***AN ORDINANCE CREATING CHAPTER 173 OF THE CODIFIED***

***ORDINANCES OF CITY OF STRUTHERS, OHIO ESTABLISHING AN***

***INCOME TAX INCENTIVE PROGRAM, AND DECLARING AN EMERGENCY.***

**WHEREAS,** Council desires to pursue all reasonable and legitimate incentive measures to encourage and promote economic growth within the City of Struthers; and

**WHEREAS,** to encourage and promote business expansion efforts and the establishment of new business within the City of Struthers, Council desires to establish an income tax incentive program.

 **NOW, THEREFORE, BE IT ORDINANED,** by the Council for the City of Struthers, Ohio, ¾’s of all members elected thereto concurring, that:

 **SECTION 1:** Chapter 173 of the City’s Codified Ordinances is hereby created to read as follows:

**CHAPTER 173 INCOME TAX INCENTIVE PROGRAM**

**173.01 CREATION AND PURPOSE**

(a) Beginning with and for the taxable year 2023 or a fiscal year beginning in 2023, and for each taxable year or fiscal year thereafter, there shall be, and is, a Struthers City Income Tax Incentive Program as set forth in this chapter.

(b) The purpose of the Struthers City Income Tax Incentive Program is to encourage and promote economic growth within the City of Struthers by encouraging and promoting business expansion efforts and the establishment of new businesses within the City of Struthers.

**173.02 DEFINITIONS**

As used in this chapter, the following words are defined as follows:

(a) “City” means the area located within the City of Struthers, County of Mahoning and State of Ohio.

(b) “New Employee” means an employee hired by a Qualifying Enterprise to perform work or render services with the City and who has not been employed by the Qualifying Enterprise or Related Enterprise within six (6) months prior to the date of such hire.

(c) “Related Enterprise” means an enterprise that shares a relationship with a Qualifying Enterprise in that twenty-five percent (25%) or more of ownership interests in both enterprises are the same.

(d) “Qualifying Enterprise” means a sole proprietorship, partnership, corporation, limited liability company, enterprise, business, employer, or other like entity that starts or expands a place of business within the City and hires at least one New Employee for that place of business.

(e) “Qualifying Investment” means an investment in real or personal property within the City for business purposes and having a useful life of at least five (5) years or inventory available for resale within the City.

**173.03 PROPERTY INVESTMENT COMPENSATION & NET PROFIT CREDIT PROGRAMS**

(a) The payments, terms, and provisions discussed in this division (a) shall be, and are, collectively deemed to be the “City’s Property Investment Compensation Program.” The City shall provide a yearly rebate payment to a Qualifying Enterprise equal to the percentage, as determined by the “Struthers Employment and Investment Program” set forth at the end of this division (a), of the next income tax withholding of the New Employee(s) paid to the City for the taxable year or fiscal year in which the Qualifying Enterprise becomes eligible for the payments provided for within this division (a), which begins with a base of twenty (20) percentage points and adds percentage points thereafter. The term of payments shall be ten (10) calendar years with full payment for the first five (5) calendar years and payments reduced by twenty percent (20%) per calendar year for the remaining five (5) calendar years. The first rebate payment per this division (a) shall be made on or before April 1of the first calendar year following the taxable year or fiscal year in which the Qualifying Enterprise becomes eligible for the payments provided for in this division (a), with each yearly rebate payment thereafter per this division (a) to be made on or before April 1 of the calendar year. To be eligible for the tax benefits provided for in this division (a), a Qualifying Enterprise must make a Qualifying Investment of at least $25,000.00 and apply for said benefits and execute an agreement therefor in accordance with division (c) of this section.

