



CITY OF FRANKLIN

DEPARTMENT OF COMMUNITY DEVELOPMENT

Staff Report

To: Economic Development Commission Members

From: Krista Linke, Director

Date: January 10, 2020

Re: Case EDC 2020-02 – GDI Holdings LLC

Case EDC 2020-02 – GDI Holdings LLC: A request for a 10-year tax abatement on \$18,000,000 in real property investment for the construction of a 400,000 square foot speculative warehouse facility.

Location: Franklin Tech Park (newly annexed) – SE Corner of SR 44 and Forest Road (formerly CR 525 E).



Summary:

1. Characteristics of this location:

Franklin Tech Park: 44.025 acres and 15 acres (59.025 total) which were annexed in 2019, but became effective January 1, 2020.

2. Characteristics of this petitioner:

gdiconstruction.com:

GDI Development is committed to delivering successful projects in every sense of the word. From inception to completion, the core of GDI's approach to each and every development project is

integrity and collaboration. We believe that success is achieved by developing high-quality projects focused on long-term viability and profitability for all involved parties.

Our experience and resources span the full spectrum of commercial real estate development. We are specialists in structuring cost advantaged solutions for our tenants, clients and investor partners focusing on:

- Build-to-Suit Facilities for Lease or Own
- Design/Build of Speculative Distribution Facilities
- Business Park Land Development
- Fee Development and Project Management

The GDI Development team is experienced, attentive, entrepreneurial, and not just focused on making a deal, we are focused on making a relationship that stands the test of time with each of our partners, tenants, and clients.

GDI's website features projects in Whitestown, Anderson, Lebanon, Marion, Franklin (Cooper Tire), Pendleton, Muncie, Noblesville, Greenfield, Indianapolis, and Ft. Wayne.

3. Characteristics of this project:

The property is currently vacant and owned by Southpointe Farms LLC. GDI has an option to purchase the property contingent on the outcome of the tax abatement. The approval of a tax abatement will help them to actively market the property.

4. Economic Revitalization Area (ERA):

The surrounding property that is part of Franklin Tech Park has been designated and ERA, but because this is newly annexed property, it requires a new ERA designation.

5. ERA & Tax Abatements Findings (Real Property):

Indiana Code Section 6-1.1-12.1-3 states that the following findings must be made when considering an ERA designation and the granting of a tax abatement for real property:

- a. Whether the estimate of the value of the development or rehabilitation is reasonable for projects of that nature;
- b. Whether the estimate of the number of individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed redevelopment or rehabilitation;
- c. Whether the estimate of annual salaries of those individuals who will be employed or whose employment will be retained can be reasonably expected to result from the proposed redevelopment or rehabilitation;
- d. Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the proposed redevelopment or rehabilitation; and
- e. Whether the totality of the benefits is sufficient to justify the tax abatement.

6. City of Franklin "Tax Abatement Policy" criteria:

The "Tax Abatement Policy" section of the *City of Franklin Community Investment Incentives Summary* states that the Economic Development Commission shall use certain criteria when considering a request for tax abatement. A comparison of those criteria and this request follows:

- a. *Diversification of Local Occupations*: Without an end user there can be no analysis of the diversification of local occupations, however it is certain that the end user of this facility will be either an existing company in Franklin or a new company which will either further diversify or strengthen the types of occupations within the community.
- b. *Diversification of Local Employment*: Without doubt there will be a significant number of jobs associated with the successful buildout of this sizeable property. It remains to be seen exactly the number. Subsequent tax abatement applications will have employment data tied to them for compliance purposes. This abatement will assist in marketing the project until it is sold.
- c. *Increase in Local Salaries*: The average wage for all industries in Johnson County for the first quarter of 2012 was \$14.98. The average hourly wage in Johnson County for the manufacturing sector is \$23.14 per hour. It is the hope of GDI to attract an end user that will have higher than average paid employees. Subsequent tax abatement on the build out of the property will be offered as incentives to attract an end user and the length of that abatement will be determined by the number of jobs and average hourly wage.
- d. *Sustainable Land Use*: The petitioner proposes to make this investment on 44 acres that have been newly annexed into the Franklin Tech Park.
- e. *Future Community Investment*: The applicant should share with the EDC their plans for future community investment and they have indicated they are not agreeable to the Economic Development Fee.
- f. *Conformance with the Comprehensive Plan*: The Comprehensive Plan - Future Land Use Plan identifies this property as Light Industrial. Light industrial areas include a variety of employment and production facilities. Uses in this area may include warehouses, distribution centers, assembly facilities, technology centers, research and manufacturing facilities, professional offices. Light industrial areas are distinguished from manufacturing areas in that manufacturing areas focus on the manipulation of unfinished products and raw materials. Light Industrial facilities generally do not produce emissions of light, heat, sound, vibration, or odor and are completely contained within buildings. Some limited outdoor storage of finished products may occur. Light Industrial areas may also include facilities which are complimentary to their role as employment centers.

