

# ENTERPRISE ZONE

## City of North Royalton, Ohio

### LOCAL & STATE TAX ABATEMENT GUIDELINES

The City of North Royalton offers its Enterprise Zone Program as an economic development incentive tool to help attract new business investment and retain and expand existing businesses that provide good paying jobs.

**(1) EXEMPTION RATE:** Maximum 75% for new real and/or personal property investments.

Exemption Rates based on annual payroll ranges are:

- \$100,000 - \$250,000 annual payroll retained/added 10%
  - \$250,001 - \$500,000 annual payroll retained/added 20%
  - \$500,001 - \$1,000,000 annual payroll retained/added 30%
  - \$1,000,001+ annual payroll retained/added 40%
- (Payroll levels are not cumulative)*
- Expansion/Retention - Current North Royalton business 10%
  - New use of previously developed site or re-use or demolition of vacant building 10%
  - Provide extra community benefit/corporate citizenship 10%
  - Remediate environmental contamination 15% bonus

**(2) TERM:** Maximum 10-years for new real property & 10-years for personal property investments.

How to reach the fifteen year term maximum:

- Base term for any project under \$1 Million investment\* 5 years
- Each \$1 Million invested in Real Property\*\* 1 additional year
- Each \$1 Million invested in Personal Property\*\* 1 additional year

Project Example: Company ABC has current annual payroll of \$502,000 and is considering locating to North Royalton to build a new facility with estimated investments of:

\$250,000	Land Acquisition Cost
\$750,000	Building Cost
\$500,000	Machinery & Equipment
<u>\$200,000</u>	Furniture & Fixtures
\$1,700,000	Total Investment

**Exemption Rate:** 30% based on \$502,000 in current annual payroll  
**Term:** 7 years based on \$1.7 Million total investment

\*Minimum level of new investment is \$250,000 for each type of property – real & personal – to be eligible.

\*\*Or significant portion of each \$1 Million invested in Real and/or Personal Property. Subject to negotiation.

### (3) City of North Royalton Requirements

- These guidelines do not confer a presumption or guarantee of exemption. The City reserves the right to approve lower or higher rates and terms or to deny application for exemption.
- The minimum level of new investment for any project to be considered for exemption is \$250,000 for each type of property - personal and real.
- Taxes abated in EZ projects cannot exceed net new taxes generated to City based on Tax Abatement Cost/Benefit Analysis to be conducted by Department of Community and Economic Development.
- The City will give preference to projects with an average of 10 full-time equivalent (FTE) jobs per acre with an average annual salary of \$40,000 per job, but will determine eligibility on a case-by-case basis.
- An annual monitoring fee equal to 1% of the dollar value of incentives offered under an Agreement, or \$500, whichever is greater (maximum of \$2,500), shall be levied each year that an Ohio Enterprise Zone Agreement is in effect.
- Exemption requires appropriate zoning, building permit and design review approvals, if applicable, and requires resolution of outstanding code violations and tax delinquencies.
- These guidelines do not affect the existing City of North Royalton/North Royalton City School District tax sharing agreement or Enterprise Zone (EZ) agreements.

### (4) State of Ohio Requirements

- No exemption is allowed on existing assets - real or personal property.
- Minimum investment required in expansion projects: 10% of current value.
- Minimum investment required in occupation of a vacant facility: 20% of current value.
- Minimum investment required in renovation of an existing facility: 50% of current value.
- Relocations from other Ohio communities will require originating community and State involvement prior to the exemption approval.
- A \$750 application fee, payable to the State of Ohio, is required with each EZ project.
- The City of North Royalton must notify impacted school districts of the terms of the agreement prior to the City's exemption approval, and may be required to secure approval from the school districts prior to issuing the exemption(s).
- A written Ohio Enterprise Zone Agreement with the City of North Royalton must be signed and approved by the North Royalton City Council and Cuyahoga County Board of Commissioners *prior to project commencement*.
- The North Royalton Tax Incentive Review Council will conduct an annual review of the exemption recipient's success in reaching targeted investment and employment levels.

**For more information contact:**

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