



City of Grand Island

Tuesday, July 29, 2014

Special Meeting/Study Session

Item S1

Presentation of Enhanced Employment Area

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Council Agenda Memo

From: Chad Naby, Regional Planning Director
Meeting: July 29, 2014
Subject: Enhanced Employment Area
Item #'s: S1
Presenter(s): Chad Naby, Regional Planning Director

Background

What is an Enhance Employment Area as authorized by LB562?

This bill allows for the designation of Enhanced Employment Areas (EEA). These areas can be up to 600 acres in size. Multiple EEA's can be created within a city. The creation of the EEA allows the City to place an occupation tax on the businesses (potential businesses) within the boundaries of the EEA. Bonds can be issued to pay for public infrastructure (utilities, streets, storm sewer) in any EEA along with anything that tax increment financing money can be spent on and a variety of programming and enforcement expenses related to parking and promotions. The bonds are to be paid off using revenue from the occupation tax. The tax does not expire until such time as the bonds are paid off.

When did it go into effect?

LB 562 went into effect on September 1, 2007. Portions were modified in 2014 by LB 474 to specifically exclude certain transactions already subject to taxes under specific section of state statutes. The current statutory references are attached.

Discussion

What are the requirements to create an EEA?

The Community Redevelopment Authority can designate any approved redevelopment area or portion of a redevelopment area as an EEA.

In Grand Island, the City Council can declare areas not with a redevelopment area as an EEA if a developer can assure Council that the creation of this EEA would result in the creation of at least 15 new full time equivalent jobs and investment of at least \$1,000,000 new monies. This requirement is adjusted based on the population of the county in which community is located.

All of the owners **and** businesses within the area have to agree to the occupation tax or it cannot be assessed. The proceeds from this tax must then be used to pay off bonds issued for specific purposes as detailed in statute.

Any development that is in a designated redevelopment area or meets the employment and investment requirements is eligible to use this tool if the EEA is approved.

What if the EEA is also an area that is blighted and substandard?

An EEA can be created in an area that has been declared blighted and substandard and used in addition to TIF to fund projects.

What type of occupation tax can be assessed?

The legislature left this very wide open. For example, this could be an extra one half cent tax on all retail transactions. The indications are that this would not scare off major retailers. It could be 50 cents per seat on theater admissions. It could be based on square footage of the development or on the number of parking spaces. If this were to be used in a manufacturing setting it could be an add on fee of \$1.00 per widget made and transported from the property. The developer and businesses in the EEA have to be involved in determining how the tax will be levied as they have to unanimously agree to the imposition of the tax by the City.

Who collects the occupation tax?

The City passes an ordinance enacting the tax and the City would be responsible for collecting the tax. The legislation allows the City to recoup the cost of this activity. After the original passage of the LB 562, a meeting was held by the Nebraska League of Municipalities to discuss implementation of this and the Cities represented at meeting suggested that the rates be set at 5% of for collection on the first \$1,000,000 of debt and 3% for everything over \$1,000,000. This would mean that if \$1,000,000 of debt were issued the City would send \$95 of every \$100 to the bond holder when the money is collected. If \$2,000,000 of debt were issued the city would send \$96 of every \$100 collected or would keep a weighted percentage of 4% the average of 3% and 5%. The more debt that is issued the closer the administrative fee would come to approaching 3%.

Are these general obligation bonds of the City?

They are revenue bonds based on the occupation tax. They can however be backed by the full faith and credit of the City if the City chooses to do so. That is not a requirement. If they are not backed by the full faith and credit of the City they would not count as City issued debt.

How would these bonds work?

The bonds can be sold at a general issue just like any other bonds.

The developer may also choose to forego the general issue and purchase the bonds directly. The developer may or may not borrow money from a bank using the bonds as collateral. As the tax is collected the bonds are retired and the loan is also paid off.

What advantage does this give the City?

The City does not have to foot the bill for the cost of development and gives developers more tools for creating development within the City.

What advantage does this give the developer?

