APPROVED
DATE 8-15-01
METROPOLITAN
DEVELOPMENT
COMMISSION
SG

METROPOLITAN DEVELOPMENT COMMISSION OF MARION COUNTY, INDIANA

RESOLUTION NO. 01-A-041, 2001

REAL & PERSONAL PROPERTY TAX ABATEMENT POLICY FOR COMMERCIAL AND INDUSTRIAL PROJECTS IN MARION COUNTY

WHEREAS, I.C. 6-1.1-12.1 allows a partial abatement, over a one to ten year period, of property taxes attributable to "redevelopment or rehabilitation activities" as defined in I.C. 6-1.1-12.1-1 (hereinafter "Project") in Economic Revitalization Areas; and

WHEREAS, I.C. 6-1.1-12.1 allows a partial abatement, over a one to ten year period, of property taxes attributable to the installation of "new manufacturing equipment" and "new research and development equipment " as defined in I.C. 6-1.1-12.1-1 (hereinafter "Equipment") in Economic Revitalization Areas; and

WHEREAS, I.C. 6-1.1-12.1 empowers the Metropolitan Development Commission (hereinafter "Commission ") to designate Economic Revitalization Areas within Marion County by following a procedure involving adoption of a preliminary resolution, provision of public notice, conducting of a public hearing, and confirmation of the preliminary resolution or a modified version of said resolution; and

WHEREAS, I.C. 6-1.1-12.1 empowers the Commission by resolution to establish general standards to be used, along with the requirements set forth in the statutory definition of Economic Revitalization Area, in finding an area to be an "Economic Revitalization Area"; and

WHEREAS, I.C. 6-1.1-12.1 allows the Commission to limit the length of the Economic Revitalization Area designation to a certain number of calendar years; and

WHEREAS, I.C. 6-1.1-12.1 allows the Commission to charge a filing fee to a person filing an application seeking the designation of a particular area as an Economic Revitalization Area; and

WHEREAS, I.C. 6-1.1-12.1 empowers the Commission, at the time an Economic Revitalization Area is designated, to limit the dollar amount of the property tax deduction that will be allowed with respect to a Project; and

WHEREAS, I.C. 6-1.1-12.1 allows the Commission to limit the type of deductions that will be allowed within an Economic Revitalization Area; and

WHEREAS, I.C. 6-1.1-12.1 allows the Commission to determine the length of the deduction period from one to ten years, with a statutorily prescribed deduction schedule for each period; and

WHEREAS, I.C. 6-1.1-12.1 requires an applicant for Economic Revitalization Area designation to provide a Statement of Benefits containing certain information regarding a Project and requires the Commission, in making a decision to designate such an area as an Economic Revitalization Area, to

make affirmative findings on the following questions:

1. Whether the estimate of the value of the proposed Project is reasonable for projects of that nature.
2. Whether the estimate of the number of individuals who will be employed or whose employment will be retained can reasonably be expected to result from the proposed Project.
3. Whether the estimate of the annual salaries of those individuals who will be employed or whose employment will be retained can reasonably be expected to result from the proposed Project.
4. Whether any other benefits about which information was requested are benefits that can reasonably be expected to result from the proposed Project.
5. Whether the "Totality of Benefits" is sufficient to justify the deduction; and

WHEREAS, I.C. 6-1.1-12.1 requires an applicant for Economic Revitalization Area designation for Equipment to provide a Statement of Benefits containing certain information regarding Equipment and requires the Commission, in making a decision to designate such an area as an Economic Revitalization Area, to make affirmative findings on the following questions:

