

ENTERPRISE ZONE LEGISLATION

Preamble

AN ORDINANCE AMENDING THE ENTERPRISE ZONE LEGISLATION PREAMBLE ORDINANCE OF THE CITY OF PRICHARD, ALABAMA, BEING ORDINANCE NO. #1607.

SECTION I. Be it ordained by the City Council of the City of Prichard, Alabama, as follows:

That the City of Prichard, pursuant to Act No. 83-676 and Act No. 87-573, hereby establishes within areas of pervasive poverty, unemployment and economic distress, an Enterprise Zone for a period of twenty (20) years, commencing at the date and time of designation by the State of Alabama and upon notice to the City Council by the Mayor.

It shall be the purpose of the Zone to encourage private investment, create jobs in the Zone, and to integrate authorized agencies of the City, the County governing body, the State and its agencies in carrying out programs in the Enterprise Zone.

It shall be an additional purpose of this ordinance to attract new business, stimulate growth and economic expansion of small business, promote entrepreneurship, and provide the positive atmosphere and civil environment which enhances and sustains enterprise development. The provisions of this Ordinance shall include, but are not limited to, the reduction of municipal, county, and state tax rates, license rates and fees; the improvement of public services; reduction and modification of regulatory

requirements within the Zone; and to provide other services as the creation of District Enterprise Zone Associations; Establishment of the Institute of Ethnic Science and Technology; creation of the Office of Enterprise Zones; Secondary Enterprise Zone, and a Foreign Trade Zone, to modify other requirements as may be necessary or desirable to qualify for financial assistance to the City of Prichard or private entities within such Zone or Zones under any Act of the Congress of the United States or of the State of Alabama heretofore or hereinafter enacted.

## SECTION II. CLASSES OF ENTERPRISE ZONES

There is hereby created within this Section two (2) classes of Zones, hereinafter referred to as Primary and Secondary Enterprise Zones.

### 2.1 Primary enterprise zones;

This Zone shall serve as the area to be nominated for inclusion as a federally designated Enterprise Zone, as well as receive the State of Alabama's designation.

For the purposes of planning and administration, the Zone shall be divided into three (3) distinct geographical, manufacturing, commercial and tourist characters and jurisdictions: The Main Streets Enterprise Zone (EZ<sub>1</sub>); AfricaTown, U.S.A. (EZ<sub>2</sub>); and the Foreign Trade, Industrial Development and Manufacturing District. (EZ<sub>3</sub>).

### 2.2 SECONDARY ENTERPRISE ZONES:

Pursuant to Act No. 83-676 the City of Prichard reserves this Section for creation of more specific areas

to be distinguished and designated as Secondary Enterprise Zones or Districts. Secondary Enterprise Zones or Districts shall be established by amendment of this Section and by publication of the appropriate boundary of the Secondary Zone. Such Zones shall be eligible only for specifically defined municipal, county, and state incentives and de-regulations.

### SECTION III. TAX RELIEF AND INCENTIVES

#### 3.1 Municipal: Reduction in Permit Fees, User Fees, and Business, Professional and Occupational License Taxes.

Employers may receive a 50% reduction of permit fees, user fees, business professional and occupational license fees where the employer certifies that thirty-five percent (35%) of employees are from the City of Prichard. Eligible employers may also receive exemptions from municipal sales and use tax on the purchase of the material used in the construction of a building or any addition or improvement thereon for housing any legitimate zone business, enterprise, and machinery and equipment used in that enterprise. Except that employers employing less than fifty persons with eighty percent (80%) of their total employment coming from the City of Prichard shall be eligible to receive a one hundred percent reduction in all municipal fees. The period of the exemptions and/or reductions shall be three years. Employers employing more than fifty (50) persons are eligible for one hundred percent reduction in all fees.