The developer does not need as much money up front to get the development going. Those businesses that are made possible by the new infrastructure will pay for the costs of the infrastructure.

Who loses if the occupation tax is not paid the bonds are not retired?

The bond holder or the bank that loaned money with those bonds as collateral loses in that case. The City still has the infrastructure around the developed site.

Conclusion

It is anticipated that the owners of properties along the 281 Corridor including the Grand Island Mall and vacant K-Mart building may wish to consider asking the City Council to approve the use of this tool to further redevelopment efforts on those properties.

This item is presented to the City Council in a Study Session to allow for any questions to be answered and to create a greater understanding of the issue at hand.

Statutory References:

18-2103. Terms, defined.

For purposes of the Community Development Law, unless the context otherwise requires:

(1) An authority means any community redevelopment authority created pursuant to section 18-2102.01 and a city or village which has created a community development agency pursuant to the provisions of section 18-2101.01 and does not include a limited community redevelopment authority;

(2) Limited community redevelopment authority means a community redevelopment authority created pursuant to section 18-2102.01 having only one single specific limited pilot project authorized;

(3) City means any city or incorporated village in the state;

(4) Public body means the state or any municipality, county, township, board, commission, authority, district, or other political subdivision or public body of the state;

(5) Governing body or local governing body means the city council, board of trustees, or other legislative body charged with governing the municipality;

(6) Mayor means the mayor of the city or chairperson of the board of trustees of the village;

(7) Clerk means the clerk of the city or village;

(8) Federal government means the United States of America, or any agency or instrumentality, corporate or otherwise, of the United States of America;

(9) Area of operation means and includes the area within the corporate limits of the city and such land outside the city as may come within the purview of sections 18-2123 and 18-2123.01;

(10) Substandard areas means an area in which there is a predominance of buildings or improvements, whether nonresidential or residential in character, which, by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, or the existence of conditions which endanger

life or property by fire and other causes, or any combination of such factors, is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, and crime, (which cannot be remedied through construction of prisons), and is detrimental to the public health, safety, morals, or welfare;

(11) Blighted area means an area, which (a) by reason of the presence of a substantial number of deteriorated or deteriorating structures, existence of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility, or usefulness, insanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, substantially impairs or arrests the sound growth of the community, retards the provision of housing accommodations, or constitutes an economic or social liability and is detrimental to the public health, safety, morals, or welfare in its present condition and use and (b) in which there is at least one of the following conditions: (i) Unemployment in the designated area is at least one hundred twenty percent of the state or national average; (ii) the average age of the residential or commercial units in the area is at least forty years; (iii) more than half of the plotted and subdivided property in an area is unimproved land that has been within the city for forty years and has remained unimproved during that time; (iv) the per capita income of the area is lower than the average per capita income of the city or village in which the area is designated; or (v) the area has had either stable or decreasing population based on the last two decennial censuses. In no event shall a city of the metropolitan, primary, or first class designate more than thirty-five percent of the city as blighted, a city of the second class shall not designate an area larger than fifty percent of the city as blighted, and a village shall not designate an area larger than one hundred percent of the village as blighted. A redevelopment project involving a formerly used defense site as authorized under section 18-2123.01 shall not count towards the percentage limitations contained in this subdivision;

(12) Redevelopment project means any work or undertaking in one or more community redevelopment areas: (a) To acquire substandard and blighted areas or portions thereof, including lands, structures, or improvements the acquisition of which is necessary or incidental to the proper clearance, development, or redevelopment of such substandard and blighted areas; (b) to clear any such areas by demolition or removal of existing buildings, structures, streets, utilities, or other improvements thereon and to install, construct, or reconstruct

