

In an effort to spur the City's industrial growth, the City of Wooster has been designated an Enterprise Zone pursuant to state law. Therefore, special tax incentives may be offered by contract to businesses who 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. Jobs must be either created or retained. Each contract with a business within the Zone relating to jobs, investment and tax incentives must be submitted to Wooster City Council for its approval.

PURPOSE

The purpose of the Enterprise Zone is to encourage investment and job creation or retention within the boundaries of the Enterprise Zone. Each contract negotiated with a local business shall be designed to spur capital investment while creating or retaining jobs. In return, the City will agree to provide the minimum amount of tax incentives possible under the circumstances of each transaction.

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 ... "(Section 5709.63(A) O.R.C.) may apply for tax incentives available. Furthermore, only businesses engaged in - manufacturing, warehousing, research and development, or distribution, or businesses organized as not-for-profit corporations will be eligible to apply for the tax incentives.

MINIMUM ASSISTANCE

In order to minimize the loss of new tax revenues, only the minimum abatement possible to bring about the investment will be offered.

NO RETROACTIVITY

The tax incentives available will only be offered when absolutely necessary to bring about the investment. No incentives will be made available for any investment in land, building and/or equipment which occurred prior to final approval of the application. In order to qualify to receive the tax incentives, the investment must take place subsequent to approval by the City of Wooster. 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.

DEGREE OF INVESTMENT REQUIRED

Only businesses that agree to make a substantial investment in either real property and/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 facts and circumstances of each applying business. As a general guideline, a substantial investment in real property shall exist whenever the following conditions apply:

1. When new construction is involved, a building or addition of at least 10,000 sq. ft. in size or \$250,000.00 in construction costs is proposed; or

2. When renovation or remodeling of an existing structure is involved, the amount of the proposed real property investment must equal or exceed 50% of the market value of the existing improvements located on the parcel. The market value, not including land value, will be determined by the Wayne County tax records; or
3. When expansion of a facility is contemplated, an investment of 10% of existing market value of the present facility normally must be made in the addition of building, equipment or other materials, except inventory.

SUBSTANTIAL IMPACT ON JOBS

Any business applying for the incentives available, in addition to the other requirements herein, must agree by contract that their project will have a substantial positive impact on job opportunities or retention at the site location. New businesses must agree to employ at least 10 full-time persons as a result of the investment in order to qualify as having a substantial impact on jobs. The interested parties will supply a business plan demonstrating their ability to have an impact on the local economy.

PENALTY

Failure to fulfill the requirement of substantial positive impact during the abatement period and for one additional year for each year of abatement may cause all tax abatements received by the organization to be owed and payable to the City of Wooster upon demand. Upon receipt of these penalty payments the City shall cause distribution of said moneys to the other affected taxing districts in their prorated share.

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 and payments required by the City of Wooster and or the State of Ohio.

PRINCIPALS ONLY

Only individuals who are principally involved as an owner or manager or authorized representative of a business interested in the Enterprise Zone tax incentives may negotiate with City officials regarding the specific incentives available under the terms of any investment agreement.

TAX INCENTIVE REVIEW COUNCIL

The Tax Incentive Review Council shall annually review all Enterprise Zone Agreements to determine compliance. The TIRC shall make a written report on each agreement with a recommendation to continue, to discontinue, or to amend the agreements. City Council shall adopt a resolution affirming, rejecting, or amending the recommendations of the TIRC.

CITY TO NEGOTIATE AGREEMENTS

The Wooster City Council has authorized the Mayor to apply to the Ohio Department of Development for the designation of the City of Wooster Enterprise Zone. It has delegated to the Wooster Growth Corporation, as the city's agent for economic development, the authority to negotiate and administer tax incentive agreements with businesses located therein. Interested parties should contact and negotiate with the Wooster Growth Corp, which will negotiate for the city and forward a completed application including a recommendation to City Council. Before abatement is granted, the local school district shall be invited to comment on the effect such action will have on school enrollment and financing.

EXPEDITED AGREEMENTS

The Wooster City Council commits to expedite applications by waiving the three reading rule (Charter Section 2.10) in the following situations:

- A. The proposed Enterprise Zone Agreement does not seek an abatement in excess of seventy-five percent (75%) nor a term in excess of ten (10) years; and
- B. The agreement has been recommended by Wooster Growth Corporation as having a positive impact on the City; and
- C. The business will not directly compete with the customer base of an existing business located in the City; except that this section will not apply if the applicant is an existing business located in the City seeking to expand; or the business with which the applicant would compete has previously been granted a tax abatement, in which case the abatement terms for the applicant will not exceed the prior tax abatement; and
- D. The wage rates contained in the proposed Enterprise Zone Agreement shall generally equal or exceed seventy-five percent (75%) of the highest average wage for comparable positions as shown in the latest edition of the Tri-County Wage and Benefit Survey at the time of the application; and
- E. The application contains a benefit package that includes a health benefit plan.
- F. If the Tri-County Wage and Benefit survey is older than three years at the time of application, or the Tri-County Wage and Benefit survey does not address proposed positions, another reputable source of wage rates may be used to demonstrate that the proposed wages equal or exceed 75% of the highest average wages in the area for the particular position(s).

CONTINUING OBLIGATION

During the term of any approved agreement, the business involved must continue to cooperate with city officials by providing any information necessary to ensure compliance with the terms of the tax incentive agreement.

