

CHAPTER 9

ECONOMIC DEVELOPMENT PROPERTY TAX EXEMPTION

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9.01 PURPOSE. The Council by this chapter approves of exemption from property taxation as provided herein for all new construction of speculative shell buildings by community development organizations or for-profit entities for speculative purposes or the portion of value added to buildings being reconstructed or renovated by community development organizations or for-profit entities in order to become speculative shell buildings.

9.02 DEFINITIONS. For use in this chapter the following terms are defined:

1. "Community development organization" means an organization or a multi-community group formed for one or more of the following purposes:
 - A. To promote, stimulate, develop, and advance the business prosperity and economic welfare of the community, area, or region and its citizens.
 - B. To encourage and assist the location of new business and industry.
 - C. To rehabilitate and assist existing business and industry.
 - D. To stimulate and assist in the expansion of business activity.

For purposes of this definition, a community development organization must have at least fifteen (15) members with representation from the following: a representative from government at the level or levels corresponding to the community development organization's area of operation; a representative from a private sector lending institution; a representative of a community organization in the area; a representative of business in the area; and a representative of private citizens in the community, area or region.

2. "New construction" means new buildings or structures and includes new buildings or structures which are constructed as additions

to existing buildings or structures. "New construction" also includes reconstruction or renovation of an existing building or structure which constitutes complete replacement of an existing building or structure or refitting of an existing building or structure, if the reconstruction or renovation of the existing building or structure is required due to economic obsolescence, if the reconstruction or renovation is necessary to implement recognized industry standards for the manufacturing or processing of products, and the reconstruction or renovation is required in order to competitively manufacture or process products or for community development organizations or for-profit entities to market a building or structure as a speculative shell building, which determination must receive prior approval from the Council.

3. "Speculative shell building" means a building or structure owned and constructed or reconstructed by a community development organization or a for-profit entity without a tenant or buyer for the purpose of attracting an employer or user which will complete the building to the employer's or user's specification for manufacturing, processing, or warehousing the employer's or user's product line.

9.03 AMOUNT OF EXEMPTION. The actual value added is eligible to receive a partial exemption of taxation for a period of five (5) years. The amount of actual value added which is eligible to be exempt from taxation shall be as follows:

1. For the first year, 100%
2. For the second year, 75%
3. For the third year, 60%
4. For the four year, 50%
5. For the fifth year, 25%

provided, however, if the shell building or any portion of the shell building is leased or sold, the portion of the shell building which is leased or sold shall not be entitled to an exemption for subsequent years. In addition, an exemption shall not be granted a speculative shell building of a for-profit entity if the building is used by the for-profit entity, subsidiary of the for-profit entity, or majority owners of the for-profit entity for other than as a speculative shell building.

9.04 EXEMPTION EFFECTIVE. The exemption shall be effective for the assessment year in which the speculative shell building is first assessed for property taxation or the assessment year in which the reconstruction or

renovation first adds value. Eligibility for an exemption as a speculative shell building shall be determined as of January 1 of the assessment year.

9.05 APPLICATION FOR EXEMPTION. An application shall be filed for each project resulting in actual value added for which an exemption is claimed. The application for exemption shall be filed by the owner of the property with the City Clerk and with the County Assessor by February 1 of the assessment year in which the value added is first assessed for taxation. Applications for exemption shall be made on forms prescribed by the Director of Revenue and shall contain information pertaining to the nature of the improvement, its cost, and any other information deemed necessary by the Director of Revenue.

9.06 INDUSTRIAL PROPERTY EXEMPTION. Upon sale of the shell building, the shell building shall be considered new construction for the purposes of Chapter 8 of this Code of Ordinances, if used for purposes set forth in Chapter 8.