

ECONOMIC DEVELOPMENT INCENTIVE PROGRAM



City of Bristol, Tennessee

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The City of Bristol, Tennessee Economic Development Incentive Program makes available to qualifying companies the opportunity to participate in a number of incentives through its performance-based incentive package. The program was adopted to enhance the City's competitiveness in encouraging growth of existing businesses and attracting new businesses.

The Program emphasizes attracting and facilitating the growth of business that complement existing industries, aides in the growth and diversification of the economic base of the community, and creates jobs with salaries and benefits higher than the region's average.

The City of Bristol Economic Development Incentive Program (EDIP) provides assistance to both new and expanding industry within the City of Bristol.

I. AVAILABLE INCENTIVES

The City will assist eligible businesses in attaining the following incentives that are available through local, state, and federal sources:

- Property tax deferment
- City of Bristol increment financing
- Fee waivers
- Infrastructure extension assistance
- Quick and efficient review of plans

State of Tennessee

- Local Workforce Investment Program for employee recruitment, training and retraining
- *FastTrack* Job Training Assistance Program
- *FastTrack* Infrastructure Program
- Jobs Tax Credit
- Industrial Machinery Credit

Tennessee Valley Authority

- Technical assistance
- Economic Development Loan Fund
- Enhanced Growth Credit Program

U.S. Department of Commerce

- Foreign Trade Zone No. 204, Bristol sub-zone and assistance from Customs Port No. 2082

II. QUALIFYING CRITERIA

In order to be eligible for program benefits, the following threshold requirements must be met:

1. Be located within the corporate limits;
2. Produce and sell a product outside the City of Bristol Tennessee;
3. Offer wages above the MSA average wages for the industrial classification, or a minimum of \$10.00 per hour, whichever is higher; and
4. Create full-time employment for full-time positions within the city, or retain/prevent the loss of current employment within the city.

In addition, the following criteria must be satisfied for (1) Existing Businesses in a Growth/Expansion or Retention mode; (2) New Businesses; and (3) Special Businesses.

Existing Businesses

1. Existing businesses must either (i) manufacture a product or (ii) engage in the manufacture, remanufacture or assembly of products to be sold outside the corporate limits of Bristol Tennessee.
2. Companies offering direct service assistance in the manufacturing, remanufacturing or assembly of products, or in a manufacturing process, as well as the testing of products, may be considered for assistance.
3. Minimum Requirements
 - *Expansion*
 - \$250,000 minimum investment
 - Ten (10) full-time new positions
 - *Retention*
 - Ten (10) full-time positions must be retained
 - Maintenance of existing employment base

New Businesses

1. New businesses must either (i) manufacture a product or (ii) engage in the manufacture, remanufacture or assembly of products to be sold outside the corporate limits of Bristol Tennessee.
2. New businesses offering direct service assistance in the manufacture, remanufacture or assembly of products, or in a manufacturing process, as well as the testing of products, may be considered for assistance.
3. Minimum Investment/Job Creation
 - \$500,000 minimum investment
 - Twenty-five (25) full-time new positions

Special Businesses

1. Special provisions may be made on the investment and employment criteria for new technology-intensive businesses, existing or new, where investment and employment does not traditionally meet the investment or start-up employment criteria set forth above.
2. Technology-intensive companies may include but are not limited to NAICS Codes 325, 326, 333, 334, 335, 336 and 339.

III. APPLICATION PROCESS

Businesses interested in participating in the EDIP Program are requested to submit an application in the form of a letter to the Office of the City Manager, where it is reviewed and processed by staff. The letter should include the following information:

- Name of company
- Description of product produced, production process and/or service provided, and the local project proposed
- Number of new employees at the start of operation and at the end of thirty-six (36) month after the start of operation
- Anticipated start of operations

