

Amended 2022-131
EXHIBIT A

145.04 GUIDELINES FOR TAX ABATEMENT AGREEMENTS.

The County Council hereby adopts the guidelines and policies for the County's Urban Jobs and Enterprise Zones tax abatement program in the Western Reserve, Barberton and Mogadore Jobs and Enterprise Zones as specified identified in this chapter and incorporated herein for the purpose of having a consistent, centralized economic development policy for the County of Summit.

County of Summit Enterprise Zone Guidelines

(a) Introduction. The County of Summit established an enterprise zone program in 1988 pursuant to State law through the adoption of this Chapter 145. Since that initial adoption, the County has enacted several enterprise zones within the County. All of which are identified in this Chapter 145. This section was adopted in 1997 to provide guidelines and principles for enterprise zone tax abatements negotiated by the local community and the County. Periodically, this Section should be updated to provide guidance based on standard practice in economic development across the State of Ohio and current market conditions in the County of Summit. There are three (3) zones in Summit County:

— (1) ~~Western Reserve, consisting of all or parts of the City of Twinsburg, the City of Macedonia, the Village of Boston Heights, the Village of Peninsula, Boston Township, Hudson Township, Northfield Center Township, and Twinsburg Township;~~

— (2) ~~Barberton, consisting of most of the City of Barberton;~~

— (3) ~~Mogadore, consisting of the Village of Mogadore in Summit and Portage Counties.~~

— Pursuant to Ohio R.C. 5709.63, the authority to negotiate abatement with businesses in return for their locating within an enterprise zone was placed at the County level. Subsection (C) of that section, however, permitted counties, with the approval of the legislative authority of affected municipalities or townships, to place the authority to negotiate abatement agreements in those local legislative authorities. When Summit County created its three enterprise zones, at the urging of the Ohio Department of Development, it delegated the authority to negotiate to the municipalities and townships. The County Executive, with the authorization of the County Council, however, is required to execute each final negotiated agreement.

— During the course of the program, many issues have arisen. At the request of County Executive Tim Davis, a task force was appointed by County Councilman Clair Dickinson, which examined the County's enterprise zone program. The task force found that some intracounty competition has occurred in the Western Reserve Zone. Some communities do not have staffs with enough time to devote to researching and negotiating the best deal possible with the business. Further, placing the ability to negotiate solely at the township or municipal level forecloses the possibility of the County having a consistent, centralized economic development policy. The task force recommended that the County adopt guidelines to assist communities and to enhance the County's role in tax abatement policy.

(b) Purpose. The County of Summit wishes to encourage maximum investment and job creation within Summit County while assuring that tax incentives are utilized in a prudent and equitable manner. The County will permit the use of tax incentives to encourage fair and equitable economic growth within the County as well as to providing tools to be used for job retention. The County particularly wishes to encourage projects where the goods and services produced are sold outside the local economic area.

(c) Eligible Businesses. Eligible For the most part only businesses that will be considered for the enterprise zone tax abatement program should include:

(i) Businesses that would not locate or expand in Summit County but for the availability of tax abatements. will be considered for participation in the abatement program.

(ii) Businesses that are currently located within Summit County and need to expand or relocate for operational efficiency improvements.

(iii) Businesses that are currently located within Summit County and need to expand or relocate due to aging or obsolescent real estate that is no longer conducive to supporting continued growth and job creation.

Eligible business that will be considered for the enterprise zone tax abatement program must:

(i) Be within a traded-sector industry or a non-retail sector.

(ii) Pay all of its employees a wage of at least \$15.00 an hour.

(iii) ~~Provide~~ Offer employer sponsored healthcare plan ~~options~~ benefits to their full-time employees.

(iv) Be current on all municipal and JEDD income taxes with all political subdivisions in Summit County, and current on all real property taxes owed the County.

~~It is recognized that Barberton has used abatement to assist in the modernization of existing businesses for the furtherance of the goal of job retention. This is a worthy goal and will be supported by the County in appropriate circumstances. It is highly unlikely that establishments used only for retail sales or single purpose warehouse facilities will be considered for tax abatement unless they are proposed to be located in an existing vacant building in the Barberton or Mogadore zone and then only upon a showing that the existing building is not likely to be put to another use in the foreseeable future.~~

(d) Assistance Available.