The property is zoned IL, Industrial: Light. The "IL", Industrial: Light zoning district is intended to provide locations for light production, assembly, warehousing, research & development facilities, and similar land uses. This district is intended to accommodate only industrial uses that are completely contained within structures and do not involve the outdoor storage of materials or the release of potential environmental pollutants. This district should be used to support industrial retention and expansion in Franklin.

7. Tax Abatement Duration:

The *City of Franklin Community Investment Incentives Summary* provides that longer periods of

abatement on real and personal property may be considered for requests of an exceptional nature. The Summary states that development examples of an exceptional nature include projects which:

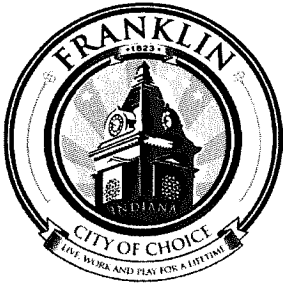
- a. Create a new plant or product line for an existing manufacturer;
- b. Creates substantial employment opportunities with higher than average wages;
- c. Increase substantially property values and the city tax base with minimal impact to city services (police & fire protection, schools, utilities, infrastructure, etc.); and
- d. Utilize existing public infrastructure (sanitary & storm sewer, roads & streets, drainage facilities, and other utilities).

8. Requested Effective Year:

The petitioner has requested that, if approved, the tax abatement be for the first year taxes are assessed at an increased assessment rate.

Staff Comments:

The Mayor's Office has indicated they are supportive of a ten year tax abatement for this project based on the investment amount. This type of development is what this area was designed to attract and support.



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Tax Abatement Application

Organization/Corporation Requesting Tax Abatement

Organization/Corporation Name: GDI Holdings LLC

Primary Contact Name: Terry McCardwell

Contact Address: 9775 Crosspoint Blvd, Suite 105

City: Indianapolis

State: IN

Zip: 46256

Phone Number: 317-567-6104

Email: tmccardwell@gdiconstruction.com

Three possible dates before the EDC

meeting to conduct a site visit: Jan 7, 8, 9, 2020

Name of Owner: Southpoint Farm LLC

Parent Company (If Applicable):

Primary Contact for Yearly Compliance Reports

Name: same as above

Title:

Address:

City:

State:

Zip:

Phone Number:

Email:

Description of Project

Project Location/Address: SEC of SR 44 & CR 525E, Franklin, IN

Parcel Number: 41-07-17-034-001.000-018 and 41-07-20-021-006.000-018

Brief Description of Project:

Development of one speculative warehouse building of 400,000 SF.

Current Assessed Value (AV) of the Property:

- | | |
|--------------|----------|
| 1. Land | \$89,000 |
| 2. Building | N/A |
| 3. Inventory | N/A |
| 4. Equipment | N/A |

Have building permits been applied for (if applicable): Yes ☐ No ☒

Has equipment been installed (if applicable): Yes No

Required Attachments:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Completed SB-1 Form(s) | <input type="checkbox"/> Summary of Benefits (if applicable) |
| <input checked="" type="checkbox"/> Legal Description of the Property | <input checked="" type="checkbox"/> Employment Phase-In Schedule |
| <input type="checkbox"/> Company Financial Statement | <input checked="" type="checkbox"/> Company Investment Timetable |
| <input checked="" type="checkbox"/> Job and Wage Description Information Sheet | <input checked="" type="checkbox"/> Compliance Affidavit |

Type of Abatement RequestedReal Property ☒Personal Property ☐

Length of Abatement Requested: 10 Years

Project Size (square feet): 400,000 SF

Size of Site (acres): 59

Type of Building:

Multiple Tenants (leased) ☒Single Tenant (leased) ☒Owner Occupied ☐Corporate Headquarters ☐**Capital Investment**

1. Real property capital investment only: \$18,000,000

2. Personal property capital investment only: N/A

3. Total capital investment for proposed project: \$18,000,000

Jobs Created and/or Retained

1. Estimated number of full time jobs created by the proposed project: N/A

2. Estimated number of full time jobs retained as a direct result of the proposed project: N/A

3. Total number of full time jobs upon project completion: N/A

Wages Created and Retained

1. Average hourly wage rate for new jobs (w/o benefits) N/A

2. Average hourly wage rate for jobs retained (w/o benefits) N/A

***In addition to answering these questions, please fill out the Job and Wage Description for Tax Abatement Application information sheet and submit it with the application as an attachment.

