Passed 8-0
Mayes absent

ORDINANCE 06-03

REVISING PARTICIPATION FEES FOR CERTAIN BUSINESSES LOCATED WITHIN THE BLOOMINGTON URBAN ENTERPRISE ZONE AND A TAX INCREMENT FINANCE AREA THAT RECEIVE AN ENTERPRISE ZONE INVESTMENT DEDUCTION

WHEREAS, the Bloomington Urban Enterprise Zone ("Zone") and its administrative entity, the Bloomington Urban Enterprise Association ("BUEA"), were created in 1991 pursuant to IC 4-4-6.1 (now IC 5-28-15) to provide access to tax credits for zone businesses and develop programs to promote economic development within the designated zone boundaries; and

WHEREAS, the BUEA obtains funding for its programs by assessing an annual participation fee from Zone businesses receiving tax credits and incentives in the amount of 20% of the credit or incentive; and

WHEREAS, in 2005 the Indiana legislature passed IC 6-1.1-45 regarding the Enterprise Zone Investment Deduction (EZID), which allows taxpayers making qualified investments, as defined in IC 6-1.1-45-7, in an enterprise zone to obtain a 100% abatement on the investment for ten years; and

WHEREAS, the Zone contains parts of several Tax Increment Finance (TIF) areas, as shown on the map attached hereto as Attachment A and incorporated herein by reference, in which TIF revenues have been included in revenue forecasts for City projects, and abatement of 100% of new assessed value could significantly impair existing long-term City agreements; and

WHEREAS, IC 5-28-15-5(b) allows the legislative body of a municipality containing an Enterprise Zone to set participation fees for Zone businesses that receive incentives described in IC 5-28-15-3, which are tax credits or exemptions available under IC 5-28-15, IC 6-1.1-45, IC 6-3.1-7, IC 6-1.1-20.8, and IC 6-3-3-10 ("Incentives"); and

WHEREAS, the Zone business participation fee, as established by the BUEA prior to enactment of IC 5-28-15-5(b), was 20% of the amount of the Incentive(s) received by the business, and it is desirable to maintain that participation fee except where an EZID would reduce TIF revenues from levels included in City revenue forecasts prior to enactment of the EZID legislation; and

WHEREAS, if a Zone business is located within a TIF area and a taxpayer receives an EZID for such a Zone business for a qualified investment with a base year of 2005 or 2006, it is desirable to set the BUEA participation fee for such Zone business at 100% of the amount of the EZID; and

WHEREAS, if a Zone business is located within a TIF area and receives an EZID for qualified investments for which the base year is any year other than 2005 or 2006, it is desirable to establish the Zone participation fee at 20% of the annual EZID amount; and

WHEREAS, on February 14, 2006, the BUEA Board of Directors endorsed this ordinance and, thereby, approved the two tiers of Zone participation fees and the transfer of the higher tier to the City;

NOW, THEREFORE, BE IT HEREBY ORDAINED BY THE COMMON COUNCIL OF THE CITY OF BLOOMINGTON, MONROE COUNTY, INDIANA, THAT:

SECTION 1. The Zone participation fee is 100% of the amount of the EZID for each year the EZID is in effect for each Zone business for which a taxpayer applies for and receives approval from the Monroe County Auditor that the taxpayer's proposed project is a qualified investment under IC 6-1.1-45-7 and the qualified investment is located in a TIF district and has a base year of 2005 or 2006.

SECTION 2. The BUEA Board of Directors has agreed to transfer the participation fee authorized in Section 1 of this ordinance to the City and, once they have been received by the City, these fees shall be deposited by the Controller in the respective TIF district fund.

SECTION 3. If a taxpayer receives one or more Incentives other than an EZID for a qualified investment with a base year of 2005 or 2006 for a Zone business located within a TIF district, the Zone participation fee for each such Zone business is 20% of the amount of the Incentive(s) received for each year an Incentive is received.

SECTION 4. The map of the Zone and intersecting TIF districts, referred to in the fourth Whereas clause as Attachment A, shall be attached to the ordinance and incorporated by reference into the ordinance. In accordance with I.C. 36-1-5-4, two copies of this map are on file in the Office of the City Clerk for public inspection.

SECTION 5. This ordinance shall be in full force and effect from and after its passage by the Common Council of the City of Bloomington and approval of the Mayor.

PASSED AND ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this 1st day of MARCH, 2006.

CHRIS STURBAUM, President
Bloomington Common Council

ATTEST:

REGINA MOORE, Clerk
City of Bloomington

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this 2nd day of March, 2006.

REGINA MOORE, Clerk
City of Bloomington

SIGNED and APPROVED by me upon this 2ND day of MARCH, 2006.

MARK KRUZAN, Mayor
City of Bloomington

SYNOPSIS

This ordinance establishes the participation fee to the Bloomington Urban Enterprise Association for businesses located in the Enterprise Zone that receive an Enterprise Zone Investment Deduction (EZID). If the business is also located in a TIF district and the qualified investment has a base year of 2005 or 2006, the participation fee is 100% of the EZID; otherwise, the participation fee per year is 20%.

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