

**COMMISSIONERS ORDINANCE O-2020-002**

**AN ORDINANCE OF THE BOARD OF COMMISSIONERS  
OF THE CITY OF NEWPORT, KENTUCKY AMENDING  
CHAPTER 37, TAXES AND FEES, CREATING AND  
INCLUDING THE INCENTIVE DRIVING  
ENTREPRENEURIAL ACCESSIBILITY (IDEA) PROGRAM**

WHEREAS, in order to meet the needs of the new economy; and,

WHEREAS, to enhance the business climate of small businesses, entrepreneurs, startups and travelling professionals; and,

WHEREAS, to encourage co-working and business incubation opportunities while spurring investment in vacant properties or spaces;

NOW, THEREFORE, be it Ordained by the Board of Commissioners of the City of Newport, Kentucky, that Chapter 37 of the Code of Ordinances shall be amended to include the following:

**SECTION I**

**CHAPTER 37**

**TAXES AND FEE**

**INCENTIVE DRIVING ENTREPRENEURIAL ACCESSIBILITY PROGRAM**

**37.310 CREATION**

There is hereby established the Incentive Driving Entrepreneurial Accessibility (IDEA) Program by which incentives are made available to qualified applicants in the form of employee withholding reimbursement upon conditions herein set forth.

**37.311 DEFINITIONS**

The following terms as used in this Subchapter shall have the following meanings.

**BUSINESS INCUBATOR.** 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 service and networking connections.

**COWORKING SPACE.** The use of an office or space by persons who are self-employed or working for different employers in a collaborative working environment which is more flexible than a traditional office where several workers individually or from different companies share space to allow for cost savings and convenience through use of common infrastructure and the sharing of equipment, ideas and knowledge. Often referred to as shared or collaborative space.

**HOT DESK.** A desk or work space allocated to a worker when required on a rotating basis rather than belonging to one particular individual.

**MEMBER.** Any person or entity utilizing coworking space in addition to or in conjunction with the owner or tenant through a membership or otherwise.

### **37.312 PURPOSE**

Eligible and approved property owners or lessors shall receive a reimbursement of a portion of City payroll taxes generated by employees locating in a newly rehabbed, previously vacant property or space. Property owners or lessors may qualify for up to 40% of the City's payroll tax from employees located in the property or space. The reimbursement shall be paid annually to the property owner or lessor for a period of up to five (5) years. Tax reimbursements must be used to assist with either tenant finish or rent reduction.

### **37.313 COMMITTEE AND DIRECTOR**

A. There is hereby established a IDEA Program Committee, with the same members and duties as the Job Development Incentive Program (JDIP) Committee set forth in Section 37.213 hereof, and which is hereby made a part thereof.

B. The IDEA Program Director shall be the same as the JDIP Program Director or the City Manager acting in that capacity.

C. The City's Director of Finance shall have the same duties with regard to the IDEA Program as set forth in Section 37.213(D,1-4) hereof.

### **37.314 ELIGIBILITY REQUIREMENTS**

- A. Property owners or lessors who rehabilitate a vacant property or space for commercial coworking or business incubator use are eligible.
- B. The property or space must have been significantly vacant (more than 50% of the total square footage) for a minimum of six (6) calendar months prior to the time of making application. The City retains sole discretion to determine the extent of the qualifying vacancy.
- C. Each business located therein shall be required to have a valid and existing Occupational License with the City at the time of application.
- D. Coworking spaces must have a minimum of three (3) unique paying tenants or members. Tenants must have a valid arms-length relationship with the collaborative workspaces owners and operators and must demonstrate taxable payroll of existing clients of over \$150,000.00 within six (6) months of opening.
- E. There must be incurred operating costs, such as a rent or mortgage payment or an internal corporate charge back.

- F. They must offer at least one type of workspace, whether private office space, hot desks or dedicated desks.
- G. The tenants claimed in the application shall not already be approved by the City's Job Development Incentive Program.
- H. Coworking or business incubator spaces existing at the time of adoption may also be eligible if applications are made within three (3) months of the adoption hereof if the following can be demonstrated:
  - 1. Taxable payroll of existing clients over \$150,000; or,
  - 2. Can demonstrate significant investment in previously vacant property.  
(Investment will be deemed significant by the City).

**37.315 APPLICATION AND REVIEW**

- A. An applicant shall submit a completed IDEA application which shall include, at a minimum, all of the required information as is set forth in the provisions of Section 37.215 hereof and shall be subject to the same review process.
- B. All applications shall be reviewed by the Committee and subsequently approved by the City Manager and instituted by Order of the Board of Commissioners.

**37.316 DURATION**

The incentive period, not to exceed five (5) years, shall commence no later than three (3) months from the issuance of the Certificate of Occupancy for the approved occupant or lessee. This shall occur within two (2) years from the date of application which shall otherwise become void.

**37.317 REIMBURSEMENT SUBMITTAL**

If approved, the property owner or lessor must request the tax reimbursement payment annually by submitting a form requesting reimbursement of the previous calendar year's City payroll tax for each tenant. A late submission shall automatically void the reimbursement request for the year requested. All information submitted in the request shall first be verified by the Finance Department before any such reimbursement shall be authorized and paid. The property owner or lessor is required to annually, or upon request, provide a current listing of all businesses and/or memberships and contacts.

**37.318 ADDITIONAL PROVISIONS**

Applicants for inclusion in the IDEA Program shall also be subject to the following:

- A. In the event of default, the provisions set forth in Section 27.216 hereof shall apply.
- B. The remedies upon default shall be the same as set forth in the provisions of Section 27.217 hereof.
- C. In the event of bankruptcy, the provisions set forth in Section 27.218 shall apply.
- D. All information submitted shall continue to be exempt from public disclosure as set forth in Section 27.219 hereof.

**SECTION II**

That this Ordinance shall be signed by the Mayor, attested to by the City Clerk, recorded, published and effective upon publication.

PASSED: First reading January 27, 2020  
PASSED: Second reading February 24, 2020

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Jerry R. Peluso, Mayor

ATTEST:

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Amy B. Able, City Clerk

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