

RESOLUTION EDA 22-01

A RESOLUTION PROVIDING FOR MEANS TO ATTRACT BUSINESS AND ECONOMIC GROWTH WITHIN THE CLINTON COMMUNITY

WHEREAS, many companies are looking to relocate or expand in today's competitive market; and

WHEREAS, private sector investments create jobs and provide economic benefits to the City; and

WHEREAS, existing businesses which expand also create new jobs and provide economic benefits to the City; and

WHEREAS, the providing of incentives to new and relocating retail businesses must be balanced against fairness to existing retail businesses which have remained and operated in Clinton over a period of time; and

WHEREAS, the City of Clinton needs economic growth for the economic betterment of the City and its residents; and

WHEREAS, the Clinton Economic Development Authority is a public trust, organized and operating according to the laws of the State of Oklahoma, 60 O.S. Sec. 176 et seq., which has, for one of its purposes, the economic welfare and betterment of the community, and of which the City of Clinton is its sole benefactor; and

WHEREAS, the City of Clinton collects an excise tax of four and one-half percent (4.5%), which funds are dedicated to various purposes; and

WHEREAS, the City Council of the City of Clinton has determined that it would be in the interests of the public health, safety, and welfare to provide the Clinton Economic Development Authority with amounts matching those portions of unencumbered funds received by the City as sales tax paid by the respective businesses not earmarked for other purposes or retained by the Oklahoma Tax Commission, to be distributed to qualifying new retail businesses and expanding existing businesses on a quarterly basis (hereinafter referred to as "Net Tax") as an incentive to establish and expand businesses within the corporate boundaries of Clinton; and

WHEREAS, the Trustees of the Clinton Economic Development Authority have determined that it would be in the interests of the public health, safety, and welfare to provide qualifying businesses with an amount matching those portions of the funds, received by the City as Net Tax paid by the respective businesses and actually collected by the City, as an incentive to establish and expand businesses within the corporate boundaries of Clinton.

BE IT THEREORE RESOLVED BY THE CITY OF CLINTON AND THE CLINTON ECONOMIC DEVELOPMENT AUTHORITY:

The City of Clinton and the Clinton Economic Development Authority hereby establish the Clinton ECONOMIC GROWTH INCENTIVE (the Program), the terms and conditions of which are described herein.

I. Definitions:

a. **Qualifying Business** shall mean either:

Those new retail businesses locating within the corporate boundaries of Clinton after the effective date of this Resolution; or

Existing retail businesses of at least one year which expand by adding at least 25 percent to the square feet of the interior business premises after the effective date of this Resolution as evidenced by tax or building records or other acceptable proof. The incentive entitlement of such expanding businesses shall be the excess over the average of taxes paid over the past years, of at least one year but not to exceed three. For example, an existing retail business which maintained an establishment of 1000 interior square fee and adds 250 square feet of interior space would be entitled to an incentive from City since the expansion exceeds 25 percent of the pre-existing interior space. If this business paid an average of Net Tax of \$5,000.00 per quarter over the past three years, and after the expansion, the business paid \$7,500.00 the first quarter, the Net Tax amount subject to the Incentive Rebate for the first quarter would be calculated as the difference between \$7,500.00 and \$5,000.00, or \$2,500.00. If that same business paid \$8,500.00 the second quarter, the net tax amount would be \$3,500.00 for the second quarter. After the first year, the base year will remain the same for all calculations of eligible incentive funds.

b. **Tax** shall mean: funds collected on a Quarterly Basis by the City from the Oklahoma Tax Commission; which have been paid as City Sales Tax by a Qualifying Business.

c. **City** shall mean the City of Clinton, Oklahoma.

d. **Authority** shall mean the Clinton Economic Development Authority.

e. **Additional Tax** the 1.5 cents in Sales Tax, collected by the City, which are dedicated to particular purposes described in the Code.

f. **Net Tax** shall mean the Tax, less the Additional Tax and less monies retained by the Oklahoma Tax Commission as collection fees

II. Incentive – Entitlement/Procedure: Funds, equal to sixty percent (60%) of the Net Tax, after collection by the City from the Oklahoma Tax Commission, shall be remitted to Qualifying Businesses, for a period of Sixty (60) months following

application by a Qualifying Business, on a form provided by the Authority, and approval, by the City Manager, of the Qualifying business.

- a. Upon satisfactory proof of qualification, the City shall forward 60% of the Net Tax collected to the Clinton Economic Development Authority for appropriate distribution to the Qualifying Businesses within 30 days of transfer of funds from the City. Such transfers of funds from the City will be made each quarter within 30 days of collection from the Oklahoma Tax Commission
- b. Beginning the first June 30th and annually thereafter, Qualified Businesses must file with the City Clerk, a report which identifies the following:
 - i. Fulltime jobs employed since the prior reporting period,
 - ii. Part-time jobs employed since the prior reporting period,
 - iii. Total annual payroll for the business since the prior reporting period, and
 - iv. Any capital investment in the business since the prior reporting period.
- c. Any failure to report as described in Subsection (b) above may result in a loss of incentives as described in Section III below.

III. **Loss of Incentives:** Businesses which abandon or close business operations for a period of 30 calendar days or which fail to maintain minimum square footage interior expansion for a period of 30 calendar days shall lose their Program qualification for the quarter during which the abandonment or closing or reduction of interior square footage occurred and for the remainder of that fiscal year. If the business is reopened or the expansion is re-established before the application date of May 1, then, the business may apply to be reestablished in the Program for the succeeding fiscal year. However, the Qualifying Business shall only be entitled to benefits for a term of 60 months from the date of original application. There shall be no extension for any period of lost incentives.

IV. Qualifying businesses agree to submit, as requested by the Authority, documentation, to support the qualification for the Program.

V. Any abuse of these provisions will subject the business to immediate revocation of Program Qualification. The Qualifying Business will be notified of the revocation within 10 days of revocation. Within 10 days after the notice of revocation, business may appeal to the City Council, whose decision shall be final.

VI. The Clinton Economic Development Authority will maintain complete and accurate records of all monies paid and the recipients of all funds. The records will be kept at City Hall and shall be available to the Trustees of the Economic Development Authority, the City Council and other interested persons upon request. The Clinton Economic Development Authority will maintain all such funds, and will take no action contrary to the terms of this Resolution.

VII. **Non-Assignability.** Qualifying Business may not assign the rights and privileges afforded herein without prior written consent of City Council.

VIII. This Resolution will automatically renew at the end of the fiscal year unless Resolution No. _____ is terminated by the City Council of the City of Clinton in which case this Resolution shall automatically and simultaneously renew after seven years from the date of its adoption. However, any business which is entitled to receive benefits under the provisions of this resolution, which meets the requirements within the seven year existence of the resolution, shall be entitled to the full five years of benefits, per the terms of this resolution.

IX. This Resolution shall become effective upon passage and approval by the Trustees of the Clinton Economic Development Authority and the City of Clinton.

X. Any Resolution or parts thereof inconsistent with this Resolution are hereby repealed.

Passed and Approved by the Chairman and Trustees Clinton Economic Development Authority and the Council of the City of Clinton this _____ day of _____, 2022.

Chairman

Mayor

ATTEST:

ATTEST:

Secretary

Secretary

Approved as to form this _____ day of _____, 2022.