- Average wages to be paid for administrative and production employees at the start of operation and at the end of thirty-six (36) months after the start of operations
- Annual payroll anticipated at the end of thirty-six (36) months after the start of operations
- Total investment in land, building and equipment anticipated at the start of operations, and at the end of thirty-six (36) months after the start of operations
- Accompanying the letter should be a copy of the company's business plan or a plan prepared describing the goals and objectives of the company, current sales, operational costs and employment, and anticipated investments, sales or services, and employment.
- Letters of recommendation or introduction of the company
- *For job retention projects* - a baseline of number of current employees and current annual payroll, and number of employees to be retained

A determination of program eligibility is made by the City Manager. If determined eligible, the appropriate incentives are identified by the City Manager, and when appropriate, by the General Manager of the Bristol Tennessee Essential Services. A recommendation to the City Council or appropriate board is presented for formal consideration. The recommended incentive proposal is approved, modified, or disapproved in the wisdom of the controlling authority. A contract is executed with the applicant which defines the terms and conditions of the incentive agreement

Each application is evaluated on the merits of the submission in accordance with the adopted criteria. In order to be considered, the project must meet certain threshold requirements established herein.

IV. GENERAL GUIDELINES FOR DETERMINING APPROPRIATE LOCAL INCENTIVES

The following guidelines will be used for determining local incentives:

Fee Waiver

The decision for the waiver of building permit fees, inspection fees and utility tap fees will be made by the city manager upon a review of the proposed project and the impact of the waiver of fees for the client.

Infrastructure Extension

The decision for assistance in the extension of public utilities, when applicable shall be made by the city manager, and when appropriate, in consultation with the general manager of BTES. In the event the extensions of utilities require a substantial expenditure, the city manager may seek assistance from the State of Tennessee, the Sullivan County Economic Development Partnership, and the Industrial Development Board.

When grant applications are required for the extension of utilities or other infrastructure to assist the company expansion or construction of facilities, such as the Tennessee FastTrack Infrastructure Grant Program, the company shall provide any required matching funds unless determined otherwise by the city manager

Tax Increment Financing

Consideration of Tax Increment Financing shall require the application from the company with a proposed project and financial data of investment, tax generation, job creation and wages to allow consideration by the Industrial Development Board. Upon submission, the city manager shall review and recommend on the plan to the Industrial Development Board.

Property Tax Deferment - Businesses meeting the threshold criteria set forth under II, Qualifying Criteria, will be eligible for a two-year (2) property tax deferment.

In addition, a tax deferment beyond two (2) years may be approved based on the investment, employment, and wage scales as summarized below.

Existing Businesses

Growth/Expansion Mode

Threshold Requirement for Two (2) Year Property Tax Deferment –

- (1) Job creation of ten (10) full-time jobs; and
- (2) Investment of \$250,000 or more in building and equipment.

Add-on Property Tax Deferment Opportunities –

- o *Investment of \$1,000,000 or more in building and equipment –*
One (1) additional year (3 years total); AND/OR
- o *Job creation of 50 new full-time jobs –*
One (1) additional year (4 years total); AND/OR
- o *Wage scales that averages 125% of the area wage average for the applicable manufacturing or service sector –*
One (1) additional year (5 years total).

Major Project - Businesses investing \$5,000,000 or more or creating 100 new full-time jobs at a wage rate above the MSA average for the applicable manufacturing or service sector will be eligible for a five-year (5) property tax deferment.

Special Provision - An incentive through the deferment of property taxes for businesses considered to have special conditions or circumstances requiring extraordinary consideration. Such circumstances may include the addition of specialty trained or technology based jobs and special financial needs or opportunities.

**Existing Businesses
(Continued)**

Retention Mode

Threshold Requirement for Two (2) Year Property Tax Deferment –

- (1) Job retention of ten (10) full-time jobs.

Add-on Property Tax Deferment Opportunities –

- *Investment of \$1,000,000 or more in building and equipment –
One (1) additional year (3 years total); and/or*
- *Job retention of a minimum of 50 full-time jobs –
One (1) additional year (4 years total); and/or*
- *Wage scales that averages 125% of the area wage average for the applicable
manufacturing or service sector that are retained –
One (1) additional year (5 years total).*

Major Project - Businesses investing \$5,000,000 or more or retaining 100 full-time jobs at a wage rate above the MSA average for the applicable manufacturing or service sector will be eligible for a five-year (5) property tax deferment.

