

## ENTERPRISE ZONES

### WHAT ARE ENTERPRISE ZONES?

Enterprise Zones (EZ's) are areas targeted for limited local and state tax abatement and tax credits. They are formed in order to promote business investment and to create employment. Zones provide tax incentives for renovations of vacant, urban, industrial, and business areas and structures.

### WHAT ARE THE BUSINESS BENEFITS?

Local tax abatement (up to a 100% exemption) can be provided for new investments of real estate and personal property (up to 15 years).\* The property generally can be disregarded from state franchise or income tax computation, the payroll and costs of daycare and training of new employees can be excluded from income tax computations, and health care benefits of the Subsidized Employment Program can be extended. Existing property taxes (real and personal) are not abated.

\*Abatements are negotiated on a case by case basis with guidance from the current policy.

### TO BE ELIGIBLE FOR LOCAL BENEFITS, A BUSINESS PROJECT MUST MAKE AN INVESTMENT TO MEET ONE OF THE FOLLOWING DEFINITIONS:

- **Construct** a new facility; or
- **Expand** with land, building, machinery, equipment, but not inventory, to equal at least ten percent of the market value of the current facility, or
- **Renovate** or repair a facility equal to at least fifty percent of its value, or
- **Remediate** –Agrees to remediate an environmentally contaminated facility expending at least 250 percent of the existing value of the facility on a new investment project including at least 10 percent investment on remediation activities.
- The developer must maintain the improvements, complete an annual report, and commit to equal opportunity employment and contracting opportunities.
- Twenty-five percent of the new employees must be residents of the zone, and 50 percent of all new employees must be city residents.
- School boards must be notified of the proposed amendment. In certain cases, school boards must approve the abatement.
- Residential and retail projects are not eligible for the program.

### ARE THERE ANY FEES?

- There is a one-time, non-refundable application fee of \$250 made payable to City of Springfield, per Ordinance #95-228, passed June 27, 1995.

- There is a non-waivable annual monitoring fee of the greater 1% of the value of tax benefits or \$500, with a cap of \$2,500, per Enterprise Zone Agreement, Section 15b.
- State fee of \$750, per Ohio Revised Code.

### **IS THERE A LOCAL POLICY ON ABATEMENTS?**

Enterprise Zone property tax abatements will not generally extend beyond five (5) years nor exceed 50% of the total tax due on new investments. Abatements of a greater percentage and/or duration might be considered in the case of significant investment, targeted locations, or major job creation. Firms receiving abatements are encouraged to partner with Springfield's school districts in ways that benefit both parties.

### **QUESTIONS?**

Please contact Bryan Heck, Deputy City Manager, at [bheck@springfieldohio.gov](mailto:bheck@springfieldohio.gov) or 937-324-7300.