(i) ~~Real Property Estate~~ Tax Abatement. Renovation and expansion projects shall be eligible for real property estate tax abatement if the project cost is equal to at least twenty percent (20%) of the market value of the facility prior to the renovation or expansion. Land value shall not be considered for abatement.

~~(2) Personal Property Tax Abatement. Personal property tax abatement is eligible for the following:~~

~~— A. Machinery and Equipment. Machinery and equipment are eligible for enterprise zone tax abatement under one (1) of the following conditions:~~

~~— 1. The machinery is brand new equipment purchased by the company.~~

~~— 2. Used equipment purchased by the company from another firm in Ohio, but outside Summit County, that is not an affiliate.~~

~~— 3. Used equipment brought to the project site by the company from outside Ohio.~~

~~— 4. Used equipment brought to the project site by the company from outside Ohio.~~

~~— B. Inventory. The following inventory is eligible for enterprise zone tax abatement:~~

~~— 1. All inventory in a new project is eligible for enterprise zone tax abatement.~~

~~— 2. The new inventory that is in excess of the amount or value of inventory required to be listed in the personal property tax return of the business in the tax year in which the enterprise zone agreement is executed.~~

(e) The following information applies to all zones within Summit County and is provided in order to facilitate negotiations and compliance among all parties.

(i) Incentive guidelines. For municipalities, up to 75% abatement on real property taxes for up to 15 years OR an average of 60% over the life of the agreement. For townships, up to 60% abatement on real property taxes for up to 15 years.

~~Real Property Up to 75% for up to 10 years OR an average of 60% over the life of the agreement.~~

~~Tangible Personal Property~~

~~Up to 75% for up to 10 years WITH an average of 50% over the life of the agreement.~~

————— TOWNSHIPS

Real Property

Up to 60% for up to 10 years OR an average of 50% over the life of the agreement.

Tangible Personal Property

Same

(ii) Schedule of Availability and Evaluation Form and Scale.

1) _____ \$ value of eligible (new) ~~investment~~ hard and soft construction costs in real ~~and personal~~ property

under \$1 million	1 point
\$1 million minimum	2
\$3 million minimum	3
\$5 million minimum	4
\$7 million minimum	5

2) % of new hard and soft construction costs compared to existing value of real property

<u>20% of existing value minimum</u>	<u>2 point</u>
<u>30% of existing value minimum</u>	<u>3</u>
<u>40% of existing value minimum</u>	<u>4</u>
<u>50% of existing value minimum</u>	<u>5</u>

3) _____ fulltime employees

Existing Operations - % increase New Company/Branch--# of employees

10% minimum -- 1 point	<5--1 point
20% minimum -- 2	10 minimum -- 2
30% minimum -- 3	20 minimum -- 3
40% minimum -- 4	30 minimum -- 4
50% minimum -- 5	40 minimum -- 5

3 4) _____ \$ value of average salary for new employees (based on payroll for jobs created, calculated per FTE)

under \$31,200 \$15,000/year minimum	1 point
<u>\$36,400</u> \$15,000/year minimum	3
<u>\$41,600</u> \$20,000/year minimum	5
<u>\$46,800</u> \$25,000/year minimum	7
<u>\$52,000</u> \$30,000/year minimum	10

4 5) _____ site of operations

New to community (relocation or new company) -- 5 points

Currently in community (expansion) – 10

5-6) _____ % of sales exported (most recent fiscal year)

5% minimum	1 point
10% minimum	2 points
15% minimum	3 points
20% minimum	4 points
25% minimum	5 points

6 7) _____ local discretionary points, 5 points maximum (e.g., ~~paid health benefits, diversity and inclusion programs,~~ tuition stipend, paid training programs, on-site daycare, paid student internships).

Describe any programs or paid benefits available for employees:

TOTAL POINTS _____

SCHEDULE OF AVAILABILITY

10 points minimum:	up to <u>10</u> 4 years
15 points minimum:	up to <u>12</u> 6 years
20 points minimum:	up to <u>13</u> 8 years
25 points minimum:	up to <u>15</u> 10 years.