**Struthers Employment and Investment Program**

1. **# of New Employees (2) Annual Payroll for New Employees**

|  |  |  |  |
| --- | --- | --- | --- |
| 1-3 | 1 | $10,000.00-$25,000.00 | 3 |
| 4-10 | 2 | $25,001.00-$100,000.00 | 6 |
| 11-20 | 3 | $100,001.00-$400,000.00 | 9 |
| 21-30 | 4 | $400,001.00-$800,000.00 | 12 |
| 31-50 | 5 | $800,001.00-$1,400,000.00 | 15 |
| Over 50 | 6 | Over $1,400,000.00 | 18 |

**(3) Qualifying Investment in Real Property (4) Qualifying Investment in Real Property**

**Improvements Purchase**

|  |  |  |  |
| --- | --- | --- | --- |
| $5,000.00-$10,000.00 | 2 | $50,000.00-$75,000.00 | 1 |
| $10,001.00-$50,000.00 | 4 | $75,001.00-$150,000.00 | 2 |
| $50,001.00-$150,000.00 | 6 | $150,001.00-$300,000.00 | 3 |
| $150,001.00-$300,000.00 | 8 | $300,001.00-$600,000.00 | 4 |
| $300,001.00-$600,000.00 | 10 | $600,001.00 & Over | 5 |
| $600,001.00 & Over | 12 |  |  |

**If building has been vacant over 6 months, If building has been vacant for 6 months,**

**double percentage points double percentage points**

**(5) Qualifying Investment in New (6) Public Sector Financing/Assistance**

**Equipment & Inventory**

|  |  |  |  |
| --- | --- | --- | --- |
| $10,000.00-$50,000.00 | 2 | No Public Sector Financing | 7 |
| $50,001.00-$100,000.00 | 4 | Public Sector Less Than 25% | 4 |
| $100,001.00-$200,000.00 | 6 | Public Sector 50% or Less | 1 |
| $200,001.00-$400,000.00 | 8 | Pubic Sector Over 50% | 0 |
| $400,001.00-$700,000.00 | 10 |  |  |
| $700,001.00 & Over | 12 |  |  |

 **POINTS = %**

 **BASE = 20%**

 **MAXIMUM = 97%**

(b) The credits, terms and provisions discussed in this division (b) shall be, and are, collectively deemed to be the “City’s Net Profit Credit Program.” In addition to any benefits provided for in division (a) of this section, the City shall provide a yearly credit to a Qualifying Enterprise equal to the percentage, as determined by the “Struthers Employment and Investment Program” set forth at the end of division (a) of this section, of the net profit tax liability due to the City for the taxable year or fiscal year in which the Qualifying Enterprise becomes eligible for the credit provided for in this division (b). For purposes of the preceding sentence, however, “the net profit tax liability” shall mean only that portion of the net profit tax liability that is the direct result of the Qualifying Investment. The term of this credit shall be ten (10) calendar or fiscal years with full credit for the first five (5) calendar or fiscal years and reduced by twenty percent (20%) per calendar year or fiscal year for the remaining five (5) calendar years or fiscal years. A credit per this division (b) shall require the paying of the net profit tax generated by the Qualifying Enterprise, net of refunds. To be eligible for the tax credit(s) provided for in this division (b), a Qualifying Enterprise must make a Qualifying Investment of at least $150,000.00 and apply for said credit and execute an agreement therefor in accordance with division (c) of this section.

