on the projected additional sales. As identified above, the sales tax rebate is limited \$1,750,000.00 and Kunes would have up to 25 years to recoup this amount of rebate. Kunes Ford is proposing the following break-down of incremental sales:

Year 1: 90% over base

Year 2: 80% over base

Year 3: 70% over base

Year 4: 60% over base

Year 5 and thereafter: 50% over base

**FINANCIAL IMPACT:** The proposed expansion of Kunes Ford will have a positive impact on the generation of sales tax revenue.

## **DOCUMENTS ATTACHED:**

1. Sales Tax Rebate Agreement
2. Staff Report

## **RECOMMENDED MOTION:**

**Staff moves that the Village Board direct the Village Attorney to draft a resolution approving the Sales Tax Incentive Agreement with Kunes Ford.**