



CITY of MARION

NOTICE OF COMMON COUNCIL DEVELOPMENT COMMITTEE MEETING

There will be a meeting of the Marion Common Council Development Committee on Tuesday, the 3RD day of MARCH, 2020 at the hour of 6:00 p.m. This meeting will be held in the 2ND Floor Conference Room in the Marion Municipal Building, 301 South Branson Street, Marion, Indiana.

The purpose of this meeting is to discuss a proposed amendment to the existing tax abatement for Advanced Cabinet System.

Don Batchelor, Chairman
Common Council Development Committee

cc: All Common Council members
Tim Eckerle, Economic Growth Council
News Media

February 26, 2020

DATE: February 17, 2020

*TO: Mayor Jess Alumbaugh
Council Member Mike Cline
Council Member Brian Cowgill
Council Member Deborah Cain
Council Member Jim Brunner*

*Council Member Don Batchelor
Council Member Gary Fordyce Sr
Council Member Steve Henderson
Council Member Robyn Fouce
Council Member Brad Luzadder*

FROM: Timothy K. Eckerle

RE: 1629 South Joaquin Drive

The Grant County Economic Growth Council appreciates the opportunity to assist JG Bowers as they seek to amend the current property tax abatement with the granting of a 5 year phasing in of the increased assessed value by this new investment being contemplated at 1629 South Joaquin Drive.

This proposed new manufacturing equipment investment will result in the creation of 4 new jobs.

Please feel free to call either Phil Bowers (677-800) or myself (662-0650) with any questions or concerns.



**STATEMENT OF BENEFITS
PERSONAL PROPERTY**

State Form 51764 (R4 / 11-15)

Prescribed by the Department of Local Government Finance

FORM SB-1 / PP

PRIVACY NOTICE

Any information concerning the cost of the property and specific salaries paid to individual employees by the property owner is confidential per IC 6-1.1-12.1-5.1.

INSTRUCTIONS

- This statement must be submitted to the body designating the Economic Revitalization Area prior to the public hearing if the designating body requires information from the applicant in making its decision about whether to designate an Economic Revitalization Area. Otherwise this statement must be submitted to the designating body **BEFORE** a person installs the new manufacturing equipment and/or research and development equipment, and/or logistical distribution equipment and/or information technology equipment for which the person wishes to claim a deduction.
- The statement of benefits form must be submitted to the designating body and the area designated an economic revitalization area before the installation of qualifying abatable equipment for which the person desires to claim a deduction.
- To obtain a deduction, a person must file a certified deduction schedule with the person's personal property return on a certified deduction schedule (Form 103-ERA) with the township assessor of the township where the property is situated or with the county assessor if there is no township assessor for the township. The 103-ERA must be filed between January 1 and May 15 of the assessment year in which new manufacturing equipment and/or research and development equipment and/or logistical distribution equipment and/or information technology equipment is installed and fully functional, unless a filing extension has been obtained. A person who obtains a filing extension must file the form between January 1 and the extended due date of that year.
- Property owners whose Statement of Benefits was approved, must submit Form CF-1/PP annually to show compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.6)
- For a Form SB-1/PP that is approved after June 30, 2013, the designating body is required to establish an abatement schedule for each deduction allowed. For a Form SB-1/PP that is approved prior to July 1, 2013, the abatement schedule approved by the designating body remains in effect. (IC 6-1.1-12.1-17)

