

CITY OF HARRISBURG

RESOLUTION 2018-09

A RESOLUTION HEREBY ADOPTING A GRANT PROGRAM FOR THE REFUND OF LOCAL SALES TAX REVENUE AS AN ECONOMIC DEVELOPMENT INCENTIVE

WHEREAS, the City of Harrisburg (the “City”) recognizes that publicly-funded investments by local communities is a way to promote itself and attract economic growth to remain competitive;

WHEREAS, the City further recognizes that grants to qualifying businesses refunding local sales tax revenue generated from said qualifying businesses are a reasonable and prudent means of accomplishing economic growth (the “Grant” or “Grants”); and

WHEREAS, the City believes the following policy objectives are necessary to govern the policy process for the use of sales tax grants:

- (1) To facilitate significant and comprehensive investment in new and/or expanding facilities that will grow the tax base and provide a strong commitment to the community;
- (2) To increase overall community wealth;
- (3) To encourage diversification of the area economic base and add value to the area economic clusters and employment base;
- (4) To generate additional sales tax revenue to support budgetary expenditures of the City; and
- (5) To provide long-term community benefits in return for the City’s investment.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Harrisburg, South Dakota the following policies regarding Grants shall be enacted:

(A) A Grant may be made to a qualifying business in any amount not to exceed the local sales tax generated from construction costs, equipment purchases, or retail sales of said business.

(B) “Local sales tax” as used herein means the following retail sales taxes imposed by the City and actually collected from the construction and/or operation of a qualifying business: A municipal retail occupation sales and service tax upon the privilege of engaging in business a tax measured by two per cent (2%) on the gross receipts of all persons engaged in business within the jurisdiction of the City of Harrisburg, Lincoln County, South Dakota.

(C) A “qualifying business” is defined as:

(i) A new or expanding business that is retail in nature that meets one of the following:

1. mitigates sales ‘leakage’ to other markets and retain significant sales in Harrisburg; or
2. provides a niche product not otherwise available and represent significant sales in Harrisburg.

OR

(ii) A new or expanding commercial/industrial or technology-based business that meets one of the following:

1. diversifies the economic base and occupational mix;

2. provides full-time, upper-income level jobs with employee benefits;
3. has a high probability of recruiting employees from other markets;
4. is necessity for significant and substantial job retention;
5. meets qualifying industry targets;
6. has a high probability of complementing existing or recruiting other businesses or entities;
7. represent significant capital investment; facilitates emerging markets; or
8. does not place an undue burden or hardship on natural resources or services necessary to serve the business.

(D) Applications for a Grant shall be made to the Harrisburg Economic Development Corporation (the "HEDC"), or such successor organization designated by the City, on application forms required by the City. The City may in its discretion require the qualifying business to cover direct costs of professional services deemed necessary by HEDC and/or the City associated with the review of the application.

(E) HEDC shall review all applications and recommend approval of any Grants to the City based in a fair, consistent, and responsible manner. The City shall have sole discretion in the final approval of all Grants being awarded.

(F) As a means of protection and accountability of the public investment:

(i) The business shall provide copies of the sales tax returns submitted to the State of South Dakota and proof of payment to HEDC as verification of local sales tax paid by Grant recipient;

(ii) Grants shall be paid to the business following receipt of local sales tax by the City from the State of South Dakota;

(iii) The City may require financial guarantees as a means of security (i.e. Claw-backs) and any other such terms deemed essential by the City as a condition of award of any Grant;

(iv) Grant awards shall be limited to either an aggregate amount, specified time periods, or both; and

(v) All Grant awards shall be limited by the actual amount of local sales tax generated by the Grant recipient.

(G) Grants shall not become effective until Grant recipient, City, and HEDC have entered into a Sale Tax and Development Agreement prescribing all applicable terms and conditions of the Grant.

Approved this ____ day of _____, 2018

City Council of the City of Harrisburg, South Dakota.

Julie VanLuvanee, Mayor

ATTEST:

Mary McClung, Finance Officer