

**CITY OF THORNTON
INCENTIVE POLICY
FOR PRIMARY EMPLOYERS**

1.0 Purpose:

The purpose of this policy is to provide guidance to businesses by setting forth the City's priorities and expectations for considering incentive packages for primary employers. This policy also provides guidance to City staff in evaluating and developing business assistance packages/agreements for primary employers on behalf of the City.

A written agreement is required and no agreement is final without formal action by City Council. All written agreements shall include a provision in which the business agrees to meet or exceed the City of Thornton's current development standards. Incentive agreements are entirely discretionary and will be considered on a case-by-case basis by the City Council. Previously approved agreements do not establish a precedent for subsequent agreements.

2.0 Priorities:

Priorities for primary employer incentive packages shall be based on the outcomes the City Council has set to achieve as reflected in their goals and policies, the City of Thornton Comprehensive Plan, various Master Plans and other related policy statements to grow the local economy and provide quality job opportunities for Thornton residents, by: (a) assisting existing primary employers that are expanding existing facilities and increasing the number of jobs, or increasing wage levels; (b) attracting new businesses that create new, higher paying jobs in Thornton; (c) attracting specific industries that the City determines are needed to provide industrial diversity; (d) encouraging redevelopment of existing properties; and (e) assisting eligible companies in commencing their operations in an expedited manner.

3.0 Eligibility Threshold:

To be eligible for a primary employer incentive package, companies shall sell the majority of their goods and services outside the north metro region (including all of Adams County and parts of Jefferson, Boulder, Broomfield and Denver Counties). In addition, they must add at least 10 full time jobs whose average wage is at least 5% above the average County wage. The company will be required to provide documentation on the number of jobs and the average wage levels of the Thornton operation before initial incentive payment is made.

4.0 Scope:

This policy shall be used to evaluate any and all primary employer incentive packages. For purposes of this policy, a primary employer incentive package may be considered on an individual business basis and/or larger project basis.

5.0 Policy:

- 5.1 Term of Incentive Agreements. Incentive agreements shall generally be limited to a five-year period, although a period of more than five years may be considered on a case-by-case basis. The agreement and all provisions will be terminated if the business ceases operations, moves out of Thornton or is not in compliance with terms of the incentive agreement or City ordinances. Incentive agreements shall only be assigned with the written consent of the City Council.
- 5.2 Performance Based. All incentive agreements shall be performance based. Performance based means that before any monies are disbursed, the business shall meet or exceed the specific performance measures identified in the Incentive Agreement. Specific performance measures may include: (a) meeting the requirements of the eligibility threshold for jobs and wages; (b) requiring new revenues generated by the business to equal or exceed the total dollar amount of the incentive provided during the period of the incentive agreement by rebate or refund; (c) requiring any rebate or refund to come from the revenues actually generated by that business; or (d) requiring the completion of significant development review process milestones such as successful completion and issuance of a development permit, building permit or certificate of occupancy.
- 5.3 Local Hiring. The incentive agreement will include a provision encouraging businesses receiving incentives to use a good faith effort to hire Thornton residents and to advertise the location of the business in Thornton.
- 5.4 Incentive Tools. The following incentive tools may be considered to reduce development costs associated with the new or expanding business:
- rebate of permit fees
 - rebate of a portion of new use taxes generated by the business
 - rebate of any use taxes owed on existing equipment moved into the City
 - rebate of use taxes paid on a new, expanded or refurbished facility
 - rebate of the City's real property taxes paid on a new or expanded facility
 - rebate of the City's business personal property taxes paid on new equipment
 - direct subsidy to a new or expanding primary employer, given it creates at least 75 new jobs and pays 125% of the Adams County average wage
 - direct subsidy for public infrastructure costs if the City determines the improvements are required in the City's Comprehensive Plan or a Master Plan for infrastructure development and if the project meets the criteria of adding at least 100 jobs at 150% of the Adams County average wage
 - creation of special taxing districts including a Metropolitan District, General or Special Improvement District

Rebate of property taxes within an enterprise zone shall be limited as provided by State Statute. The manner and timing of rebates shall be specified in the agreement and shall be tied to the issuance of the Certificate of Occupancy for the new or expanded business, unless otherwise specified.

Rebate of sales and use taxes will only be considered for new taxes generated by the business. Unless special circumstances dictate, such rebate will be limited to 50% of the new sales and use taxes generated. The City will not rebate existing sales and use taxes generated by a business.

5.5 Thornton Development Authority. The Thornton Development Authority has developed an Economic Development Incentive Program to provide direct financial assistance to upgrade buildings and grounds of existing businesses located within the Thornton Urban Renewal boundary.

5.6 Consideration for Other Assistance. In determining its incentive package, the City will give consideration to other assistance which may be granted by other entities such as the State of Colorado, Adams County, and School Districts, Xcel Energy, United Power or other private sources.

5.7 Enterprise Zones. The City has one enterprise zone within the corporate boundaries: the 1990 Enterprise Zone, amended in 1996, located between 88th Avenue and 83rd Avenue, including the North Valley Tech Center property, the Northland Shopping Center and the Thornton Shopping Center. Enterprise zones provide a number of State tax credit programs to qualified businesses located within the zone.

6.0 Annual Appropriations:

All Incentive Agreements shall be subject to annual appropriations by City Council as required in the Colorado Constitution and the City Charter.