

CITY OF GREENSBURG



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TAX PHASE- IN PROGRAM

REAL AND PERSONAL PROPERTY
ADOPTED EFFECTIVE MAY 3, 2021

PROGRAM OVERVIEW

What is tax abatement?

Tax abatement is a tool for local governments to expand the economy. By encouraging new investment, the project receiving the tax abatement will:

- Expand the local tax base.
- Create or retain permanent, full-time employment opportunities.
- Make a contribution to enhancing further economic development by utilizing local goods and services in construction and procurement activities in the community,
- Not result in any unreasonable aesthetic and/or environmental concerns or conditions
- Encourage redevelopment of deteriorated areas, and/or stimulate investment in specific areas of a community.

How does tax abatement work?

Property taxes are phased in based on the increased assessed value that results from a new investment. Due to tax abatement, property taxes cannot be lower than the prior year's taxes. The phase-in period is determined by the Greensburg City Council within the framework of the schedules listed in the Indiana State Statute (IC 6-1.1-12.1).

Who/What is eligible for tax abatement?

Property owners in Economic Revitalization Areas (ERA) are eligible for tax abatements. To qualify, owners must make improvements to real property that would lead to an increase in assessed value or purchase personal property that would lead to additional taxes. Such projects include:

- **Buildings:** Any new structure, building addition, or other improvement that increases the applicant's assessed value.
- **Manufacturing Equipment:** Any new equipment that is used in the direct production, manufacture, fabrication, assembly, extraction, mining, processing, refining, or finishing of other tangible personal property including, equipment used to dispose of solid waste or hazardous waste into energy or other useful products. Used equipment is eligible for abatement unless it has been previously taxed in Indiana.
- **Logistical Distribution Equipment:** Equipment consists of racking, Scanning or coding, separators, conveyors, forklifts or lifting equipment (including "walk behinds"), transitional moving equipment, or software for technology used in logistical distribution. This equipment must be used for the storage or distribution of goods, services, or information. Equipment must have been acquired for the purposes stated previously and never before used by the owner for any purpose in Indiana.
- **New Information Technology Equipment:** Consist of equipment, including software, used in information processing, office automation, telecommunication facilities and networks, informatics, network administration, software development and fiber optics. Equipment must have been acquired for the purposes stated previously and never before used by the owner for any purpose in Indiana.
- **Research and Development Equipment:** Equipment consists of laboratory equipment, research and development equipment, computers and computer software, telecommunications equipment or testing equipment used in research and development activities devoted, directly and exclusively, to experimental or laboratory research and development of new products, new uses of existing products, or improving or testing existing products. Equipment must have been acquired for the purposes stated previously and never before used by the owner for any purpose in Indiana.

Tenants in leased facilities can benefit from tax abatement on real property too if the property owner applies for the abatement and all other requirements are met. Also, tenants can benefit from abatements on manufacturing equipment, logistical equipment, information technology equipment and/or research and development equipment.

Ineligible Projects

Any applicant who applies for a Building Permit for a proposed project or acquires new manufacturing equipment prior to filing the appropriate tax phase-in (abatement) applications may not be eligible for tax phase-in (abatement). This is because the decision of the Council to designate the Economic Revitalization Area must be passed on the finding that that area is “undesirable for normal development,” and BUT FOR the offer of tax abatement, the project would not proceed.

Pursuant to I.C. 6-1.1-12.1-3€ Tax abatement for the development or rehabilitation of real property may not be approved for the following facilities:

- (1) Private or commercial golf course
- (2) Country club
- (3) Massage parlor
- (4) Tennis club
- (5) Skating facility (including roller skating, skateboarding, or ice skating)
- (6) Racquet sport facility (including any handball or racquetball court)
- (7) Hot tub facility
- (8) Suntan facility
- (9) Racetrack
- (10) Any facility the primary purpose of which is:
 - a. Retail food and beverage service;
 - b. Automobile sales or service; or
 - c. Other retail;

Unless the facility is located in an economic development target area established under Indiana law.