streets, utilities, parks, playgrounds, public spaces, public parking facilities, sidewalks or moving sidewalks, convention and civic centers, bus stop shelters, lighting, benches or other similar furniture, trash receptacles, shelters, skywalks and pedestrian and vehicular overpasses and underpasses, and any other necessary public improvements essential to the preparation of sites for uses in accordance with a redevelopment plan; (c) to sell, lease, or otherwise make available land in such areas for residential, recreational, commercial, industrial, or other uses, including parking or other facilities functionally related or subordinate to such uses, or for public use or to retain such land for public use, in accordance with a redevelopment plan; and may also include the preparation of the redevelopment plan, the planning, survey, and other work incident to a redevelopment project and the preparation of all plans and arrangements for carrying out a redevelopment project; (d) to dispose of all real and personal property or any interest in such property, or assets, cash, or other funds held or used in connection with residential, recreational, commercial, industrial, or other uses, including parking or other facilities functionally related or subordinate to such uses, or any public use specified in a redevelopment plan or project, except that such disposition shall be at its fair value for uses in accordance with the redevelopment plan; (e) to acquire real property in a community redevelopment area which, under the redevelopment plan, is to be repaired or rehabilitated for dwelling use or related facilities, repair or rehabilitate the structures, and resell the property; and (f) to carry out plans for a program of voluntary or compulsory repair, rehabilitation, or demolition of buildings or other improvements in accordance with the redevelopment plan;

(13) Redevelopment plan means a plan, as it exists from time to time for one or more community redevelopment areas, or for a redevelopment project, which (a) conforms to the general plan for the municipality as a whole and (b) is sufficiently complete to indicate such land acquisition, demolition and removal of structures, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the community redevelopment area, zoning and planning changes, if any, land uses, maximum densities, and building requirements;

(14) Redeveloper means any person, partnership, or public or private corporation or agency which enters or proposes to enter into a redevelopment contract;

(15) Redevelopment contract means a contract entered into between an authority and a redeveloper for the redevelopment of an area in conformity with a redevelopment plan;

(16) Real property means all lands, including improvements and fixtures thereon, and property of any nature appurtenant thereto, or used in connection therewith, and every estate, interest and right, legal or equitable, therein, including terms for years and liens by way of judgment, mortgage, or otherwise, and the indebtedness secured by such liens;

(17) Bonds means any bonds, including refunding bonds, notes, interim certificates, debentures, or other obligations issued pursuant to the Community Development Law except for bonds issued pursuant to section 18-2142.04;

(18) Obligee means any bondholder, agent, or trustee for any bondholder, or lessor demising to any authority, established pursuant to section 18-2102.01, property used in connection with a redevelopment project, or any assignee or assignees of such lessor's interest or any part thereof, and the federal government when it is a party to any contract with such authority;

(19) Person means any individual, firm, partnership, limited liability company, corporation, company, association, joint-stock association, or body politic and includes any trustee, receiver, assignee, or other similar representative thereof;

(20) Community redevelopment area means a substandard and blighted area which the community redevelopment authority designates as appropriate for a renewal project;

(21) Redevelopment project valuation means the valuation for assessment of the taxable real property in a redevelopment project last certified for the year prior to the effective date of the provision authorized in section 18-2147;

(22) Enhanced employment area means an area not exceeding six hundred acres (a) within a community redevelopment area which is designated by an authority as eligible for the imposition of an occupation tax or (b) not within a community redevelopment area as may be designated under section 18-2142.04;

(23) Employee means a person employed at a business as a result of a redevelopment project;

(24) Employer-provided health benefit means any item paid for by the employer in total or in part that aids in the cost of health care services, including, but not limited to, health insurance, health savings accounts, and employer reimbursement of health care costs;

(25) Equivalent employees means the number of employees computed by (a) dividing the total hours to be paid in a year by (b) the product of forty times the number of weeks in a year;

(26) Business means any private business located in an enhanced employment area;

(27) New investment means the value of improvements to real estate made in an enhanced employment area by a developer or a business;

(28) Number of new employees means the number of equivalent employees that are employed at a business as a result of the redevelopment project during a year that are in excess of the number of equivalent employees during the year immediately prior to the year that a redevelopment plan is adopted; and

(29) Occupation tax means a tax imposed under section 18-2142.02.

