

## **Summary Ordinance 24-09 St. Joseph County Council**

**Ordinance 24-09** establishes criteria for responsible tax abatement in St. Joseph County. It would establish a base level of abatement for any project that meets certain basic standards. Additional years of abatement may be added to this base, proving the project fosters certain economic development and other public benefits.

**Base Abatements** are available for industrial and warehouse real properties. These base abatements are for three (3) years and must be of a minimum size (10,000 square feet for industrial properties and 25,000 square feet for warehouse properties). These properties are eligible for add-on abatements, as described below.

Manufacturing machinery (personal property) is eligible for a five-year base abatement with no add-on abatement, except that for exceptional developments that create significant employment and tax revenues, such as I/N Tek, I/N Kote and the AM General H2 project, the County Council may consider a personal property tax abatement of up to ten (10) years.

### **Additional Base Abatement Criteria**

- The project must be perceived to generate a ten-year financial return (in taxes, fees, payments, community economic & social benefits...) sufficient to justify the County's direct investment in infrastructure support.
- A Memorandum of Agreement is executed which speaks to:
  - The conditions of the abatement
  - The timeframe for actions
  - An agreement to respond to surveys related to compliance
  - An agreement to grant access related to compliance inspections
  - Any events that might cause termination or payback actions
- The applicant must be current in their taxes.
- There must be no pattern of local, state or federal law or regulatory violations.
- The applicant must supply written documentation to support all claims made in connection with its abatement.
- The applicant must pay all company employees at least a Poverty Wage. The Poverty Wage is defined as the wage rate that provides a full-time worker an income at the government-defined poverty level. It is calculated as follows:  
Step 1: Determine the Poverty Annual Income Level for a household of size three, as listed in the annual Federal Poverty Guidelines. Data for these income levels are published at <http://aspe.hhs.gov/poverty/index.shtml>.  
Step 2: Divide the Poverty Annual Income Level by 2,080 hours, the number of hours for full-time work in a year, to get the Poverty Wage.  
The Poverty Wage until March 1, 2010 is \$8.80 per hour. The Poverty Wage shall be recalculated annually on March 1<sup>st</sup> using the calculation described above.

Summary of Ordinance 24-09, St. Joseph County Council

- The applicant must maintain a written Affirmative Action Plan. The Plan must indicate the positive steps being taken to encourage the hiring, promotion, and retention of qualified members of historically disadvantaged groups, such as people of color, women, and the disabled.
- The construction contractors for the applicant must maintain a written Affirmative Action Plan. The Plan must conform to those required of federal contractors, as specified in Executive Order 11246 and the Federal Code of Regulations at [http://www.dol.gov/dol/allcfr/ESA/Title\\_41/Part\\_60-4/41CFR60-4.3.htm](http://www.dol.gov/dol/allcfr/ESA/Title_41/Part_60-4/41CFR60-4.3.htm)

**Add-On Abatement**

To qualify for years of abatement beyond the base abatement, construction contractors must pay all construction employees one-hundred percent (100%) of the total wage package of the most recent wage adopted by a Common Construction Wage Committee, as defined by IC 5-16-7, for St. Joseph County Building Projects. This Common Construction Wage setting can be found at <http://www.in.gov/dol/2596.htm>. The requirement to pay the Common Construction Wage Package does not apply to construction projects of less than \$750,000 in total construction cost.

One to seven additional years of abatement may be considered for projects achieving the following total Public Benefit Points:

<b>Project Related Actions</b>	<b>Points</b>
Redevelop a site which has special needs, such as converting a commercial building to residential use, rehabilitating and reusing an historic building, or paying the cost of cleaning up a Brownfield.	25
Develop a product or business based on licensing intellectual property arising from research conducted at a university in St. Joseph County.	25
Meet energy-efficient building standards at the Silver level or higher, as prescribed by the US Green Building Council's current Leadership in Energy and Environmental Design (LEED) rating system and reference guide, published at <a href="http://www.usgbc.org">http://www.usgbc.org</a>	50
Develop a business whose primary function is the manufacture, distribution or installation of renewable energy products and materials, including solar, wind and/or geothermal.	50
<b>Super-Size Development Actions (For exceeding square footage criteria)</b>	
<b>Cumulative</b>	
100 to 199%	25
200 to 299%	25
300 to 399%	25
400% and over	25
<b>Construction Related Actions</b>	
Employ local companies for at least 75% of construction work (reasonably available within St. Joseph County)	25
50% of construction workers on abated project reside in St. Joseph County	25

