



NEWPORT

KENTUCKY

City of Newport - IDEA Program (Pilot)

(IDEA: Incentive Driving Entrepreneurial Accessibility)

INTRODUCTION

The City of Newport IDEA Program was created in 2020 to enhance the business climate for entrepreneurs, small businesses, startups and travelling professionals and to meet the needs of the new economy, while spurring investment in vacant properties. Property owners/lessors may receive up to a 40% reimbursement of city payroll taxes generated by employees of eligible businesses locating in a newly rehabbed, previously vacant property. The reimbursement will be paid annually to the property owner for up to 5 years. Tax reimbursements must be used to assist with either tenant finish or rent reduction. Pursuant to Section 37.37.315 of the Newport City Code of Ordinances, in order to determine eligibility for this program, a company must complete, sign and submit an application to the office of The City Manager.

DEFINITIONS

Coworking is defined as the use of an office or other working environment by people who are self-employed or working for different employers, typically so as to share equipment, ideas, and knowledge.

Business incubator is *an organization designed to accelerate the growth and success of entrepreneurial companies through an array of business support resources and services that could include physical space, capital, coaching, common services, and networking connections.*

INCENTIVE

Property owners/lessors receive a reimbursement of a portion of city payroll taxes generated by employees of eligible businesses locating in a newly rehabbed, previously vacant property. Property owners/lessors may qualify for up to 40% of the City's payroll tax generated from employees located in the property. The reimbursement will be paid annually to the property owner for up to 5 years. Tax reimbursements must be used to assist with either tenant finish or rent reduction.

ELIGIBILITY REQUIREMENTS

- 1) Property owners who rehabilitate a vacant property or space for commercial coworking or business incubator use.
- 2) Properties must have been significantly vacant (more than 50% of the total square footage) for 6 Months. The City has sole discretion to determine extent of qualifying vacancy.

- 3) Each business shall have a valid Occupational License with the City of Newport
- 4) Coworking spaces must have a minimum of 3 unique paying tenants (Tenants must have an arms-length relationship with the collaborative workspace owners and operators) and can demonstrate taxable payroll of existing clients of over \$150,000 within 6 months of opening.
- 5) Have an operating cost (e.g., rent or mortgage or internal corporate charge-back)
- 6) Offer at least one type of workspace - private office space, hot-desks or dedicated desks
- 7) The tenants claimed in the application shall not already be approved for the City's Job Development Incentive Program.

APPROVAL

All submitted applications will be reviewed by the economic development team. If preliminary approved is given by the economic development team the application will be presented to the City Manager and the Board of Commissioners for final approval.

DURATION

The incentive period (not to exceed 5 years) shall begin no later than three months from the issuance of the Certificate of Occupancy for the approved occupant. This shall occur within two years from the date of application.

REIMBURSEMENT SUBMITTAL

If approved, the property owner/lessor must request the tax reimbursement payment annually by submitting a form for reimbursement of the previous calendar year's payroll tax for each tenant. All information submitted will be verified with the City's Finance Department. The property owner / lessor is required to annually, or upon request, provide a current listing of businesses and/or memberships and contacts.

EXISTING COWORKING LOCATIONS

Any existing coworking / incubation space as of the date of program adoption (February 24, 2020) may apply for the program within 3 months of adoption of this program, provided the following:

- 1) Can demonstrate taxable payroll of existing clients of over \$150,000

Or,

- 2) Can demonstrate significant investment in previously vacant property (Investment will be deemed significant by the City)

APPLICATION

An application can be found on the City's website at <http://www.newportky.gov/City-Government/Economic-Development.aspx> and should be submitted to the office of the City Manager, 998 Monmouth Street, Newport, Kentucky or at lsims@newportky.gov.