

Updating the Business Assistance Policy Package Incentives

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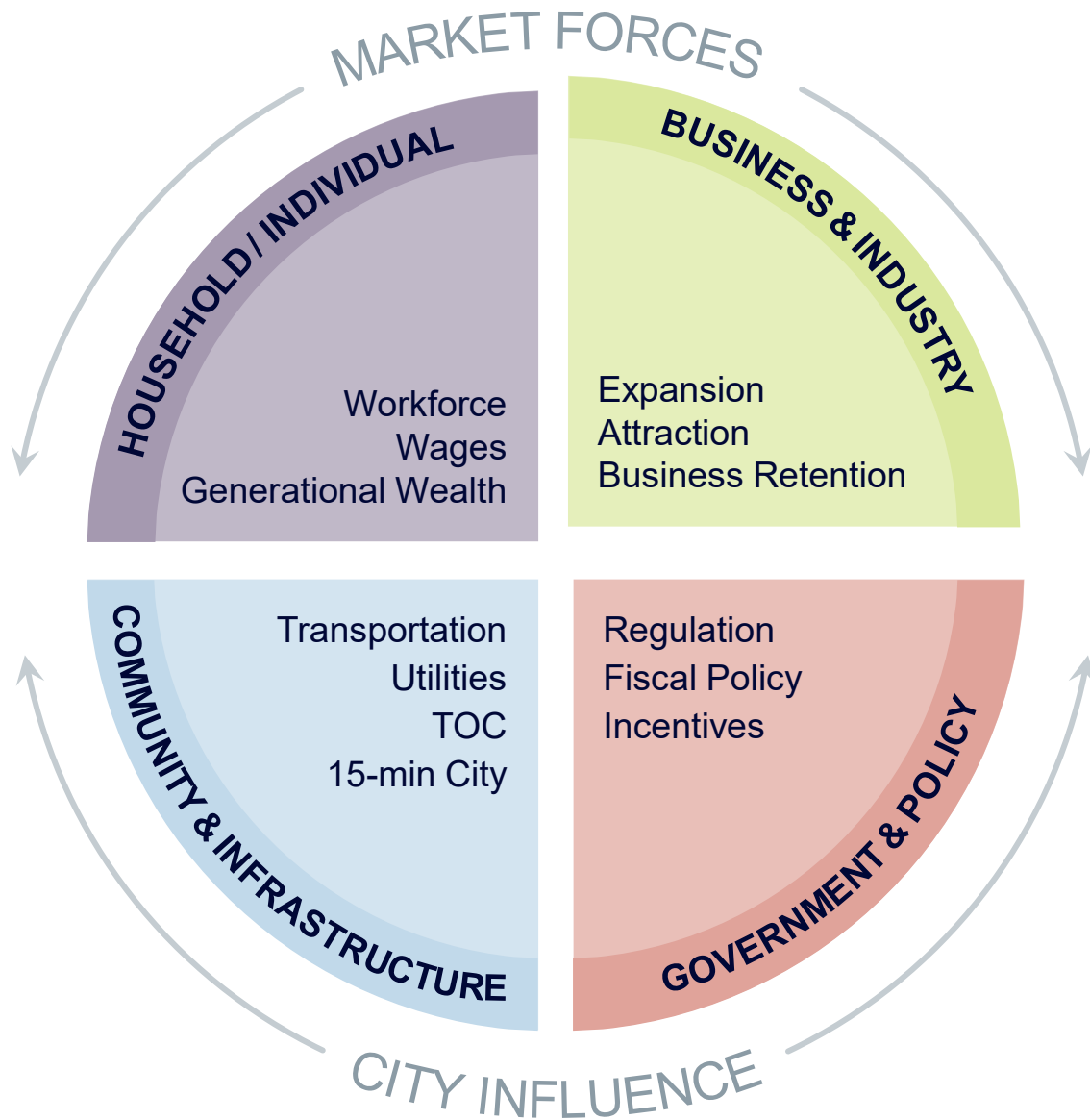


Policy Alignment

- Do these business incentives align with current Council Priorities?
- What gaps does Council see in the policy direction?

Program Assessment

- Does the Economic Development Fund go far enough to support small business?



