

## **CITY OF STOW – INCOME TAX SHARING GRANT PROGRAM**

### **Purpose**

The City of Stow Income Tax Grant Program provides a monetary grant to a business that occupies an existing industrial and/or office building in the City of Stow that is vacant, or constructs new industrial and/or office space in the City of Stow on land within Community Reinvestment Areas I or II. The grant is an annual payment from the City's non-tax (general fund) revenues equal to a portion of the income tax paid as a result of new employment.

### **Eligibility**

A company shall be eligible to receive an annual grant payment under the following terms and conditions.

- (a) Any of the following three scenarios are proposed in association with a business occupying a vacant structure, building a new facility or a business expansion:
  - (1) The owner/business will bring a current annual payroll to the City of Stow, excluding benefits, of at least \$500,000. In order for a business to be eligible for an annual grant payment under this scenario, the site may not be located in the income tax sharing district with the City of Akron, and the owner/business does not apply for either Enterprise Zone or Community Reinvestment Area tax incentives.
  - (2) The owner/business will bring a current payroll of at least \$2,000,000 excluding benefits. The building or land may be located in the income tax sharing district with the City of Akron and the owner/business does not apply for either Enterprise Zone or Community Reinvestment Area tax incentives.
  - (3) The owner/business will bring a current payroll of at least \$3,000,000 excluding benefits, the site may be located within the income tax sharing district with the City of Akron and the building will be constructed on property eligible for a Community Reinvestment Area Tax Incentive Agreement.
- (b) The owner/business agrees to maintain the existing payroll and new jobs for the period of the credit. Should the existing and/or new payroll decline from the level existing at the time of the initial agreement, the agreement may be discontinued. Failure of the owner/business to maintain existing and new payroll commitments two years in a row will result in a mandatory discontinuance of the agreement, and may result in the City of Stow seeking the repayment of all grant payments received through this program.
- (c) In the event of an expansion of an existing building, the income tax grant payment shall be based upon the new payroll attributable to the expansion. In this situation, the annual payroll reported to the City of Stow the preceding year will be set in the agreement as the baseline payroll and any payments under this program shall be calculated upon the payroll over and above the baseline amount.
- (d) The City of Stow Income Tax Grant Agreement must be offered by the City prior to or within ninety (90) calendar days after the company has acquired or leased an existing vacant building.
- (e) Retail and food service businesses are not eligible recipient

(f) Council has made a determination prior to, or concurrent with, approving the Income Tax Grant Program Agreement that based upon the projected net tax revenues to the City of Stow, that the proposed agreement will result in significant benefits to the City of Stow. Significant benefits will be measured by projected net income and property tax revenues, level of investment and overall magnitude of the project

**Schedule of Grant Benefits**

With the exception noted below, an eligible grant recipient will receive an annual grant payment equal to no more than twenty-five percent (25%) of the total new annual payroll taxes paid to the City of Stow for the duration of the City of Stow Income Tax Grant Program Agreement. The duration of the agreement may not exceed the lease term if the owner/business is leasing space. Maximum duration of an agreement and property tax exemption eligibility in conjunction with this program is dependent upon annual payroll as committed to by the owner/business in year 3 of the agreement and is indicated in the following schedule:

Total Annual Payroll	Outside Tax Sharing Area		Inside Tax Sharing Area	
	Maximum Length of Agreement	Eligible for Property Tax Incentives	Maximum Length of Agreement	Eligible for Property Tax Incentives
\$500,000 to \$750,000	3 Years	No	N/A	No
\$750,001 to \$1,000,000	5 Years	No	N/A	No
\$1,000,001 to \$2,000,000	6 Years	No	N/A	No
\$2,000,001 to \$3,000,000	7 Years	No	7 Years	No
\$3,000,001 to \$4,000,000	8 Years	Yes	8 Years	Yes
\$4,000,001 to \$5,000,000	9 Years	Yes	9 Years	Yes
\$5,000,001 and up	10 Years	Yes	10 Years	Yes

(a) Council may at its' discretion, approve a schedule of grant benefits that differs from the above schedule, if it is determined that the overall benefits to the City of Stow are potentially greater if a variation to the above schedule is used to determine a schedule of grant benefits for a particular company. In all cases the total benefit to be received by the company shall not exceed by 5% the benefit that would be available using the above schedule. If Council approves a variable schedule of benefits, the company may be required to commit to maintaining the annual payroll at the Stow project site for a period that would coincide with the time period in C.O.S. Section 196.03, Schedule of Grant Benefits.

**Application Process**

Application for the City of Stow Income Tax Sharing Grant Program must be made to the City of Stow on forms available from the Economic Development office. Initial discussions with prospective applicants will be held in confidence. Should the applicant wish to proceed, a completed application will be forwarded to City Council for consideration and information contained in the application shall then become public information.

An application fee of \$250 shall be paid to the City of Stow upon submission of the application.

City of Stow Income Tax Sharing Grant payments are typically made following the submission by the business of payroll tax information from the preceding year.