

AN ORDINANCE MODIFYING AND REAUTHORIZING THE JOB GROWTH INCENTIVE PROGRAM

WHEREAS, City Council has determined that the use of City funds is needed to promote the creation of jobs and the economic development of the City; and

WHEREAS, City Council finds that the Job Growth Incentive Program, enacted by Ordinance 103-2012, has been an effective way to promote such job creation and economic development.

NOW THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE
CITY OF AVON LAKE, STATE OF OHIO:

Section No. 1: That, in order to create jobs, promote economic development and increase the tax base, there is hereby reauthorized a job growth and creation incentive (the "Incentive").

Section No. 2: That each Business lawfully conducted in the City that has one or more employees that work for such Business in the City at the time the Incentive is awarded shall be entitled to the Incentive. As used herein, a "Business" shall mean an enterprise conducted for gain, profit, or income, including agriculture and personal service occupations, provided that such enterprise, or a local operation of such enterprise, is conducted at or from a structure or portion of a structure located in the City and devoted primarily to such enterprise. For purpose of this Ordinance, none of the following shall be considered a Business: a home occupation, a school supported by taxes, vouchers or other governmental finance support, or a political subdivision or any board, commission, or department thereof. If a Business that claimed the Incentive in a prior year changes its name, the City will gather information to determine if the Business has had job growth that makes that Business eligible to receive the Incentive.

Section No. 3: That **beginning with the administration of this program in Spring 2022, which will compare 2021 income tax to 2020 income tax**, the amount of the Incentive for any Business for any tax year shall be equal to the lesser of fifty thousand dollars (\$50,000.00) or thirty-five percent (35%) of the amount by which the Total Income Tax for such tax year exceeds the Total Income Tax for the previous tax year. However, the City shall not be obligated to pay the Incentive if it is less than twenty-five dollars (\$25.00). As used herein, "Total Income Tax" for any tax year means the amount reported as withheld for a Business on account of City income taxes as a result of compensation paid to employees of such Business for working in the City. **Beginning with the administration of this program in Spring 2023, which will compare 2022 income tax to 2021 income tax, and continuing for the program years given herein, businesses that receive the Incentive for consecutive years**

will receive an award based on a percentage greater than 35%. An award larger than 35% can only be given to a business whose series of consecutive awards began with an award in Spring 2022 or later. Awards shall not reflect years prior to those years being compared in that administration of the program. The Incentive calculation for awards larger than 35% is as follows: If a business has a year-over-year increase in income tax for two consecutive years, the percentage of the increased payroll tax ~~will increase from 35% to~~ is 45%. For three consecutive years, the percentage of the increased payroll tax is 55%. Four consecutive years is 65%, five consecutive years is 75%, six consecutive years is 85%, and for seven or more consecutive years of year-over-year income tax increase, the percentage is 95%. If a business has a year with no year-over-year increase in income tax, that business is only eligible for a percentage of 35% of the increased payroll tax the following year.

Section No. 4: That the City shall pay to the Business the Incentive for any tax year not later than sixty (60) days after the last day for submission of tax returns for such tax year.

Section No. 5: ~~That the calculation herein will be used in the Spring 2022 administration of the program, which will compare Total Income Tax from 2021 to 2020, and that the Incentive shall not apply to any tax year after 2027; however, any reauthorization of this program will allow businesses with consecutive years of income tax growth to cumulate those consecutive years into the period covered by the reauthorization ordinance.~~

Section No. 6: That the Mayor shall implement a review and analysis procedure to determine the effectiveness of the Incentive.

Section No. 7: That it is found and determined that all formal actions of this Council concerning and relating to the adoption of this Ordinance were adopted in an open meeting of this Council and that all deliberations of this Council and any of its committees which resulted in such formal actions, were in meetings open to the public, in compliance with all legal requirements, including Section 121.22 of the Ohio Revised Code.

Section No. 8: That this Ordinance shall be in full force and effect from and after the earliest period allowed by law.

PASSED: 5/23/2022

/s/ Martin E. O'Donnell

President of Council

POSTED: 5/27/2022

APPROVED: 5/24/2022

ATTEST: /s/ Valerie E. Rosmarin

Clerk of Council

/s/ Gregory J. Zilka

Mayor