FILED

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CITY CLERK

GENERAL ORDINANCE NO. 4, 2015

AN ORDINANCE AMENDING CHAPTER 4, ARTICLE 15. TAX ABATEMENT PROCEDURES OF THE *TERRE HAUTE CITY CODE.*

SECTION 1. *Terre Haute City Code,* Chapter 4, Article 15. Tax Abatement Procedures is hereby amended by deletion of the stricken text and insertion of the underlined text as follows:

ARTICLE 15. TAX ABATEMENT PROCEDURES.

Sec. 4-225 ~~Regulations~~ Requirements for Tax Abatements Filings.

a. In addition to satisfying the requirements of *I.C.* § ~~6-4.4-12.1~~6-1.1-12.1, *et. seq.*, applicants for real and/or personal property tax abatements shall complete and submit at the time of filing the abatement resolution a "City of Terre Haute, Indiana Property Tax Abatement Program Application" and applicable Scoring Sheet at the time of filing the Abatement Resolution with the City Clerk's Office. ~~Such application shall be scored by a committee consisting of the following members: City of Terre Haute Council Finance Chairman; a member of the Terre Haute Economic Development Corporation; the City Controller; and the Director of the City of Terre Haute Department of Redevelopment.~~ (Gen. Ord. No. 2, 2009, 5-14-09)

b. If Applicant is seeking both a real and a personal property tax abatement, a separate Abatement Resolution, Tax Abatement Program Application and Scoring Sheet must be filed for each type of abatement.

c. The City of Terre Haute Indiana Property Tax Abatement Program Application, attached hereto as Exhibit A, shall be kept on file in the Office of the City Clerk and shall be available on the City's website.

d. Applicants must utilize and submit the completed Real Property Scoring Sheet and the Personal Property Scoring Sheet, attached hereto as Exhibits B and C respectively. Copies of each scoring sheet shall be available in the Office of the City Clerk and on the City's website. Any and all previous versions of scoring sheets are hereby repealed effective upon passage of this ordinance.

e. Resolutions received that do not include the approved Tax Abatement Application and appropriate Scoring Sheet or that combine both a real property tax abatement and a personal property tax abatement in the same resolution will be refused.

SECTION 2. All ordinances or parts of ordinances in conflict with the provisions of this ordinance are hereby repealed.

WHEREAS, an emergency exists for the immediate taking effect of the Ordinance, the same shall be in full force and effect from and after its passage by the Common Council of Terre Haute, Indiana and its approval by the Mayor and publication as required by law.

Introduced by: _____ Norman Loudermilk, Councilman

Passed in open Council this _____ day of _____, 2015.

_____ John Mullican, President

ATTEST: _____ Charles P. Hanley, City Clerk

Presented by me to the Mayor this _____ day of _____, 2015.

_____ Charles P. Hanley, City Clerk

Approved by me, the Mayor, this _____ day of _____, 2015.

_____ Duke A. Bennett, Mayor

ATTEST: _____ Charles P. Hanley, City Clerk

Exhibit A

CITY OF TERRE HAUTE

PROPERTY TAX ABATEMENT PROGRAM APPLICATION

Ownership Information

Name	Address	Phone	Percentage Interest (if applicable)

Note: If the owner is a corporation, list the name, address and telephone number for the contact person representing the corporation.

If the owner is a partnership, list the name, address and telephone number of each general and/or limited partner and the percentage of interest in the property held by each general and/or limited partner.

If the owner is a sole proprietor, list the name, address and telephone number of the proprietor.

Property Description

A. Street Address: _____

B. Parcel ID Number(s): _____

Current Status of Property

A. Current zoning designation of property: _____

B. Describe current improvements to the property, including estimated age of existing buildings:

_____

_____

_____

C. Describe the current use of the property, including the names of businesses currently operating (if applicable) and the current number of jobs (if applicable):

_____

_____

_____

D. Current total assessed valuation of land and all improvements:

_____

_____

E. Describe any unique historical structure or aesthetic improvements: _____

_____

Proposed Improvements

A. Describe proposed real property improvements and projected costs: _____

_____

_____

B. Describe proposed depreciable personal property improvements and projected costs: _____

_____

_____

C. List any public infrastructure improvements, with estimated costs, that will be necessary for the project: _____

_____

_____

D. Project Start Date: _____

E. Project Completion Date: _____

Eligibility

A. State 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. In the case of manufacturing equipment, also indicate whether or not the area contains a facility or group of facilities that are technologically, economically, or energy obsolete and if the obsolescence may lead to a decline in employment and tax revenues:

_____

_____

_____

_____

_____

B. State the estimated number of new full-time employees (if applicable) and new employees retained (if applicable). Also include salaries and a description of employee benefits:

Exhibit A

Number of new employees: _____; Average Annual Salary: _____

Number of retained employees: _____; Average Annual Salary: _____

Description of employee benefits for new and/or retained employees: _____

_____

_____

C. Please attach completed State of Indiana Statement of Benefits form for real property improvements (Form SB – 1/ RE) and/or State of Indiana Statement of Benefits form for personal property improvements (Form SB – 1/ PP) to this application material.

