

TOWN OF MIDDLETOWN, RI

CHAPTER 39: ECONOMIC DEVELOPMENT INCENTIVE PROGRAM

Section

- 39.01 Assessed Valuation exemption for job creation
- 39.02 Qualification for exemption for job creation
- 39.03 Exemption for renovation of existing facilities and construction of new facilities
- 39.04 Qualification for exemption for renovation of existing facilities and construction of new facilities
- 39.05 Use of exemption
- 39.06 Property taxes
- 39.07 Regulations
- 39.08 Prior Programs

39.01 ASSESSED VALUATION EXEMPTION FOR JOB CREATION

(A) The Town Council hereby grants and establishes, subject to the provisions of this chapter, an exemption from assessed valuation of property as herein provided:

JOBS EXEMPTION

Number of jobs established in Middletown	Amount of Exemption	Term of Exemption
5 -9	3% of assessed value	3 years
10-14	7% of assessed value	3 years
15 -20	11% of assessed value	4 years
21 -25	15% of assessed value	4 years
26 -30	19% of assessed value	5 years
31 -35	23% of assessed value	5 years
36 -40	27% of assessed value	5 years
41-45	31% of assessed value	5 years
46 -50	35% of assessed value	6 years
51 +	40 % of assessed value	6 years

(B) The Job Creation Exemption applies only to jobs created in Middletown, annually for office uses, (non-retail/commercial, such as financial/investment operation), industrial or manufacturing uses, and other uses fitting the definition of a qualified facility in section 39.03 (A)(1).

(C) In addition to the job creation exemption additional credits may be earned by a qualifying business by meeting the following confirmed thresholds:

- (1) If 10% or more of the newly created job hires are Middletown residents, an additional 3% exemption is earned for the duration of the exemption period. If 5-14 jobs are created a minimum of two jobs must be created for Middletown residents in order to qualify for this additional exemption.
- (2) If 10% of the newly created jobs pay \$35,000+ annually, an additional 3% exemption is earned for the duration of the exemption period.

39.02 QUALIFICATION FOR JOB CREATION EXEMPTION

- (A) In order to qualify for the exemption referred to in 39.01, the employer must meet the following criteria:
 - (1) Provide a written detail of the jobs that have been created (including job description);
 - (2) Allow an audit of employees to confirm employment levels, residency, wages, etc.;
 - (3) Sign a contract with the town committing to retention of each job for a duration equal to the time period for which the exemption is being sought;
 - (4) Have created and implemented new jobs after January 1, 2003;
 - (5) File an annual report no later than March 15 on forms provided by the Tax Assessor; and
 - (6) File a timely annual account with the Tax Assessor pursuant to RIGL 44-5-15.
- (B) Should an employer fail to meet their obligations during the exemption period, the town shall attach the property to recapture tax funds equal to the reduction that was granted.
- (C) Should a business/property owner sell the business and/or property, or sublet or reorganize the business, the tax incentives shall be held in abeyance until agreed by the Town Council that the originally agreed upon conditions have been met and are transferable.

39.03 EXEMPTION FOR RENOVATION OF EXISTING FACILITIES AND CONSTRUCTION OF NEW FACILITIES

- (A) The Town Council hereby grants and establishes, subject to the limitations of this chapter, an exemption from assessed valuation of property as herein provided:
 - (1) Qualified Facility - a “qualified facility” shall mean a building or structure utilized or proposed to be utilized for office uses, (non-retail/commercial, such as financial/investment operation), industrial or manufacturing uses, and other similar businesses that create predominately high-wage, skilled and professional jobs. Specifically excluded are businesses that create predominantly unskilled, and low-wage jobs, such as retail businesses.

- (2) Any new construction of a qualified facility, or any expansion of an existing qualified facility which increases gross floor area by fifty percent (50%) or more or any expansion, renovation, retrofit or combination thereof of an existing qualified facility which results in an increased assessment of not less than fifty percent (50%), shall be entitled to an exemption from assessed valuation as follows:
 - A. Year 1 - 100% of any increase in assessed value attributable to new construction, expansion, retrofit or renovation
 - B. Year 2 - 80% of any increase in assessed value attributable to new construction, expansion, retrofit or renovation
 - C. Year 3 - 60% of any increase in assessed value attributable to new construction, expansion, retrofit or renovation
 - D. Year 4 - 40% of any increase in assessed value attributable to new construction, expansion, retrofit or renovation
 - E. Year 5 - 20% of any increase in assessed value attributable to new construction, expansion, retrofit or renovation
 - F. Year 6 - 0% of any increase in assessed value attributable to new construction, expansion, retrofit or renovation
- (3) Any project that qualifies for an exemption under this section as an expansion, renovation, or retrofit of an existing facility, rather than construction of a new facility, shall be eligible for an additional exemption of 3% from assessed valuation of any increase in assessed value attributable to the expansion, retrofit or renovation. Such additional exemption shall be applied in years 2-6 on the above schedule of exemptions. For example, a qualified expansion, renovation, or retrofit of an existing facility would be eligible for an exemption of 83% in Year 2, 63% in Year 3, and so on with such exemption terminating following an exemption 3% in Year 6.

39.04 QUALIFICATION FOR EXEMPTION FOR RENOVATION OF EXISTING FACILITIES AND CONSTRUCTION OF NEW FACILITIES

Qualification for the exemption referred to in 39.03 shall be based upon present or proposed use of the property. Permitted uses that qualify for this exemption are office, industrial and manufacturing, and other uses fitting the definition of a qualified facility in section 39.03 (A)(1). In the event the property ceases to be used for a qualifying purpose, the tax exemption shall terminate immediately. In order to qualify for the exemption referred to in 39.03, the employer must file an annual report no later than March 15 on forms provided by the Tax Assessor and file a timely annual account with the Tax Assessor pursuant to RIGL 44-5-15.

39.05 USE OF EXEMPTION

(A) Exemptions granted under this chapter shall be used by the property owner to reduce the taxable assessed valuation of the property in question. If a business owner qualifies for an exemption under the terms and conditions of this ordinance, and leases business space from a building owner, the tax exemption can be utilized in the following manner:

1. Reduction or payment of personal property tax
2. Reduction or payment of any Middletown real estate, as assigned by the business owner receiving the exemption, or
3. Assign the exemption for reduction or payment.

(B) In the event the applicant shall qualify for an exemption under section 39.01 and section 39.03 herein, the Tax Assessor shall first apply the exemption granted by section 39.03 to the assessed value of the property. The Tax Assessor shall then apply the percentage exemption authorized pursuant to section 39.01 to any remaining portion of the assessed value of the qualified facility. (ex. if applicant is in third year of program under 39.03 and has created 11 jobs, (none Middletown residents, none over \$35,000), assessment would be: “assessed value x 40% x 93%”).

39.06 PROPERTY TAXES

(A) Final approval of an exemption referred to in this chapter is contingent upon the applicant producing an affidavit from the Finance Department that all taxes owed the town are current.

(B) Nothing in this chapter prevents a property owner from utilizing any and all state or federal incentives they may be eligible to receive.

39.07 REGULATIONS

The Tax Assessor is hereby authorized to promulgate and adopt regulations for the efficient administration of the economic development incentive program set forth herein consistent with the purposes hereof and subject to approval of the Town Administrator.

39.08 PRIOR PROGRAMS

Nothing herein shall be deemed to terminate the exemptions received by any person under any existing economic development incentive program of the Town of Middletown and said programs shall be deemed to continue until the end of the exemption period in effect at the time of the applicants qualification for said program.