



TAX PHASE-IN PROGRAM

REAL AND PERSONAL PROPERTY

Adopted March 21, 2018

Effective June 1, 2018

TAX PHASE-IN PROGRAM

PROGRAM OVERVIEW

Property tax abatement in Indiana is authorized under Indiana Code 6-1.1-12.1-1 et seq. in the form of deductions from assessed valuation. Property owners in a locally-designated Economic Revitalization Area (ERA) who improve the real property or install eligible new or used personal property (such as manufacturing equipment and certain research and development equipment) are eligible for property tax abatement. The Common Council decides whether or not to designate areas as Economic Revitalization Areas, after receiving a recommendation from the Jasper Economic Development Commission and in compliance with Indiana state law. Land does not qualify for abatement.

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 the 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(e) Tax abatement for the redevelopment 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 Jasper 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.

Applications

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.

The application shall include information as to the total amount of investment to be made in real and personal property, the number of new Full-Time Equivalent Jobs being created, the average wage of the new employees compared to the state minimum wage and the infrastructure requirements for the taxpayer's investment.

Scoring System

The City of Jasper utilizes a scoring system as a GUIDE for determining the appropriate length of time (one of ten time periods are set forth in the guidelines) of the property tax abatement(s) being sought for a proposed project. 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. The Common Council may also, in their discretion, use the schedules in I.C. 6-1.1-12.1-4 and I.C. 6-1.1-12.1-4-1.

Other Requirements

The applicant for tax abatement or an authorized representative must attend all meetings of the Economic Development Commission and Common Council that deal with the application for tax abatement.

Property owners receiving real and/or personal property tax abatement:

1. Are required to file forms pursuant to State law on an annual basis by the dates required by the State law;
2. Are required to file the Compliance with Statement of Benefits form [Form CF-1] with the City Clerk-Treasurer for each year the tax abatement applies. Information contained on the Form CF-1 will be considered by the Common Council in determination of substantial compliance with tis Statement of Benefits.

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. This real property assessment value could then be phased-in.

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. 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 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/dlgf.

REVOCATION OF TAX ABATEMENT BY COMMON COUNCIL

The City of Jasper 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.

- (A) An applicant who fails to file its annual report with the Common Council as required may have the tax abatement revoked by the Common Council.
- (B) 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, unless the failure to do so was due to factors beyond the applicant's control, may have the tax abatement revoked by the Common Council.

REAL PROPERTY PROGRAM

REAL PROPERTY TAX PHASE-IN GUIDELINE SCORING CRITERIA

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

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.

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 retained FTE.....	5
---------------------------	---

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

Category 3

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

180% of state minimum wage (\$13.05).....	5
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 calculation 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

**GUIDELINE FOR REAL PROPERTY TAX INCENTIVES SCHEDULE OF PHASE-IN
(ABATEMENT)**

Total Score	Property Tax Phase-In
1- 9 points	100% Year 1
10-19 points	100% Year 1 75% Year 2
20-29 points	100% Year 1 75% Year 2 50% Year 3
30-39 points	100% Year 1 75% Year 2 50% Year 3 25% Year 4
40-49 points	100% Year 1 100% Year 2 75% Year 3 50% Year 4 25% Year 5
50-59 points	100% Year 1 100% Year 2 100% Year 3 75% Year 4 50% Year 5 25% Year 6

60-69 points
100% Year 1
100% Year 2
100% Year 3
100% Year 4
75% Year 5
50% Year 6
25% Year 7

70-79 points
100% Year 1
100% Year 2
100% Year 3
100% Year 4
100% Year 5
75% Year 6
50% Year 7
25% Year 8

80-89 points
100% Year 1
100% Year 2
100% Year 3
100% Year 4
100% Year 5
100% Year 6
75% Year 7
50% Year 8
25% Year 9

90+ points
100% Year 1
100% Year 2
100% Year 3
100% Year 4

100% Year 5
100% Year 6
100% Year 7
75% Year 8
50% Year 9
25% Year 10

100+

100% Year 1
100% Year 2
100% Year 3
100% Year 4
100% Year 5
100% Year 6
100% Year 7
100% Year 8
75% Year 9
50% Year 10

PERSONAL PROPERTY PROGRAM

PERSONAL PROPERTY TAX PHASE-IN GUIDELINE SCORING CRITERIA

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
\$1.5 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.

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 new full-time equivalent (FTE) jobs retained

0 to 25 retained FTE.....	5
26 to 50 retained FTE.....	10
51 to 100 retained FTE.....	15
101 to 150 retained FTE.....	20

151 to 200 retained FTE.....	22
200+ retained FTE.....	25

Category 3

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

180% of state minimum wage (\$13.05).....	5
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 calculation 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

GUIDELINE FOR PERSONAL PROPERTY TAX INCENTIVES SCHEDULE OF PHASE-IN (ABATEMENT)

Total Score	Property Tax Phase-In
1- 19 points	100% Year 1
20-39 points	100% Year 1 75% Year 2
40-49 points	100% Year 1 75% Year 2 50% Year 3
50-69 points	100% Year 1 75% Year 2 50% Year 3 25% Year 4
70-79 points	100% Year 1 100% Year 2 75% Year 3 50% Year 4 25% Year 5
80-89 points	100% Year 1 100% Year 2 100% Year 3 75% Year 4 50% Year 5

90-99 points

100% Year 1

100% Year 2

100% Year 3

100% Year 4

75% Year 5

100+ points

100% Year 1

100% Year 2

100% Year 3

100% Year 4

100% Year 5