- (11) Residential, unless it meets certain requirements under Indiana law.
- (12) A package liquor store that holds a liquor dealer’s permit under I.C. 7.1-3-10 or any other entity that is required to operate under a license issued under I.C. 7.1.

This subdivision does not apply to an applicant that:

- (A) Was eligible for tax abatement before July 1, 1995;
- (B) Is described in I.C. 7.1-5-7-11; or
- (C) Operates a facility under:
 - (i) A beer wholesaler’s permit under I.C. 7.1-3-3;
 - (ii) A liquor wholesaler’s permit under I.C. 7.1-3-8; or
 - (iii) A wine wholesaler’s permit under I.C. 7.1-3-13 for which the applicant claims a deduction under this chapter.

The City of Greensburg will not generally consider granting Economic Revitalization Area designation for ‘Speculative Developments’ for which no major tenant has been identified. The City may consider granting an ERA designation if exceptional circumstances, in the discretion of the Common Council, exist.

APPLICATION PROCESS

The applicant must provide reasons why the project site qualifies as an Economic Revitalization Area as defined under State Law, i.e., lack of development, cessation of growth, deterioration of improvements or character of occupancy, age, obsolescence, substandard buildings, or other factors that have impaired values or prevent a normal development of property or use of property.

Requirements for a Complete Application

The requirements for a complete tax abatement application shall include:

- 1) No equipment installation, construction or site development will have begun prior to the City Council approval of the deduction, abatement, or incentive request

- 2) Completion of Statement of Benefits (Form SB-1 RE for Real Property, SB-1 PP for Personal Property) and any additionally required state documents. Information will include a description of the investment(s), amount of investment made, number of full-time equivalent (FTE) jobs created or retained as a result of the project, average wages of the new/retained FTE's, and the estimated project start and completion dates, among other information. For the purposes of this program a full-time equivalent employee is one that works 30 hours a week or more and receives for standard company benefits.
 - a. Estimating Real Property: A property's assessed value is the basis for property taxes. Annually, local assessing officials assess the value of real property on January 1 based on market value. Property owners can estimate the property taxes for new construction by adding the cost of the land and improvements together and multiplying by the tax rate. For real property tax abatement calculation purposes, the cost of the improvements (the land itself cannot be abated) would be utilized as the real property assessed value.
 - b. Estimating Personal Property: Personal property values are assessed January 1 of every year and are self-reported by property owners to the assessor using prescribed state forms. Generally speaking, personal property taxes are levied against all tangible property other than real property. The value of personal property over time will be subject to depreciation, therefore, applicants are advised to seek the counsel of a financial advisor. To determine the eligibility of your specific type of personal property and for additional information on the State of Indiana's property tax assessment system, check the Indiana Department of Local Government Finance website at www.in.gov/dlgef.

- 3) Location map highlighting the location of the project, and any associated designs. Applicant may be asked to include an estimate of needed municipal utility extensions to complete the project, as well as an estimated timeline covering the project from start to finish.

- 4) A non-refundable filing fee of \$500 to be paid to the City of Greensburg

- 5) Applicant must be in good standing with all applicable City and County taxes (determined by the Common Council)

- 6) Representation: upon request the applicant or representative will be expected to attend a meeting of the Tax Abatement Committee and/or City's Common Council

Compliance Following the Approval of a Tax Abatement

Recipients of abatements from the City of Greensburg are required to submit the following by May 1st in order for the agreement to be upheld. Failure to annually file the items below can lead to the loss of the abatement for that year, or revocation of the full abatement. A recipient's annual report must include:

