

Retail Incentives Policy

Tulsa, Oklahoma

Statement of Purpose

The purpose of this policy is to provide criteria for identifying situations where it is desirable and suitable to provide incentives for private development in the retail sector and support redevelopment and revitalization of underserved areas.

Goals and Objectives

The City of Tulsa recognizes that the most effective incentive for economic development is being a livable and vibrant community. It is recognized that Tulsa, like all cities in Oklahoma, is heavily reliant on sales tax revenues to support the City's General Fund. In order to provide the levels of programs and services necessary to remain a vibrant and livable community, the sales tax base must continue to grow. The goal of this policy is to ensure Tulsa continues to be a great place to live and that continuing to be a regional retail center is supportive of that effort. This policy is intended to support commercial retail businesses that:

- 1) Increase sales tax revenue through direct sales, purchases by employees and purchases from City of Tulsa vendors;
- 2) Increase ad valorem revenue to the City, Tulsa County, school districts located within the city and other local and area education and governmental entities that benefit therefrom;
- 3) Enhance property values within the City;
- 4) Contribute to the economic well-being of the citizens and residents of the City, Tulsa County and the State of Oklahoma.
- 5) Diversify the local economy, provide economic stimulus for additional employment and other development, and provide training and employment opportunities in services, sales and management skills.
- 6) Contribute to an expansion of economic development opportunities in the City of Tulsa through participation in public private partnerships. If applicable, such efforts may include:
 - a. Providing enhancements to public infrastructure.
 - b. Encouraging private investments into facilities that increase the efficiencies of public transportation systems.
 - c. Increasing efficiencies of public access and convenience to engage in private commercial activities.

Economic Development Tools

It is recognized that each potential project may have different needs and each incentive will likely need to be tailored to particular projects. Economic development tools include, but are not limited to:

- Sales tax reimbursement
- Tax abatement
- Tax increment finance districts
- Investment in infrastructure
- Lease of publicly owned facilities or sites

Eligibility Criteria (sales tax reimbursement)

Every proposal will be evaluated on its individual merit and overall contribution to the City's economy. An application may be for a stand-alone retail business, for a development that includes multiple retail businesses or for development in an underserved area or area in need of redevelopment. Meeting eligibility criteria described herein does not guarantee incentives will be approved. The following criteria (recognizing a proposal may address some but not all criteria) will be used to evaluate whether a particular proposal may qualify for incentives:

Guidelines

Minimum requirements for applicants

- Stand-alone retail: Retailer must have projected annual gross retail sales of \$20 Million by the third year of operation.
- At time of application, Retailer has no existing presence in MSA, or new development that is part of a regional retail project of at least 100,000 square feet.
- Multi business development: If the application is for a development with multiple businesses the project must contain at least 100,000 square feet.
- Underserved or distressed area: Location is within an enterprise zone, designated USDA food desert, adopted City of Tulsa Sector Plan or adopted City of Tulsa Small Area Plan.

Submission of Retail Incentives Proposal (RIP)

A company desiring to receive incentives from the City must submit a proposal to the Planning & Economic Development (PED) department that includes, at a minimum, the following:

- 1) A description of the type of business and projected annual sales.
- 2) Identify specific project location and provide a description of infrastructure needs or unique, public utility service needs.
- 3) A description of initial plan for development, including a timeline for design, construction, hiring, and operation, as well as plans for future expansion.
- 4) An estimate of planned capital investment that corresponds to any phasing for development and expansion.
- 5) The planned number and function of new full and part-time employees.
- 6) A narrative description and any other information that demonstrates how the applicant meets and/or exceeds the criteria set forth in this policy.

The applicant must provide sufficient information to allow staff to conduct an analysis of the direct and indirect impacts of the project.

Evaluation of Proposal’s Public Purpose

A Retail Incentives Committee (RIC) will evaluate the public purpose served by the proposed development using the following criteria:

- 1) The way in which the public benefits compare to the way in which private parties may benefit;
- 2) The overall primary effect of the public expenditure;
- 3) The consideration given for the expenditure;
- 4) The location or site improvement of a particular project;
- 5) The creation of job opportunities;
- 6) The comparison of private dollars involved in a project to the number of public dollars;
- 7) Increased tax and/or other revenues;
- 8) Competition with other localities.
- 9) Nature and scope of public improvements to be constructed by retailer/developer

Limits of Sales Tax Reimbursement

Should the evaluation of the proposal determine that the proposed retail project meets public purpose and other requirements stated herein, the calculation of the Sales Tax reimbursement is subject to the following limits:

- \$2 Million maximum reimbursement per project for public infrastructure improvements. Annual amount available for sales tax reimbursement for the total of all projects is capped at 1 percent of budgeted General Fund Sales revenue in the City fiscal year (July 1 to June 30).
- Maximum term of incentive payment is 10 years.
- Annual amount of reimbursement is subject to City’s annual appropriation of sufficient funds in the City’s fiscal year (July 1 to June 30) budget.

See table for method of calculation of sales tax reimbursement

<u>Annual Gross Retail Sales</u>	<u>Tax Rate</u>	<u>Annual COT Revenue</u>	<u>Reimbursement Rate</u>	<u>Annual Reimbursement to Retailer</u>	<u>Maximum Infrastructure Reimbursement</u>	<u>Retailer Pay Back Period (yrs)</u>
\$20,000,000	2%	\$400,000	20%	\$80,000	\$800,000	10
\$50,000,000	2%	\$1,000,000	25%	\$250,000	\$1,200,000	4.8
\$75,000,000+	2%	\$1,500,000	30%	\$450,000	\$2,000,000	4.4

Note: Based on FY 14 General Fund Budgeted Sales Tax Collections the Incentive Cap is \$1,483,000.

Performance Standards

Any company receiving monetary incentives from the City will be required to enter into a development agreement. Each development agreement will vary based on the specific project, but all such agreements shall set specific performance goals (i.e.: gross retail sales) and the consequences (i.e. failure to generate sufficient sales over the allocated period to be fully reimbursed the retailer would forfeit the remainder) to the company of not meeting such goals.

Monitoring and Evaluating Compliance

A company entering into a development agreement must submit quarterly reports (first Friday of July, Oct., Jan., and Apr.) to the PED Department for internal distribution. These reports must demonstrate the progress the company has made toward the performance goals outlined in the performance agreement. City staff will use these quarterly reports to conduct an annual compliance evaluation.

Process for Retail Incentives Proposal (RIP)

1. Contact the Planning & Economic Development Department (PED), City of Tulsa for proposal guidelines.
2. Pre-Application conference with Planning & Economic Development Department staff.
3. Initial Application fully completed (see section on retail incentive proposal) and submitted to the Planning & Economic Development Department.
4. Review of RP by Retail Incentive Committee (RIC)
 - a. Committee Consist of a representative from the following departments:
 1. Planning & Economic Development Department
 2. Engineering Services
 3. Finance Department
 4. Mayor's Office
 5. City Council
 6. Retail Marketing Coordinator
5. Analysis and determination of Project Plan's eligibility/feasibility by the RIC.
6. PED staff prepares a development agreement for approval by the Mayor
7. PED staff schedules a review by the City Council's Urban Development Committee
8. Council approval of development agreement by resolution
9. PED serves as project manager for development agreement (includes notification of proper financial entities/departments)

