

# City of Tipp City

## Economic Incentives Policy - CRA's and EZ

**Policy Statement:** The City of Tipp City will provide, consistent with this policy, appropriate and measured economic incentives to businesses and industries investing in the community and contributing to the development of its tax base, in consideration of the needs and values of the community at-large.

**Policy Objective:** To ensure that Tipp City remains competitive in the retention, expansion and attraction of businesses which contribute to and promote the long-term economic health, stability and welfare of the community.

**Background:** The City of Tipp City developed the initial policy, adopted by the City Council on August 3, 1998, to provide consistent guidance in the consideration and granting of incentives for business. The policy has been amended from time-to-time as needed.

The City acknowledges that to remain competitive in today's economy, the successful communities will be those offering more than good location, efficient services, and access to transportation and labor.

Tipp City offers its business community all of the amenities and benefits found throughout the Miami Valley region. Its access to I-75 and I-70, the "Crossroads of America"; its well-below average water, sewer and electric utility rates, its excellent schools and its favorable property and income tax rates, have compelled many industries to locate and expand in Tipp City.

To remain competitive in the recruitment, expansion and retention of business and industry in the 21st century requires the continuation of these basics along with the offering of appropriate incentives. These incentives provide a real but measured benefit to those enterprises willing to invest in the long-term economic health of the community.

The components of Tipp City's economic incentive policy and procedure are outlined here to provide a simple guide to industrial and commercial business owners as to what investment is required to qualify for various levels and forms of incentives, including residential, commercial and industrial structures within the old Tippecanoe Restoration and Historic District under CRA #5.

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**Pre-1994 Community Reinvestment Area (CRA)  
Business Incentive Program Requirements  
CRA #1, CRA #2, CRA #3, & CRA #4**

The City of Tipp City offers through the Community Reinvestment Act (CRA) prior to 1994, tax incentive of property taxes attributable to new real property improvements such as new buildings or additions. Under the CRA program, only the structure/building are eligible for an abatement. Businesses interested in receiving such tax incentives must demonstrate the short and long-term benefit to the community by meeting certain requirements and minimum investment levels. Below is a list of guidelines by which all requests for CRA tax incentives will be reviewed by the City.

- 1) The project should be an industrial or commercial enterprise creating value.
- 2) Wages and benefits must be competitive and commensurate with similar positions in the community.
- 3) The total new investment in the project shall be a minimum of \$500,000 for a new business. The minimum investment for expansion of an existing Tipp City business is \$250,000. Consideration should also be given to the redevelopment of existing vacant buildings by new businesses where the above investment threshold(s) may be waived.
- 4) The new building shall be of durable construction that makes a positive aesthetic, long-term contribution to the Tipp City landscape, streetscape and overall community image. Consideration in the granting of incentives will be given for the “curb appeal” of the structure.
- 5) The business shall be a Tipp City utility customer when utilities are available.
- 6) The project must comply with all applicable Tipp City development regulations.
- 7) The owner must be willing to enter into a signed agreement with the City containing reporting requirements and job creation thresholds.
- 8) If investment obligations are not fulfilled, pursuant to the tax incentive agreement, suspension or termination of the tax incentive may result.
- 9) The business shall be current on all taxes.
- 10) If the business generates a payroll over \$2,000,000 per year the City and School District shall share the income tax revenue by state statute or by negotiated terms.

***The City Council reserves the right to consider each project on its own merits.*** Businesses seeking such incentives will be required to complete an application (see attached) to assist the City in its review of the project. If approved, tax incentive benefits will become effective when construction has been properly completed and all terms of the tax incentive agreement are met, including an annual review by the Community Reinvestment Area Housing Council. An annual report will be required to continue to receive tax incentive during the period of the agreement, which must be submitted by the City to the Ohio Department of Development. Tax incentives can range from 5 to 15 years in duration depending upon the overall anticipated economic impact.