Summary of Ordinance 24-09, St. Joseph County Council

100% of construction workers are employees (not Independent Contractors)	25
<b>Wage &amp; Benefit Related Actions</b>	
<p>Pay to all company employees Self-Sufficiency Wages. A Self-Sufficiency Wage is defined as the wage rate that provides a full-time worker an income sufficient to meet basic needs without subsidies of any kind. It is calculated as follows:</p> <p>Step 1: Determine the Self-Sufficiency Annual Income Level. Average the self-sufficiency annual income levels for a household of size three calculated by the Indiana Coalition for Housing and Homeless Issues for St. Joseph County at <a href="http://www.region4workforceboard.org/calculator/selfsuffcalc.cfm">http://www.region4workforceboard.org/calculator/selfsuffcalc.cfm</a></p> <p>Step 2: Divide the Self-Sufficiency Annual Income Level by 2,080 hours, the number of hours for full-time work in a year, to get the Self-Sufficiency Wage.</p> <p>The Self-Sufficiency Wage until March 1, 2010 is \$12.90 per hour. The Self-Sufficiency Wage shall be recalculated annually on March 1st using the calculation described above. Cumulative.</p>	
10 to 33% of the difference between the poverty and self-sufficiency wage.	25
34 to 66%	25
67 to 99%	25
Self-sufficiency wage or higher	25
<p>Pay average wages (total wage bill divided by number of employees) greater than the mean hourly wage rate for all occupations for the South Bend-Mishawaka Metropolitan Statistical Area. Published at <a href="http://www.bls.gov/oes/current/oes_43780.htm#b00-0000">http://www.bls.gov/oes/current/oes_43780.htm#b00-0000</a></p> <p>The mean hourly wage rate for all occupations for the South Bend-Mishawaka Metropolitan Statistical Area until March 1, 2010 is \$17.37 per hour. The mean hourly wage rate shall be determined annually on March 1st by referencing the source listed above.</p>	50
Make a contribution to a standard health plan for regular full- and part-time employees equal to at least 85% of the premium costs of the plan. The plan includes coverage for at least 80% of medical services paid by the plan, with no more than \$3000 out-of-pocket costs for a family, as well as prescription drugs and mental health services with affordable co-pays.	50
Make a contribution to a retirement plan, available to all regular full- and part-time employees, of 50% of employee contributions, up to 5% of total wages.	50
Provide training to employees, which consists of certified training or educational courses equal to at least \$500 per employee.	50
Provide an on-site child care center and/or a flexible spending account providing for before-tax payments of dependent care expenses, with an annual limit of \$5,000 per employee.	25
Provide Transportation Assistance to lower income employees such as using public transportation, subsidized public transportation or special van services equal to at least \$150 per employee.	25
Provide an employer-assisted home ownership program equal to at least \$150 per employee.	25

Summary of Ordinance 24-09, St. Joseph County Council

<b>Workforce Related Actions</b>	
Create a specified number of new jobs. Cumulative	
1 to 25 jobs	25
26 to 50 jobs	25
51 to 75 jobs	25
More than 75 jobs	25
Retain the present level of existing jobs	25
Employ residents of Census Tracts in Economically Distressed Areas. Cumulative	
1 to 10% of employees	25
11 to 20% of employees	25
21 to 30% of employees	25
More than 30% of employees	25
<b>Total Points</b>	<b>925</b>

The Economically Distressed Area is defined to be those Census Tracts that have the highest levels of poverty and unemployment, and the lowest levels of median income. They are currently tracts 20, 21, 23, 19, 6, 29, 10, 27, 17, 1, 30, 22, 24, 5, and 4.

**Public Benefit Points and thresholds for Additional Abatement Years**

The following points must be achieved to earn consideration for each additional year of abatement.

From	To	Additional Years
0	199	0
200	299	1
300	399	2
400	499	3
500	599	4
600	699	5
700	799	6
800	& over	7

**Fees**

A check made payable to the St. Joseph County Auditor in the amount applicable must be submitted with the application. An annual processing fee will also be assessed as a part of the annual review required for approved projects. These fees are set forth below.

<u>Investment</u>	<u>Fee</u>
Real Property	\$400.00
Personal Property	\$400.00
Annual Processing Fee	\$250.00

**Compliance, Accountability, and Recourse**

“The Council believes that the granting of a request for real and/or personal property tax abatement under the terms and conditions of this article and the memorandum of agreement constitutes a contractual arrangement between the Council and the property owner granted abatement.”

“Accordingly, if the petitioner fails to achieve the estimates set forth in its original petition for tax abatement consideration and its statement of benefits, fines may be imposed by the Council . . . relative to the severity of the failure to achieve.”

“A petitioner who fails to file its annual report . . . may be fined up to two thousand five hundred dollars (\$2,500.00)”

“A petitioner who . . . fails to provide evidence satisfactory to Council as to why it has not fulfilled [its] obligations . . . may be required to pay part of all of the tax abated to date and may be fined up to a maximum amount of Two Thousand Five Hundred Dollars (\$2,500.00)”

“If at any time during the term of the Agreement, whether before or after the commitment date, the applicant shall: (i) cease operations at the facility for which the tax abatement was granted; or (ii) announce the cessation of operations at such facility, then the Council may immediately terminate the Economic Revitalization Area designation and associated tax abatement deductions, and upon such termination, require applicant to repay all of the tax abatement savings received through the date of such termination.”