Source:Laws 1951, c. 224, § 3, p. 797; R.R.S.1943, § 14-1603; Laws 1957, c. 52, § 4, p. 249; Laws 1961, c. 61, § 3, p. 227; R.R.S.1943, § 19-2603; Laws 1965, c. 74, § 3, p. 303; Laws 1969, c. 106, § 2, p. 488; Laws 1973, LB 299, § 3; Laws 1979, LB 158, § 2; Laws 1980, LB 986, § 2; Laws 1984, LB 1084, § 2; Laws 1993, LB 121, § 143; Laws 1997, LB 875, § 5; Laws 2007, LB562, § 2; Laws 2012, LB729, § 1; Laws 2013, LB66, § 2; Laws 2014, LB1012, § 1.
Effective Date: April 3, 2014

18-2142.02. Enhanced employment area; redevelopment project; levy of general business occupation tax authorized; governing body; powers; occupation tax; power to levy; exceptions.

A city may levy a general business occupation tax upon the businesses and users of space within an enhanced employment area for the purpose of paying all or any part of the costs and expenses of any redevelopment project within such enhanced employment area. After March 27, 2014, any occupation tax imposed pursuant to this section shall make a reasonable classification of businesses, users of space, or kinds of transactions for purposes of imposing such tax, except that no occupation tax shall be imposed on any transaction which is subject to tax under section 53-160, 66-489, 66-489.02, 66-4,140, 66-4,145, 66-4,146, 77-2602, or 77-4008 or which is exempt from tax under section 77-2704.24*. The collection of a tax imposed pursuant to this section shall be made and enforced in such a manner as the governing body shall by

ordinance determine to produce the required revenue. The governing body may provide that failure to pay the tax imposed pursuant to this section shall constitute a violation of the ordinance and subject the violator to a fine or other punishment as provided by ordinance. Any such occupation tax agreed to by the authority and the city shall remain in effect so long as the authority has bonds outstanding which have been issued stating such occupation tax as an available source for payment.

Source:Laws 2007, LB562, § 8; Laws 2014, LB474, § 6.

Effective Date: March 27, 2014

18-2142.03. Enhanced employment area; use of eminent domain prohibited.

Eminent domain shall not be used to acquire property that will be transferred to a private party in the enhanced employment area.

Source:Laws 2007, LB562, § 9.

18-2142.04. Enhanced employment area; authorized work within area; levy of general business occupation tax authorized; exceptions; governing body; powers; revenue bonds authorized; terms and conditions.

(1) For purposes of this section:

(a) Authorized work means the performance of any one or more of the following purposes within an enhanced employment area designated pursuant to this section:

(i) The acquisition, construction, maintenance, and operation of public offstreet parking facilities for the benefit of the enhanced employment area;

(ii) Improvement of any public place or facility in the enhanced employment area, including landscaping, physical improvements for decoration or security purposes, and plantings;

(iii) Construction or installation of pedestrian shopping malls or plazas, sidewalks or moving sidewalks, parks, meeting and display facilities, bus stop shelters, lighting, benches or other seating furniture, sculptures, trash

receptacles, shelters, fountains, skywalks, and pedestrian and vehicular overpasses and underpasses, and any useful or necessary public improvements;

(iv) Leasing, acquiring, constructing, reconstructing, extending, maintaining, or repairing parking lots or parking garages, both above and below ground, or other facilities for the parking of vehicles, including the power to install such facilities in public areas, whether such areas are owned in fee or by easement, in the enhanced employment area;

(v) Creation and implementation of a plan for improving the general architectural design of public areas in the enhanced employment area;

(vi) The development of any public activities and promotion of public events, including the management, promotion, and advocacy of retail trade activities or other promotional activities, in the enhanced employment area;

(vii) Maintenance, repair, and reconstruction of any improvements or facilities authorized by the Community Development Law;

(viii) Any other project or undertaking for the betterment of the public facilities in the enhanced employment area, whether the project is capital or noncapital in nature;

(ix) Enforcement of parking regulations and the provision of security within the enhanced employment area; or

(x) Employing or contracting for personnel, including administrators for any improvement program under the Community Development Law, and providing for any service as may be necessary or proper to carry out the purposes of the Community Development Law;

(b) Employee means a person employed at a business located within an enhanced employment area; and

(c) Number of new employees means the number of equivalent employees that are employed at a business located within an enhanced employment area designated pursuant to this section during a year that are in excess of the number of equivalent employees during the year immediately prior to the year the enhanced employment area was designated pursuant to this section.