**Post-1994 Community Reinvestment Area (CRA)  
Incentive Program Requirements  
CRA #5 - #11**

The City of Tipp City offers through the Post-1994 Community Reinvestment Act (CRA) program, tax incentive of property taxes attributable to new real property improvements such as new buildings or additions/renovations for industrial, commercial, and/or residential structures. Under the Post-1994 CRA program, land and personal property such as new equipment and machinery are not eligible for tax incentives (tangible property taxes). Businesses interested in receiving such tax incentives must demonstrate the short and long-term benefit to the community by meeting certain requirements and minimum investment levels. Residential structures are automatically eligible for the exemptions as authorized by the enabling legislation for the Post-1994 CRA program.

A. Industrial and commercial businesses: Below is a list of guidelines by which all businesses requests for CRA tax incentives will be reviewed by the City.

- 1) The project shall be an industrial or commercial (i.e. retail, restaurants, stores, banks, fraternal organizations, etc.) enterprise creating value to the community. Businesses seeking such incentives will be required to complete an application (see attached) to assist the City in its review of the project.
- 2) The project should create a minimum of two (2) new full-time equivalent jobs. Wages and benefits must be competitive and commensurate with similar positions in the community.
- 3) The total new investment in the project shall be a minimum of \$250,000 for a new business and new construction. The minimum investment for expansion of an existing Tipp City business is \$50,000. Consideration should also be given to the redevelopment of existing vacant buildings by new businesses where the above investment threshold(s) may be waived.
- 4) Tax incentives can range from 5 to 15 years as negotiated in duration and percent abated, depending upon the overall anticipated economic impact. In general, Industrial projects shall have a maximum duration of 15 years, and Commercial projects shall have a maximum duration of 10 years.
- 5) The new building shall be of durable construction that makes a positive aesthetic, long-term contribution to the Tipp City landscape, streetscape, overall community image, and comply with the established guidelines and ordinances for the old Tippecanoe Restoration and Historical District. Consideration in the granting of incentives will be given for the "curb appeal" of the structure.
- 6) The business shall be a Tipp City utility customer when utilities are available.
- 7) The project must comply with all applicable Tipp City development regulations.
- 8) The owner must enter into a signed agreement with the City containing reporting requirements and job creation thresholds. An annual report will be required to continue to receive tax incentive during the period of the agreement.
- 9) If investment obligations (monetary and job creation) are not fulfilled, pursuant to the CRA tax incentive agreement, suspension or termination of the tax incentive may result upon the review and recommendation of the Tax Incentive Review Council and/or City Council.
- 10) The business shall be current on all taxes.

- 11) If the business generates a payroll over \$2,000,000 per year the City and School District shall share the income tax revenue by state statute or by negotiated terms.
- 12) The business may be required to execute agreements with both the Tipp City Exempted School District and the Miami Valley Career Technology Center School District (MVCTC), which shall require a cash payment by the business to each respective school district, annually, to “make the district whole” for any school related taxes for which incentives were provided, provided the school district is a non-guaranteed district. Failure to make the required payments shall be just cause to revoke the tax incentives offered to the business.
- 13) The business must file the appropriate tax forms including the #913 with the State Department of Taxation to effect and maintain the exemptions covered, and the #913 must be filed annually. The business must file the DTE24 form with the Miami County Auditor to start real property incentive (only one initial filing).
- 14) If a business is moving within Ohio, the 14-day notice shall be provided to the affected community in accordance with Ohio Revised Code Section 5709.83.
- 15) If approved, tax incentive benefits will become effective when construction has been properly completed and all terms of the tax incentive agreement are met.

**B. Residential Structures:** Below is a list of guidelines by which all residential (two family units or less) requests for CRA tax incentives will be reviewed by the City.

