

MINUTES

ECONOMIC DEVELOPMENT COMMISSION

July 12, 2011

Members Present:

Sam Yount	President
Tony Wellings	Secretary
H. Lee Hodgen	Vice-President
Ken Austin	Member
John Ditmars	Member

Others Present:

Krista Linke	Planning Director
Rob Schafstall	Legal Council
Jaime Harshman	Recording Secretary

Call to Order:

Sam Yount called the meeting to order at 8:00 a.m.

Approval of Minutes:

On a motion by Lee Hodgen and a second by Ken Austin, the members voted unanimously to approve the minutes from the May 31, 2011 meeting.

Old Business:

Ms. Linke stated that the County Auditor already sent out the economic development fee checks to Franklin Heritage, Inc. and Discover Downtown Franklin without approval from the Board. She has contacted the Auditor's office to let them know that they shouldn't have sent them out. Neither non-profit has cashed their check.

Mr. Ditmars stated he feels there is a lack of procedure with the County and what they are to do. Ms. Linke stated that she has clarified with the County several times which abatements have fees and which do not. For new abatements, she has to follow up with the Auditor and Assessor to make them aware of the fee. The disbursement was a mix up as they assumed it would go to the same groups again this year. Mr. Ditmars stated he still has issues with the administration of the tax abatement fees and would like to have a defined procedure in place. Mr. Austin stated he is going to be coming up with a worksheet based on a point system to help delineate the number of years granted for an abatement based on certain qualifications. Mr. Ditmars stated some definitions would help. Mr. Austin stated that two decades ago there was a form that used a point system to qualify abatement length.

Ms. Linke stated that in regards to the Economic Development Fee, currently a company contacts Cheryl Morphew or herself if they plan applying for an abatement. The company will meet with one of them and will go over the tax abatement packet with them. Occasionally if they have applied for abatements before they will submit an application on their own. The application packet does discuss the Economic Development Fee. She stated that when she does

meet with them before they apply she tells them their abatement is based on the criteria of the project as outlined in the application packet and if approved will receive either a 3, 5, 7 or 10 year abatement. Sample real and personal property tables that shows the economic development fees are included in the packet. She stated that she tells the applicant that the EDC and the City Council will negotiate with them based on the merits of their project. She also tells them they are more likely to get a longer abatement if they're willing to do the economic development fee but never tells them how long their abatement will be. The economic development fee is not collected when they apply, but with the first installment of taxes and every year after that for the length of the abatement. After the resolution is passed with the Council, Ms. Linke contacts the county to let them know the details. The economic development fee is a special line on their tax bill that they pay to the Auditor's office when they pay their taxes.

Ms. Linke stated she sent everyone a spreadsheet with past abatements that have the economic development fees. The number of jobs, amount of investment, salaries paid vary considerably. She would be hesitant to set a point system for criteria in order to determine the length of the abatement, as the business still needs to come before the EDC to explain their project and to negotiate a recommendation to the City Council. She stated that in her opinion the Board does need to take a closer look at the number of jobs, average hourly wage, and overall investment being made when considering the length of the abatement.

Mr. Ditmars stated they don't need to be ashamed to tighten down on the abatements. He stated that they shouldn't be granting 10 year abatement to every application as long as they agree to the economic development fee regardless of the merits of their application.

Cheryl Morpew stated that when companies come to her and ask about the economic development fee and how often it gets passed, she tells them that every time a business has agreed to the economic development fee a 10 year abatement is almost automatic. She explains to them that the fee is philanthropic gesture and non-profits are helped in downtown area. She stated that currently if they are considering the fee, they can move the 7 year to a 10 year. Mr. Ditmars stated the Board can't go by a formula. He doesn't think the abatement rates are an absolute. Ms. Linke questioned what Ms. Morpew sees in other communities in the county. Ms. Morpew stated that she will need to poll around to give a definite answer, but that she felt other communities in the county were being as aggressive as Franklin with 10 year abatements.

Ms. Linke stated that she will show sample tables with and without the economic development fees for all lengths (3,5,7,and 10) for real and personal property for all cases going forward instead of just the 10 year.

Mr. Wellings stated that he would like the Commission to be able to decide who receives the economic development fee and not allow the County to decide where the money is going. Ms. Linke stated that she will send out a request for proposals to the non-profits.

New Business:

Amended CF-1 Forms: Premium Composite Technology North America:

Ms. Linke stated that Premium Composite had initially submitted what they anticipated to be true after the project was complete and not the actual numbers at the end of 2010.

Action taken on Amended CF-1 Forms: Premium Composite Technology North America:

Lee Hodgen made a motion that Premium Composite Technology is in compliance and that the amendment for real and personal property for the CF-1 form are in compliance. Ken Austin seconded the motion. The motion passed unanimously.

Cheryl Morphew: Economic Development Incentives Presentation:

Ms. Morphew stated that as of July 1st, on vacant building tax abatement, it is still a 3 year process but is now a 100% abatement for all 3 years. She stated the business needs to meet one of the following criteria: to locate to building larger than 50,000 sq ft, invest a minimum of \$10 million in eligible property, rehab or occupy a property in a designated downtown area, or locates in a county of high unemployment.

Ms. Morphew stated that tax abatements are still a statutory length of 10 years, but the EDC now has the authority to allow flexibility in the percentages awarded. She stated that this means that a community could award 100% on real and personal for the full 10 years to get a project. You can set any kind of schedule that you want, up to the full 10 years. She stated that it means the game has now changed. The last 6 years have been extremely competitive and have brought quality jobs and investment to Johnson County. She stated that the EDC need to have the conversation about what will happen if the question comes up. Ms. Morphew stated that consultants are going to be looking for the full 100% offers. Development has stopped in some of the rural communities. She stated that the EDC now has the flexibility to leave it the way it is or change it how they want it.

Ms. Morphew stated that before, with the Industrial Recovery Tax Credit, the tax payer could receive up to 15-25% against their tax liability if they would purchase a building over 200,000 square feet. A new law has changed the requirement to over 50,000 square feet in tax payable years 2011-2014. In 2015 it bumps up to buildings that are 100,000 square feet or greater. Ms. Linke questioned how it can be administered. Ms. Morphew stated that it can be administered at the municipal level.

Ms. Morphew stated there is a new program called Local Edge, which is a tax hiring incentive for job creation. The term of the incentive cannot exceed 10 years. It cannot be used for jobs moving from one Indiana location to another; it has to be for net new job creation. The amount of the incentive cannot exceed the amount of CAGIT, COIT or EDIT being withheld. She stated that if wanted to do that, we'd be looking at percentage of the CAGIT collected on net new jobs and giving a percentage back to a company. There is also annual compliance through Indiana Development, the state's economic development office.

Ms. Morphew will run numbers on a project we were successful on as an example. The Board can decide to leave it alone, but still need to have the discussion about the new law. Ms. Linke stated the Board will also need to let her know if they want the information included that in the incentive package.

Adjournment:

There being no further business, the meeting was adjourned. Respectfully submitted this 9th day of August, 2011.

Sam Yount, President

Tony Wellings, Secretary