

# **Infill and Revitalization Steering Committee**

## **Monday July 6, 2015**

### **City Economic Development Tools and Incentives**

# Incentives

## **Business Personal Property Tax Rebate**

50% Rebate on Investment Between \$1 - \$5 Million

90% Rebate on Investment Over \$5 Million

# Incentives

**Sales and Use Tax Rebate on Construction Materials**  
50% of the City's 2% General Fund Portion

# Incentives

## **Sales and Use Tax Rebate on Annual Purchases of Business Personal Property**

50% of the City's 2% General Fund Portion

# Incentives

## Alternative Rate of Tax on Machinery and Equipment

Sliding scale of sales and use tax on large purchases of manufacturing equipment

- \$0 to \$5 Million – 2.5% (No reduction)
- \$5 to \$7.5 Million – 2.0%
- \$7.5 to \$10 Million - 1.5%
- \$10 to \$15 Million - 1.0%
- \$15 to \$20 Million - .5%
- \$20 Million and above – 0%

# Incentives

## Retail – Hospitality

### Retail Sales Tax Rebate

50% of the City's 2% General Fund Portion

#### Criteria

- Unique retailer to the Colorado Springs trade area
- Reduces sales tax leakage
- Increases sales tax surplus
- Contributes to the revitalization of strategic geographic areas of the city targeted for redevelopment

# Tools and Strategies

## Capitol Improvements

- Strategic Investment in public improvements and infrastructure to catalyze private sector investment
  - Parks, trails, roads, bridges, and other amenities
- Re-prioritization of planned and funded projects and leveraging existing funding for more impact
  - Example: Include streetscape and other amenities in planned transportation and road improvements

# Tools and Strategies

## Urban Renewal Areas

Urban Renewal designation allows an approved project to utilize property tax increment financing (TIF) to pay for qualified improvements. Sales tax TIF can be added subject to approval by separate agreement with the City.



# Tools and Strategies

## Special Districts

City encouragement and assistance in organizing Special Districts. Special districts may include Title 32 districts such as a Metro District or Title 31 districts such as a Business Improvement District (BID), Local Improvement District (LID), Local Maintenance District (LID) or a General Improvement District (GID). These special districts could fund construction and maintenance of certain improvements such as streets, sidewalks and streetscapes.

# Tools and Strategies

## Other Economic Vitality Tools:

- Rapid Response
- Issue Resolution
- TIF without Urban Renewal (Sales Tax Sharing Agreement)
- Negotiated Economic Development Agreements

# Tools and Strategies

## Waiving/Reducing of Fees

Waiving of all development related fees charged by general City agencies. Explore waiving of fees by the Pikes Peak Regional Building Department. Explore waiving of fees by CSU.

- Park, School, and Development fee exemption for downtown residential.

# Tools and Strategies

## Flexible Land Use and Building Permitting

- Maximum use of administrative relief and staff supported variances.
- Increase the number of permitted uses vs. conditional uses.
- General flexibility for professional staff to utilize their expertise and use some discretion to address the unique circumstances of strategic projects.  
“One size fits all” solutions seldom work.

# Tools and Strategies

## Strike Force Mentality

Regarding land use, traffic, signage and building permit issues. All parties should seize upon opportunities and be an advocate for project approval and success.

# Tools and Strategies

## New Primary Employment

Capitalize on opportunities for new primary employment. Collaboration among City, CSU, RBA, and other economic development partners.

# Recommendations for CSU's Economic Development Policies

1. Reduced or waived development charges, particularly water, for strategic economic development projects, such as infill, revitalization (i.e. South Academy, North Nevada, South Nevada, Downtown), and large job creators for which we are in competition against other communities.

# Recommendations for CSU's Economic Development Policies

2. Investment by CSU in new infrastructure (line extensions, etc.) in support of strategic projects.



# Recommendations for CSU's Economic Development Policies

3. Investments by CSU in offsite infrastructure capacity upgrades in support of strategic projects (Downtown, infill).

# Recommendations for CSU's Economic Development Policies

4. Flexible development criteria to address unique circumstances - urban vs. suburban, easement widths, etc.

# Recommendations for CSU's Economic Development Policies

5. General flexibility for professional staff to utilize their expertise and use some discretion to address the unique circumstances of strategic projects.  
"One size fits all" solutions seldom work.

# Recommendations for CSU's Economic Development Policies

6. The right policies and tools are critical – but culture is 50% of the equation. A business-friendly culture must be integrated into everything we do.

## Return on Investment

The City and CSU have an enormous stake in the economic development of our community. A growing, vibrant economy is going to benefit the City, CSU, tax payers and rate payers.

## Return on Investment

- As in everything we do, these policy recommendations are aimed at increasing private sector investment, expanding the tax base, and growing tax revenue.
- Growing CSU's customer base and creating more utility revenue
- True win-wins for the community

## Return on Investment

These polices can be modeled to show significant ROI to the City, CSU, and the citizens. Economic impact analysis may need to be expanded to show true economic benefit - direct, indirect, induced and beyond.

## **The Future of Economic Development in the Region?**

Ideally, the Economic Development objectives of the entire community can be reflected in an economic development strategic plan shared by the City, CSU, RBA, and others for maximum impact and mutual benefit off all.



# Questions?