Adopted by Wooster City Council, Ord. 1989-24

Amended by Wooster City Council, Ord. 1994-6

Amended by Wooster City Council, Ord. 1999-9

CITY OF WOOSTER ADMINISTRATIVE POLICY

As of 1/2018

INCOME TAX SHARE ASSESSMENT

All businesses participating in the Enterprise Zone program will agree to be assessed an annual fee equal to the amount of any income tax revenue sharing that the City of Wooster is required to pay to the Wooster City School District as a result of the project. Ohio Revised Code Section 5709.82 requires that communities share fifty-percent of the local income taxes generated by new employees resulting from an Enterprise Zone agreement when payroll reaches \$1,000,000 in a year, which includes income tax revenues from construction jobs and persons who are first employed at the site of such property and who within the two previous years have not been subject to, prior to being employed at that site, City income tax (and does not apply to new employees who replace an employee who is not considered new). The City's obligation to share income tax revenues is limited to compensating the Board of Education for a portion of the foregone revenues during the exemption period.

Businesses must agree, upon the City's request, to furnishing detailed payroll reports listing employees individually for all employment taking place at the project site, including reports from tenant firms and tenant employees. City will invoice Enterprise for any revenue sharing payment made to the Wooster City School District. As may be permitted by law, City will accept from Enterprise a charitable donation in the amount due in lieu of a fee payment.

Enterprises always have the option of coordinating in advance with the City of Wooster and the Wooster City School District Board of Education to make a special compensation involving a financial gift, providing property or services by gift, loan, or otherwise.

STATE PROGRAM POLICY

Provided by Ohio Revised Code Chapter 3735

As of 1/2018

Special considerations: Any project that results in a relocation of jobs from one Ohio location to another becomes ineligible for an Enterprise Zone abatement, unless the following occurs **in advance**:

1. Business informs City in writing that jobs will be relocated to the facility participating in the Enterprise Zone abatement from another Ohio address.
2. If the current location of the jobs to be relocated is positioned within an existing Enterprise Zone, the firm must obtain a waiver from the Director of the Ohio Development Services Agency by submitting an application and participating in an interview and site visit. The firm must also inform the community in writing of the proposed jobs to be relocated, and allow thirty-days to comment.
3. If the current location of the jobs to be relocated is existing within the City of Wooster's Enterprise Zone, this must be clearly stated in the Enterprise Zone application. If the jobs are being relocated after an agreement has been formed, the City must agree to an amendment of a current agreement, which will be filed at the Ohio Development Services Agency. (Please note, the City's Enterprise Zone is different from the City's corporate limits. A waiver from the Director of the Ohio Development Services Agency may still be required in certain circumstances when jobs are relocated from one Wooster address to another.)
4. Projects involving developers leasing to tenants may require both the developer (making real estate investment commitments) and any tenant (making job creation and payroll commitments) to be parties to the Enterprise Zone agreement.
5. Projects are required to provide a value for construction wages.

SPECIAL CITY OF WOOSTER ENTERPRISE ZONE POLICY REMINDERS

As of 1/2018

1. **Application Timeline:** Firms should allow approximately 35 to 45 days between filing an application and receiving formal approval. **Projects that being construction before approval will be disqualified.**
2. **One year abatement for two years of commitments:** **Businesses agree to continuing their operations for two years for every year of abatement, under penalty of claw-back of all forgone taxes.** In the case of a ten-year abatement, a business must maintain its operations at the project site for twenty years. Annual reports are not required of firms once past their abatement periods, but information on employment and payroll may periodically be requested and appropriate governmental records audited to ensure that a business is reasonably continuing its operations.
3. **Electronic Communications:** Participants in the Enterprise Zone Program must maintain a current email address on file with the City of Wooster's Development Coordinator. All annual reports are received electronically and official correspondences must also be accepted over email.
4. **Annual Reports and Special Data Requests:** Annual reporting information on payroll, job creation, and facility investment is a required component of the Enterprise Zone program. Formal reports are required for each year the firm is under construction and/or receives an abatement. This information is reviewed by the Tax Incentive Review Council and Wooster City Council. Additional information may be requested from a participating firm on a case-by-case basis.
5. **No Transfers Permitted:** No Enterprise Zone may be transferred to a new firm, whether a subsidiary or separate firm, without the express written approval of the City of Wooster. **A facility sold to a new owner before obtaining approval invalidates an agreement; new owners will not receive an abatement and the original owner will be subject to claw-back of all forgone tax revenues.**
6. **Obtaining Approval for a Transfer:** Firms wishing to transfer their Enterprise Zone agreements with the sale of their real estate must inform the City of Wooster in writing with as much advance notice as possible. Once a new real estate owner is identified, before any property transfer, the current owner must furnish the City with a signed letter requesting a transfer of the Enterprise Zone agreement to their prospective new facility owner. The prospective new owner will be required to complete a formal Enterprise Zone application that outlines the original project commitments, except that job, payroll, and certain other commitments may be amended to reflect the most recently reported figures. Applications for transfers will be reviewed by the City Administration and Wooster City Council, along with, if applicable, the local school districts.
7. **Relocation of Ohio Jobs Requires Waiver:** State law generally prohibits the relocation of existing Ohio jobs from one location (without replacement) to a site receiving an Enterprise Zone abatement unless the business first receives a waiver from the Ohio Development Services Agency and obtains approving legislation from Wooster City Council. There are many appropriate circumstances where waivers are provided. Firms contemplating a relocation of jobs, whether with a proposed or existing Enterprise Zone agreement, are advised to contact the City of Wooster's Economic Development office at least 60-days in advance.

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