Ineligible Projects

Projects will not be considered if a building permit has already been obtained or construction has been initiated. This is because the decision of the Council to designate the Economic Revitalization Area must be passed on the finding that the area is "undesirable for normal development".

The City Council has the right to void the tax abatement designation awarded to a project if the project has not been initiated within twelve (12) months of the reconfirmation date of the tax abatement resolution, or if the actual use is different than that approved.

Tax abatement for the rehabilitation or development of real property is not eligible for the following types of facilities:

1. Private or commercial golf courses.
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
11. Residential.
12. A package liquor store that holds a liquor dealer's permit under IC 7.1-3-10 or any other entity that is required to operate under a license issued under IC 7.1. This subdivision does not apply to an applicant that:
    (A) was eligible for tax abatement under this chapter before July 1, 1995;
    (B) is described in IC 7.1-5-7-11; or
    (C) operates a facility under:
        (i) a beer wholesaler's permit under IC 7.1-3-3;
        (ii) a liquor wholesaler's permit under IC 7.1-3-8; or
        (iii) a wine wholesaler's permit under IC 7.1-3-13;

Exhibit A

Certification

I hereby certify that the representations made in this application are true and I understand that if above improvements are not commenced (defined as obtaining a building permit and actual start of construction) within 12 months of the date of the designation of the above area as an Economic Revitalization Area, the Terre Haute Common Council shall have the right to void such designation.

OWNER(S)*	DATE
_____	_____
_____	_____
_____	_____

* If the entity seeking tax abatement is a corporation, an authorized representative must sign. If the entity is a partnership, all partners must sign. If the entity is a sole proprietorship, the proprietor must sign.

Exhibit A

CITY OF TERRE HAUTE

PROPERTY TAX ABATMENT PROGRAM OVERVIEW AND GUIDELINE SCORING SYSTEM

Program Description

Property tax abatement in Indiana is authorized under Indiana Code 6-1.1-12.1 in the form of deductions from assessed valuation. Any property owner in a locally-designated Economic Revitalization Area (ERA) who makes improvements to the real property or installs eligible new or used personal property (such as manufacturing equipment and certain research and development equipment) is eligible for property tax abatement. Land does not qualify for abatement. .

Scoring System

The City of Terre Haute utilizes a scoring system as a guide for determining the appropriate length of time (one of ten time periods can be used) of the property tax abatement(s) being sought for a proposed project. Additional information on the scoring system can be found elsewhere in this document.

Indiana Real Property Assessment Standard

A property's assessed value is the basis for property taxes. Annually, local assessing officials assess the value of real property on March 1 based on market value in use of the property. 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. This real property assessment value would then be phased-in over one of ten time periods.

Indiana Personal Property Assessment Standard

Personal property values are assessed March 1 of every year and are self reported by property owners to township assessors using prescribed state forms. Generally speaking, personal property taxes are levied against all tangible property other than real property. Numerous deductions can be applied to personal property. Of course, 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 which asset pool(s) (see following table) would be applicable to their particular project.

Additional information on the State of Indiana's property tax assessment system can be found at the Indiana Department of Local Government Finance website at www.in.gov/dlgf.

Exhibit A

Indiana Pools of Assets by Lives Utilized on Federal Tax Return

Year of Acquisition	Pool #1 (1-4 Yrs)	Pool #2 (5-8 Yrs)	Pool #3 (9-12 yrs)	Pool #4 (13+ Yrs)
1	65%	40%	40%	40%
2	50%	56%	60%	60%
3	35%	42%	55%	63%
4	20%	32%	45%	54%
5		24%	37%	46%
6		18%	30%	40%
7		15%	25%	34%
8			20%	29%
9			16%	25%
10			12%	21%
11				15%
12				10%
13				5%

Note: The total valuation of a taxpayer's assessable depreciable personal property in a single taxing district cannot be less than 30% of the adjusted cost of all such property of the taxpayer.