(c) In order for a Qualifying Enterprise to be eligible for any benefits or credits provided for in divisions (a) and/or (b) of this section for the taxable year 2023 or for a fiscal year beginning in 2023, the Qualifying Enterprise shall apply for same on or before March 1, 2023 by completing an application therefor to be prepared by the Treasurer. In order for a Qualifying Enterprise to be eligible for any benefits or credits provided for in divisions (a) and/or (b) of this section for taxable years after 2023 or for fiscal years beginning after 2023, the Qualifying Enterprise shall apply for same, within sixty (60) days after starting or expanding a place of business within the City and having at least one new employee for that business begin work or service, by completing an application therefor to be prepared by the Treasurer. Any application provided for in this division (c) shall, among other things, call for the estimated and proposed number of New Employees, the estimated and proposed amount of compensation to be paid to New Employees, and the estimated and proposed amount of Qualifying Investment(s). Any application provided for in this division (c) shall be reviewed by a committee known as the “ITI Program Oversight Committee.” The ITI Program Oversight Committee is hereby established and shall consist of the Treasurer, Law Director, Auditor, Mayor, and an appointee of the Mayor who shall not be an official, officer or employee of the City. Once the application is reviewed by the ITI Program Oversight Committee, the ITI Program Oversight Committee shall make a recommendation to Council to approve and disapprove the application, and Council shall vote to approve or disapprove the application. If Council approves the application, a written agreement therefor shall be made and entered into by and between the City and the Qualifying Enterprise. Any such agreement shall, among other things, set forth and be conditioned upon the estimated and proposed number of New Employees, the estimated and proposed amount of Qualifying Investment, the estimated and proposed amount of compensation to be paid to the New Employees, the estimated and proposed amount of Property Investment Compensation Program rebate payments and/or the estimated and proposed amount of Net Profit Credit Program credits. Any such agreement shall first be approved by the ITI Program Oversight Committee and shall be referred to as an “Income Tax Incentive Program Agreement.” For a Qualifying Enterprise to continue and remain in the ITI Program, it shall cooperate with the ITI Program Oversight Committee and the Treasurer, and shall supply the following to the ITI Program Oversight Committee and the Treasurer upon request:

(1) An annual progress report documenting the New Employees and payroll within the City;

(2) A copy of the Qualifying Enterprise’s latest federal and state income tax returns; and

(3) Any other relevant information and documentation requested by the ITI Program Oversight Committee and/or the Treasurer.

(d) In addition to any duties and responsibilities set forth in division (c) of this section, the ITI Program Oversight Committee shall also:

 (1) Review annual progress reports relative to the ITI Program;

 (2) Recommend the continuation or non-continuation in the ITI Program;

(3) Adopt rules and regulations for the administration of the ITI Program not inconsistent with the terms and conditions of this chapter; and

(4) Present an annual progress report to Council relative to the ITI Program.

(e) All requests for any benefits or credits provided for within this section shall be subject to verification by, and the audit of, the Treasurer. The Treasurer may order an independent audit of a Qualifying Enterprise’s employment, payroll, and tax records (at the expense of the Qualifying Enterprise) for purposes of administering or enforcing this chapter.

**SECTION 2:** It is found and determined that all formal actions of this Council concerning and relating to the passage of this Ordinance were adopted in an open meeting of this Council, and that all deliberations of this Council and of any of its committees that resulted in those formal actions were in meetings open in the public, in compliance with law.

 **SECTION 3:** This ordinance is hereby declared to be an emergency measure necessary for the immediate preservation of the public health and safety and, thus, shall take full force and effect immediately upon its passage and approval by the Mayor.

PASSED IN COUNCIL THIS \_\_\_28th \_\_\_\_ DAY OF \_\_\_\_December\_\_\_\_\_\_\_\_\_\_, 2022.

\_Megan R. Shorthouse \_\_\_\_\_\_\_\_\_\_\_\_ \_Michael S. Patrick\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

CLERK OF COUNCIL PRESIDENT OF COUNCIL

FILED WITH THE MAYOR THIS \_\_\_\_28th \_\_\_\_ DAY OF \_\_\_\_December\_\_\_\_\_, 2022.

 \_\_ Megan R. Shorthouse \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 CLERK OF COUNCIL

APPROVED BY THE MAYOR THIS \_\_\_28th \_\_ DAY OF \_\_\_\_December\_\_\_\_\_, 2022.

 \_Catherine Cercone Miller\_ \_\_\_\_\_\_\_\_\_\_\_\_\_

 MAYOR

PUBLISHED IN THE HOMETOWN JOURNAL

DATE: \_\_01/06/2022-01/13/20222\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 \_\_ Megan R. Shorthouse \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 CLERK OF COUNCIL

Save: Income Tax Incentive Program 2022 Revised