(2) If an area is not blighted or substandard, a city may designate an area as an enhanced employment area if the governing body determines that new

investment within such enhanced employment area will result in at least (a) two new employees and new investment of one hundred twenty-five thousand dollars in counties with fewer than fifteen thousand inhabitants, (b) five new employees and new investment of two hundred fifty thousand dollars in counties with at least fifteen thousand inhabitants but fewer than twenty-five thousand inhabitants, (c) ten new employees and new investment of five hundred thousand dollars in counties with at least twenty-five thousand inhabitants but fewer than fifty thousand inhabitants, (d) fifteen new employees and new investment of one million dollars in counties with at least fifty thousand inhabitants but fewer than one hundred thousand inhabitants, (e) twenty new employees and new investment of one million five hundred thousand dollars in counties with at least one hundred thousand inhabitants but fewer than two hundred thousand inhabitants, (f) twenty-five new employees and new investment of two million dollars in counties with at least two hundred thousand inhabitants but fewer than four hundred thousand inhabitants, or (g) thirty new employees and new investment of three million dollars in counties with at least four hundred thousand inhabitants. Any business that has one hundred thirty-five thousand square feet or more and annual gross sales of ten million dollars or more shall provide an employer-provided health benefit of at least three thousand dollars annually to all new employees who are working thirty hours per week or more on average and have been employed at least six months. In making such determination, the governing body may rely upon written undertakings provided by any owner of property within such area.

(3) Upon designation of an enhanced employment area under this section, a city may levy a general business occupation tax upon the businesses and users of space within such enhanced employment area for the purpose of paying all or any part of the costs and expenses of authorized work within such enhanced employment area. After March 27, 2014, any occupation tax imposed pursuant to this section shall make a reasonable classification of businesses, users of space, or kinds of transactions for purposes of imposing such tax, except that no occupation tax shall be imposed on any transaction which is subject to tax under section 53-160, 66-489, 66-489.02, 66-4,140, 66-4,145, 66-4,146, 77-2602, or 77-4008 or which is exempt from tax under section 77-2704.24*. The collection of a tax imposed pursuant to this section shall be made and enforced in such a manner as the governing body shall by ordinance determine to produce the required revenue. The governing body may provide that failure to pay the tax imposed pursuant to this section shall constitute a violation of the ordinance and subject the violator to a fine or other punishment as provided by ordinance. Any occupation tax levied by the city under this section shall remain in effect so long as the city has bonds outstanding which have been issued

under the authority of this section and are secured by such occupation tax or that state such occupation tax as an available source for payment. The total amount of occupation taxes levied shall not exceed the total costs and expenses of the authorized work including the total debt service requirements of any bonds the proceeds of which are expended for or allocated to such authorized work. The assessments or taxes levied must be specified by ordinance and the proceeds shall not be used for any purpose other than the making of such improvements and for the repayment of bonds issued in whole or in part for the financing of such improvements. The authority to levy the general business occupation tax contained in this section and the authority to issue bonds secured by or payable from such occupation tax shall be independent of and separate from any occupation tax referenced in section 18-2103.