Please explain why the abatement incentive is necessary to the project: Attach additional sheets as necessary.

The abatement incentive is necessary for this project to make the building competitive with other similar buildings available in central Indiana and throughout the Midwest who also have tax abatement. Without it, the lease rates would not be competitive and prospective companies would not choose this location.

Company Information

How long has the company been in existence? 2005

Current address of company headquarters and duration at that address:

9775 Crosspoint Blvd, Suite 105, Indianapolis, IN 46256 14 years

Approximate percentage of employees at current location who live in the City of Franklin and/or Johnson County:

0

Have you ever received tax abatement at your current location? Yes No

If yes, when and for what term? No

What specifically has the company done to give back to the community:

In 2007, GDI Construction built the Cooper Tire distribution center in Franklin, IN, which brought jobs and investment to the City.

While acting as a strong advocate for using economic incentives to help applicants expand and/or locate in the community, the City of Franklin also strives to enrich the quality of life for its citizens. To that end, the City embraces the use of voluntary economic development fees as allowed under Indiana law (IC 6-1.1-12.1-14). These fees are directed by the City to local nonprofit organizations to bolster their economic development efforts. The fee can be applied on both real and personal property abatements. The fee is collected annually by the County Treasurer as a special assessment on the tax bill and is distributed by the City to the designated economic development nonprofit organization. Typically, 2% is charged on Real Property and 5% is charged on Personal Property. The fee is a percentage of the abatement received. For example, instead of receiving 100% abatement in the first year, the company receives a 95% abatement, with the 5% difference going to support local economic development. More information can be found on the City's website (www.franklin.in.gov) under the Economic Development tab.

Is the company agreeable to the Economic Development Fee? Yes No X

If yes, at what percent(s)?



STATEMENT OF BENEFITS REAL ESTATE IMPROVEMENTS

State Form 51767 (R2 / 1-07)

Prescribed by the Department of Local Government Finance

20__ PAY 20__

FORM SB-1 / Real Property

This statement is being completed for real property that qualifies under the following Indiana Code (check one box):

- ☐ Redevelopment or rehabilitation of real estate improvements (IC 6-1.1-12.1-4)
☐ Eligible vacant building (IC 6-1.1-12.1-4.8)

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** the redevelopment or rehabilitation of real property for which the person wishes to claim a deduction. "Projects" planned or committed to after July 1, 1987, and areas designated after July 1, 1987, require a STATEMENT OF BENEFITS. (IC 6-1.1-12.1)
- Approval of the designating body (City Council, Town Board, County Council, etc.) must be obtained prior to initiation of the redevelopment or rehabilitation, **BEFORE** a deduction may be approved.
- To obtain a deduction, application Form 322 ERA/RE or Form 322 ERA/VBD, Whichever is applicable, must be filed with the County Auditor by the later of: (1) May 10; or (2) thirty (30) days after the notice of addition to assessed valuation or new assessment is mailed to the property owner at the address shown on the records of the township assessor.
- Property owners whose Statement of Benefits was approved after June 30, 1991, must attach a Form CF-1/Real Property annually to the application to show compliance with the Statement of Benefits. [IC 6-1.1-12.1-5.1(b) and IC 6-1.1-12.1-5.3(j)]
- The schedules established under IC 6-1.1-12.1-4(d) for rehabilitated property and under IC 6-1.1-12.1-4.8(1) for vacant buildings apply to any statement of benefits approved on or after July 1, 2000. The schedules effective prior to July 1, 2000, shall continue to apply to a statement of benefits filed before July 1, 2000.

