

**TOWN COUNCIL ADOPTED POLICY  
TOWN OF TIMNATH**

**SUBJECT: Economic Development Incentive Policy – Small Business**

**ISSUE DATE**

**May 9<sup>th</sup>, 2023**

**EFFECTIVE DATE**

**May 10<sup>th</sup>, 2023**

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**INTENT**

It is the intent of the Economic Incentive Policy (“Policy”) to provide clear guidance to staff in the community’s efforts to support economic growth and new commercial development and to provide for a strong, business friendly culture in the Town of Timnath.

**PUBLIC PURPOSE**

The Policy serves a broad public purpose as established by the Town Council at its discretion by providing significant economic and/or retail or service benefits to the residents of the Town of Timnath. Specifically, the Town is seeking to provide strategic incentives that support the long-term fiscal health and viability for the Town.

**POLICY**

The Town will accept incentive requests on an as-needed basis and subject to budget limitations. The Town will award incentives subject to the application process and considerations outlined in this Policy. The Town Council reserves the right to accept or reject any incentive request at its discretion. An application for an incentive does not guarantee approval. The Town Council reserves the right to waive any requirements within this Policy at its discretion to address any extraordinary circumstances not contemplated in the Policy.

The Town has identified the following incentive to address specific needs within the community.

**Timnath Supports Small Business Incentive Opportunity**

The Town seeks to actively support the growth of locally serving small businesses in Timnath with strategic incentives. The Policy seeks to encourage small businesses within the Downtown Core area as identified in the Comprehensive Plan, the Harmony Road corridor as the primary regional commuter route, and the commercial areas within the Town as identified in the Comprehensive Plan.

A project and/or development may be considered for a Small Business Incentive if it meets one or more of the following criteria:

- It is generally located within the Downtown Core or a commercial area, as identified in the Comprehensive Plan.

- The project is located in the Harmony Corridor and exceeds the design standards set forth in *Section 5.10 – Harmony Corridor Design Standards* of the Timnath Land Use Code.
- The project will generate retail sales tax revenue to the Town.
- The applicant demonstrates that the investment will not create negative impacts to existing retail businesses in Timnath.
- The project repurposes an existing building or structure where existing water, sewer, and street infrastructure are in place, and
  - The investment will add to the long-term economic viability of the property; or
  - The investment addresses a critical building deficiency that limits occupancy such as a pre-treatment system, ADA requirements, significant needed maintenance and/or fire suppression systems; or
  - The investment allows for use of property which has been vacant for more than 18 months.

Applicants may request an incentive not to exceed \$35,000 (a larger amount may be requested if warranted due to the scope of the project, however it will need to be reviewed and approved by the Town Council) per property to cover the following costs:

- Up to 50 percent of building permit fees assessed by the Town.
- Up to 50 percent of construction use tax assessed by the Town.
- Up to 50 percent of the cost of façade improvements for existing commercial buildings on Main Street, excluding signage, maintenance, or repair of existing façade elements.
- Up to 50 percent of investments that will substantially improve the usability of an existing building including but not limited to the following:
  - Accessibility requirements.
  - Utility infrastructure including pre-treatment (grease interceptor).
  - Fire suppressions systems including a hood, fire sprinkler systems, and water line installation.

*Application Requirements:*

To be considered for a Small Business Incentive, the applicant shall submit a formal request to the Town Manager to include the following information:

- Name and contact information for the principals involved in the businesses. (please note, preference may be given to small business owners who also live in the Town of Timnath)
- Business address and general location.
- Information on whether the business owns or has leased the subject property.
- Narrative description of the business, retail offering and/or any additional information that would be useful to the Town.
- An estimate of projected annual sales from the business.

- Description of the need for the incentive, specifically:
  - How will the incentive be used?
  - Why is the incentive needed and how will the incentive contribute to the long-term success of the business?
  - Project construction budget including any budget for façade improvements for existing commercial buildings on Main Street or investments that will substantially improve the usability of an existing building.
  - Project timeline including expected opening.

*Review and Approval:*

- The Town will review all applications and determine whether to grant incentives based on the best interest of the Town, considering factors including without limitation: completeness of the application, need of the applicant, budgetary considerations, and whether the application furthers the intent and purpose of this policy.
- Once the application requirements are met, Town staff will review the request and determine the recommended amount and form of the incentive. This may include those various incentives as identified under Incentive Types below.
- Please note, all incentive agreements will require performance by the applicant. This may include receipt of Certificate of Occupancy, sales tax generation and other performance measures as appropriate for the project. The Town reserves the right to terminate any agreement or require reimbursement of an incentive for failure to perform.
- If after review, the request is recommended for approval, the Town Manager may enter and sign a written incentive agreement administratively, as long as the total incentive is less than \$35,000.
- For incentive requests that exceed \$35,000, the Town Council will review and approve the incentive agreement.

## **INCENTIVE TYPES**

The Town's preferred method of incentive is an Enhanced Sales Tax Incentive Program (ESTIP) but the Town will consider other incentives alone or in combination with an ESTIP on a case-by-case basis.

- 1) Enhanced Sales Tax Incentive Program (ESTIP) - Approval by the Town of an agreement implementing the ESTIP shall entitle the applicant to a rebate of a portion of sales tax derived from project, for approved purposes such as up to 50% of the cost of façade improvements for existing commercial buildings on Main Street or up to 50 percent of investments that will substantially improve the usability of an existing building. Said amount will be agreed to and determined on a case-by-case basis, based on the sales tax revenue projected to be owed specifically to the Town and generated by the project, up to a not to exceed amount. The time in which said enhanced sales taxes may be shared shall also be agreed to on a case-by-case basis. The total amount rebated would also be capped

