

City of Holyoke

Economic Development Incentive Policy

Purpose

This Economic Development Incentive Policy is adopted to provide incentives for the expansion of existing businesses within the City of Holyoke and to encourage the location of new businesses within the City, thereby stimulating the local economy by providing additional employment opportunities and expanding the tax base required to provide City services. This Policy does not commit the City to providing economic incentives in every instance, nor does it restrict the City from providing additional incentives in a specific instance. The Policy contains specific criteria, guidelines and procedures necessary to effectively and fairly administer economic development incentives.

Eligibility Criteria

Economic Development Incentives shall be available to any new or expanding business that meet all the following criteria:

Job Creation

- ☒ Business must create 2 new jobs or have an increase of 10% (but not less than 1 new full-time employee) over the base number of persons employed at the facility.
- ☒ Average annual wages paid to full-time employees shall be equal to or greater than county average individual wage by industry (as documented by Colorado Department of Labor and Employment).

Type of Business

- ☒ *No corporate reorganization or sale of business will qualify unless the business has been closed for the previous 24 months.*

Capital Investment

- ☒ Business must invest at least \$100,000 in the facility, or an investment of an amount less than \$100,000 will qualify *if* such investment is at least equal to the assessed value of the existing facility located within the City limits.
- ☒ Application for incentives must be submitted prior to beginning construction.
- ☒ Applicant must own the real & personal property to qualify for incentives.

Utilities

- ☒ Business must commit to usage of all City utilities offered for the full term of the incentive agreement.

Incentives

Incentive agreements are limited to FIVE(5) years. Companies that continue to expand may re-apply for new incentive agreements. For expansions, incentives are calculated based on the amount of each new investment. New or expanding businesses that meet the Eligibility Criteria may apply for the following incentives.

*Tax Refunds Based on Capital Investment
Incentive Structure****

<u>Investment</u>	<u>Ranking Index</u>	<u>% Of Tax Refund</u>		
		<u>Sales**</u>	<u>Real Property</u>	<u>Personal Property</u>
\$1 Million or more	1	100*	100*	50*
\$250,000 to \$1 Million	2	80*	80*	40*
\$100,000 to \$250,000	3	60	60	30
Equal to Assessed Value Of existing facility	4	40	40	20

Changes in Colorado tax structure could void the incentive agreement

Sales & Use Tax will be a one-time construction only option

Ranking Index 1 & 2 will be on a graduated scale. Real & Personal Property incentives will be reduced by 20% each year

The City may negotiate additional incentives including:

- ☒ Waiver of Tap Fees for City utilities;
- ☒ Waiver of Building Permit Fee or Use Tax Fees;
- ☒ Discounted Purchase Price for Land owned by the City;
- ☒ Infrastructure improvements (i.e. roads, relocation of utilities, capacity expansion of existing utilities);
- ☒ Industrial Revenue Bonds - The City may issue IRB's for a business to finance land acquisition, the construction of buildings and the purchase of equipment. The City shall assume no financial obligation for repayment; the Applicant shall establish that it has the financial resources to repay the principal and interest over the life of the bonds.
- ☒ Tax Increment Financing - helps finance the front-end costs of development by allowing the incremental increase in tax revenues from new development to pay for the public investments needed to realize the development.
- ☒ Special Improvement District - to finance and build infrastructure improvements with provision for repayment with future property taxes.
- ☒ Consideration of a special incentive agreement for a business that proposes improved environmental practices.
- ☒ Land Donation based on capital investment & job creation.

Procedural Guidelines

Preliminary Review

Prior to submittal of a formal Application, a business may inquire as to its eligibility for economic development incentives based on preliminary employment and capital investment figures. The business shall complete a pre-application form and submit the information to the Phillips County Economic Development Corporation. PCEDC Board of Directors will review the information submitted and respond to the business regarding apparent eligibility and the potential for incentives under this Policy, if approved by Council. The response from PCEDC shall in no way represent definitive findings or be seen as an expression of intent or obligation of the City Council to favorably consider or approve a formal request for incentives. The pre-application form and staff response shall be deemed to be proprietary business information and shall be kept confidential.

Formal Application

The City will consider economic development incentives for businesses that submit a complete Application and provide such additional information as may be reasonably requested. The Application shall include the following information:

- ☒ Name and address of business, principal owners and officers, contact person, telephone and fax numbers.
- ☒ A general description of the nature of the business, business history and experience.
- ☒ Name and address of the owner of the land and building occupied or to be occupied by the business.
- ☒ A general description of the proposed building project or improvements, including estimated capital costs.
- ☒ A site plan of the proposed building project or improvements.
- ☒ If the Applicant is an existing business, average total monthly employment figures for the past 12 months.
- ☒ Number of new jobs (FTE) to be created by type or position and an estimate of wages/earnings of these jobs.

- ☒ If tax refunds are being requested, certification from the Zone Administrator of the Northeast Colorado Enterprise Zone that the new business or the expansion of an existing business would constitute a "new business facility" in an enterprise zone as defined by C.R.S. 39-22-508.2(3), excluding subparagraph (b).
- ☒ If tax refunds are being requested, a written representation by the Applicant that it will qualify for an income tax credit pursuant to C.R.S. 39-30-105.
- ☒ Statement of how the proposed business will maintain or enhance the quality of life and provide social, economic, or cultural benefits to the community.

- ☒ Statement that the business operation will not detract from the City or the County's aesthetic environment (addresses odor, noise, water quality, smoke, heat, glare vibration, lighting, etc.).
- ☒ Economic impact analysis conducted by independent party (i.e. Phillips County Economic Development Corp.).

Application Review Procedures

- ☒ PCEDC reviews Application for completeness. PCEDC will consult when necessary with City staff. If acceptable PCEDC shall place the application on the Council Agenda.
- ☒ The City Council reviews the analysis of the costs and benefits and receives comments from the Applicant and the general public at a public meeting. The City Council will take formal action on the Application and, if approved, will direct the preparation of an ordinance setting forth the terms of the economic incentive agreement. Final approval shall be in the form of an ordinance requiring two readings and publication.

Monitoring Review

Each incentive agreement shall be subject to an annual review by City staff to determine if the business continues to meet all eligibility criteria and remains in compliance with the terms and conditions of the Ordinance. The Economic Incentive Agreement may be terminated by Council if the business fails to continue to meet the Eligibility Criteria.