

CHAPTER 2

BUSINESS ATTRACTION PROGRAM

SECTION:

3-2-1: Title

3-2-2: Purpose

3-2-3: Businesses Eligible For Incentives

3-2-3-1: Council Approval Of Incentives

3-2-4: Business License Tax Credit

3-2-5: Utility Users Tax Credit

3-2-6: Planning And Building Fees Agreements

3-2-7: Tax Reductions And Suspensions

3-2-1: TITLE:

This chapter shall be known as the *BUSINESS ATTRACTION PROGRAM OF THE CITY*. (Ord. 1252, 4-9-1996)

3-2-2: PURPOSE:

This chapter sets forth a mechanism for establishing financial incentives to businesses to facilitate business attraction in the city. (Ord. 1252, 4-9-1996)

3-2-3: BUSINESSES ELIGIBLE FOR INCENTIVES:

"Business" as used in this chapter is defined as a business proposing to locate in the city which meets most of the following criteria and is eligible for consideration for the incentives established under this chapter:

- A. The business is engaged in a primary or secondary target industry as identified in the city economic development strategic plan dated September 23, 1993, as amended from time to time by the city council.
- B. The business has developed a business plan for long-term growth.
- C. The business will provide the city with a return on investment within three (3) years or a longer term if approved by the city council. The method used to determine the return on investment for the city shall consider the costs of city services provided to the business and the revenue and other benefits that the business provides to the city. The revenue and benefits provided to the city shall include, but not be limited to, the following factors: increase in number of jobs, increase in square footage occupied, increase in sales and use tax revenue, increase in utility users tax revenue, increase in franchise fees, and increase in any other taxes or fees paid to the city.
- D. Commitment of the business to stay in the city for a minimum of six (6) years.
- E. Business has the capability of utilizing existing businesses located in the city or attracting support industries into the city. (Ord. 1252, 4-9-1996)

3-2-3-1: COUNCIL APPROVAL OF INCENTIVES:

- A. The authority granted to the city manager to approve financial incentives to businesses under sections 3-2-5 and 3-2-6 of this chapter is limited to an aggregate amount of twelve thousand five

hundred dollars (\$12,500.00) per eligible business. The city council shall have the exclusive authority to approve incentives to businesses under sections 3-2-5 and 3-2-6 of this chapter which exceed the aggregate amount of twelve thousand five hundred dollars (\$12,500.00) per eligible business.

B. In the event a business seeks an incentive which requires city council approval under subsection A of this section and such business needs a land use approval which is subject to city council review, the council shall only consider the request for the incentive concurrently with or subsequent to the council's review of the land use application; or, in the event city council's potential review of the land use application is only by way of appeal and no appeal is filed within the time limits established by the El Segundo municipal code, subsequent to the expiration of time to file the appeal.

C. An incentive requiring city council approval under this section shall be placed on the consent calendar section of the city council meeting agenda. (Ord. 1324, 9-19-2000)

3-2-4: BUSINESS LICENSE TAX CREDIT:

A. Determination Of Credit: Any business which increases the amount of sales and use tax revenue received by the city from the business or its activities above its "baseline", as defined hereunder, shall receive a credit to its business license tax equal to the dollar amount of the increase above the baseline. The amount of business license tax credit shall be determined annually and is subject to approval by the city manager. Said credit shall be applied to the business license tax owed in the next fiscal year only; provided, that, in no event, shall the credit exceed the amount of business license tax owed.

B. Baseline Determination: For the purposes of this section, the "baseline" for a business shall be determined as follows: For each fiscal year, the baseline shall be equal to the amount of sales and use tax and business license tax revenue projected to be generated for the city as calculated from projections based on the business plan submitted by the business to the city.

C. Limitation: A business may only be granted business license tax credits under this section for the first three (3) years that the business operates in the city or such longer term as determined pursuant to subsection 3-2-3C of this chapter. A business is not eligible to receive any business license tax credits based on sales and use tax revenue established under title 4 of this code which the business is receiving a business license tax credit under this section. (Ord. 1252, 4-9-1996)

3-2-5: UTILITY USERS TAX CREDIT:

The city manager, or his or her designee, is hereby authorized to negotiate and enter into a tax credit agreement which grants to a business a credit on the utility users tax imposed by the city for a period not to exceed three (3) years following the date of the agreement or such longer term as determined pursuant to subsection 3-2-3C of this chapter. The credit shall be calculated annually and shall be applied to the utility users tax owed for the next fiscal year only; provided, that, in no event, shall the credit exceed the amount of tax owed. (Ord. 1252, 4-9-1996)

3-2-6: PLANNING AND BUILDING FEES AGREEMENTS:

A. Fee Reduction: Director of community, economic and development services or his or her designee, is hereby authorized to negotiate an agreement which reduces the planning and/or building fees applicable to a project developed by a business in an amount not to exceed fifty percent (50%) of the fees imposed. The fee reduction shall only apply to projects specified in the agreement. Said agreement shall be approved by the city manager.

B. Completion Timetable: The director of community, economic and development services or his or her designee, is hereby authorized to negotiate an agreement which establishes a timetable for the completion of the review, approval and inspection process conducted by the city in connection with a project developed by a business. Under said agreement, the planning and/or building fees applicable to the project shall be refunded and/or waived if the failure to meet the timetable is solely caused by city inaction. The fee refund and/or waiver shall only apply to the project specified in the agreement. Said agreement shall be approved by the city manager.

C. Fees Defined: For the purpose of this section, "planning and/or building fees" is defined as any or all of the fees imposed by the city under the zoning, subdivision, building, electric, plumbing, and mechanical codes of the city. (Ord. 1252, 4-9-1996; amd. Ord. 1315, 1-18-2000)

3-2-7: TAX REDUCTIONS AND SUSPENSIONS:

The city council has the authority to: a) provide for the suspension of taxes collected under this title and title 4 of this code; and b) provide for a reduction in the tax rates assessed under this title and title 4 of this code. (Ord. 1252, 4-9-1996)