

ORDINANCE NO. 15-_____

AN ORDINANCE CREATING A NEW ARTICLE 12 (ECONOMIC DEVELOPMENT AGREEMENTS) OF CHAPTER 2 (BUSINESS LICENSING, LIQUOR REGULATION AND TAXATION) OF THE CODE OF THE CITY OF COLORADO SPRINGS 2001, AS AMENDED, AUTHORIZING ECONOMIC DEVELOPMENT AGREEMENTS WITH BUSINESSES PERFORMING COMMERCIAL AERONAUTICAL ACTIVITIES WITHIN THE COMMERCIAL AERONAUTICAL ZONE

WHEREAS, the City of Colorado Springs ("City") has authority to levy and collect property, sales and use taxes within the City and to negotiate and offer incentive payments and credits of taxes paid by qualifying taxpayers; and

WHEREAS, to enhance and strengthen the City's economic vitality, promote job retention and creation and the City's business climate in general, encourage business spending and enhancing business transactions related to commercial aeronautical activities, attract new businesses to the City and allow existing businesses to expand within the City, City Council, by Ordinance No. 14-22, dated April 8, 2014, established the commercial aeronautical zone ("CAZ") within the City and adopted a sales and use tax exemption for certain commercial aeronautical activities within the CAZ; and

WHEREAS, City Council desires to authorize the negotiation and execution of economic development agreements with qualifying businesses performing commercial aeronautical activities within the CAZ to encourage development and expansion of opportunities for employment in the private sector in the City and further complement the objectives of the CAZ; and

WHEREAS, City Council believes that approving economic development agreements as set forth in this ordinance will expedite and improve the City's responsiveness to businesses desiring to relocate to or expand within the City.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COLORADO SPRINGS:

Section 1. Council finds that providing incentives as set forth in this ordinance serves an essential public and municipal purpose and will result in

substantial public benefits to the City and its citizens and is in the best interests of the City and its citizens.

Section 2. A new Article 12 (Economic Development Agreements) of Chapter 2 (Business Licensing, Liquor Regulation and Taxation) of the Code of the City of Colorado Springs 2001, as amended, is adopted to read as follows:

2.12.101: **Legislative Declaration:**

City Council finds and declares that the health, safety and welfare of the citizens of the City are dependent on the continued encouragement, development and expansion of opportunities for employment in the private sector in the City. City Council further finds and declares that offering tax incentives to qualifying businesses will enhance and strengthen the City's economic vitality, promote job retention and creation and the City's business climate in general, encourage business spending and enhancing business transactions, attract new businesses to the City and allow existing businesses to expand within the City. City Council also finds and declares that approving economic development agreements as set forth in this article will expedite and improve the City's responsiveness to those desiring to relocate to or expand within the City.

2.12.102: **Definitions:**

The following terms, as used in this article, shall have the meanings designated unless the context specifically indicates otherwise, or unless the meaning is excluded by express provision:

BUSINESS: The sale, offering for sale or the furnishing of any commodity, article, facility or service or any person engaged in the sale, offering for sale or the furnishing of any commodity, article, facility or service.

BUSINESS PERSONAL PROPERTY: Tangible personal property as that term is defined in section 2.7.104 of this Code.

BUSINESS PERSONAL PROPERTY TAX: The tax on business personal property as assessed and collected by the El Paso County Assessor and paid to the El Paso County Treasurer based upon a mill levy imposed by the City.

COMMERCIAL AERONAUTICAL ZONE or CAZ: Commercial aeronautical zone as that term is defined in article 7 of chapter 2 of this Code.

COMMERCIAL AERONAUTICAL ACTIVITY: Any activity engaged in for profit directly and substantially related to the sale, purchase, lease, rental, distribution, consumption, manufacture, maintenance, repair, overhaul, storage, or use of aircraft.

CONSTRUCTION MATERIALS: Construction materials as that term is defined in section 2.7.104 of this Code.

INCENTIVE: The amount or amounts paid or credited by the City to a business pursuant to an economic development agreement executed in accord with this article.

NEW BUSINESS FACILITY: A new or expanded business facility that is placed in use after the commencement date of an economic development agreement executed in accord with this article.

NEW JOBS: The number of jobs created and held by full-time employees of a business at a new business facility that exceeds the number of jobs held by employees of the business within the City immediately prior to the commencement date of an economic development agreement executed in accord with this article. For the purposes of this definition, full-time employee means an employee who works an average of not less than thirty-five (35) hours per week.

PERSON: An individual, firm, corporation, business trust, estate, trust, partnership, association, company, organization, sole proprietorship or any other legal entity.

PRIMARY BUSINESS: A business that derives the majority of its gross annual income attributable to a new business facility from the sale of products or services outside of El Paso County either directly or indirectly through the sale to prime contractors.

SALES TAX: Sales tax as that term is defined in section 2.7.103A of this Code.

USE TAX: Use tax as that term is defined in section 2.7.103B of this Code.

2.12.103: **Economic Development Agreements Authorized:**

As set forth by City Council in this article, the Mayor is authorized to negotiate and execute one or more economic development agreements with any primary business that performs a commercial aeronautical activity at a new business facility within the commercial aeronautical zone.

2.12.104: **Authorized Incentives:** An economic development agreement executed in accord with this article may include one or more of the following

incentives so long as the agreement will result in a positive financial impact to the City:

A. Up to fifty percent (50%) of the City's general fund portion of the sales tax or use tax paid by or for the benefit of the business for the purchase or use of construction materials used in the establishment of the new business facility within the CAZ.

B. Up to fifty percent (50%) of the business personal property tax paid by or for the benefit of the business for any business personal property with its situs at the new business facility within the CAZ with actual value for purposes of assessment greater than \$1,000,000 (net of any credits or other set offs).

C. Up to ninety percent (90%) of the business personal property tax paid by or for the benefit of the business for any business personal property with its situs at the new business facility within the CAZ with actual value for purposes of assessment greater than \$5,000,000 (net of any credits or other set offs).

2.12.105: **No Incentive Less Than \$100:**

No incentive less than one hundred dollars (\$100) for a year will be allowed.

2.12.106: **Term:**

The term of an economic development agreement executed pursuant to this article shall be as follows:

New jobs	Term
10-99	4 years
100-499	Up to 10 years
500 or more	Up to 15 years

2.12.107: **Other Terms and Conditions:**

The Mayor is authorized to negotiate all other terms and conditions of an economic development agreement that are not in conflict with this article.

2.12.108. **Notification Requirement:**

The Mayor shall inform City Council upon the complete execution of any economic development agreement executed pursuant to this article.

Section 3. This ordinance shall be in full force and effect from and after its final adoption and publication as provided by Charter.

Section 4. Council deems it appropriate that this ordinance be published by title and summary prepared by the City Clerk and that this ordinance be available for inspection and acquisition in the office of the City Clerk.

Introduced, read, passed on first reading and ordered published this ____ day of _____, 2015.

Finally passed: _____
Merv Bennett, Council President

Delivered to Mayor on _____.

Mayor's Action:

- Approved on _____.
- Disapproved on _____, based on the following objections:

John W. Suthers, Mayor

Council Action After Disapproval:

- Council did not act to override the Mayor's veto.
- Finally adopted on a vote of _____, on _____.
- Council action on _____ failed to override the Mayor's veto.

Merv Bennett, Council President

ATTEST:

Sarah B. Johnson, City Clerk