

EEZ Understanding the Facts

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New Program?: No. Enhanced Enterprise Zone (EEZ) is the **next generation** of the Missouri Enterprise Zone program.

Do other Communities Use EEZ? Yes, There are 63 EEZ's in the state with more coming on every day.

What is EEZ? The Enhanced Enterprise Zone Program (EEZ) is a designated area in which incentives are offered to targeted businesses for location or expansion.

EEZ benefits can only be offered in areas/census tracts which meet the conditions of poverty or blight. All of Rolla qualifies.

WHY have the EEZ program?

1. Increases the competitive position of the community for business recruitment.
2. Provides incentives to existing business to expand in Phelps County.
3. Achieve parity with neighboring communities regarding incentives offered to new business.
4. Provides our local economic development efforts with an incentive to help with business attraction, expansion and retention.

EEZ Incentives are:

1. Property Tax abatement for at least 50% of the ad valorem **tax due on improvements** to real property for at least 10 years. The local government may elect to abate ad valorem taxes at a higher percentage and/or a longer length of time.
2. Tax credits from the State of Missouri equal to roughly 2% of new investment each year for up to 5 years.
3. Incentives are offered to businesses with a minimum of 2 new employees and \$100,000 of new investment. The business also has to pay for at least 50% of the health insurance costs for employees.

EEZ is not a regulatory program

1. EEZ is NOT zoning
2. EEZ does not restrict any property uses
3. EEZ is not eminent domain – EEZ does not enable the forced purchase of property
4. EEZ does not enable forced annexation
5. EEZ does not regulate or restrict property use in any way.

Property Value Impact – Rolla has had an Enterprise Zone since 1981 with no documented negative impact to property value. The current EZ offers 100% abatement of ad valorem tax and is set to expire in 2013. There are no tax credits available or other benefits as this old EZ program is expired.

Impact to Property Tax Revenue - Any property currently on the tax roles cannot benefit from and EEZ tax abatement – only new property improvements can qualify. Property tax revenues will not decline because of EEZ abatements.

Almost all of Rolla is eligible to be in the EEZ due to low income and high poverty relative to the rest of the State of Missouri as well as the nation.

RE: Blight designation (email from Mark Grimm, attorney for Gilmore and Bell)

As you know, to be designated as an EEZ, the area must be a blighted area, have pervasive poverty, unemployment and general distress, as well as meet the income and other criteria.

The blight finding is not related to eminent domain. There is no authorization in the EEZ law for eminent domain and accordingly, cities and counties are not allowed to bring condemnation actions under the EEZ law. The economic development benefits available through an EEZ are strictly limited to state income tax credits and property tax abatement. The required finding of blight in the EEZ law is intended to satisfy Article X, Section 7 of the Missouri Constitution, which requires that an area be “obsolete, decadent or blighted” before tax abatement can be granted.