- 1) The project shall be residential (two family units or less) which will create value for the community. Applicants seeking such incentives will only be required to complete an application (see attached), which shall be submitted to the Housing Officer (City Manager’s Office).
- 2) NO job creation is mandated for residential projects.
- 3) The total new investment in the project of at least \$50,000 shall receive a ten (10) year 100% exemption, and a total remodeling/renovation investment in the project of at least \$10,000 shall receive a five (5) year 100% exemption. Consideration should also be given to the redevelopment of existing vacant buildings.
- 4) All construction shall make a positive aesthetic, long-term contribution to the Tipp City landscape, streetscape, overall community image, and comply with the established guidelines for the old Tippecanoe Restoration and Historical District and ordinances.
- 5) The owner must enter into a signed agreement with the City containing reporting requirements and job creation thresholds. An annual report will be required to continue to receive tax incentive during the period of the agreement.
- 6) If the property is not maintained, suspension or termination of the tax incentive may result upon the review and recommendation of the Community Area Housing Council and/or City Council.
- 7) If approved, tax incentive benefits will become effective when construction has been properly completed and all terms of the tax incentive agreement are met.

***The City Council reserves the right to consider each project on its own merits.***

## ***Enterprise Zone (EZ) Business Incentive Program Requirements***

The City of Tipp City offers through the Enterprise Zone (EZ), tax incentive of property taxes attributable to real property improvements such as new buildings or additions. Businesses interested in receiving such tax incentives must demonstrate the short and long-term benefit to the community by meeting certain requirements and minimum investment levels. Below is a list of guidelines by which all requests for tax incentives will be reviewed by the City.

- 1) The project shall be an industrial (such as: warehousing, distribution, manufacturing, corporate offices) or commercial (i.e. retail, hotels, restaurants, stores, banks, fraternal organizations, etc.) enterprise creating value.
- 2) Wages and benefits should be competitive and commensurate with similar positions in the community. A detail of the proposed job creation shall be included in the application and final agreement.
- 3) The total new investment in the project shall be a minimum of \$500,000 for a new business. The minimum investment for expansion of an existing Tipp City business is \$250,000. Consideration should also be given to the redevelopment of existing vacant buildings by new businesses where the above investment threshold(s) may be waived.
- 4) The new building should be of durable construction that makes a positive aesthetic, long-term contribution to the Tipp City landscape, streetscape, and overall community image. Consideration in the granting of incentives will be given for the “curb appeal” of the structure.
- 5) The business shall be a Tipp City utility customer when utilities are available.
- 6) The project must comply with all applicable Tipp City development regulations.
- 7) The owner shall be willing to enter into a signed agreement with the City containing reporting requirements (i.e. Annual forms, certifications, documentation, etc.) and job creation thresholds.
- 8) If investment obligations are not fulfilled, pursuant to the tax incentive agreement, suspension or termination of the tax incentive may result upon the review and recommendation of the Economic Development Committee and the Tax Incentive Review Council (TIRC).
- 9) The business shall be required to pay a \$750 filing fee to the State of Ohio Department of Development, with the final approved agreement. An annual fee of \$500 shall be paid by the business to the City of Tipp City, attention Finance Director on or before January 31st of each year. These fees are to cover the cost of the initial setup, approval, and on-going administration of the incentive program.
- 10) The business may be required to execute agreements with both the Tipp City Exempted School District and the Miami Valley Career Technology Center School District (MVCTC), which shall require a cash payment by the business to each respective school district, annually, to “make the district whole” for any school related taxes for which incentives were provided, provided the school district is a non-guaranteed district. Failure to make the required payments shall be just cause to revoke the tax incentives offered to the business.
- 11) The business must file the appropriate tax forms including the #913 with the State Department of Taxation to effect and maintain the exemptions covered, and the #913 must be filed annually. The business must file the DTE24 form with the Miami County Auditor to start real property incentive (only one initial filing).

