



ENHANCED ENTERPRISE ZONE
GUIDELINES

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City of Republic, Missouri
Department of Planning and Development
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PROGRAM DESCRIPTION

Enhanced Enterprise Zones are specified geographic areas designated by local governments and certified by the Department of Economic Development (DED). Zone designation is based on certain demographic criteria, the potential to create sustainable jobs in a targeted industry and a demonstrated impact on local industry cluster development. The Zone designation demographic criteria currently utilizes population and income data from the 2000 Census, U.S. Census Bureau. Unemployment information is updated annually using data from the U.S. Bureau of Labor Statistics.

An illustration of the boundaries of the Republic Enhanced Enterprise Zone is included as Exhibit A.

PROGRAM AUTHORIZATION

Sections 135.950 to 135.973, RSMo. and City of Republic Ordinance No. 07-47

PROGRAM BENEFITS

The Republic Enhanced Enterprise Zone (EEZ) provides qualifying businesses with ad valorem tax abatement in the amount of 50 percent of taxes due for real property improvements for a specified period of 10 years. Only taxes based on the assessment of real property improvements are abated by this program, not assessment of land value.

PROGRAM ADMINISTRATION

The Republic EEZ is administrated by the City of Republic's Department of Planning and Development and the Director of Planning and Development. Where any provisions contained herein may be unclear or ambiguous as they pertain to a particular business or situation, interpretations of this policy shall be made by the Director of Planning and Development.

ELIGIBILITY

Eligible Applicants

An eligible business must be located in the Republic Enhanced Enterprise Zone (EEZ). Individual business eligibility will be determined by the Director of Planning and Development, based on creation of sustainable jobs in a targeted industry or demonstrated impact on local industry cluster development. The company cannot have been announced or construction started prior to the approval process. See application for complete information.

Eligible business clusters include:

1. Manufacturing
2. Warehousing/Distribution and Supply Chain

3. Wholesale Trade
4. Processing Wholesale Material for Wholesale Trade
5. Professional Services (i.e. call centers)
6. Any other Business enterprise that creates and maintains 15 or more new jobs

Ineligible Applicants

The following businesses and business clusters are not eligible to apply for Republic EEZ benefits:

Gambling establishments (NAICS group 7132),
Retail trade (NAICS sectors 44 & 45), and
Food and drinking places (NAICS subsector 722).

ELIGIBILITY CRITERIA

To receive Republic EEZ program incentives, the proposed business must create and maintain the following minimum standards:

Location

The new or expanding project facility must be located within the boundaries of the Republic Enhanced Enterprise Zone, as shown in Exhibit A.

Job Creation

In order to receive Republic EEZ benefits, prospective businesses contained within business clusters 1 through 5 in the listing above must create at least two (2) new jobs. All other eligible businesses must contain at least fifteen (15) new jobs. "New jobs" are defined as full-time (average 35 or more hours/week each year and for whom the company offers and pays 50 percent of health insurance) employees of the company located at the project facility, based on the increase from the "base employment".

For those business presently located within the City of Republic's corporate limits, "base employment" is the greater of (a) the number of full-time employees on the date of the Notice of Intent, or (b) the average number of full-time employees for the 12 month period prior to the date of the Notice of Intent. Businesses not presently located within the City's corporate limits will have a "base employment" of zero.

Compensation and Benefits

The two new jobs being created in order to qualify for Republic EEZ benefits must be paid a minimum average wage of at least 80 percent of the County average wage, as that amount is determined annually by the Missouri Economic Research and Information Center's Census of Employment and Wages.

Furthermore, the prospective company must offer and pay for at least 50 percent of health insurance costs for all employees located at the project facility.

Capital Investment

Prospective businesses must invest a minimum of \$100,000 in new private capital investment. Eligible investment expenditures include the original cost of machinery, equipment, furniture, fixtures, land and building. Inventory is not eligible.

APPLICATION/APPROVAL PROCEDURE

Prior to the receipt of a City of Republic proposal or approval of a notice of intent (NOI), none of the following can have occurred:

- Significant, project-specific site work at the project facility.
- Purchased machinery or equipment related to the project.
- Publicly announce its intention to make new capital investment at the project facility.

Upon receipt of the proposal/NOI, the City of Republic will:

- Confirm the business is eligible;
- Establish the date at which "base employment" is calculated;
- Establish the deadline date by which the minimum thresholds for the creation of new jobs, investment, etc. must be met.