- 1) Completion and submission of the Compliance with Statement of Benefits form [Form CF-1] with the City Clerk-Treasurer annually, for the life of the abatement awarded. Information contained on the Form CF-1 will be considered by the Common Council in determination of substantial compliance with its Statement of Benefits.
- 2) Completion and submission of the City of Greensburg's Annual Update Form, including a copy of the original SB-1 and a copy of the signed incentive agreement.
- 3) A non-refundable filing fee of \$100 to be paid to the City of Greensburg.
- 4) All Construction and Infrastructure must follow and be in compliance with all applicable local and State codes and design standards.
- 5) The City of Greensburg reserves the right to request and obtain an organization personnel head count, company wage information, and hire dates to ensure that the abated investments have achieved the promised FTE creation/retention at the wages previously noted.
- 6) In the occasion that there is a transfer of ownership in the property or specific business, a letter explaining the transaction and any effects on the property's use will be required to be sent to the City of Greensburg. If the transaction does not affect the initial incentive agreement with the City outside of title, the letter will be included with the annual compliance documents above. If the transaction changes the property's function or use, differing from that which was listed in the originally submitted SB-1, the Common Council may adjust or nullify the original incentive agreement accordingly, and reapplication may be required.

REVOCAION OF TAX ABATEMENT BY COMMON COUNCIL

The City of Greensburg believes that the granting of a request for real and/or personal property tax abatement under the terms and conditions established results in a contractual arrangement between the City and owners granted abatement.

- 1) An applicant who fails to file its annual report with the Common Council as required may result in a loss of the abatement for the unreported year or complete revocation of the incentive agreement.
- 2) An applicant who complies with the annual report requirement but does not substantially comply with the estimates set forth in the documents used by the Council when granting the abatement (i.e., project start/end dates, FTE's created/retained, estimated average wage, or total investment project), may have the tax abatement modified or revoked by the Common Council. In the case that the failure to abide by the incentive agreement with the City was due to factors beyond the recipient's control, a request for leniency can be made and a Waiver of Noncompliance granted according to the determination of Common Council.

SCORING SYSTEM

The City of Greensburg utilizes a scoring system to determine an appropriate period for the complete and partial abatement of respective property taxes being sought for a proposed project. Whereas the Council accepts the guidelines as a standard, in rare occasions the Common Council may deviate from these guidelines and grant more or less tax abatement for longer or shorter periods of time (but not to exceed 10 years) on a case-by-case basis as long as all requirements of Indiana law are met. The Common Council may, in its sole discretion, determine that certain projects should not receive any tax abatement, no matter what the outcome using the schedules in these guidelines.

REAL PROPERTY PROGRAM

REAL PROPERTY TAX BASE SCORING CRITERIA

The City of Greensburg utilizes a scoring system to determine an appropriate period for the complete and partial abatement of respective property taxes being sought for a proposed project. Whereas the Council accepts the guidelines as a standard, in rare occasions the Common Council may deviate from these guidelines and grant more or less tax abatement for longer or shorter periods of time (but not to exceed 10 years) on a case-by-case basis as long as all requirements of Indiana law are met. The Common Council may, in its sole discretion, determine that certain projects should not receive any tax abatement, no matter what the outcome using the schedules in these guidelines.

PROJECT EVALUATION CRITERIA

POINTS

Category 1

NEW INVESTMENT IN REAL PROPERTY

\$500,000 to \$999,999.....	5
\$1 Million to \$1,999,999.....	10
\$2 Million to \$2,999,999.....	15
\$3 Million to \$3,999,999.....	20
\$4 Million to \$4,999,999.....	25
\$5 Million to \$5,999,999.....	30
\$6 Million to \$6,999,999.....	32
\$7 Million to \$7,999,999.....	34
\$8 Million to \$8,999,999.....	36
\$9 Million to \$9,999,999.....	38
Over \$10 Million.....	40

SCORING SYSTEM

Category 2

Employment

Applicant may choose one of the following sub-categories for job totals, either total number of new employees OR total number of retained employees. Full Time Equivalent = works 30 hrs/wk or more and receives standard company benefits.