- 12)** The business shall pay such real and tangible personal property taxes as are not exempt under the incentives, and charged against the property and shall file all tax reports and returns as required by law. Failure to pay such taxes or file, are cause for rescinding the incentives granted.
- 13)** Such incentives may range from 0% - 100% tax incentive, depending upon the individual circumstances, and may range from 0 – 15 years in duration depending upon the overall anticipated economic impact.
- 14)** For industrial, any incentive awarded over 75% (on average of 60% over 10-years) level shall also be approved by the Tipp City Exempted Village School District. For retail, any incentives awarded shall also be approved by the Tipp City Exempted Village School District
- 15)** Generally, businesses with an annual payroll (generated by the incentives) of \$2,000,000 or more shall be eligible for a 75% tax incentive. Less than \$2,000,000 annual payroll (generated by the incentives) negotiated.
- 16)** Spec Buildings – In an effort to encourage development of “Spec Buildings” to allow for immediate occupancy of industrial users. The developer of a Spec Building may apply for the EZ incentives for the real property improvement (new spec building), with the following conditions and requirements, in addition to all the requirements of the policy listed above and below.
  - a. The developer of the Spec Building must create two full time equivalent jobs attributed to the Spec Building within two (2) years of the date when the occupancy permit was issued for the building.
  - b. The Spec Building project must create a minimum 5 new full time equivalent jobs for each 10,000 square feet of space within three years of the date occupancy permit was issued for the building.
  - c. The EZ agreement for the real property improvements (initial building construction) is solely for the developer.
  - d. Tenants may apply for individual EZ agreements leasehold improvements if they meet the specific requirements of the EZ Business Incentive Program.
  - e. The percentage of incentive will generally be 50%, but may be up to 75% if the developer’s investment is over \$1,500,000 in the building, landscaping, and parking lot.
  - f. The developer realizes that if the job creation requirements of items “16 a.” & “16 b.” above are not met, the incentives granted shall be terminated and, shall require the incentives granted under the EZ agreement to be rescinded beginning with the year for which such incentives were first used. The developer shall be required to repay the amount of taxes that would have been payable, had the property not been exempted from taxation under the EZ agreement.

The City Council shall be required to adopt a resolution for each project on its own merits. The Miami County Commission then must adopt a resolution for each project, which is then forwarded to the Department of Development for final approval and state number. Businesses seeking such incentives will be required to complete an application (see attached) to assist the City in its review of the project. If approved, tax incentive benefits will become effective when construction has been properly completed and all terms of the tax incentive agreement are met (agreements must be fully executed and in force prior to commencing any actual construction, purchase of machinery, inventory, etc. covered by the agreement). No project can start until all paperwork has been completed, and the City and the County have passed the required legislation.

## **Business Incentive Program Procedure**

It is understood that the cycle time for business facility location decisions is becoming shorter all the time. It is the City's goal to make expedient decisions concerning the request for tax incentives to ensure that good business decisions are made within established time constraints.

The following procedure will be followed in considering requests for tax incentives:

- 1)** Business Owner/Applicant contacts Community & Economic Development Office or City Manager's Office to inquire about incentives.
- 2)** City sends copy of tax incentive policy and application materials to Business Owner/Applicant.
- 3)** City staff negotiation team meets with business/applicant.
- 4)** Business Owner/Applicant returns application with \$750 fee for incentives to Community & Economic Development Office.
  - a.** If pre-1994 CRA or post 1994 residential CRA, Housing Officer approves incentives and forwards packets to Miami County Auditor's Office.
  - b.** If post-1994 commercial or industrial CRA and/or EZ then the following steps shall also be followed.
- 5)** Tax incentive agreement and school donation agreements (if appropriate) drafted and forwarded to Business Owner/Applicant.
- 6)** Staff reviews the application and makes recommendation to City Council.
- 7)** 14-day or 45-day notice to Schools mailed prior to Council Meeting.
- 8)** City Council votes on the staff recommendation and tax incentive agreement (only after the 14-day or 45-day notice has been provided).
- 9)** Tipp City School Board & City Council may authorize revenue sharing agreement, if payroll is over the \$1,000,000 threshold.
- 10)** For EZ agreements the Miami County Commissioner's vote on tax incentive agreement (enterprise zone agreements). Documents forwarded to Ohio Department of Development, Ohio Department of Taxation, and the Miami County Auditor.
- 11)** Business Owner receives approval - project proceeds. City provides Business Owner/Applicant with signed tax incentive agreement.
- 12)** Tax incentive begins.
- 13)** Business Owner/Applicant submits annual reports and fees (if appropriate) to City regarding employment and total investment.