(f) ~~JOBS Program Job Placements.~~ In order to provide job opportunities for clients of the County's OhioMeansJobs Center, the JOBS trainees, the County has a first source hiring agreement for ~~JOBS trainees.~~ The following language shall appear in the Enterprise Zone agreement:

“The employer will use the County of Summit ~~JOBS Program~~ OhioMeansJobs Center as a source of recruitment, referral and placement of employees. In order for the ~~JOBS Program~~ OhioMeansJobs Center to provide the employer with potential employees, the employer will notify the ~~JOBS Program~~ OhioMeansJobs Center of job openings along with job descriptions. Notification shall also include the number of employees needed by job title, rates of pay, hours of work, anticipated duration of employment, and work to be performed. The employer shall also notify the ~~JOBS Program~~ OhioMeansJobs Center of the date by which the ~~JOBS Program~~ OhioMeansJobs Center must refer qualified applicants to the employer. The employer shall not be bound to hire from these referrals.”

(g) Notice to ~~Summit County~~ Department of Community and Economic Development Planning. The local community shall notify the Director of the Summit County Planning Department of Community and Economic Development at the earliest time feasible of a project for which an abatement is to be requested. ~~Notice may be made by calling Mark Hansel, Director, or Robert Corlett, Assistant Director at 379-2552.~~

(h) Notice to School Board. In addition to the requirements of Ohio R.C. 5709.83, each municipality and/or township is required to notify in writing the school superintendent and school treasurer of each school district that is affected by the pending tax abatement. The school superintendent and treasurer shall be encouraged to comment in writing and forward their comments to the municipality and/or township about the proposed abatement, a copy of which must be submitted with the approved legislation to Summit County Council, and the same shall be kept on file by the Clerk of Courts.

~~— Any comments received shall be attached from the school superintendent and school treasurer to the legislation prior to being considered for approval by the Summit County Council.~~

(i) ~~— Tax Incentive Review Council Annual Report. Each Tax Incentive Review Council of the local community shall provide the County Executive and the County Council with an annual report on April 1 of each year which includes the abatement activity within the zone and states whether the companies which have received abatement are complying with the terms of the agreement. The report shall be submitted to the Summit County Planning Department at 175 S. Main Street, Akron, Ohio 44308, Room 207. At the time the Department of Planning presents information to County Council in regard to any requested abatement, the Department shall be required to inform Council whether the community involved has timely filed its Annual Reports.~~

(j) Hearing Before County Council. When a tax abatement agreement and legislation is before County Council's Planning Committee, officials representing the company shall be in attendance. If a request for an abatement exceeds the above-stated guidelines, representatives from the company and representatives from the local community shall attend the hearing.

~~These are guidelines and are intended to assist communities.~~ If a local community wishes to submit a project to the County which exceeds these guidelines, the local community shall be prepared to present to Council reasons for exceeding the guidelines.

EXHIBIT B

145.05 TAX ABATEMENT PRINCIPLES.

(a) Abatements Required. Summit County Council recognizes that tax abatements may be required:

- (i) In response to inter-state competition for employers;
 - (ii) To encourage the location, expansion and retention of employers;
 - (iii) To assist in the redevelopment of economically disadvantaged communities; and
 - (iv) To support the reuse of environmentally damaged buildings and sites.
- (v) Assist businesses whom but for the tax abatement would not find it financially viable to make a real property investment.

(b) Supporting Regional Cooperation. Cooperation among County and local governments to support regional economic development and job creation should be promoted. Economic development is a regional issue and teamwork among governmental units will help ensure the economic viability of the region.

(c) Responding to Inter-State Economic Development Competition. Tax abatements, and other forms of public finance incentives, may have to be provided to firms as a result of inter-state competition.

(d) Distressed Communities and Sites.

(i) Tax abatements in an enterprise zone ~~are a means was enacted as a way of~~ encouraging firms to locate and expand in distressed municipalities. ~~Summit County Council believes that if tax abatement is granted, the General Assembly should mandate a periodic (five or ten years) review to determine enterprise zone distress.~~

(ii) Employment distress occurs where unemployment rates are substantially above the state average and where labor force participating rates are substantially below the state average. Unemployed residents of these distressed communities should be hired as a result of any abatement.