| SECTION 1 TAXPAYER INFORMATION | | | | | | | | | | | | | |
|---|--|----------------------------|-------------------------|------------------------------|--|-----------------------------|--|-------------------------------|--------------|---------------------------|--|-----------------|--|
| Name of taxpayer JG Bowers Inc | | | | | Name of contact person Phillip Bowers | | | | | | | | |
| Address of taxpayer (number and street, city, state, and ZIP code) 1629 S Joaquin Dr, Marion, IN 46952 | | | | | | | Telephone number (765) 6778000 | | | | | | |
| SECTION 2 LOCATION AND DESCRIPTION OF PROPOSED PROJECT | | | | | | | | | | | | | |
| Name of designating body Common Council City of Marion, Indiana | | | | | | | Resolution number (s) | | | | | | |
| Location of property 1629 S Joaquin Dr, Marion, IN | | | | County Grant | | DLGF taxing district number | | | | | | | |
| Description of manufacturing equipment and/or research and development equipment and/or logistical distribution equipment and/or information technology equipment. (Use additional sheets if necessary.) Installation of new saw, dust collector, edge bender, conveyor and other supporting equipment for the manufacturing of laminate furniture | | | | | ESTIMATED | | | | | | | | |
| | | | | | | | | | | START DATE | | COMPLETION DATE | |
| | | | | | Manufacturing Equipment | | 02/07/2020 | | 12/31/2021 | | | | |
| | | | | | R & D Equipment | | | | | | | | |
| | | | | | Logist Dist Equipment | | 02/07/2020 | | 12/31/2021 | | | | |
| IT Equipment | | 02/07/2020 | | 12/31/2021 | | | | | | | | | |
| SECTION 3 ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT | | | | | | | | | | | | | |
| Current number 63 | | Salaries 2556000 | | Number retained 63 | | Salaries 2556000. | | Number additional 4 | | Salaries 175000 | | | |
| SECTION 4 ESTIMATED TOTAL COST AND VALUE OF PROPOSED PROJECT | | | | | | | | | | | | | |
| NOTE: Pursuant to IC 6-1.1-12.1-5.1 (d) (2) the COST of the property is confidential. | | | MANUFACTURING EQUIPMENT | | R & D EQUIPMENT | | LOGIST DIST EQUIPMENT | | IT EQUIPMENT | | | | |
| | | | COST | ASSESSED VALUE | COST | ASSESSED VALUE | COST | ASSESSED VALUE | COST | ASSESSED VALUE | | | |
| Current values | | | | | | | | | | | | | |
| Plus estimated values of proposed project | | | 853,000 | 383,850 | | | 101,000 | 45,450 | | | | | |
| Less values of any property being replaced | | | | | | | | | | | | | |
| Net estimated values upon completion of project | | | 853,000 | 383,850 | | | 101,000 | 45,450 | | | | | |
| SECTION 5 WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER | | | | | | | | | | | | | |
| Estimated solid waste converted (pounds) _____ | | | | | Estimated hazardous waste converted (pounds) _____ | | | | | | | | |
| Other benefits: | | | | | | | | | | | | | |
| SECTION 6 TAXPAYER CERTIFICATION | | | | | | | | | | | | | |
| I hereby certify that the representations in this statement are true. | | | | | | | | | | | | | |
| Signature of authorized representative | | | | | | | Date signed (month, day, year) | | | | | | |
| Printed name of authorized representative | | | | | Title | | | | | | | | |

FOR USE OF THE DESIGNATING BODY

We have reviewed our prior actions relating to the designation of this economic revitalization area and find that the applicant meets the general standards adopted in the resolution previously approved by this body. Said resolution, passed under IC 6-1.1-12.1-2.5, provides for the following limitations as authorized under IC 6-1.1-12.1-2.

A. The designated area has been limited to a period of time not to exceed _____ calendar years * (see below). The date this designation expires is _____. *NOTE: This question addresses whether the resolution contains an expiration date for the designated area.*

B. The type of deduction that is allowed in the designated area is limited to:

| | | | |
|--|------------------------------|-----------------------------|--|
| 1. Installation of new manufacturing equipment; | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Enhanced Abatement per IC 6-1.1-12.1-18 |
| 2. Installation of new research and development equipment; | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <i>Check box if an enhanced abatement was approved for one or more of these types.</i> |
| 3. Installation of new logistical distribution equipment. | <input type="checkbox"/> Yes | <input type="checkbox"/> No | |
| 4. Installation of new information technology equipment; | <input type="checkbox"/> Yes | <input type="checkbox"/> No | |