**CITY OF TIPP CITY  
APPLICATION  
TAX INCENTIVE PROGRAM**

**A. APPLICANT:**

1. APPLICANT (NAME OF BUSINESS) \_\_\_\_\_
2. MAILING ADDRESS \_\_\_\_\_
3. CONTACT PERSON \_\_\_\_\_
4. TELEPHONE \_\_\_\_\_ FAX \_\_\_\_\_  
E-MAIL \_\_\_\_\_ WEB PAGE \_www.\_ \_\_\_\_\_

**B. LOCATION:**

1. PROJECT'S ADDRESS \_\_\_\_\_
2. MIAMI COUNTY AUDITOR'S PARCEL NO G15- \_\_\_\_\_ INLOT # \_\_\_\_\_

**C. PROJECT** (Please provide a short narrative listing size of proposed structure and intended use)

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1. VALUE OF CONSTRUCTION:
  - NEW STRUCTURE \_\$ \_\_\_\_\_ OR
  - EXPANSION/REMODELING \_\$ \_\_\_\_\_
2. PROJECT'S SCHEDULE: START \_\_\_\_\_ FINISH \_\_\_\_\_

**D. EMPLOYMENT, FULL-TIME OR EQUIVALENTS:**

	<u>NEW JOBS</u>	<u>TOTAL JOBS</u>
1. CURRENT	_____	_____
2. 1 <sup>ST</sup> YEAR	_____	_____
3. 3 <sup>RD</sup> YEAR	_____	_____
4. 5 <sup>TH</sup> YEAR	_____	_____



**E. TAXABLE ASSETS:**

	<u>PAYROLL</u>	<u>REAL ESTATE IMPROVEMENTS</u>	<u>PERSONAL PROPERTY (INVENTORY/EQUIPMENT)</u>
1. CURRENT	_____	_____	_____
2. 1 <sup>ST</sup> YEAR	_____	_____	_____
3. 3 <sup>RD</sup> YEAR	_____	_____	_____
5. 5 <sup>TH</sup> YEAR	_____	_____	_____

**F. TYPE OF INCENTIVE REQUESTED:** (Chose One CRA or EZ)

1. C.R.A. INCENTIVE REQUEST

- PRE-1994 CRA AREAS (1, 2, 3, & 4) – INDUSTRIAL ONLY!
  - TERM REQUESTED (1-15 YEARS) \_\_\_\_\_
- POST-1994 CRA AREA (5 – 10)
  - INDUSTRIAL & COMMERCIAL
    - NEW CONSTRUCTION - TERM REQUESTED (1-15 YEARS) \_\_\_\_\_
    - REMODELING - TERM REQUESTED (1-12 YEARS) \_\_\_\_\_
  - RESIDENTIAL
    - NEW CONSTRUCTION - TERM (10 YEARS) \_\_\_\_\_
    - REMODELING - TERM (5 YEARS) \_\_\_\_\_

2. E.Z. INCENTIVE REQUEST

- TERM REQUESTED (1-10 YEARS) \_\_\_\_\_

**G. CERTIFICATIONS:**

I hereby certify that the information provided herein is accurate to the best of my knowledge.

Signature of Applicant \_\_\_\_\_

Name (printed or typed) \_\_\_\_\_

Title \_\_\_\_\_ for \_\_\_\_\_  
Business Name

Date \_\_\_\_\_