1. Whether the estimate of the cost of the proposed Equipment is reasonable for Equipment of that nature.
2. With respect to new manufacturing equipment not used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products, whether the estimate of the number of individuals who will be employed or whose employment will be retained can reasonably be expected to result from the proposed installation of the Equipment.
3. Whether the estimate of the annual salaries of those individuals who will be employed or whose employment will be retained can reasonably be expected to result from the proposed installation of the Equipment.
4. With respect to new manufacturing equipment used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products, whether the estimate of the amount of solid waste or hazardous waste that will be converted into energy or other useful products can be reasonably expected to result from the installation of the new manufacturing equipment.
5. Whether any other benefits about which information was requested are benefits that can reasonably be expected to result from the proposed installation of the Equipment.
6. Whether the "Totality of Benefits" is sufficient to justify the deduction; and

WHEREAS, I.C. 6-1.1-12.1 allows the Commission to impose reasonable conditions related to the purpose of designating Economic Revitalization Areas or general standards adopted thereto; and

WHEREAS, the Commission desires to make decisions about Economic Revitalization Area designations and the lengths of the deduction periods in a manner whereby citizens of Marion County will benefit by the creation and retention of permanent jobs, expansion of the property tax base, protection of private investment, and revitalization of the central city and other areas of the county; and

WHEREAS, in forming its policy as described in this Resolution, the Commission has considered information, including the following, relative to various geographic areas in Marion County:

1. The incidence of obsolete, deteriorated, substandard and/or vacated commercial,

industrial and residential structures.

2. The incidence of obsolete manufacturing equipment and facilities.
3. The age and change in occupancy of commercial, industrial and residential structures.
4. The extent of recent commercial, industrial and residential development.
5. The location and extent of public facilities and services necessary to support development.
6. The program of the City of Indianapolis under which economic development, redevelopment, neighborhood plans, corridor plans and plans for historic districts are prepared for geographic areas in which the Commission has a special interest in encouraging or guiding development.
7. The program of the City of Indianapolis under which allocation areas are established in economic and redevelopment districts for the purpose of allowing property taxes to be used relative to public improvements and redevelopment in the allocation area; and
8. The program of the City of Indianapolis in which certain industries are being targeted as future growth industries in the City of Indianapolis (i.e., a "Targeted Business").

WHEREAS, after considering the desirability of various geographic areas in Marion County for normal development, the benefits to the community which would result from commercial and industrial development in these areas and the need for tax revenue from allocation areas to accomplish public improvements and redevelopment in some economic and redevelopment areas, the Commission has concluded that to be eligible for Economic Revitalization Area designation, the property must meet the statutory definition of Economic Revitalization Area, and generally not be located in that part of an economic or redevelopment area which has been declared an "allocation area", as defined in I.C. 36-7-15.1-26; and

WHEREAS, in making decisions about Economic Revitalization Area designation and the length of the deduction period, the Commission shall consider: Whether there is compliance with the statutory definition of and criteria for Economic Revitalization Areas, the general standards adopted by the Commission, relevant policy statements and goals; and

WHEREAS, it is the desire of the Commission to develop policies and procedures that will allow property owners who desire to have their property designated as an Economic Revitalization Area to conveniently apply for such designation and receive a decision with reasonable promptness; and

WHEREAS, it is the desire of the Commission to receive information and analysis from both the applicant and staff of the Department of Metropolitan Development (hereinafter "Staff") sufficient to allow it to make a fair and reasonable decision; and

WHEREAS, it is the desire of the City of Indianapolis, acting by and through its Department of Metropolitan Development, to establish a cooperative approach to economic development which will include parameters for the offering of incentives for the purpose of attracting new capital investment, retaining existing tax base and attracting and/or retaining good paying jobs; and

WHEREAS, the Commission desires to adopt a resolution which contains its complete current policy and requirements for designating a property in Marion County as an Economic Revitalization Area for purposes of developing a Project or installing Equipment.

NOW, THEREFORE, BE IT RESOLVED:

1. **Application for ERA Designation**.

Each application ("Application") for an Economic Revitalization Area designation must meet the following requirements:

A. The Application must be completed on forms prepared by Staff, in accordance with instructions set forth on the Application and executed by all persons having a legal interest in the property or their designated representative.