C. The amount of deduction applicable to new manufacturing equipment is limited to \$ _____ cost with an assessed value of \$ _____. *(One or both lines may be filled out to establish a limit, if desired.)*

D. The amount of deduction applicable to new research and development equipment is limited to \$ _____ cost with an assessed value of \$ _____. *(One or both lines may be filled out to establish a limit, if desired.)*

E. The amount of deduction applicable to new logistical distribution equipment is limited to \$ _____ cost with an assessed value of \$ _____. *(One or both lines may be filled out to establish a limit, if desired.)*

F. The amount of deduction applicable to new information technology equipment is limited to \$ _____ cost with an assessed value of \$ _____. *(One or both lines may be filled out to establish a limit, if desired.)*

G. Other limitations or conditions (specify) _____

H. The deduction for new manufacturing equipment and/or new research and development equipment and/or new logistical distribution equipment and/or new information technology equipment installed and first claimed eligible for deduction is allowed for:

| | | | | | |
|---------------------------------|---------------------------------|---------------------------------|---------------------------------|----------------------------------|--|
| <input type="checkbox"/> Year 1 | <input type="checkbox"/> Year 2 | <input type="checkbox"/> Year 3 | <input type="checkbox"/> Year 4 | <input type="checkbox"/> Year 5 | <input type="checkbox"/> Enhanced Abatement per IC 6-1.1-12.1-18 |
| <input type="checkbox"/> Year 6 | <input type="checkbox"/> Year 7 | <input type="checkbox"/> Year 8 | <input type="checkbox"/> Year 9 | <input type="checkbox"/> Year 10 | Number of years approved: _____ |
| | | | | | <i>(Enter one to twenty (1-20) years; may not exceed twenty (20) years.)</i> |

I. For a Statement of Benefits approved after June 30, 2013, did this designating body adopt an abatement schedule per IC 6-1.1-12.1-17? Yes No
 If yes, attach a copy of the abatement schedule to this form.
 If no, the designating body is required to establish an abatement schedule before the deduction can be determined.

Also we have reviewed the information contained in the statement of benefits and find that the estimates and expectations are reasonable and have determined that the totality of benefits is sufficient to justify the deduction described above.

| | | |
|---|--------------------------|--------------------------------|
| Approved by: (signature and title of authorized member of designating body) | Telephone number () | Date signed (month, day, year) |
| Printed name of authorized member of designating body | Name of designating body | |
| Attested by: (signature and title of attester) | Printed name of attester | |

* If the designating body limits the time period during which an area is an economic revitalization area, that limitation does not limit the length of time a taxpayer is entitled to receive a deduction to a number of years that is less than the number of years designated under IC 6-1.1-12.1-17.

IC 6-1.1-12.1-17

Abatement schedules

Sec. 17. (a) A designating body may provide to a business that is established in or relocated to a revitalization area and that receives a deduction under section 4 or 4.5 of this chapter an abatement schedule based on the following factors:

- (1) The total amount of the taxpayer's investment in real and personal property.
 - (2) The number of new full-time equivalent jobs created.
 - (3) The average wage of the new employees compared to the state minimum wage.
 - (4) The infrastructure requirements for the taxpayer's investment.
- (b) This subsection applies to a statement of benefits approved after June 30, 2013. A designating body shall establish an abatement schedule for each deduction allowed under this chapter. An abatement schedule must specify the percentage amount of the deduction for each year of the deduction. An abatement schedule may not exceed ten (10) years.
- (c) An abatement schedule approved for a particular taxpayer before July 1, 2013, remains in effect until the abatement schedule expires under the terms of the resolution approving the taxpayer's statement of benefits.