SECTION 1		TAXPAYER INFORMATION	
Name of taxpayer GDI Holdings LLC			
Address of taxpayer (number and street, city, state, and ZIP code) 9775 Crosspoint Blvd, Suite 105, Indianapolis, IN 46256			
Name of contact person Terry S. McCardwell		Telephone number (317) 567-6104	E-mail address tmccardwell@gdiconstruction.com
SECTION 2		LOCATION AND DESCRIPTION OF PROPOSED PROJECT	
Name of designating body Franklin Tech Park		City of Franklin Common Council	
Location of property SEC of SR 44 & CR525E, Franklin, IN		County Johnson	Resolution number
Description of real property improvements, redevelopment, or rehabilitation (use additional sheets if necessary) Development of one speculative warehouse building of 400,000 SF.		Estimated start date (month, day, year) May 1, 2020	
		Estimated completion date (month, day, year) January 1, 2021	
SECTION 3		ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT	
Current number N/A	Salaries N/A	Number retained N/A	Salaries N/A
		Number additional N/A	Salaries N/A
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.		REAL ESTATE IMPROVEMENTS	
		COST	ASSESSED VALUE
			89,000
		18,000,000	
		18,000,000	
Current values			
Plus estimated values of proposed project			
Less values of any property being replaced			
Net estimated values upon completion of project			
SECTION 5		WASTE CONVERTED AND OTHER BENEFITS PROMISED BY THE TAXPAYER	
Estimated solid waste converted (pounds) N/A		Estimated hazardous waste converted (pounds) N/A	
Other benefits This development will increase the assessed value of the property, bring additional tax revenue and investment to the area and provide jobs through new companies locating in the park.			
SECTION 6		TAXPAYER CERTIFICATION	
I hereby certify that the representations in this statement are true.			
Signature of authorized representative 		Title Member	Date signed (month, day, year) 12-18-19

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, provides for the following limitations:

- 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 _____.
- B. The type of deduction that is allowed in the designated area is limited to:
- | | | |
|--|------------------------------|-----------------------------|
| 1. Redevelopment or rehabilitation of real estate improvements | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 2. Residentially distressed areas | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| 3. Occupancy of a vacant building | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
- C. The amount of the deduction applicable is limited to \$ _____.
- D. Other limitations or conditions (*specify*) _____
- E. The deduction is allowed for _____ years* (*see below*).

We have also 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 (<i>signature and title of authorized member of designating body</i>)	Telephone number	Date signed (<i>month, day, year</i>)
Attested by (<i>signature and title of attester</i>)	Designated body	

* If the designating body limits the time period during which an area is an economic revitalization area, it does not limit the length of time a taxpayer is entitled to receive a deduction to a number of years designated under IC 6-1.12-12.1-4.

- A. For residentially distressed areas, the deduction period may not exceed five (5) years.
- B. For redevelopment and rehabilitation or real estate improvements:
1. If the Economic Revitalization Area was designated prior to July 1, 2000, the deduction period is limited to three (3), six (6), or ten (10) years.
 2. If the Economic Revitalization Area was designated after June 20, 2000, the deduction period may not exceed ten (10) years.
- C. For vacant buildings, the deduction period may not exceed two (2) years.

MODERN LEGAL DESCRIPTION - Hougham Parcel

Part of the Southeast Quarter of the Southwest Quarter of Section 17 and part of the Northeast Quarter of the Northwest Quarter of Section 20, both in Township 12 North, Range 5 East, Johnson County, Indiana, more particularly described as follows:

BEGINNING at a Mag Nail with a Johnson County Surveyor washer at the southwest corner of said Southeast Quarter of the Southwest Quarter; thence North 00 degrees 07 minutes 05 seconds West 1,359.83 feet along the west line of said Southeast Quarter of the Southwest Quarter (the basis of bearings is the Indiana Geospatial Coordinate System, "Johnson" zone) to the south right-of-way line of State Road 44 as defined on the right-of-way plans for INDOT Project No. STP-068-4 (011) R/W, the following four (4) courses are along said south right-of-way line; 1)thence North 89 degrees 29 minutes 36 seconds East 15.07 feet to a 5/8-inch diameter rebar with a cap stamped "Structurepoint - 0094" set flush (hereafter referred to as "set rebar"); 2)thence North 16 degrees 35 minutes 37 seconds East 87.12 feet to a set rebar; 3)thence North 87 degrees 28 minutes 32 seconds East 71.29 feet to a 4-inch by 4-inch concrete right-of-way monument; 4)thence North 87 degrees 39 minutes 19 seconds East 1,214.25 feet to a set rebar on the east line of said Southwest Quarter; thence South 00 degrees 07 minutes 21 seconds East 1,434.36 feet along said east line to a fence post at the southeast corner of said Southwest Quarter; thence South 00 degrees 11 minutes 00 seconds East 507.72 feet along the east line of said Northwest Quarter to a 5/8-inch diameter rebar with no cap; thence South 87 degrees 39 minutes 18 seconds West 1,328.12 feet to a mag nail on the west line of said Northeast Quarter of the Northwest Quarter; thence North 00 degrees 04 minutes 51 seconds East 500.14 feet along said west line to the POINT OF BEGINNING. Containing 59.025 acres, more or less.