B. WITH RESPECT TO A REAL ESTATE PROJECT, THE APPLICATION MUST BE MADE PRIOR TO INITIATING REDEVELOPMENT OR REHABILITATION ACTIVITIES IN CONNECTION WITH THE PROJECT. Initiating redevelopment or rehabilitation activities shall be defined as filing for a building permit, or if a building permit is not required commencement of construction. Demolition of existing structures, site preparation and supporting infrastructure such as roads and utilities do not constitute redevelopment or rehabilitation activities. Exceptions may be allowed by the Commission if substantial evidence is provided by the owner that the obtaining of a building permit or accomplishment of construction work was necessitated by emergency circumstances. Examples of possible exceptions would be construction accomplished to an existing building to prevent structural failure, repair of damage resulting from fire or natural disaster, or to protect it from the damaging effects of weather.

C. WITH RESPECT TO EQUIPMENT, FINAL APPROVAL OF THE ECONOMIC REVITALIZATION AREA DESIGNATION MUST BE RECEIVED PRIOR TO THE INSTALLATION OF THE EQUIPMENT. Installation is generally that point in time when the Equipment becomes operational, i.e., completely assembled and functioning or has been placed in service (eligible for depreciation under the Internal Revenue Code).

D. Non-refundable fees for making application for Economic Revitalization Area designation to be paid at the time of submission shall be as set forth in the Application.

E. Staff are directed to review each Application for completeness and accuracy, gather and provide additional information necessary by the Commission to make an appropriate decision, analyze the Application and supplemental material and formulate a comment relative to the Project, recommending that the property be designated or not be designated as an Economic Revitalization Area, and if recommending designation, recommending the length of the deduction period.

2. **Adoption of Statutory Requirements**.

The following statutory criteria shall be considered by the Commission in making decisions about Economic Revitalization Area designation:

A. Whether the property described in the Application meets the statutory definition of an Economic Revitalization Area, as found under I.C. 6-1.1-12.1-1, including but not limited to factors such as: a lack of development; cessation of growth; deterioration of improvements; or character of occupancy, age, obsolescence, substandard buildings; or other factors.

B. Whether the Commission is able to make the following statutorily required affirmative findings with respect to a Project:

1. The estimate of the value of the proposed Project is reasonable for projects of that nature;
2. The estimate of the number of individuals who will be employed or whose employment will be retained can reasonably be expected to result from the proposed Project;
3. The estimate of the annual salaries of those individuals who will be employed or whose employment will be retained can reasonably be expected to result from the proposed Project;
4. Any other benefits about which information was requested are benefits that can reasonably be expected to result from the proposed Project;
5. The "Totality of Benefits" is sufficient to justify the deduction.

C. Whether the Commission is able to make the following statutorily required affirmative findings with respect to Equipment:

1. The estimate of the cost of the proposed Equipment is reasonable for Equipment of that nature;
2. With respect to new manufacturing equipment not used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products, whether the estimate of the number of individuals who will be employed or whose employment will be retained can reasonably be expected to result from the proposed installation of the Equipment;
3. The estimate of the annual salaries of those individuals who will be employed or whose employment will be retained can reasonably be expected to result from the proposed installation of the Equipment;
4. With respect to new manufacturing equipment used to dispose of solid waste or hazardous waste by converting the solid waste or hazardous waste into energy or other useful products, whether the estimate of the amount of solid waste that will be converted into energy from the installation of the Equipment.
5. Any other benefits about which information was requested are benefits that can reasonably be expected to result from the proposed installation of the Equipment;
6. The "Totality of Benefits" is sufficient to justify the deduction.

3. **Policy Factors for Designating an ERA**.

