



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Staff Report

To: Economic Development Commission Members
From: Krista Linke, Director
Date: January 10, 2020
Re: Case EDC 2020-03 – B2S Life Sciences

Case EDC 2020-03 – B2S Life Sciences: A request for a personal property tax abatement on \$882,845 of research and development equipment.

Location: 97 E. Monroe Street

Summary:

1. Characteristics of this location:

B2S Labs purchased 97 E. Monroe Street from the Franklin Development Corporation and has completely renovated the entire building. The City of Franklin Redevelopment Commission and the Franklin Development Corporation have been contributing partners to the renovation through various incentives. The FDC sold the building to B2S Life Sciences for \$75,000. The RDC provided a \$250,000 grant to B2S Labs through an Economic Development Agreement. The FDC gave a \$50,000 façade grant. B2S Labs also received a 3-year vacant building property tax deduction at 100%, which was in effect for 2017, 2018, and 2019.

2. Characteristics of this petitioner:

b2slifesciences.com:

Incorporated in 2002 as Bowsher Brunelle Smith LLC (d/b/a B2S Consulting), we were founded as an Indianapolis-based firm offering a range of consulting services to support research and development of biotherapeutics and conventional pharmaceuticals. Leveraging decades of combined experience in drug development and applied statistics, Dr. Ronald Bowsher and his business partners offered cutting-edge and in-depth support for nonclinical and clinical drug development. In January 2017, our core competencies were consolidated under the network of B2S Life Sciences, a service-driven biotherapeutic enablement company offering premier laboratory analysis and life cycle management of custom reagents.

Today, B2S Life Sciences serves pharma and biotechnology clients by offering a wide range of pre-analytical (generation of custom reagents) and post-analytical (data analytics and statistics, pharmacokinetic data analysis and clinical immunogenicity) services.

We provide superior custom reagent products and services that are tailored to our clients' needs and manage these products and services for clients throughout the drug development process with pre-analytical and post-analytical services.

Our combination of expertise, products, and services thereby uniquely qualifies us to better the development process for biotherapeutic drugs, CROs, pharma, biotech and diagnostics.

3. Characteristics of this project:

This request is regarding the purchase of research and development equipment to be added to the existing location at 97 E. Monroe Street. It will increase capacity and develop new advanced capabilities for B2S Life Sciences.

4. Economic Revitalization Area (ERA):

This property was designated an Economic Development Target Area by Resolution 2009-13.

5. Previous Tax Abatement Received:

B2S Labs was granted a 3 year vacant building abatement at 100% for all three years (2017-2019).

6. ERA & Tax Abatements Findings (Personal Property):

Indiana Code Section 6-1.1-12.1-4.5 states that the following findings must be made when considering an ERA designation and the granting of tax abatement for personal property:

- a. Whether the estimate of the cost of new manufacturing equipment is reasonable for equipment of that type;
- 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 installation of new manufacturing equipment;
- 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 installation of the new manufacturing equipment;
- d. Whether any other benefits about which information was requested are benefits that can be reasonably expected to result from the installation of the new manufacturing equipment; and
- e. Whether the totality of the benefits is sufficient to justify the tax abatement.

7. 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 the proposed request follows:

- a. *Diversification of Local Occupations:* In 2012, 3.11% of all jobs in Johnson County were in the professional, scientific, and technical services sector. There were 42,501 employees in Johnson County and 1,322 of them were professional, scientific, and technical services employees. The applicant will retain 29 employees and add 10 new employees.
- b. *Increase in Local Salaries:* The average wage for all industries in Johnson County for 2016 was \$17.14. The average hourly wage in Johnson County for professional, scientific, and technical services employees in the first quarter of 2012 was \$19.84 per hour. B2S Life Sciences will

retain their current 29 employees. This new equipment will generate ten new jobs with an average hourly rate of \$32.50.

- c. *Sustainable Land Use*: The petitioner proposes to make this investment at their current location.
- d. *Future Community Investment*: The Company has indicated on their application that they are agreeable to a 5% Economic Development Fee on Personal Property.
- e. *Conformance with the Comprehensive Plan*: The Comprehensive Plan - Future Land Use Plan identifies this property as "Downtown." Future land uses in the downtown area should support the function of the area as a unique focal point and gather place for the Franklin community. Downtown Franklin should serve the City as a dynamic activity center that includes retailers, professional offices, upper story residences, civic groups, government facilities, restaurants and bars, and service providers. Future land uses in the downtown should contribute to the establishment of an activity center with a mix of land uses which enhance the current community character that the downtown provides.