Real Property Abatement Calculation

Real property abatement is a declining percentage of the increase in assessed value of the improvement based on one of the ten following time periods and percentages as determined by the City Council:

Year	10 Year	9 Year	8 Year	7 Year	6 Year	5 Year	4 Year	3 Year	2 Year	1 Year
1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
2	95%	88%	88%	85%	85%	80%	75%	66%	50%	
3	80%	77%	75%	71%	66%	60%	50%	33%		
4	65%	66%	63%	57%	50%	40%	25%			
5	50%	55%	50%	43%	34%	20%				
6	40%	44%	38%	29%	17%					
7	30%	33%	25%	14%						
8	20%	22%	13%							
9	10%	11%								
10	5%									

Depreciable Personal Property Abatement Calculation

Depreciable personal property tax abatement is a declining percentage of the assessed value of the newly installed manufacturing (and certain research/development and warehousing/distribution equipment), based upon one of the ten time periods and percentages as determined by the City Council:

Year	10 Year	9 Year	8 Year	7 Year	6 Year	5 Year	4 Year	3 Year	2 Year	1 Year
1	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
2	90%	88%	88%	85%	85%	80%	75%	66%	50%	
3	80%	77%	75%	71%	66%	60%	50%	33%		
4	70%	66%	63%	57%	50%	40%	25%			
5	60%	55%	50%	43%	34%	20%				
6	50%	44%	38%	29%	17%					
7	40%	33%	25%	14%						
8	30%	22%	13%							
9	20%	11%								
10	10%									

Adopted: 4/16/15

Exhibit A

Project Eligibility Criteria

Decisions to designate areas as Economic Revitalization Areas are determined by the City Council. The City Council utilizes a numerical scoring system as a guide for designating areas as Economic Revitalization Areas within the corporate limits of the City of Terre Haute. Each project is scored on its individual merits. The points system that is utilized to evaluate projects considers the degree of revitalization that the project will have on the surrounding area as well as other facts such as employment (created and/or retained), investment, utilization of local construction firms and labor and so forth.

The following projects will be considered by the Terre Haute City Council for property tax abatement. The real property guideline project scoring criteria can be found in the section entitled "City of Terre Haute Real Property Tax Abatement Guideline Scoring Criteria" on page 8. For projects seeking personal property tax abatement, the "City of Terre Haute Personal Property Tax Abatement Guideline Scoring Criteria" can be found on page 10.

(A.) Manufacturing Project – Local manufacturing projects, local manufacturing-related office structures and local manufacturing-related warehouses that create or preserve employment within the city limits are eligible for property tax abatement. In the case of manufacturing facilities that directly produce product (as well as manufacturing related-warehouses), both real and depreciable personal property are eligible. In the case of manufacturing-related office structures, only real property is eligible for abatement. Also, certain research and development equipment may qualify for depreciable personal property tax abatement.

(B.) Non-Manufacturing Warehouse and Distribution Center Projects – Warehouses and distribution centers not related to a local manufacturing facility may be eligible for both real and depreciable personal property tax abatement. To be eligible for property tax abatement, the facility must substantially serve markets beyond the Terre Haute metropolitan area.

(C.) Office Space Development – Office space developments within the city limits are eligible for real property abatement provided the project substantially serves markets beyond the Terre Haute metropolitan area.

(D.) Historic Preservation – Projects within the city limits that assist in the preservation of buildings of significant historical nature will be considered for real property abatement.

Exhibit B

City of Terre Haute

Real Property Tax Abatement Guideline Scoring Criteria

Company Name: _____

Application Date: _____

1. New Real Property Investment	5 points maximum	_____
< $500,000	1	
$501,000 to $1,000,000	2	
$1,000,001 to $2,000,000	3	
$2,000,001 to $3,000,000	4	
$3,000,001 and up	5	
2. Anticipated New Full-Time Jobs Created Within 5 Years	5 points maximum	_____
1 to 10 employees	1	
11 to 20 employees	2	
21 to 30 employees	3	
31 to 40 employees	4	
41 employees and up	5	
3. Anticipated Jobs To Be Retained	5 points maximum	_____
1 to 10 employees	1	
11 to 20 employees	2	
21 to 30 employees	3	
31 to 40 employees	4	
41 employees and up	5	
4. Wage Rates	3 points maximum	_____
$7.50 to $10.00 per hour	0	
$10.01 to $12.00 per hour	1	
$12.01 to $14.00 per hour	2	
$14.01 per hour and up	3	
5. Benefits Package	1 point if offered	_____
6. Targeted Business	1 point if project is good fit for community	_____
7. Community Involvement	1 point if company plans or is already involved in community activities	_____
8. Is this project a headquarters or a new project to the community?	1 point if "Yes"	_____
9. Diverse Workforce	1 point if applicant maintains an affirmative action plan or other statement of specific goals with respect to employee diversity	_____