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3.2. County

3.3 STATE TAX INCENTIVES

3.3.1 Income tax credits for corporations, partnerships and proprietorships.

There shall be a five year State Income Tax credit of varying proportions due from Zone operations. Five year-80%; second year-60%; third year-40%; fourth and fifth years-20%. This credit shall be available provided that thirty percent of the new permanent employees were formerly unemployed for at least ninety (90) days prior to this employment and are residents of the City of Prichard.

3.3.2 Tax Credit for Expenses of Training New Employees in New Skills.

There shall be a maximum State Income Tax Credit for the expenses of training, not to exceed \$1,000 per employee for all eligible enterprises.

3.3.3 Credit for New Investment

There shall be a credit for new investments within the Prichard Enterprise Zone in the following amounts: 10% on the first \$10,000 invested; 5% on the next \$90,000 invested; and 2% on the remaining investments. This Credit shall also be available for improvements to existing facilities, provided at least five new permanent employees are hired.

3.3.4 Maximum State Tax Credits

It is expressly provided that any Tax Credit pursuant to this Section shall not total in excess of \$2,500 per new permanent employee hired pursuant to this Act. This tax credit may be applied in all Enterprise Zones to any state income tax liability or any state Franchise Tax liability and shall be used for the taxable year in which the increase in average annual employment occurred to the maximum allowed. However, if the entire credit cannot be used in the year earned, the remainder may be applied against the income tax or Franchise Tax for the succeeding two years, or until the entire credit is used, whichever occurs first.

remainder may be applied against the income tax or franchise tax for the succeeding two years, or until the entire credit is used, whichever occurs first.

All tax credits herein prescribed may be in addition to any exemption and credits authorized in Title 40, Chapter 18, Code of Alabama 1976.

3.3.5 Exemptions from sales and use tax;  
Exemptions from income taxes;  
Exemptions from corporate franchise taxes.

Upon the passage of an endorsement resolution by the Prichard City Council, the Department of Economic and Community Affairs, after consultation with the Enterprise Zone Advisory Council, and with the approval of the Governor, may enter into contracts which eligible Prichard businesses to provide:

3.3.5.1 Exemption from Sales and Use Tax

For the Exemption from Sales and Use Tax imposed by the State of Alabama, or from Sales and Use Tax imposed by the City of Prichard, upon approval of the Governing Authority thereof of the purchases of the material used in the construction of a building or any addition or improvement thereon, for housing any legitimate zone business enterprises and machinery and equipment used in that enterprise.

3.3.5.2 Exemptions from income taxes

For certain exemptions from income taxes levied by the State of Alabama, levied on eligible corporations and individuals, for a period of five years.

### 3.3.5.3 Exemption from Corporate Franchise Taxes

For certain exemption of corporate Franchise Taxes levied by the State of Alabama for a period of five years.

## SECTION IV. PUBLIC SERVICE IMPROVEMENTS AND TECHNICAL ASSISTANCE

### 4.1 Public Safety

There shall be administered within the Zone a program of crime prevention to protect property and investments and to promote general order and human conduct which support the commercial environment of Prichard's Enterprise Zone. The Chief of Police shall coordinate and direct his effort in cooperation with the Prichard Enterprise Zone Advisory Council, the Enterprise Zone Association and the Prichard Town Assembly.

There shall also be administered a program of safety and protection from fire hazards, including maintaining an efficient and effective management program to respond to alarms and to maintain standards of excellence in this field. The Chief of the Fire Department shall coordinate this area in cooperation with the Prichard Enterprise Zone Advisory Council, the Enterprise Zone Association and the Prichard Town Assembly.

### 4.2 Public Works

There shall be an active program of Public Works to provide for a sanitary environment, road and street

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improvement, removal of deteriorated housing and the clearing of overgrown vacant lots. There shall also be an active program of Animal Control. The above shall be directed by the Superintendent of the Public Works Division of the City in coordination with the Prichard Enterprise Zone Advisory Council, the Enterprise Zone Associations and the Prichard Town Assembly.

