TOWN COUNCIL

STAFF REPORT

Department of Administration

MEETING DATE:	July 20, 2010
PROJECT:	Town of Bluffton New Business Incentive Program
PROJECT MANAGER:	Anthony Barrett, Town Manager

RECOMMENDATION:

Staff recommends that Town of Bluffton Town Council establish a New Business Incentive Program as outlined in the attached Business License Amendment Ordinance.

BACKGROUND:

To advance the Town's Economic Development initiatives as outlined both in the Town of Bluffton Comprehensive Plan and the 2010 Strategic Plan, Staff proposes to initiate a New Business Incentive Program via a Business License Fee Cap and Fee Abatement strategy.

The Town of Bluffton Comprehensive Plan provides guidance on Economic Development initiatives and indicates that the Town shall work to facilitate economic development opportunities and enhance the human, natural and economic resources. The results yielded must promote economic diversity. Further, the Comprehensive Plan provides that the Town shall work to preserve existing businesses and ensure a dynamic economy by encouraging continued health and expansion of existing businesses.

Accordingly, the New Business Incentive Program is intended to both attract and retain business opportunities that support regional industries. The program is structured on the Greenville, S. C. model Business License Tax Incentives

ATTACHMENTS:

1. Business License Ordinance Amendment

ORDINANCE NO. 2010-
TOWN OF BLUFFTON
BUSINESS LICENSE ORDINANCE AMENDMENT

WHEREAS, the Town of Bluffton, South Carolina, desires to advance the Town's Economic Development initiatives as outlined both in the Town of Bluffton Comprehensive Plan and the 2010 Strategic Plan; and

WHEREAS, the Town of Bluffton Comprehensive Plan provides guidance on Economic Development initiatives and indicates that the Town shall work to facilitate economic development opportunities and enhance the human, natural and economic resources; and

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL AS FOLLOWS:

Section 6-39 Classification and Rates is amended to add the following:

6-39-c. A cap of $25,000,000.00 (Twenty-Five Million Dollars) is extended to all businesses such that the annual gross receipts of any one business exceeding this cap are exempt from the business license rates outlined herein.

Additionally, the following new sections are being added:

Section 6-43 Business License Incentive Program

6-43-a. There shall be a new Business License Incentive Program to provide incentive to qualified businesses whereby new jobs are both created and sustained as outlined in the following criteria:

1. Business location is on real property in the Town;
2. Payment of Town Business License Fee is received in full by the due date;
3. Business License Abatement Application is completed and filed with full payment of Business License Fee;
4. *Corporate headquarters* is defined as the national or regional operations of a corporation, real estate investment trust, general or limited partnership, or comparable business entity provided the business operations has offices, production facilities, shipping locations, wholesale facilities, or retail outlets in other states. A majority of the management, legal, planning, marketing, and personnel operations must be handled or supervised from the corporate headquarters. The headquarters must have responsibility for an area including South Carolina and at least two other states and/or international regions.

5. *Research and development* is defined as those facilities or enterprises devoted directly and primarily to research and development in the experimental or laboratory sense for new products, new uses, for existing products, or for improving existing products. The facility must be a separate facility devoted primarily to research and development as defined in this section. The abatement does not include facilities used in connection with efficiency surveys, management studies, consumer surveys, economic surveys, advertising, promotion, or research in connection with literary, historical, or similar projects.
6. *High technology growth businesses* are defined as those enterprises which have as the primary revenue component of their business activity the earnings derived from the design, engineering, development, or production of innovative technology in businesses which are expanding significantly in the world economy. Examples include companies primarily engaged in activities such as: Internet technology, digital media, biotechnology research and development, wireless and high speed telecommunications, computerized technologies and electronic equipment, with micro chip components, or businesses providing systems for computer software design or hardware design, or both, based on the assessment of customers' business or organizational needs. This category does not include the mere sale of installation of standard retail software packages or individual hardware components.
7. *Businesses in designated areas* are defined as selected categories of businesses which are located in designated areas as shown in the chart below. Council finds promoting these types of businesses in the designated areas will promote and guide the Town's growth. The categories of 1 through 6 above also qualify in all areas of the Town. Additional designated areas may be added by resolution of Town Council.

Designated Area	Eligible Business License Category
Multi-County Industrial Park (MCIP) – Buckwalter Place	Corporate Headquarters Research and Development High Technology

8. Similar businesses is defined as the Town Manager extending the incentive to similar businesses deemed appropriate based on policy recommendations from Town Council based on jobs or capital invested.
9. Restructuring of business, or closing and reopening a similar business by same principal owner(s) does not qualify; and

Businesses which meet these requirements shall receive abatement as outlined in Section 6-44.

Section 6-44 Business License Fee Abatement

6-44-a. The business license fee abatement is calculated on the actual business license fee paid to the Town and does not apply to other fees paid to other agencies for the Town. The qualifying new business shall receive the abatement as follows:

1. One Hundred percent (100%) for the first taxable year of operation or any portion thereof;
2. Sixty percent (60%) for the second taxable year of operation;
3. Thirty-Three percent (33%) for the third taxable year of operation.
4. No abatement will apply after the third taxable year of operation.

6-44-b. Any business which meets the preceding qualification requirements for abatement and which is issued a business license permit for less than a six-month period in its first taxable year of operation may elect to extend its 100 percent (100%) abatement to the second taxable year provided it pays 50 percent of the tax otherwise due in the third taxable year.

6-44-c. No business and no successor or affiliated business entity having one or more of the same principals and substantially the same business activity may cease business operations in the name of one business and then resume business operations in another name if the effect of such resumption is to circumvent this section.

PASSED, APPROVED, AND ADOPTED BY THE COUNCIL FOR THE TOWN OF BLUFFTON ON THIS _____ DAY OF _____, 2010.

_____
Lisa Sulka, Mayor

ATTEST:

_____
Sandra Lunceford, Town Clerk