(4) A city may issue revenue bonds for the purpose of defraying the cost of authorized work and to secure the payment of such bonds with the occupation tax revenue described in this section. Such revenue bonds may be issued in one or more series or issues where deemed advisable, and each such series or issue may contain different maturity dates, interest rates, priorities on revenue available for payment of such bonds and priorities on securities available for guaranteeing payment thereof, and such other differing terms and conditions as are deemed necessary. The following shall apply to any such bonds:

(a) Such bonds shall be limited obligations of the city. Bonds and interest on such bonds, issued under the authority of this section, shall not constitute nor give rise to a pecuniary liability of the city or a charge against its general credit or taxing powers. Such limitation shall be plainly stated upon the face of each of such bonds;

(b) Such bonds may (i) be executed and delivered at any time and from time to time, (ii) be in such form and denominations, (iii) be of such tenor, (iv) be payable in such installments and at such time or times not exceeding twenty years from their date, (v) be payable at such place or places, (vi) bear interest at such rate or rates, payable at such place or places, and evidenced in such manner, (vii) be redeemable prior to maturity, with or without premium, and (viii) contain such provisions as shall be deemed in the best interest of the city and provided for in the proceedings of the governing body under which the bonds shall be authorized to be issued;

(c) The authorization, terms, issuance, execution, or delivery of such bonds shall not be subject to sections 10-101 to 10-126; and

(d) Such bonds may be sold at public or private sale in such manner and at such time or times as may be determined by the governing body to be most advantageous. The city may pay all expenses, premiums, and commissions which the governing body may deem necessary or advantageous in connection with the authorization, sale, and issuance thereof from the proceeds or the sale of the bonds or from the revenue of the occupation tax described in this section.

Source:Laws 2007, LB562, § 10; Laws 2014, LB474, § 7.
Effective Date: March 27, 2014

*Notes on exceptions listed in §18-2142.02 and §18-2142.04:

§53-160 Manufacture and wholesale distribution of Beer and Wine
§66-489, §66-489.02, §66-4,140, §66-4,145, §66-4,146, Fuel Taxes
§77-2602 Cigarettes
§77-4008 Tobacco
§77-2704.24 Leases between related companies

Enhanced Employment Areas

What Are They? How Do They Work and
Why Would We Want Them?

Chad Nability AICP

Hall County Regional Planning Director

History

- Created by the Nebraska Unicameral in 2007 with the passage of LB 562 modified by LB 474 in 2014
- Definitions were added to the Community Redevelopment Statutes and Section 18-2142.02 to 18-42142.04 were added granting authority to Cities to create Enhanced Employment Areas (EEA) and levy occupation taxes within those areas for specific purposes and under specific conditions

What is an Enhanced Employment Area?

- An area of 600 acres or less declared by an Authority or by City Council as an **Enhanced Employment Area (EEA)**
- If located in Blighted and Substandard Area declaration can be made by the CRA.
- If not in a Blighted and Substandard area the City Council may declare an area an EEA if the owners of the property show that they will make an investment of \$1,000,000 in the property and create 15 additional full time equivalent jobs in that area.

What is an Enhanced Employment Area?

- Participation in an EEA is voluntary and consent must be given by all property owners, business owners and the City.

From NRSS 18-2103

- ☰ (22) Enhanced employment area means an area not exceeding six hundred acres (a) within a community redevelopment area which is designated by an authority as eligible for the imposition of an occupation tax or (b) not within a community redevelopment area as may be designated under section 18-2142.04;
- ☰ (23) Employee means a person employed at a business as a result of a redevelopment project;

From NRSS 18-2103

- ☰ (24) Employer-provided health benefit means any item paid for by the employer in total or in part that aids in the cost of health care services, including, but not limited to, health insurance, health savings accounts, and employer reimbursement of health care costs;
- ☰ (25) Equivalent employees means the number of employees computed by (a) dividing the total hours to be paid in a year by (b) the product of forty times the number of weeks in a year;

From NRSS 18-2103

- (26) Business means any private business located in an enhanced employment area;
- (27) New investment means the value of improvements to real estate made in an enhanced employment area by a developer or a business;

From NRSS 18-2103

- ☛ (28) Number of new employees means the number of equivalent employees that are employed at a business as a result of the redevelopment project during a year that are in excess of the number of equivalent employees during the year immediately prior to the year that a redevelopment plan is adopted;

What Are the Benefits of an EEA

- Ability to issue and sell revenue bonds and levy an occupation tax on the businesses within the district to pay for development/redevelopment costs.
- Revenue bonds issued are not counted as part of the City's general obligation debt.