Process – Applying for Benefits

1. Notice of Intent (NOI)
 - a. The NOI may be found at www.developrepublicmo.com on the EEZ page.
 - b. NOIs may be submitted any time of the year.
 - c. NOIs must be filed prior to hiring new jobs.
 - d. After the NOI is received, the City of Republic will send the Current Employment Information worksheet requesting information to establish the project facility base employment and payroll. The company's timely response is required.
 - e. The City of Republic will respond with either an approval or denial to the Notice of Intent.
 - f. Approval of benefits is subject to satisfaction of all requirements, including providing the City of Republic with all necessary documentation to determine eligibility.

- g. Companies will be given a specific timeframe from the approval of the NOI to meet the minimum thresholds.

COMMENCEMENT OF PROGRAM BENEFITS

Qualifying business for which an approval letter has been issued will begin receiving program benefits upon the City of Republic's receipt of verification that all eligibility criteria have been met within the allotted timeframe. At such time, the City of Republic will notify both the benefiting company and the Greene County Assessor to begin awarding the ad valorem tax abatement for the earliest possible tax year and every year for ten consecutive years thereafter.

PROGRAM RESTRICTIONS

1. The City of Republic may withhold the approval of any benefits under this program until it is satisfied that proper documentation has been provided.
2. Companies discovered to have provided false or misleading information may be subject to the termination of benefits following notice of such discovery.
3. Program benefits do not run with the land. A new business occupying the facility for which a previously qualified business was located is not entitled to the remainder of that facility's benefits. In such a case, the benefits will cease until the new business qualifies for EEZ program benefits by satisfying all applicable criteria.

REPORTING REQUIREMENTS

Qualifying businesses may be required to annually report on the status of their operations. Such reporting may require information pertaining to payroll, number of full-time employees, etc. Businesses are required to comply with reporting requests in a timely manner.

DEFINITIONS

Average Wage: the new payroll divided by the number of new jobs.

Commencement of Operations: the starting date for the qualified company's first new employee, which shall be no later than twelve months from the date of approval.

County Average Wage: the average wage for Greene County as determined by the City of Republic for the most recently completed calendar year.

Director: the Director of the City of Republic's Department of Planning and Development.

Employee: a person employed by a qualified company, excluding: (a) Owners of the qualified company unless the qualified company is participating in an employee stock ownership plan; or (b) Owners of non-controlling interest in stock of a qualified company that is publicly traded.

The term “owner” will mean:

- In the case of an LLC, any person with a membership interest
- In the case of a general partnership or joint venture, any of the partners
- In the case of a Limited Partnership, only those partners with management powers
- In the case of a corporation, any person who:
 - Is a member of the board of directors, or
 - Any person who owns more than 10% of the outstanding shares of stock

For other business organizations, the City of Republic will determine which persons qualify as owners based on management and control.

Full-Time Employee: an employee of the qualified company that is scheduled to work an average of at least thirty-five hours per week for a twelve-month period, and one for which the qualified company offers health insurance and pays at least fifty percent of such insurance premiums.

NAICS or NAICS industry classification: the classification provided by the most recent edition of the North American Industry Classification System as prepared by the Executive Office of the President, Office of Management and Budget.

New Capital Investment: shall include costs incurred by the qualified company at the project facility after acceptance by the qualified company of the proposal for benefits from the department or the approval Notice of Intent, whichever occurs first, for real or personal property, and may include the value of finance or capital leases for real or personal property for the term of such lease at the project facility executed after acceptance by the qualified company of the proposal for benefits from the department or the approval of the Notice of Intent.

New Job: the number of full-time employees located at the project facility that exceeds the project facility base employment. No job that was created prior to the date of the Notice of Intent shall be deemed a new job.

New Payroll: the amount of wages paid for all new jobs, located at the project facility during the qualified company's tax year that exceeds the project facility base payroll.

Notice of Intent: a form developed by the City of Republic and available online, completed by the qualified company, and submitted to the City stating the qualified company's intent to request benefits under this program.

Project Facility: the building or buildings used by a qualified company at which new or retained jobs and any new capital investment are or will be located. Upon approval by the department, a subsequent project facility may be designated if the qualified company demonstrates a need to relocate to the subsequent project facility at any time during the project period.

Project Facility Base Employment: the greater of the number of full-time employees located at the project facility on the date of the Notice of Intent or, for the twelve-month period prior to the date of the Notice of Intent, the average number of full-time employees located at the project facility. In the event the project facility has not been in operation for a full twelve-month period, the average number of full-time employees for the number of months the project facility has been in operation prior to the date of the Notice of Intent.

Project Facility Base Payroll: the annualized payroll for the project facility base employment or the total amount of wages paid by the qualified company to full-time employees of the qualified company located at the project facility in the twelve months prior to the Notice of Intent. For purposes of calculating the benefits under this program, the amount of base payroll shall increase each year based on an appropriate measure, as determined by the department.