Special Provision - An incentive through the deferment of property taxes for businesses considered to have special conditions or circumstances requiring extraordinary consideration. Such circumstances may include the addition of specialty trained or technology based jobs and special financial needs or opportunities.

New Businesses

Threshold Requirement for Two (2) Year Property Tax Deferment –

- (1) Job creation of twenty-five (25) full-time jobs; and
 - (2) Investment of \$500,000 or more in building and equipment.
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Add-on Property Tax Deferment Opportunities –

- *Investment of \$5,000,000 or more in building and equipment –*
One (1) additional year (3 years total); and/or
- *Job creation of 100 new full-time jobs –*
One (1) additional year (4 years total); and/or
- *Wage scales that averages 125% of the area wage average for the applicable manufacturing or service sector –*
One (1) additional year (5 years total).

Major Project - Businesses investing \$15,000,000 or more or creating 250 new full-time jobs at a wage rate above the MSA average for the applicable manufacturing or service sector will be eligible for a five-year (5) property tax deferment.

Special Provision - An incentive through the deferment of property taxes for businesses considered to have special conditions or circumstances requiring extraordinary consideration. Such circumstances may include the addition of specialty trained or technology based jobs and special financial needs or opportunities.

A matrix attached as Exhibit A summarizes the local program requirements and benefits for the deferment of property taxes.

When property taxes are deferred, the procedure shall include:

- A payment in-lieu of tax shall be paid by the Business in a amount equivalent to the property taxes paid prior to the project
- The property and improvements shall be deeded to the Bristol Tennessee Industrial Development Board for a period equal to the deferment period
- The assessment before and after the deferment period shall be determined by the Sullivan County Assessor of Property
- Legal fees associated with the documentation and establishment of the deferment shall be borne by the Business
- *For retention projects only* - an agreement for the maintenance of employment and annual payroll shall be required and stipulated in the contract

V. CLAW BACK AND OTHER AGREEMENT STIPULATIONS

The EDIP Program agreement shall include provisions for the reimbursement of applicable local incentives if the Business fails to achieve established investment, job creation/retention, and wage scale obligations. The claw back (reimbursement) provision shall be included in the contract agreement and shall include; at a minimum:

- Deferred property taxes shall be repaid, until full property taxes are paid for a period equaling the years of tax deferment. Repayment should be made on a year-for-year basis should investment or employment goals not be met at the start of operation or at the end of the incentive period as set forth in the incentive contract. This agreement shall be specifically outlined in the contract and a method of enforcement agreed upon.
- The repayment of the cost of the extension of utilities should the company fail to meet investment or employment goals at the start of operation or at the end of the incentive period as set forth in the incentive contract.
- The repayment of any waiver of building permit fees, inspection fees and utility tap fees, should investment or employment goals not be met at the start of operation or at the end of the incentive period as set forth in the incentive contract.
- An annual report shall be submitted by the company to the City Manager describing the annual and cumulative investment made by the company at the site, full-time and part-time employment and average wages paid for administrative and production employees, as well as total wages paid during the past year. This annual report shall be provided at the end of each year of deferred property taxes and for an equivalent period following the expiration of the deferred property taxes.

- A provision allowing the City Manager, with the approval of the Industrial Development Board, to abrogate or modify provisions contained within the contract for the repayment of deferred property taxes, the cost of the extension of utilities, or the waiver of fees should the City Manager determine such provisions need modification due to conditions in the general economy, industry specific conditions, or the event of natural disasters.

VI. CONTACT INFORMATION

Further information regarding the Bristol Tennessee Economic Development Incentive Program, please contact:

Tom Anderson
Economic Development Director
104 8th Street
P.O. Box 1189
Bristol, Tennessee 37621-1189

Telephone 423-652-0184
Facsimile: 423-989-5717
Email: tanderson@bristoltn.org