The property is zoned MXD, Mixed Use: Downtown Center. The "MXD" zoning district is intended to provide locations for the continued viability of the historic central business district. This district is also intended to accommodate and support the use of existing structures within the downtown. It is further intended to permit the continued contextually appropriate development of the area through re-use and infill development.

8. 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).

9. Requested Effective Year:

The petitioner has requested that, if approved, the tax abatement be effective for the first year of increased assessed value.

Staff Comments:

B2S Life Sciences has not only invested more money into the building than they originally estimated, they have also greatly out-paced their employment phase in numbers. Their original abatement estimated they would have 12 employees at the end of 2019 and they had 29. The average hourly wage is also approximately \$10.00 per hour more than estimated. The mayor's office is supportive of a 7-year abatement for this equipment due to the investment amount, number of jobs, higher than usual wages, and overall community investment and partnerships.



CITY OF FRANKLIN

COMMUNITY DEVELOPMENT DEPARTMENT

Tax Abatement Application

Organization/Corporation Requesting Tax Abatement

Organization/Corporation Name: _____
Primary Contact Name: _____
Contact Address: _____
City: _____ State: _____ Zip: _____
Phone Number: _____
Email: _____
Three possible dates before the EDC
meeting to conduct a site visit: _____
Name of Owner: _____
Parent Company (If Applicable): _____

Primary Contact for Yearly Compliance Reports

Name: _____
Title: _____
Address: _____
City: _____ State: _____ Zip: _____
Phone Number: _____
Email: _____

Description of Project

Project Location/Address: _____
Parcel Number: _____
Brief Description of Project: _____

Current Assessed Value (AV) of the Property:

1. Land _____
2. Building _____
3. Inventory _____
4. Equipment _____

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

Has equipment been installed (if applicable): Yes No ☒

Required Attachments:

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

Type of Abatement Requested

Real Property ☐Personal Property ☐

Length of Abatement Requested: _____ Years

Project Size (square feet): _____

Size of Site (acres): _____

Type of Building:

Multiple Tenants (leased)

Single Tenant (leased)

Owner Occupied

Corporate Headquarters

Capital Investment

1. Real property capital investment only: _____

2. Personal property capital investment only: _____

3. Total capital investment for proposed project: _____

Jobs Created and/or Retained

1. Estimated number of full time jobs created by the proposed project: _____

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

3. Total number of full time jobs upon project completion: _____

Wages Created and Retained

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

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

***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.

Company Information

How long has the company been in existence? _____

Current address of company headquarters and duration at that address: _____

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

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

If yes, when and for what term? _____

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

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 ☐

If yes, at what percent(s)? _____



STATEMENT OF BENEFITS PERSONAL PROPERTY

State Form 51764 (R / 1-06)

Prescribed by the Department of Local Government Finance

FORM SB-1 / PP

PRIVACY NOTICE

The cost and any specific individual's salary information is confidential; the balance of the filing is public record per IC 6-1.1-12.1-5.1 (c) and (d).

INSTRUCTIONS:

1. 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. "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)
2. Approval of the designating body (City Council, Town Board, County Council, etc.) must be obtained prior to installation of the new manufacturing equipment and/or research and development equipment and/or logistical distribution equipment and/or information technology equipment, **BEFORE** a deduction may be approved
3. 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. The 103-ERA must be filed between March 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 March 1 and the extended due date of that year.
4. Property owners whose Statement of Benefits was approved after June 30, 1991, must submit Form CF-1 / PP annually to show compliance with the Statement of Benefits. (IC 6-1.1-12.1-5.6)
5. The schedules established under IC 6-1.1-12.1-4.5(d) and (e) apply to equipment installed after March 1, 2001. For equipment installed prior to March 2, 2001, the schedules and statutes in effect at the time shall continue to apply. (IC 6-1.1-12.1-4.5(f) and (g))

SECTION 1 TAXPAYER INFORMATION										
Name of taxpayer B2S Life Sciences										
Address of taxpayer (number and street, city, state, and ZIP code) 97 E Monroe Street, Franklin, IN 46131										
Name of contact person						Telephone number ()				
SECTION 2 LOCATION AND DESCRIPTION OF PROPOSED PROJECT										
Name of designating body City of Franklin Common Council						Resolution number (s)				
Location of property 97 E. Monroe Street				County Johnson		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)						ESTIMATED				
								START DATE	COMPLETION DATE	
						Manufacturing Equipment				
						R & D Equipment		Jan 1, 2020	Dec 31, 2020	
						Logist Dist Equipment				
						IT Equipment				
SECTION 3 ESTIMATE OF EMPLOYEES AND SALARIES AS RESULT OF PROPOSED PROJECT										
Current number 29		Salaries		Number retained 29		Salaries		Number additional 10		
								Salaries \$676,000		
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										
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) _____					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 					Title		Date signed (month, day, year)			

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 _____.