(iii) Environmental distress occurs in existing buildings and sites that have been used for business and industry and is substantially contaminated with hazardous materials. The reuse of these sites is a public purpose and an abatement would help to partially offset the cost and risk in doing so.

(e) Mayors, city councils, school boards, township trustees and county governments should be guaranteed an opportunity to express their opinions about the establishment of enterprise zones and proposed abatements because they are affected by these actions. ~~State legislation should require that affected governments be notified about the proposed establishment of enterprise zones and the granting of a specific abatement request, and they should have sufficient time to respond and comment on those proposals.~~

~~(f) The legislature is encouraged to grant all counties the authority to adopt uniform guidelines with which all single purpose enterprise zones or multi-jurisdictional zones within said counties shall comply.~~

~~(g) — If the legislature extends urban jobs and enterprise zones beyond the current program, Summit County Council encourages the legislature to require that each Enterprise Zone be reviewed as often as practicable by the Ohio Department of Development, to ensure that each zone continues to meet the distress criteria that originally permitted its respective certification. Any zone no longer meeting those criteria should be decertified.~~

~~(h) — If legislation is extended beyond 1993, any distinction between eligibility criteria for rural and urban enterprise zones should be eliminated.~~

~~— (i) — The legislature is also encouraged to examine tax abatement guidelines adopted by this Council, specifically:~~

- ~~(i) — Limit term and incentive amounts based upon number of years created or retained and the amount of investment in a project and the "quality" of jobs created or retained in a project;~~
- ~~(ii) — Place a cap of fifty percent (50%) on personal property;~~
- ~~(iii) — Take community distress criteria into account; and~~
- ~~(iv) — Implement contractual terms based upon the amount of investment and the number of jobs created and retained.~~

~~— (j) — County Council also urges the state to adopt recapture language supporting a County's authority to renegotiate or recapture incentives based on a company's record of noncompliance.~~

~~— (k) — It appears that the tax abatement program, as it currently exists under Ohio law, is being used as an ad hoc attempt to cure an outdated tax code. Summit County Council hereby requests that the State legislature change its current tax structure. While the State of Ohio traditionally has been a manufacturing state, it has diversified its economic base in recent years and the current tax structure does not reflect this fact.~~

~~— The Ohio tax on personal property places the State in an uncompetitive position versus other states. The abatements granted under the Urban Jobs and Enterprise Zone Act appears to be a method of trying to compensate for this fact. This situation should be addressed directly by the state legislature rather than indirectly through tax abatements.~~

EXHIBIT C

145.10 COPLEY URBAN JOBS AND ENTERPRISE ZONE.

(a) The County is requesting designation of an Enterprise Zone which includes all or part of Copley Township and meets the population and boundary requirements to be certified as an Enterprise Zone under Ohio R.C. 5709.632.

(b) The County, through the Department of Community and Economic Development, will have primary responsibility for negotiating and administering Enterprise Zone agreements within the Enterprise Zone. The County shall involve the Township in the negotiation process and receive the consent and approval of the Township's Board of Trustees prior to formal approval by County Council.

(c) Council and the Executive, by this section, do hereby agree to form a Tax Incentive Review Council having the characteristics set forth in Ohio R.C. 5709.85 and this Tax Incentive Review Council shall be formed within sixty (60) days of the Director of the State of Ohio Director of the Department of Development certifying the zone.

(d) Based upon the factual data, reports and conditions, Council hereby finds and determines Copley Township meets the requirements of this section for designation, and Council hereby designates the area shown on Exhibit A, attached to original Resolution 2022-117, encompassing the entire area within Copley Township as an Enterprise Zone of the County pursuant to, and in accordance with, the requirements of Ohio R.C. 5709.632, as amended.

(e) Based upon the factual data, reports and conditions of the area designated as an Enterprise Zone, Council hereby finds and determines that the zone has a population of at least 4,000 persons, according to the best and most recent data available to the Director of the Department of Development, and the zone meets the characteristics outlined in Ohio R.C. 5709.632, as amended. The development of the area proposed as the Enterprise Zone would create and preserve employment opportunities in the zone and would improve the economic climate of Copley Township.

(f) The County Executive is hereby authorized to execute any and all documents necessary to implement this section.