

ENTERPRISE ZONE

City of North Royalton, Ohio

LOCAL & STATE TAX ABATEMENT GUIDELINES (2007)

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

(1) EXEMPTION RATE: Maximum 50% for new real property investments.

Exemption Rates bases on annual payroll ranges are: EXEMPTION

- \$250,000-\$500,000 annual payroll retained/added 10%
- \$500,001-\$1,000,000 annual payroll retained/added 20%
- \$1,000,001 + annual payroll retained/added 30%

(Exemption levels not cumulative)

- Expansion/Retention – Current North Royalton business 10%
- New use of previously developed site or reuse 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 investments.

How to reach the ten-year term maximum:

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

Project Example: Company ABC has a 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
<u>\$750,000</u>		Building Cost
\$1,000,000		Total Eligible Real Property Investment

Exemption Rate: **20% based on \$502,000 in current annual payroll**
Term: **5 years based on \$1.0 million real property investment**

*Minimum level of new investment is \$500,000 for real property.

**Or significant portion of each \$1 Million in Real Property. Subject to negotiation.

City of North Royalton, Ohio
Non-Residential Enterprise Zone Tax Abatement Guidelines

(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 real property investment for any project considered for exemption is \$500,000.
- Taxes abated in EZ projects cannot exceed net new taxes generate by the City based on Tax Abatement Cost/Benefit Analysis to be conducted by the Department of Community and Economic Development.
- At least 75% of total company annual payroll taxes are paid to the City of North Royalton.
- 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-or for retail operations
- 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.

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