

## **CHAMPAIGN COUNTY ENTERPRISE ZONE GUIDELINES**

### **1. INTRODUCTION**

Champaign County, in an effort to improve the economic climate in the County and to encourage as much investment and job creation as possible within the County, in cooperation with Cities, Villages, and Townships, has designated an Enterprise Zone pursuant to state law. An Enterprise Zone is an area within which special tax incentives may be offered by contract to businesses that agree to invest in capital improvements and/or create and/or retain jobs. Tax incentives will be offered provided program guidelines are met and a substantial investment is made. Each contract with a business within the Zone, relating to jobs, investment and tax incentives will be negotiated and approved by the City, Village or Township government and submitted to the Champaign County Commissioners for their approval and transmittal to the State Department of Economic Development and Ohio Department of Taxation.

### **2. PURPOSE**

The purpose of the Enterprise Zone is to encourage as much investment and job creation as possible within the boundaries of the Enterprise Zone. Maintaining jobs is also a priority. Each contract negotiated with a local business shall be designed to spur capital investment while creating and maintaining jobs. In return, the political subdivision will agree to provide certain tax incentives under the circumstances of each transaction.

### **3. ELIGIBLE BUSINESSES**

Only those businesses that are “qualified by financial responsibility and business experience to create and preserve employee opportunities in the zone and to improve the economic climate of the municipal corporation...” and falling within the purview of (Section 5709.63(A) O.R.C.) may apply for the tax incentives available. Only businesses engaged in manufacturing, warehousing, research and development, and distribution will be eligible to apply for the tax incentives. No housing, commercial (retail), or institutional uses may benefit from the Enterprise Zone program. Businesses engaged in land uses are not eligible.

### **4. MINIMUM ASSISTANCE**

In order to minimize the loss of tax revenues, only the minimum abatement possible to bring about the investment will be offered. The maximum allowable abatement in amount and duration will only be offered when absolutely necessary to bring about the investments and significant job creation. Each agreement is separately negotiated and agreed upon based upon the needs of the firm and local circumstances. As a recommended guideline, the following table provides suggested levels of abatements for various levels of investment and/or job creation.

**Added Full-Time Employees from New Construction, Expansion, Renovation or Occupation**

	<b>City/Village</b>	<b>Township</b>
	Max. Abatement %	
200 or More	75	60
126 - 199	70	55
111 - 125	65	50
91 - 110	60	45
71 - 90	55	40
41 - 70	50	35
21 - 40	45	30
11 - 20	40	25
2 - 10	35	25

Added investment  
(Total)

Above 7.5 m	75	60
2.5 - 7.5 m	65	50
1 - 2.5 m	55	40
250,000 - 1 m	50	30

5. **MAXIMUM ALLOWABLE ABATEMENT**

The Ohio Revised code provides for the following maximum allowable abatements from political subdivisions:

	<b>City/Village</b>	<b>Township</b>
Real Estate	75%	60%
Personal Property	75%	60%
Land	75%	60%

Maximum duration of all abatements is **ten (10)** years.

6. **NO RETROACTIVITY**

Tax incentives will only be offered when absolutely necessary to bring about the investment. No incentives will be made available after an investment in land, building, and/or equipment has already occurred. In order to qualify to receive the tax incentives, the investment must take place subsequent to final approval by Champaign County officials. Any business interested in receiving the tax incentives must show that the incentives requested are essential to cause the investment and, if not for the available tax incentives, the investment would not have been made.

7. **DEGREE OF INVESTMENT REQUIRED**

Only businesses that agree to make substantial investment in either real property or personal property shall be eligible to receive the benefits available under the program. The amount of investment needed to qualify as a substantial investment shall depend on the fact and circumstances of each applying business. As a general guideline, a substantial investment in real or personal property shall exist when any of the following conditions apply:

- 1) **New Construction** - total project costs will be at least \$500,000, unless eight (8) or more jobs are created.
- 2) **Expand** - Make expenditures to add land, building, machinery, equipment or other materials, except inventory, to a facility that equals at least 10% of the market value of the facility prior to such expenditures, as determined for the purpose of the local property taxation.
- 3) **Renovate** - Make expenditures to alter or repair a facility that equals at least 50% of the market value of the facility prior to such expenditures, as determined for the purpose of local property taxation.
- 4) **Occupy** - Make expenditures to alter or repair a vacant facility equal to at least 20% of the market value of the facility prior to such expenditures, as determined for the purpose of local property taxation.
- 5) **Establish** - Is defined as setting up a new facility as a location where the business has not previously operated.

#### 8. **SUBSTANTIAL IMPACT ON JOBS**

All businesses applying for the tax incentives available within the Enterprise Zone must agree by contract that their project will result in the creation of new full-time jobs, or will preserve employment opportunities for existing workers. During annual contract compliance reviews, the business must have created or retained the agreed upon number of employment opportunities, and be maintaining same over the term of the abatement period, or risk loss of their tax incentives. Businesses may have up to 36 months to reach full implementation or employment goals, with a phased hiring process as part of their tax abatement agreement.