Indiana Tax Abatement Results

- Johnson County, Franklin City-Needham Twp
- Tax Rate (2019): 3.2506
- Project Name: GDI

Real Property: \$18,000,000.00

	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	\$585,108.00	(\$45,108.00)	\$540,000.00	\$540,000.00
Year 2	80%	\$ 117,022.00	\$0.00	\$117,022.00	\$585,108.00	(\$45,108.00)	\$540,000.00	\$422,978.00
Year 3	60%	\$ 234,043.00	\$0.00	\$234,043.00	\$585,108.00	(\$45,108.00)	\$540,000.00	\$305,957.00
Year 4	40%	\$ 351,065.00	\$0.00	\$351,065.00	\$585,108.00	(\$45,108.00)	\$540,000.00	\$188,935.00
Year 5	20%	\$ 468,086.00	\$0.00	\$468,086.00	\$585,108.00	(\$45,108.00)	\$540,000.00	\$71,914.00
Totals		\$1,170,216.00	\$0.00	\$1,170,216.00	\$2,925,540.00	(\$225,540.00)	\$2,700,000.00	\$1,529,784.00

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](#).

Indiana Tax Abatement Results

- Johnson County, Franklin City-Needham Twp
- Tax Rate (2019): 3.2506
- Project Name: GDI

Real Property: \$18,000,000.00

	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	\$585,108.00	(\$45,108.00)	\$540,000.00	\$540,000.00
Year 2	85%	\$ 87,766.00	\$0.00	\$87,766.00	\$585,108.00	(\$45,108.00)	\$540,000.00	\$452,234.00
Year 3	71%	\$ 169,681.00	\$0.00	\$169,681.00	\$585,108.00	(\$45,108.00)	\$540,000.00	\$370,319.00
Year 4	57%	\$ 251,596.00	\$0.00	\$251,596.00	\$585,108.00	(\$45,108.00)	\$540,000.00	\$288,404.00
Year 5	43%	\$ 333,512.00	\$0.00	\$333,512.00	\$585,108.00	(\$45,108.00)	\$540,000.00	\$206,488.00
Year 6	29%	\$ 415,427.00	\$0.00	\$415,427.00	\$585,108.00	(\$45,108.00)	\$540,000.00	\$124,573.00
Year 7	14%	\$ 503,193.00	\$0.00	\$503,193.00	\$585,108.00	(\$45,108.00)	\$540,000.00	\$36,807.00
Totals		\$1,761,175.00	\$0.00	\$1,761,175.00	\$4,095,756.00	(\$315,756.00)	\$3,780,000.00	\$2,018,825.00

Disclosures

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- 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.

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		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	\$585,108.00	(\$45,108.00)	\$540,000.00	\$540,000.00
Year 2	95%	\$ 29,255.00	\$0.00	\$29,255.00	\$585,108.00	(\$45,108.00)	\$540,000.00	\$510,745.00
Year 3	80%	\$ 117,022.00	\$0.00	\$117,022.00	\$585,108.00	(\$45,108.00)	\$540,000.00	\$422,978.00
Year 4	65%	\$ 204,788.00	\$0.00	\$204,788.00	\$585,108.00	(\$45,108.00)	\$540,000.00	\$335,212.00
Year 5	50%	\$ 292,554.00	\$0.00	\$292,554.00	\$585,108.00	(\$45,108.00)	\$540,000.00	\$247,446.00
Year 6	40%	\$ 351,065.00	\$0.00	\$351,065.00	\$585,108.00	(\$45,108.00)	\$540,000.00	\$188,935.00
Year 7	30%	\$ 409,576.00	\$0.00	\$409,576.00	\$585,108.00	(\$45,108.00)	\$540,000.00	\$130,424.00
Year 8	20%	\$ 468,086.00	\$0.00	\$468,086.00	\$585,108.00	(\$45,108.00)	\$540,000.00	\$71,914.00
Year 9	10%	\$ 526,597.00	\$0.00	\$526,597.00	\$585,108.00	(\$45,108.00)	\$540,000.00	\$13,403.00
Year 10	5%	\$ 555,853.00	(\$15,853.00)	\$540,000.00	\$585,108.00	(\$45,108.00)	\$540,000.00	\$0.00
Totals		\$2,954,796.00	(\$15,853.00)	\$2,938,943.00	\$5,851,080.00	(\$451,080.00)	\$5,400,000.00	\$2,461,057.00

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](#).