

ORDINANCE 833

CITY OF LACEY

AN ORDINANCE DESIGNED TO ENHANCE THE CITY'S TAX BASE AND CREATE ADDITIONAL JOB OPPORTUNITIES WITHIN THE CITY BY ENCOURAGING INVESTMENT IN THE ESTABLISHMENT AND EXPANSION OF SMALL BUSINESSES THROUGH THE OFFSET OF BUSINESS AND OCCUPATION TAXES OTHERWISE OWING TO THE CITY, PROVIDING FOR RULES AND REGULATIONS GOVERNING SUCH OFFSETS, PROVIDING FOR ASSURANCES AND GUARANTIES TO THE CITY AND ADDING A NEW CHAPTER, 3.80, AND A NEW SECTION, 3.02.130, TO THE LACEY MUNICIPAL CODE

WHEREAS, increased employment opportunities within the city will be of benefit to residents of the city; and

WHEREAS, an increase in the city's tax base will allow the city a larger ability to meet the needs of its citizens; and

WHEREAS, job opportunities and an increase in tax base can both be promoted by encouraging the creation and expansion of small businesses within the city; and

WHEREAS, there is a need by such small businesses for investment capital not otherwise available from banks and other more traditional lending sources; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LACEY, WASHINGTON, as follows:

Section 1. There is hereby added to the Lacey Municipal Code a new chapter, 3.80, to read as follows:

"3.80.010. Rules and Regulations for Recognition of Business Investment Companies. The city manager shall establish

rules and regulations providing for the recognition by the city of qualified business investment companies. Such rules and regulations shall include but not be limited to the following:

"A. A minimum amount of capital that such a company shall be required to have available for investment in or loaning to new or expanding businesses located within the City of Lacey.

"B. A showing by such company that the owner or owners, or in the case of a corporation, the directors and officers, have such background and training which will allow said company to be operated in a competent fashion and with the capability to assure the operation of such company in accordance with the representations made as part of said recognition process and in accordance with this chapter and the rules and regulations established pursuant to this chapter.

"C. A showing that the company is designed to attract sophisticated investors after full disclosure in accordance with any applicable state and federal regulations.

"3.80.020. Investment Incentive Certificates. The city shall, pursuant to regulations established by the city manager, issue "investment incentive certificates" to any company which has been recognized by the city as a qualified business investment company pursuant to section 3.80.010 of this chapter. Said investment incentive certificates shall be issued only under the following conditions and such other conditions as shall be established by the rules and regulations of the city manager:

"A. The certificates shall be numbered and registered with the city.

"B. Said certificates shall be in the minimum amount as is established by regulations of the city manager.

"C. The total of said certificate or certificates shall not exceed the total increase in taxes collected by the city for a period of five years which can be demonstrated to be due directly to that portion of the establishment or expansion of a business within the city which has been financed by the business investment company and which would not otherwise have been financable through banks or other traditional lending institutions utilizing their standard operating guidelines. The taxes which shall be considered in computing said increase shall be the city's local sales tax, the city's portion of the regular property tax levy, the city's business and occupation tax and the city's utility tax upon those utilities serving the new or expanded business.

"D. All certificates shall be issued only upon the condition that the city shall have the right to cancel such certificate without liability to the holder for tax offset or otherwise if a court of competent jurisdiction should hold that the city is without authority to issue such certificates or grant such offset.

"3.80.030. Transferability of Certificates. The investment incentive certificates issued pursuant to section 3.80.020 may be transferred by the recognized business investment company upon proper notification to the city of such transfer. Said certificates

may not be divided for purposes of transfer and must be transferred in whole. Further, the regulations of the city manager may provide that no subsequent transfer of a certificate will be recognized. Upon proper notification of transfer from the business investment company, the city shall record the name of the new holder in the city records.

"3.80.040. Offset of Certificates. The holder of an investment incentive certificate may present said certificate to the city for crediting or redemption against business and occupation taxes which would otherwise be due and payable by the holder of said certificate to the city."

Section 2. The total dollar amount of the certificates issued pursuant to this chapter shall not exceed \$250,000.00 without subsequent reenactment or amendment of this ordinance. The portions of said limit to be allocated to individual years during the time this ordinance is in effect may be further established by regulations of the city manager.

Section 3. There is hereby added to the Lacey Municipal Code a new section, 3.02.130, to read as follows:

"3.02.130. Offsets. The city shall grant an offset to those business and occupation taxes otherwise payable pursuant to this chapter in an amount equal to the unused portion of an investment incentive certificate held by a person or company otherwise owing business and occupation taxes pursuant to this chapter. Such credit or offset shall be granted pursuant to chapter 3.80 of this

code and the regulations of the city manager promulgated pursuant thereto."

PASSED BY THE CITY COUNCIL OF THE CITY OF LACEY,
WASHINGTON, this 12th day of May, 1988.

CITY COUNCIL

By Kay Boyd
Mayor

Attest:

Timothy McGuire
City Clerk

Approved as to form:

[Signature]
City Attorney

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