

MINUTES

SELECT COMMITTEE ON BUSINESS INCENTIVES MEETING

2:00 P. M., DECEMBER 12, 2019

AV ROOM

Sam Minardi called the meeting of the Select Committee on Business Incentives to order at 2:00 p.m., DECEMBER 12, 2019, in the AV Room in City Hall.

Select Committee Members Present:

Sam Minardi (Chair)

Ben Adams

Jennifer Pharr

Bobby Reishman

Keeley Steele

1. Committee Purpose – Councilmember Minardi invited City Manager, Jonathan Storage to speak in regard to the purpose of the Select Committee. Storage stated that the Mayor has been active in trying to come up with ways that the Administration can incentivize business activity as well as streamline the process to make it more welcoming and encouraging. They have received numerous requests for tax abatements/relief, which is not permitted on an ad hoc basis under the City's tax code. The Administration's goal is to create a process that is fair, efficient and easily administered to incentivize business development and expansion. This will be the task of the Select Committee. Storage suggested examining best practices of other communities. Mayor Goodwin added that a lot of ideas have been passed around, and now that certain internal structures and procedures have been cleared up, the Administration has a clearer view of what they would like to see put in place.

2. Overview of Current Business Incentives – Jonathan - Councilmember Reishman stated that the B&O tax was first put in place during the construction of the interstate as a "pyramiding tax" that which, which was simple to follow from the state at the time. Councilmember Minardi confirmed that states without a B&O tax have sales tax. City Collector, Lamont Moore, added that a lot of states have a corporate net income tax. He presented the Select Committee with a handout which showed that 40% of the City's operating revenue fund comes from B&O taxes. He added that the biggest impediment for any business incentive is the discrepancy between a physical and electronic presence.

Storage added that City staff will be supplying the Select Committee with general educational information, such as how B&O taxes are applied, the categories and the limitations of the code. He asked the Select Committee to consider that:

- any decision made are “revenue neutral” in the sense that it doesn’t impact current or anticipated revenues.
- the process is not administratively burdensome.
- the impact of new ordinances/changes be considered from a legal standpoint.

Moore informed the Select Committee some of the current incentives, some of which are directed toward producers of natural gas, manufacturing and certain exemptions for itinerant/street vendors. Assistant City Attorney, Joe Baldwin, pointed out that the manufacturing incentive has not resulted in any increase in manufacturing businesses. He mentioned the City of Hurricane’s retail incentive of a two-fold tax percentage.

Baldwin added that issues can arise in dealing with incentives, the biggest of which is ensuring they are uniform and equal. In his opinion, a sound policy would be across-the-board reductions for specific classifications.

3. Discussion – Mayor Goodwin stated that incentives could also involve programs such as façade/sign grants.

Councilmember Steele suggested an incentive that would apply to a business that had been operating for more than five years, etc. Councilmember Minardi stated that his interest in how incentives could make it easier for small businesses. Councilmember Reishman suggested incentives for those new businesses that invest in something (equipment or technology, for example). Councilmember Steele stressed the importance of encouraging businesses that allows people to move into the City.

Councilmembers Steele and Pharr stated it would be beneficial to know the before and after numbers of municipalities like Morgantown who have enacted business incentives. Mayor Goodwin also suggested looking into giving the property owners of the numerous empty storefronts in the City some sort of incentivization to rent out their space to businesses, etc.

4. Future Meetings – Councilmember Minardi suggested meeting monthly, preferably during the work day. The members disused inviting certain banks, business owners, etc. to their meetings to gather information.

With no further discussion, Councilmember Reishman motioned to adjourn. Meeting adjourned.