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 |
| 2. Installation of new research and development equipment; | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| 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 \$ _____.

D. The amount of deduction applicable to new research and development equipment is limited to \$ _____ cost with an assessed value of \$ _____.

E . The amount of deduction applicable to new logistical distribution equipment is limited to \$ _____ cost with an assessed value of \$ _____.

F. The amount of deduction applicable to new information technology equipment is limited to \$ _____ cost with an assessed value of \$ _____.

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 on or after July 1, 2000, is allowed for:

- | | | |
|-------------------------------------|--------------------------------------|--|
| <input type="checkbox"/> 1 year | <input type="checkbox"/> 6 years | ** For ERA's established prior to July 1, 2000, <u>only</u> a 5 or 10 year schedule may be deducted. |
| <input type="checkbox"/> 2 years | <input type="checkbox"/> 7 years | |
| <input type="checkbox"/> 3 years | <input type="checkbox"/> 8 years | |
| <input type="checkbox"/> 4 years | <input type="checkbox"/> 9 years | |
| <input type="checkbox"/> 5 years ** | <input type="checkbox"/> 10 years ** | |

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: (*signature and title of authorized member*)

Telephone number
()

Date signed (*month, day, year*)

Attested by:

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 6-1.1-12.1-4.5

Indiana Tax Abatement Results

- Johnson County, Franklin City-Franklin Twp
- Tax Rate (2019): 3.2630
- Project Name: B2S Life Sciences

Personal Property: \$882,845.00

	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	\$11,523.00	(\$928.86)	\$10,594.14	\$10,594.14
Year 2	66%	\$5,485.00	\$0.00	\$5,485.00	\$16,132.00	(\$1,300.20)	\$14,831.80	\$9,346.80
Year 3	33%	\$8,106.00	\$0.00	\$8,106.00	\$12,099.00	(\$975.15)	\$11,123.85	\$3,017.85
Totals		\$13,591.00	\$0.00	\$13,591.00	\$39,754.00	(\$3,204.22)	\$36,549.78	\$22,958.78

Indiana Tax Abatement Results

- Johnson County, Franklin City-Franklin Twp
- Tax Rate (2019): 3.2630
- Project Name: B2S Life Sciences

Personal Property: \$882,845.00

	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	\$11,523.00	(\$928.86)	\$10,594.14	\$10,594.14
Year 2	80%	\$3,226.00	\$0.00	\$3,226.00	\$16,132.00	(\$1,300.20)	\$14,831.80	\$11,605.80
Year 3	60%	\$4,840.00	\$0.00	\$4,840.00	\$12,099.00	(\$975.15)	\$11,123.85	\$6,283.85
Year 4	40%	\$5,531.00	\$0.00	\$5,531.00	\$9,218.00	(\$742.69)	\$8,475.31	\$2,944.31
Year 5	20%	\$6,914.00	\$0.00	\$6,914.00	\$8,642.00	(\$696.40)	\$7,945.60	\$1,031.60
Totals		\$20,511.00	\$0.00	\$20,511.00	\$57,614.00	(\$4,643.30)	\$52,970.70	\$32,459.70

Indiana Tax Abatement Results

- Johnson County, Franklin City-Franklin Twp
- Tax Rate (2019): 3.2630
- Project Name: B2S Life Sciences

Personal Property: \$882,845.00

	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	\$11,523.00	(\$928.86)	\$10,594.14	\$10,594.14
Year 2	85%	\$2,420.00	\$0.00	\$2,420.00	\$16,132.00	(\$1,300.20)	\$14,831.80	\$12,411.80
Year 3	71%	\$3,509.00	\$0.00	\$3,509.00	\$12,099.00	(\$975.15)	\$11,123.85	\$7,614.85
Year 4	57%	\$3,964.00	\$0.00	\$3,964.00	\$9,218.00	(\$742.69)	\$8,475.31	\$4,511.31
Year 5	43%	\$4,926.00	\$0.00	\$4,926.00	\$8,642.00	(\$696.40)	\$7,945.60	\$3,019.60
Year 6	29%	\$6,136.00	\$0.00	\$6,136.00	\$8,642.00	(\$696.40)	\$7,945.60	\$1,809.60
Year 7	14%	\$7,432.00	\$0.00	\$7,432.00	\$8,642.00	(\$696.40)	\$7,945.60	\$513.60
Totals		\$28,387.00	\$0.00	\$28,387.00	\$74,898.00	(\$6,036.09)	\$68,861.91	\$40,474.91