



COMMUNITY DEVELOPMENT • 1140 Terex Road • Hudson, Ohio 44236 • (330) 342-1790

MEMORANDUM

Date: January 29, 2023
To: Thom Sheridan, City Manager
From: Katie Behnke, Economic Development Manager, Greg Hannan, Community Development Director
Re: Economic Development Incentive Committee

Background

At the request of City Council, Staff reviewed the structure of the Boards and Commissions supporting the Economic Development function including the Economic Growth Board (“EGB”) as established by Chapter 295 in the Codified Ordinances, the Tax Incentive Review Council (“TIRC”) as established by Ohio Revised Code 5709.85, and the Economic Development Incentive Committee (“EDIC”) as established by Chapter 294 in the Codified Ordinances.

In 2004, the EDIC was established to replace a complicated payroll tax revenue sharing agreement that existed between the City and the Schools for property tax abatements under ORC 5709.82. The prior formula was deemed cumbersome and impractical to calculate so the City reviewed ways to calculate tax sharing more efficiently and to review property tax abatement applications collaboratively with the Schools. The City adopted the EDIC modeled after the City of Solon which brings members of City Council, Schools, City Staff, and residents together to make a recommendation to City Council on whether a property tax abatement should be approved and to what extent income tax revenue should be shared with the Schools if so.

After reviewing the mission of each Board and Commission and the workflows in peer communities, it was discussed in the November 14, 2023 Workshop that the mission of the EDIC could be carried out by Staff directly forwarding an incentive application to City Council and inviting representatives of the Hudson City Schools and/or School Board to the Executive Session. This would reduce application processing time, scheduling conflicts, and allow for open dialogue between City Council and Hudson Schools.

Proposal

After multiple Workshop discussions, it seems that the goal of collaboratively discussing property tax abatements and income tax revenue sharing with the Schools and City could be achieved directly in Executive Session. This reduces the scheduling burden and the time from application receipt to incentive award. Therefore, Staff proposes to repeal Chapter 294 of the Codified Ordinance creating the EDIC and follow the proposed workflow for incentive applications going forward:

1. Applications for Job Creation Grants or Community Reinvestment Areas will continue to be sent to the Economic Development Manager, who does a preliminary review for completeness and reasonableness of request.
2. The Economic Development Manager will request an Executive Session with City Council to review the application. For Community Reinvestment Area applications (property tax abatement), a representative from Hudson City Schools will be invited to present an opinion or submit a letter of recommendation to City Council to accompany the Executive Session discussion of the application.
3. In Executive Session, City Council will provide guidance on whether the application is of interest and should move to a formal agreement and vote in a future Council Meeting. Economic Development Manager will communicate the outcome to the applicant.

All other workflows will remain unchanged including drafting and public voting on the incentive agreements prior to execution, and the annual performance review of incentive agreements carried out by the TIRC which includes members of Council, City Staff, School Staff, School Board, the County Auditor, and members of the public as designated by the Ohio Revised Code.

Conclusion

Staff has drafted legislation to repeal Chapter 294.