NEW Employment: number of new full-time equivalent (FTE) jobs

3 to 15 new FTE.....	10
16 to 25 new FTE.....	15
26 to 50 new FTE.....	18
51 to 74 new FTE.....	21
75 to 99 new FTE.....	23
100 or more FTE.....	25

OR

RETAINED employment: number of full-time equivalent (FTE) jobs retained

Up to 25 new FTE.....	5
26 to 50 new FTE.....	10
51 to 100 new FTE.....	15
101 to 150 new FTE.....	20
151 to 200 new FTE.....	22
201+ retained FTE.....	25

Category 3

New Employment Wage Level: percentage above state minimum wage (\$7.25 in 2018)

200% of state minimum wage (\$14.50).....	8
225% of state minimum wage (\$16.31).....	12
250% of state minimum wage (\$18.25).....	18
300% of state minimum wage (\$21.75).....	21
350% of state minimum wage (\$25.38).....	23
400% of state minimum wage (\$29.00).....	25

*Wage calculations based on average of all NEW positions. Retained employment is not eligible for scoring in this area.

SCORING SYSTEM

Category 4

Infrastructure:

Infrastructure requirements already in place or paid for by the applicant

Road and/or stormwater system.....	2
Water Infrastructure.....	2
Wastewater.....	2
Electric Service.....	2
Gas.....	2

Points possible based on specific evaluation of the four base categories.....100

Category 5

ADDITIONAL POINT CRITERIA

Innovation and Diversification.....	1-5
Use of existing vacant structure.....	1-5
(points will be awarded based on actual vacant structure to be used)	
Use of local suppliers and contractors in construction/operation of project.....	1-5

Points possible based on specific evaluation criteria.....115

SCORING SYSTEM

PERSONAL PROPERTY PROGRAM

PROJECT EVALUATION CRITERIA

POINTS

Category 1

NEW INVESTMENT IN PERSONAL PROPERTY

Scoring based on real value not assessed value.

\$100,000 to \$249,999.....	10
\$250,000 to \$499,999.....	15
\$500,000 to \$749,999.....	20
\$750,000 to \$999,999.....	25
\$1 Million to \$1,499,999.....	30
\$1.55 Million to \$1,999,999.....	35
Over \$2 Million.....	40

Category 2

Employment

Applicant may choose one of the following sub-categories for job totals, either total number of new employees OR total number of retained employees. Full Time Equivalent = works 30 hrs/wk or more.

NEW Employment: number of new full-time equivalent (FTE) jobs

3 to 15 new FTE.....	10
16 to 25 new FTE.....	15
26 to 50 new FTE.....	18
51 to 74 new FTE.....	21
75 to 99 new FTE.....	23
100 or more FTE.....	25

OR

RETAINED employment: number of full-time equivalent (FTE) jobs retained

0 to 25 new FTE.....	5
26 to 50 new FTE.....	10
51 to 100 new FTE.....	15
101 to 150 new FTE.....	20
151 to 200 new FTE.....	22
201+ retained FTE.....	25

SCORING SYSTEM

Category 3

NEW EMPLOYMENT WAGE LEVEL: percentage above state minimum wage (\$7.25 in 2018)

200% of state minimum wage (\$14.50).....	8
225% of state minimum wage (\$16.31).....	12
250% of state minimum wage (\$18.25).....	18
300% of state minimum wage (\$21.75).....	21
350% of state minimum wage (\$25.38).....	23
400% of state minimum wage (\$29.00).....	25

*Wage calculations based on average of all NEW positions. Retained employment is not eligible for scoring in this area.

Category 4

INFRASTRUCTURE: Infrastructure requirements already in place or paid for by the applicant

Road and/or stormwater system.....	2
Water Infrastructure.....	2
Wastewater.....	2
Electric Service.....	2
Gas.....	2

Points possible based on specific evaluation of the four base categories.....100

Category 5

ADDITIONAL POINT CRITERIA

Innovation and Diversification.....	1-5
Use of existing vacant structure.....	1-5
(points will be awarded based on actual vacant structure to be used)	
Use of local suppliers and contractors in construction/operation of project.....	1-5

Points possible based on specific evaluation criteria.....115