Adopted 4/14/15

Exhibit B

Total Points _____

Scoring	Length of Real Property Abatement
20 points and up	10 years
18 to 19 points	9 years
16 to 17 points	8 years
14 to 15 points	7 years
12 to 13 points	6 years
10 to 11 points	5 years
8 to 9 points	4 years
6 to 7 points	3 years
4 to 5 points	2 years
2 to 3 points	1 year

Bonus Points

1. Common Construction Wage	Council may award one bonus point if company includes common construction wage requirement in its bid specs	_____
2. Contractors Licensed To Do Business in Vigo County	Council may award one bonus point if a substantial percentage of the total fees for construction work associated with the project are paid to companies licensed to do business in Vigo County	_____
3. Materials and Supplies From Vigo County Vendors	Council may award one bonus point if the applicant commits to purchase a substantial amount of materials and supplies for the construction work associated with the project from Vigo County-based vendors	_____
4. Existing Facility	Council may award one bonus point for use, reuse, rehabilitation and/or expansion of an existing facility	_____
5. Mentoring/Intern Program	Council may award one bonus point if applicant pledges to participate in a mentoring or intern program associated with a Vigo County educational institution	_____

Total Bonus Points _____

Grand Total Points _____

Recommended Length of Real Property Abatement
Per Guideline Scoring Criteria _____ Years

Adopted 4/14/15

Exhibit C

City of Terre Haute

Personal Property Tax Abatement Guideline Scoring Criteria

Company Name: _____

Application Date: _____

1. New Personal Property Investment	5 points maximum	_____
< $500,000	1	
$501,000 to $1,000,000	2	
$1,000,001 to $2,000,000	3	
$2,000,001 to $3,000,000	4	
$3,000,001 and up	5	
2. Anticipated New Full-Time Jobs Created Within 5 Years	5 points maximum	_____
1 to 10 employees	1	
11 to 20 employees	2	
21 to 30 employees	3	
31 to 40 employees	4	
41 employees and up	5	
3. Anticipated Jobs To Be Retained	5 points maximum	_____
1 to 10 employees	1	
11 to 20 employees	2	
21 to 30 employees	3	
31 to 40 employees	4	
41 employees and up	5	
4. Wage Rates	3 points maximum	_____
$7.50 to $10.00 per hour	0	
$10.01 to $12.00 per hour	1	
$12.01 to $14.00 per hour	2	
$14.01 per hour and up	3	
5. Benefits Package	1 point if offered	_____
6. Targeted Business	1 point if project is good fit for community	_____
7. Community Involvement	1 point if company plans or is already involved in community activities	_____
8. Is this project a headquarters or a new project to the community?	1 point if "Yes"	_____
9. Diverse Workforce	1 point if applicant maintains an affirmative action plan or other statement of specific goals with respect to employee diversity	_____

Adopted 4/16/15

Exhibit C

Total Points _____

Scoring	Length of Personal Property Abatement
20 points and up	10 years
18 to 19 points	9 years
16 to 17 points	8 years
14 to 15 points	7 years
12 to 13 points	6 years
10 to 11 points	5 years
8 to 9 points	4 years
6 to 7 points	3 years
4 to 5 points	2 years
2 to 3 points	1 year

Bonus Points

1. American Made	Council may award one bonus point if equipment to be installed is manufactured or engineered in the United States	_____
2. Installation By Local Contractor(s)	Council may award one bonus point if a substantial portion of the equipment to be installed is installed by a contractor, company or individuals maintaining a place of business in Vigo County	_____
3. Materials and Supplies From Vigo County Vendors	Council may award one bonus point if the applicant commits to purchase a substantial amount of materials and supplies for the construction work associated with the project from Vigo County-based vendors	_____
4. Rehabilitation Of Existing Facilities	Council may award one bonus point if the project involves the rehabilitation of existing facilities	_____
5. Mentoring/Intern Program	Council may award one bonus point if applicant pledges to participate in a mentoring or intern program associated with a Vigo County educational institution	_____

Total Bonus Points _____

Grand Total Points _____

Recommended Length of Personal Property Abatement
Per Guideline Scoring Criteria _____ Years

Adopted 4/16/15