



TO: Elizabeth Pauli, City Manager
FROM: Jeff Robinson, Director, Community and Economic Development (CEDD)
COPY: Economic Development Committee, Tadd Wille
PRESENTER: Gloria Fletcher, CEDD
SUBJECT: Commercial Office Space Development Incentive
DATE: June 11, 2019

PRESENTATION TYPE:
Informational Briefing

SUMMARY:

The purpose of this presentation is to inform, and seek input from, the Committee regarding the recently passed legislation allowing for cities to create incentives for commercial office space development. These incentives will require a public hearing and a City Council Ordinance for implementation.

BACKGROUND:

Substitute House Bill 1746 was enacted during the 2019 legislative session and will become effective on July 28, 2019. This bill allows for cities located in counties with a population of less than one million five hundred thousand to incentivize new commercial office space development and rehabilitation of existing buildings into commercial office space via two distinct mechanisms:

- Adopt a local sales and use tax remittance program.
 - Developers could seek reimbursement for sales and use taxes paid during the construction of a building that meets the requirement criteria.
- Establish a local property tax reinvestment program to make public improvements related to the project.
 - Cities can establish a public improvement fund to receive the local portion of the property tax attributable to the project for 10 years, and make public improvements that support that project from that fund.

Both programs require that the proposed project be at least 50,000 square feet and three stories high. They must meet other criteria as defined by the city, including being located within a city designated 'Commercial Office Space Development Area'.

ISSUE:

It is the City's goal to implement this program by the time this law is effective in late July. This will require that all of the qualifying criteria and application process are established, other local taxing authorities are consulted, and a public hearing is held prior to seeking final approval from City Council.

ALTERNATIVES:

This is an information briefing only at this time. There are no alternatives presented.

FISCAL IMPACT:

This is an information briefing, and there is no fiscal impact at this time. Potential fiscal impact will be noted upon request for final Council approval.

RECOMMENDATION:

This is an information briefing only. There is no recommendation.