Areas of Focus for the Business Incentive Policy Discussion

- Primary Employment
- Retail Attraction
- Small Business Support
- Organizational Policy Alignment



Economic conditions are uncertain, trends are shifting



Current policy is outdated and underutilized



No retail strategy, paired with softening sales tax



Conceptual alignment with Council in January

Gaps in current incentive package

- Need to modernize to keep up with current competition
- Retaining and attracting more primary jobs
- Support investment in Fort Collins

No formal retail strategy

- Reduce sales tax leakage
- Increase regional capture
- Support investment in Fort Collins

01

Advance
community goals
through
performance-
based incentives

02

Promote
economic vitality

03

Strengthen
regional
competitiveness

04

Support strategic
investment

05

Retain quality
jobs



Public benefit required

Performance-based rebates, not upfront payments

Economic impact and cannibalization analysis when relevant

Caps and time limits on rebates

Ethics and compliance



PRIMARY EMPLOYERS



RETAIL BUSINESSES

- **Purpose:**

- Establish a proactive, performance-based primary employer incentive strategy
- Attract and expand primary employers
- Strengthen competitiveness for investment and jobs
- Advance high-quality wage growth
- Generate net-new economic activity

- **Current tools**

- Manufacturing Eqpt Use/Sales Tax Rebates
 - Not flexible enough to allow for equipment used in research and development
 - Colorado nexus laws make this tool less effective





- Proposed New Tools

- **Construction Use/Sales Tax Rebates**

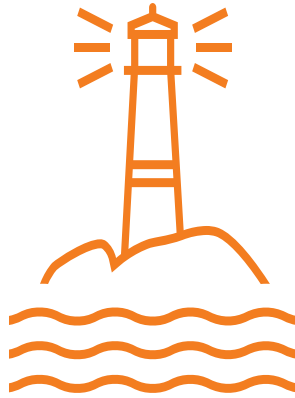
- Up to 50% rebate of unencumbered general fund use/sales tax
- Terms of 5 to 7 years

- **Manufacturing and R&D Eqpt Use/Sales Tax Rebates**

- Up to 50% rebate of unencumbered general fund sales and use tax on equipment used for research and development purposes
- Terms of 5 to 7 years

- **Proposed New Tools**
 - **Utility Fee Rebates & Amortization**
 - Amortization of Utilities development fees up to 5 years
 - Evaluation of Development Fee rebates/waivers
 - PILOT Rebate
 - **Expedited Review**
 - Capped at three (3) rounds of review
 - Each round of review capped at 21 days.





Attraction

\$50 Million Cap-Ex
20 Net-New Jobs at 110% AMI



Retention

\$50 Million Cap-Ex
10 Net-New Jobs at 100% AMI

- Purpose
 - Establish a proactive, tiered retail incentive strategy
 - Support reinvestment
 - Strengthen regional competitiveness
 - Reduce leakage/gain capture
 - Revitalize neighborhood-serving retail
 - Generate durable, net-new sales tax growth
- Three tiers of support:
 - Tier 1: Large attraction
 - Tier 2: Redevelopment / re-tenanting
 - Tier 3: URA referral





- Tier one

- Large-format or regionally competitive retail projects
 - Greenfield development
- Utilize ESTIP
 - Incentives to provide rebates up to 50% of net new Sales tax (capped and time limited)
 - 5-to-10-year term
 - Cap-ex requirements of \$25 Mil, or \$350,000 annual net new sales tax generated

- Tier Two

- Re-Tenanting and Adaptive Reuse of Vacant Commercial Space
- Simple Share back model
 - Incentives to provide rebates up to 50% of net new sales tax (capped and time limited)
 - Cap-ex requirements of \$500,000





- **Tier Three**

- Comprehensive redevelopment of aging neighborhood centers
 - Refer large-scale, blight-related, or infrastructure-intensive projects to urban renewal
 - Evaluate the use of tax increment financing to address infrastructure gaps and support long-term reinvestment.
 - Prioritize grocery-anchored and neighborhood-serving retail that improves access to daily goods and services and supports small business opportunities.

- Purpose:
 - The Economic Development Fund supports small businesses that may not generate sufficient net-new economic activity to qualify for incentives, but provide community benefit
- What it funds
 - Façade improvements
 - Tenant finishes
 - Signage
 - Technical assistance
 - Equipment or other investments that improve long-term business viability





- Eligibility
 - Local Business
 - Compliant with all City regulations
 - Funds directly support business opening, expansion, or long-term viability.
 - Minimum years of operation as defined in negotiated agreements.

Funding Details

- Currently dedicated budget
- 0.5%–5% of remitted net new sales tax from larger incentive agreements
- Funds retained in the EDF for long-term growth and program continuity
- Administrative approval to hasten the process



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2. What gaps does Council see in the policy direction?

Program Assessment

3. Does the Economic Development Fund go far enough to support small business?