#### 9. **OTHER REQUIREMENTS**

In addition to the guidelines set forth herein, any business applying must comply with all other applicable local, county and state regulations pertaining to the Enterprise Zone Program. Applicants must submit all information required by City, Village, or Township, Champaign County, or the State of Ohio. The above guidelines are subject to the provisions of the Enterprise Zone statutes being Section 5704.61 et seq. of the Ohio Revised Code and regulations promulgated thereunder.

#### 10. **LOCATION WITHIN THE ZONE**

Only businesses already located or proposed to be located within the boundaries of the zone designated by the Champaign County Commissioners may apply for tax incentives.

11. **PRINCIPALS ONLY**

Only individuals who are principally involved as an owner or manager of a business interested in the Enterprise Zone tax incentives may negotiate with officials regarding the specific incentives available under the terms on any investment agreement, and only individuals authorized by corporate resolution may enter into any agreement for the corporation hereunder. Landlords of property, rather than brokers, may negotiate for tax incentives relative to real property improvements. If other than owners of a business apply for tax incentives, the incentive may be given only upon verification that the business will be the recipient of the incentives.

12. **TOWNSHIPS/MUNICIPALITIES TO NEGOTIATE AND ADMINISTER AGREEMENTS**

Township Boards of Trustees and City/Village Councils will have primary responsibility for negotiating and administering Enterprise Zone Agreements within their political subdivisions. The Board or Council shall involve the affected school district in the negotiation process and will attempt, in accordance with these guidelines, to achieve consensus with the school board on the terms of any agreement prior to formal recommendation for approval by the Trustees or Council Members to the Board of Commissioners.

13. **TAX INCENTIVE REVIEW COUNCIL**

Pursuant annual to State Law, a Tax Incentive Review Council will be created to annually monitor compliance with the terms of any agreement entered into by the political subdivision and approved by the Champaign County Commissioners. This Tax Incentive Review Council shall review all agreements annually to determine whether the businesses have complied with their terms and shall make recommendations regarding each agreement to the chief executive and legislative authority of the political subdivision and to the Champaign County Commissioners. The officials and the County Commissioners may take any action available to a party to a contract to obtain compliance with the agreement, including reducing or rescinding the incentives initially granted.

14. **CONTINUING OBLIGATION**

During the term of any approved Agreement, the business involved must continue to cooperate with officials by providing any information requested to ensure compliance with the terms of the Tax Incentive Agreement.

15. **NEGOTIATION TEAM**

Negotiations will be handled by a committee appointed by the County Commissioners. Negotiations will be pursued with a goal of achieving negotiating team consensus on terms of the agreement. Voting will be used primarily as a means of breaking a deadlock.

The recommended team should include one member from each affected jurisdiction to include:

- 1) Township, Village or City representatives
- 2) County Commissioner's representative
- 3) Local public school board member

Non voting participants may be included for informational purposes including:

- a) County Auditor
- b) County Prosecuting Attorney
- c) County Engineer

16. **AGREEMENT PROCEDURE**

- 1) The firm submits application to the Enterprise Zone Manager.
- 2) Enterprise Zone Manager receives application; requests any additional information and verifies the information.
- 3) The application and information is submitted to the negotiating committee.
- 4) Negotiating committee meets to consider application.
- 5) Negotiating committee and firm meet.
- 6) Negotiating committee recommends what level of abatement, if any, is appropriate.
- 7) If abatement is agreed upon, enabling resolutions are prepared. If no abatement is offered, process ends.\*
- 8) The recommendation is presented to the township, village or city for approval.
- 9) Local government submits recommendation to Commissioners for approval.
- 10) Upon approval, all parties will finalize their plans in an agreement approved by the County Prosecutor's office.
- 11) All parties sign final agreement.

- 12) The Enterprise Zone Manager submits the agreement package to the Ohio Department of Development and Ohio Department of Taxation within ten days of signing.
- 13) The project will be reviewed annually by the Tax Incentive Review Council for compliance to the terms of the agreement. Failure to comply may result in loss of the abatement and “claw back” of previously abated taxes.

\*Steps seven through eleven may be combined into one continuous process.

17. **ABATEMENT COSTS OF THE COMMUNITY**

All abatements should be considered in terms of their possible costs to the community, including, but not limited to the following:

- 1) Additional fire and emergency protection, including special equipment
- 2) Increased fire protection
- 3) Highway improvements
- 4) Sewer improvements
- 5) Water improvements
- 6) Increased number of school students
- 7) Need for additional solid waste disposal

18. **FEES**

The final project will be sent to Columbus with a \$750 one time application fee, payable to the Ohio Department of Development. An annual monitoring fee of one percent of the amount of the incentive, not less than \$500 nor more than \$2,500 is also permissible under the current law. The monitoring fee will accrue to the Champaign County Economic Development Office to offset the monitoring expenses of the Enterprise Zone Manager.

19. **DEADLINE**

Pursuant to State Law, the deadline for executing Tax Incentive Agreements shall be June 30, 2009. Any Agreements negotiated prior to that time providing Tax Incentives for a period extending beyond the deadline shall remain in full force and effective until the end of the term or termination.

**FOR ADDITIONAL INFORMATION ON THE CHAMPAIGN COUNTY  
ENTERPRISE ZONE, CONTACT:**

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