Indiana Tax Abatement Results

- Grant County, Marion City-Franklin Township
- Tax Rate (2019): 4.3707
- Project Name: JG Bowers Inc

Personal Property: \$954,000.00

| | Abatement Percentage | With Abatement | | | Without Abatement | | | Estimated Tax Abatement Savings |
|---------------|----------------------|----------------|----------------------------|--------------------|-------------------|----------------------------|--------------------|---------------------------------|
| | | Property Taxes | Circuit Breaker Tax Credit | Net Property Taxes | Property Taxes | Circuit Breaker Tax Credit | Net Property Taxes | |
| Year 1 | 100% | \$0.00 | \$0.00 | \$0.00 | \$16,679.00 | (\$5,231.00) | \$11,448.00 | \$11,448.00 |
| Year 2 | 100% | \$0.00 | \$0.00 | \$0.00 | \$23,350.00 | (\$7,322.80) | \$16,027.20 | \$16,027.20 |
| Year 3 | 100% | \$0.00 | \$0.00 | \$0.00 | \$17,513.00 | (\$5,492.60) | \$12,020.40 | \$12,020.40 |
| Year 4 | 100% | \$0.00 | \$0.00 | \$0.00 | \$13,343.00 | (\$4,184.60) | \$9,158.40 | \$9,158.40 |
| Year 5 | 100% | \$0.00 | \$0.00 | \$0.00 | \$12,509.00 | (\$3,923.00) | \$8,586.00 | \$8,586.00 |
| Totals | | \$0.00 | \$0.00 | \$0.00 | \$83,394.00 | (\$26,154.00) | \$57,240.00 | \$57,240.00 |

Disclosures

- The abatement calculator is prepared by Baker Tilly Municipal Advisors, LLC, a financial consulting firm, in conjunction with Hoosier Energy, based on current Indiana law. This calculation is intended to provide an ILLUSTRATIVE and PRELIMINARY indication of the level of property taxes and potential property tax savings for a proposed investment based on certain assumptions. Please read the Disclosures carefully. Companies must consult their own tax advisors to determine their actual tax liability and to prepare their annual Indiana filings.
- To be eligible to receive property tax abatements in Indiana, a company must follow a specific application process. Please contact your Hoosier Energy Representative for further guidance.
- Assumes taxes payable 2019 property tax rates, as provided by the Indiana Department of Local Government Finance.
- Real property in Indiana is subject to annual adjustments of assessed value to the market value of the structure based on annual sales data ("Trending").
- All personal property (equipment) is assumed to be new, and is assumed to be depreciated in Pool #2 (5-8 year depreciable life) for property tax purposes. A mixture of new and existing equipment (as well as a mixture of depreciation pools) will produce different tax savings results.
- Assumes a one-time investment in real and personal property. Staggering the investments may have a material effect on the actual value of property tax abatements.
- Includes the calculation of Minimum Value Ratio (MVR) for tax abatement of personal property, which effectively increases the assessed value used in the abatement calculation when the taxpayer is subject to the 30% depreciation floor. The MVR equals the adjusted assessed value at the 30% floor divided by the depreciated assessed value of the equipment.
- It is assumed that the Circuit Breaker Tax Credit, which limits property tax liability to 3.0% of gross assessed value for commercial and industrial properties, is applied.
- Does not account for the application of the Local Income Tax (LIT) Property Tax Replacement Credit (PTRC) in any jurisdictions in which a LIT PTRC is applicable. The application of the LIT PTRC may reduce the property tax liability and the impact of the Circuit Breaker Tax Credit for a commercial/industrial taxpayer.
- The property tax abatement savings value is an ESTIMATE based on preliminary information entered into this calculator. Actual abatement savings may differ materially from the results of this calculator based on the timing of the investment, actual assessment of structures upon completion by the local assessing official, differences in depreciation pools for personal property, annual changes in tax rates, changes to Indiana property tax law or regulations, or changes in assessment methodology.

Hoosier Energy's Tax Abatement Estimator was developed with the assistance of Baker Tilly Municipal Advisors, LLC.

Hoosier Energy Economic Development

(A division of Hoosier Energy Rural Electric Cooperative, Inc.)

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