A. The Commission may consider the following factors to determine the propriety of making the Economic Revitalization Area designation and the length of the

deduction period. The following factors are policy criteria that the Staff may consider in making recommendations to the Commission and are intended to provide guidance in making determinations. The factors may include the extent to which the Project or the Equipment:

1. creates full-time permanent jobs (and associated wages/salaries);
2. retains full-time permanent jobs (and associated wages/salaries);
3. involves the hiring of employees who reside in Marion County;
4. results in investment in real or personal property and the level of the investment;
5. increases the property tax base;
6. avoids environmental harm or involves remediating or removing environmentally hazardous materials and/or substances;
7. results in the securing, attraction, or expansion of a Targeted Business or any other business that constitutes a substantial benefit to the local economy (as of the date of this Resolution, Targeted Businesses include those in the information technology, advanced manufacturing, and life science industries);
8. results in providing community benefits;
9. results in the use of local suppliers and/or services in the construction and/or operation of the facility;
10. supports a disadvantaged business, including, but not limited to, a minority or woman owned business enterprise; and/or
11. results in the securing, attraction or expansion of a "headquarters" facility.

Other policy factors that may be considered include:

1. The amount of other economic development incentives previously used by, currently used by, or currently available to the Applicant;
2. The cost of the abatement to the City in terms of necessary governmental services versus the benefits received by the City as a result of the Project or Equipment;
3. Whether the wages/salaries of jobs associated with the Project exceed the Marion County minimum average wage rate by 10% or more (excluding benefits and overtime), as determined by Staff from time to time; and/or
4. Whether the Project or Equipment lies within the pre Uni-Gov City corporate limits.

B. The Commission may approve a supporting document which elaborates upon and provides additional detail relative to the standards set forth in this paragraph. Additionally, the Commission may elect to periodically modify the standards set forth in this Resolution.

C. The Commission may grant Economic Revitalization Area designation for a one (1) year to ten (10) year deduction period. Projects which will create or retain a substantial number of jobs, which will provide a significant tax base increase, which will attract or retain a Targeted Business, that involve a geographic area which has been targeted for

development/redevelopment, or which will involve other exceptional circumstances might justify a longer deduction period. Additional exceptional circumstances may include, but shall not be limited to, Projects or acquisitions of Equipment that provide for the creation or retention of jobs having wage rates and/or salaried which are significantly higher than similar projects or involve the reuse of a vacant or under-utilized structure(s).

4. **Policy Standards**.

The following standards must be complied with in order for the Commission to designate a property as an Economic Revitalization Area:

A. The intended use of the property must be allowed by the applicable zoning restrictions. If it is not, the necessary variance, rezoning or approval petition must be on file at the time of the filing of the Application, and the variance, rezoning or approval petition(s) must be approved before the final hearing on the Economic Revitalization Area resolution shall be conducted.

B. The property must be located entirely outside of a previously established allocation area, as defined in I.C. 36-7-15.1-26. However, in certain exceptional circumstances, Economic Revitalization Area designation may be approved for a project in an allocation area if the Commission determines by resolution that the incremental property taxes are not needed to make payments authorized under I.C. 36-7-15.1-26, and the designation of the property as an Economic Revitalization Area will not cause the Redevelopment District or the City to be in breach or default under the provisions of any bond note, indenture, or other obligations for which incremental property taxes have been pledged.

C. The Commission will not generally consider granting Economic Revitalization Area designation for "Speculative Developments"" for which no major tenant has been identified. The Commission may consider granting an Economic Revitalization Area designation if certain exceptional circumstances are present. The Commission may also consider granting Economic Revitalization Area designation for a multi-tenant facility if a tenant that will occupy at least fifty percent (50%) of the space is listed as a Co-Applicant in the Application and both the Owner and Tenant are parties to the Memorandum of Agreement described in paragraph 5. B. below. However, in such instances, the tax abatement deduction will only apply to that portion of the facility which will be occupied by the Tenant/Co-Applicant.