#### 4.3 Privatization

The City of Prichard shall, where it proves advantageous, contract City services to private concerns. Each service will be evaluated on a case-by-case basis, giving consideration to service productivity, budget savings to the City, retention of jobs by city employees and expansion of operations to include greater employment for Prichard citizens.

#### 4.4 Minority Business

The City of Prichard hereby establishes a program goal of thirty (30%) percent in minority purchases for businesses located within the Prichard Enterprise Zone. The Office of Enterprise Zone Development shall also cooperate with the Mobile Business Development Office to foster expanded capital ownership for new and existing minority businesses.

#### 4.5 InfraCare Education and The Prichard Educational Development Zone.

The City of Prichard hereby declares all resident children between the ages of birth and eighteen (18) years

of age to be protected resources. As such, The City of Prichard shall offer a specific program of InfraCare education for children and parents to enhance Enterprise Zone businesses and good citizenship. the InfraCare service is primarily for children and their parents who are citizens of Prichard and will be expanded according to demand and funds for program development. The InfraCare Education and Development Service shall be a Life Span Human Factors program which protects the development rights of children between birth and six years of age and the rights of parents in developing children as productive resources. The City shall also work in cooperation with the Mobile County Board of School Commissioners to establish the Prichard Educational Development Zone and Magnet School Plan for elementary, middle and high schools within the municipality.

#### 4.6 Industrial Development Board

The Prichard Industrial Development Board may offer bond financing to eligible businesses that present the appropriate documentation. The Industrial Development Board of the City of Prichard is authorized to provide technical bond services to the City at large and may offer the same considerations to Prichard Enterprise Zone Business participants.

#### 4.7 Office of Enterprise Zone Development

There is hereby established the Office of Enterprise Zone Development with central responsibilities for planning and management of the Prichard Enterprise Zone. The office

shall be responsible for some administration, marketing, and the issuance of the master license for the Enterprise Zone businesses who are eligible for the incentive programs. the Zone Administrator shall also serve as Administrator of the Prichard Enterprise Zone Advisory Council. The zone Administrator shall be appointed by the mayor and shall report all activities of the Office of Enterprise Zone Development through and to the Mayor which require Council approval.

#### 4.8 Community Reinvestment Credit Assistance

Under the Federal Home Mortgage Disclosure law and the Community Reinvestment Credit Act, the City of Prichard will cooperate with local banking institutions to plan the financial and credit needs of the Enterprise Zone. The Community Reinvestment Banking Program shall be a business and service development program which focuses on the financial interest of Enterprise Zone business institutions. The City of Prichard, under this Section, shall encourage commercial banks and savings and loan institutions to offer a variety of financial services to Zone businesses; a full range of development, construction and permanent financing to builders, developers, and consumers, an array of consumer financial services that include checking, savings, investment and consumer loans; a line of insurance products and property development management.

#### 4.9 Prichard Enterprise Zone Advisory Council

There is hereby created the Prichard Enterprise Zone Advisory Council established to plan, implement and promote The Prichard Enterprise Zone. Members shall be appointed by the Mayor from the various sectors of the City, County, State, federal and/or international sectors with interest in the productivity of the Prichard Enterprise Zone. The Advisory Council shall meet regularly to review the productivity of the Enterprise Zone and to recommend targets and new proposals to increase the Gross Municipal Product of the City. The Mayor shall appoint a committee of Economic Advisors, who shall recommend such targets to the Advisory Council.

#### 4.10 Private Services Industry

There is hereby established The Private Services Industry which shall certify the residential citizenship status of all new employees hired by Zone businesses. In addition, the Private Services Industry shall maintain a register of prospective employees for new Zone business enterprises.

### SECTION V.. DEREGULATION

#### 5.1 Zoning.

The Prichard Enterprise Zone shall consist of only one land use and zoning classification - requirement subdivided by the designation of EZ<sub>1</sub>, EZ<sub>2</sub>, or EZ<sub>3</sub>. The specific designation will correspond to the Main Streets

District, AfricaTown, U.S.A. State Park and the Foreign Trade, Industrial Development and Manufacturing District, respectively. However, before the Zone Administrator issues the Master License to designate the eligible business for participation in the incentive program, an endorsement Resolution approved by the City Council must be obtained, waiving and designating requirements to participate in the Zone.