What can EEA Bonds Pay For?

NRSS 18-2142.04

- (i) The acquisition, construction, maintenance, and operation of public offstreet parking facilities for the benefit of the enhanced employment area;
- (ii) Improvement of any public place or facility in the enhanced employment area, including landscaping, physical improvements for decoration or security purposes, and plantings;

What can EEA Bonds Pay For? NRSS 18-2142.04

- (iii) Construction or installation of pedestrian shopping malls or plazas, sidewalks or moving sidewalks, parks, meeting and display facilities, bus stop shelters, lighting, benches or other seating furniture, sculptures, trash receptacles, shelters, fountains, skywalks, and pedestrian and vehicular overpasses and underpasses, and any useful or necessary public improvements;

What can EEA Bonds Pay For?

NRSS 18-2142.04

- (iv) Leasing, acquiring, constructing, reconstructing, extending, maintaining, or repairing parking lots or parking garages, both above and below ground, or other facilities for the parking of vehicles, including the power to install such facilities in public areas, whether such areas are owned in fee or by easement, in the enhanced employment area;
- (v) Creation and implementation of a plan for improving the general architectural design of public areas in the enhanced employment area;

What can EEA Bonds Pay For?

NRSS 18-2142.04

- (vi) The development of any public activities and promotion of public events, including the management, promotion, and advocacy of retail trade activities or other promotional activities, in the enhanced employment area;
- (vii) Maintenance, repair, and reconstruction of any improvements or facilities authorized by the Community Development Law;

What can EEA Bonds Pay For?

NRSS 18-2142.04

- (viii) Any other project or undertaking for the betterment of the public facilities in the enhanced employment area, whether the project is capital or noncapital in nature;
- (ix) Enforcement of parking regulations and the provision of security within the enhanced employment area;

What can EEA Bonds Pay For?

NRSS 18-2142.04

- ☞ x) Employing or contracting for personnel, including administrators for any improvement program under the Community Development Law, and providing for any service as may be necessary or proper to carry out the purposes of the Community Development Law;

What Can the Occupation Tax Cover?

- It can be an extra sales tax on all retail transactions unless otherwise exempted per statute. Typically this would not exceed 1% or \$1 on a \$100 purchase.
- The occupation tax has to be agreed to by the owners of the property, the businesses within the EEA and the City Council.

What are the Benefits to the City?

- Bonds for redevelopment are revenue bonds not general obligation bonds and the City has no responsibility to make payments on those bonds beyond collecting and administering the taxes collected from businesses in the EEA.
- The bonds do not count against the general indebtedness of the City.
- The bonds can be issued or certified upon completion of the agreed upon improvements.
- Revitalization of targeted areas of the community.

What are the Risks to the City?

- 🌊 Litigation with businesses that are not remitting the occupation tax to the City.
- 🌊 The creation of additional commercial space that can be leased at a rate lower than current market rate may impact the marketability and rates for existing commercial property.

What are the Benefits to the Developer?

- An income stream from customers who choose to do business at that location can help offset costs of redevelopment.
- An increased ability to garner financing because of multiple sources of income generation.
- Ability to lease the property more aggressively to get favored tenants by offering better lease rates.

What are the Risks to the Developer?

- Consumers may choose to do business in other places to avoid paying the additional tax.
- Existing tenants will choose to relocate in a different commercial area to avoid collecting the additional tax.
- The bonds may not be marketable or have too high a discount rate.

How to proceed if Council seeks to use this Development tool

- ☛ If the area of interest is in a redevelopment area have the CRA pass a resolution declaring it an EEA.
- ☛ Have Council pass a confirming resolution declaring it an EEA. (This is not required but it sets a clear line of communication and allows Council to take action prior to considering an Ordinance to implement the Occupation Tax.)
- ☛ If the area of interest is not in a redevelopment area; Council passes a resolution declaring the EEA based on employment and investment assurances from the developer.