D. If the Applicant is seeking an Economic Revitalization Area designation for Equipment, the Commission must find that the Applicant has submitted evidence that (i) the operation of its facility without the Equipment is a "distressed business", meaning that the business has been inhibited in its operating capability because of technological, economical or energy obsolescence; and (ii) the use of the Equipment will reduce or eliminate the obsolescence; or (iii) the Equipment is necessary for the operation of a Targeted Business or a supplier of a Targeted Business.

5. **Conditions of Designation and Requirements Following Designation**.

A. The Economic Revitalization Area designation will be conditioned in such manner that it will be effective only:

1. Relative to the Project or Equipment which is described in the final resolution, as supplemented by information in the Application, including site plans and elevation(s).
2. If construction on the Property is initiated or the Equipment is installed within two (2) years of the date of designation, unless the Statement of Benefits provides otherwise.

B. The Commission shall require that applicants for Economic Revitalization Area designation enter into a Memorandum of Agreement with the City following adoption of a preliminary resolution, and prior to the adoption of a final resolution. The Memorandum of Agreement shall contain the capital investment levels, job creation and/or retention levels and hourly wage rates the Applicant has committed to the City in order to receive consideration for Economic Revitalization Area designation. The Memorandum of Agreement shall also contain information relative to what the City and Applicant have agreed upon as "substantial compliance" levels for capital investment, job creation and/or retention and wage rates and/or salaries associated with the Project or Equipment. Additionally, the Memorandum of Agreement shall indicate that the City, by and through the Commission, reserves the right to terminate an Economic Revitalization Area designation and the associated property tax abatement deductions if it determines that the Applicant has not made reasonable efforts to substantially comply with all of the commitments. If the City terminates the Economic Revitalization Area designation and associated tax abatement deductions, it may require the Applicant to repay the City all or a portion of the tax abatement savings received through the date of such termination. Additional details relative to the repayment of tax abatement savings shall be contained in the Memorandum of Agreement.

~~C.~~ Under the authority of I.C. 6-1.1-12.1-5.1(b), the Commission directs the Staff to survey properties receiving Economic Revitalization Area designations for compliance with the capital investment levels, job creation and/or retention levels and hourly wage rates or salary levels contained in the Application, the Project or Equipment description contained in the attachments to the final resolution designating the subject real estate as an Economic Revitalization Area, the approved Statement of Benefits form and the executed Memorandum of Agreement. The Commission may reduce the dollar amount of, rescind the deduction in its entirety, or rescind the deduction and require repayment of all or a portion of the tax abatement savings received by an Applicant.

6. **Miscellaneous**.

A. Unless otherwise stated in the resolution applicable to a specific Project or to

specific Equipment, the Economic Revitalization Area designation shall terminate two (2) years after the date of the final resolution. However, this termination does not limit the length of time a property owner is entitled to receive an abatement of property taxes to two (2) years.

B A final resolution designating a property as an Economic Revitalization Area which is adopted in accordance with this Resolution only allows an abatement of property taxes for the type of property, whether real or personal, as described in the final resolution.

C I.C. 6-1.1-12.1 authorizes the Commission to designate Residentially Distressed Areas. This resolution does not set forth standards and procedures for the designation of Residentially Distressed Areas.

D. This resolution takes effect on August 15, 2001 and supersedes Resolution Nos. 96-A-039, 1996, 97-A-106, 1997, 97-A-107, 1997, 97-A-108, 1997, 97-A-109, 1997 and 97-A-110, 1997. However, designation applications dated and/or filed under these resolutions and projects with written commitments from the City of Indianapolis shall continue to be governed by those resolutions and the requirements contained therein.

METROPOLITAN DEVELOPMENT COMMISSION

Randolph D. Sigler
_____, President

James J. Curtis
_____, Secretary

AUG 15 2001 Date

Approved as to Legal
Adequacy and Form
This 10th day of August, 2001

Jennifer M. Weflen
Jennifer M. Weflen, Assistant Corporation Counsel