## 5.2 Joint Ventures for Affordable Housing, Exemption From Building Requirements.

The City of Prichard shall exempt from certain building and inspection requirements Affordable Housing undertakings which promote home ownership, improvements in Public Assisted Housing and/or otherwise provide safe, sanitary and decent housing in the City of Prichard. However, before this exemption is granted, the developer-owner shall first obtain an endorsement resolution from the Prichard City Council. Said Resolution shall also designate the developer-owner as a Private Sector participant in the City of Prichard's Joint Venture for Affordable Housing.

## SECTION VI. DISTRICT ENTERPRISE ZONE ASSOCIATIONS

### 6.1 Establishment

There is hereby established three District Enterprise Zone Associations, the Main Street Enterprise Zone Association, the AfricaTown, USA Association, and the Foreign Trade, Industrial Development and Manufacturing Association, to represent the development, marketing and

management interest of each District within the Zone. Each District representative shall be appointed by the Mayor and shall also be represented on the Prichard Enterprise Zone Advisory Council. The Association shall include Representatives from the Prichard Town Assembly, businesses and the Private Services Industry which shall represent the employment interest of citizens of Prichard and the District Zones.

#### SECTION VII. INSTITUTE OF ETHNIC SCIENCE AND TECHNOLOGY

The City of Prichard shall cooperate with the Institute of Ethnic Science and Technology in conducting research, teaching, and Public Service activities in the Prichard Enterprise Zone. As the applied research, teaching and public service component of the Prichard Enterprise Zone, the Institute shall coordinate the participation and support of state, national and international universities and foundations in contributing to the Economic Recovery and Investment Programs of the Prichard Enterprise Zone. The Institute shall provide training and education courses for entrepreneurs, market profiles of the region and the Enterprise Zone, offer seminars in business and industrial planning, international trade and export opportunities, community reinvestment and other such areas as the demand and need develops within the business and citizen community.

# VIII. CONDITIONS OF PARTICIPATION FOR EMPLOYERS

In order to participate, a private employer:

- 8.1 Must expand its labor force, make new capital investments or prevent loss of employment;
- 8.2 May not have closed or reduced employment elsewhere in Alabama in order to expand into the Prichard Enterprise Zone.
- 8.3 Must give preference and priority to Prichard manufacturers, suppliers, contractors and labor, except where not reasonably possible to do so without added expense, substantial inconvenience or sacrifice in operational efficiency.
- 8.4 Must obtain a master license from the Zone Administrator, an endorsement Resolution approved by the Prichard City Council.
- 8.5 Must be located in, or locate within, the boundaries of the Prichard Enterprise Zone.
- 8.6 Must certify annually that at least 35 percent of its employees are residents of the City of Prichard, were receiving Public Assistance prior to employment, were considered unemployable or lacking in basic skills, or any combination of the above criteria.
- 8.7 Must generally fall into standard industrial classifications (sic) Codes 20-42, 44, 49 or consist of major warehousing, distribution

centers, or such other activities having a prospect of significant economic impact without threatening the well-being of existing industries located within the Enterprise Zone.

Adopted this 9th day of June, 1988.

APPROVED:

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MAYOR JOHN H. SMITH

ATTEST:

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EVA C. GREENE, CITY CLERK-TREASURER

CLERK'S CERTIFICATE: This ordinance having been passed by the City Council on June 9, 1988, and not having been returned to me, as City Clerk, by the Mayor with his approval or veto within the ten days after its passage by the Council, in compliance with Title II, Section 45-4, Code of Alabama, 1940, recompiled in 1975, the same has been published as herein provided.

Eva C. Greene  
EVA C. GREENE, CITY CLERK-TREASURER

Please Publish: Press: June 28, 1988