

METROPOLITAN DEVELOPMENT COMMISSION OF

MARION COUNTY, INDIANA

PRELIMINARY ECONOMIC REVITALIZATION AREA RESOLUTION

Resolution No. 2024-A-018

PERSONAL PROPERTY TAX ABATEMENT

**Novartis Manufacturing LLC and Advanced Accelerator Applications USA, Inc.
Amendment to Phase One and Approval of Phase Two
8520 Challenger Drive**

WHEREAS, I.C. 6-1.1-12.1 allows a partial abatement of property taxes attributable to the installation of Equipment (hereinafter the "Project") 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 and determine the length of the abatement period and annual abatement schedule during the term of the abatement for such property by following a procedure involving adoption of a preliminary resolution, provision of public notice, conducting of a public hearing, and adoption of a resolution confirming the preliminary resolution or a modified version of the preliminary resolution; and

WHEREAS, the Commission has established in Resolution No. 01-A-041, 2001, certain standards and procedures for the designation of Economic Revitalization Areas for the partial abatement of property taxes attributable to the installation of new equipment; and

WHEREAS, I.C. 6-1.1-12.1 requires an applicant for Economic Revitalization Area designation to provide a statement of benefits and requires the Commission, before it makes a decision to designate such an area as an Economic Revitalization Area, to determine that the Project can be reasonably expected to yield the benefits identified in the statement of benefits and determine that the totality of benefits arising from the Project is sufficient to justify Economic Revitalization Area designation; and

WHEREAS, a business (hereinafter "Applicant") named in the attachment to this Resolution, which attachment is hereby incorporated by reference, has an ownership interest in the geographical area (hereinafter "Subject Real Estate") described in such attachment; and

WHEREAS, the Applicant has requested that the Subject Real Estate be designated as an Economic Revitalization Area for the purpose of achieving property tax savings in connection with the installation on the Subject Real Estate of certain new manufacturing, logistical distribution, information technology, and/or research and development equipment (hereinafter "Specified New Equipment"); and

WHEREAS, in 2020, Applicant had submitted Phase One of the Project for the Commission's consideration; and

WHEREAS, during a hearing at 1:00 p.m. on Wednesday, November 18, 2020, the Commission received information regarding Phase One of the Project, and evidence about whether the Subject Real Estate should be designated as an Economic Revitalization Area and sufficient evidence was provided which tended to establish Assertions 1, 2, 3, 4, 5 and 6 stated on the attachment to Resolution 2020-A-044, and

WHEREAS, in March 2024, Applicant submitted Phase Two of the Project for Commission's consideration; and

WHEREAS, during a hearing at 1:00 p.m. on Wednesday, May 1, 2024, the Commission received information regarding Phases One and Two of the Project and additional evidence about whether the Subject Real Estate's designation as an Economic Revitalization Area warrants an extension, in regard to Phase One, and sufficient evidence was provided which tended to establish Assertions 1, 2, 3, 4, 5 and 6 stated on the attachment to this Resolution, in regard to Phase Two.

NOW, THEREFORE, BE IT RESOLVED:

1. The Subject Real Estate's previous designation as an Economic Revitalization Area is preliminary extended for an abatement period of ten (10) years for Phase One of the Project, with a proposed abatement schedule as shown on the attachment to Resolution 2020-A-032, and, in regard to Phase Two, for an abatement period of six (6) years with a proposed abatement schedule as shown on the attachment to this Preliminary Resolution. Final designation as an Economic Revitalization Area does not occur unless a resolution confirming this Preliminary Resolution is adopted in accordance with the governing statute.
2. Designation as an Economic Revitalization Area allows a partial abatement of property taxes only relative to Specified New Equipment. However, on the written request of the Applicant, the Director of the Department of Metropolitan Development is allowed to authorize in writing, substitutions, modifications and additions which are not substantial in nature to the specified New Equipment, prior to March 1 of the year in which the initial certified deduction application for new equipment is filed with the Indiana Department of Local Government Finance.
3. **The Economic Revitalization Area designation terminates December 31, 2026. Accordingly, partial abatement of property taxes is allowed relative to Specified New Equipment installed and in operation on the Subject Real Estate during the period December 16, 2020 to December 31, 2026.** However, termination of this designation does not limit the time the Applicant or successor owner is entitled to receive a partial abatement of property taxes, relative to Specified New Equipment installed on the subject real estate before termination of such designation, to a period of less than ten (10) years, in regard to Phase One investments, and not less than six (6) years in regard to Phase Two investments. Pursuant to IC 6-1.1-12.1-2 (i), the Commission hereby limits the dollar amount of the deduction that will be allowed, with respect to installation of specified new equipment in the ERA, to those respective tax savings attributable to an equipment investment of not greater than \$165,000,000.00, inclusive of Phases One and Two.
4. The partial abatement of property taxes attributable to the installation of Specified New Equipment is subject to limitations contained in I.C. 6-1.1-12.1-4.5 (c) and (d).

5. This Economic Revitalization Area designation is limited to allowing partial abatement of property taxes attributable to the installation of the Specified New Equipment on the Subject Real Estate and does not allow the abatement of real property taxes attributable to redevelopment or rehabilitation activities under I.C. 6-1.1-12.1-3.
6. Under the authority of I.C. 6-1.1-12.1, the Commission directs the Department of Metropolitan Development to survey projects receiving Economic Revitalization Area designation for compliance with job creation/retention figures, salaries associated with these figures and investment figures contained in the applicant's approved statement of benefits form. The annual date of survey shall be contained in a final resolution designating the property as an Economic Revitalization Area.
7. The Commission fixes 1:00 p.m. on Wednesday, June 5, 2024, in the Public Assembly Room of the City-County Building for the public hearing of remonstrances and objections from persons interested in the Project and directs the publication of notice of public hearing in accordance with the governing statute. At this hearing, the Commission will take action relative to this Preliminary Resolution and determine whether the Subject Real Estate should be designated as an Economic Revitalization Area and fix the length of the abatement period for the Phase Two Project at six (6) years.
8. A copy of this Resolution shall be filed with the Marion County Assessor.

METROPOLITAN DEVELOPMENT COMMISSION

John J. Dillon III, President

Date

Approved as to Legal Form
and Adequacy this 9th day
of April, 2024

Sheila Kinney
Sheila Kinney, Asst. Corp. Counsel
Office of Corporation Counsel

**ATTACHMENT TO
METROPOLITAN DEVELOPMENT COMMISSION RESOLUTION
PERSONAL PROPERTY TAX ABATEMENT**

FACTUAL INFORMATION

Applicant: Novartis Manufacturing LLC and
Advanced Accelerator Applications USA, Inc.

Subject Real Estate: 8520 Challenger Drive

Decatur Township Parcel Number: 2014725

PROJECT DESCRIPTION

Novartis Manufacturing LLC is an international pharmaceutical company, headquartered in Basel, Switzerland, with focused on medications, advanced therapy platforms and data science. Advanced Accelerator Applications USA, Inc. is a subsidiary of Novartis, focused on nuclear medicine theragnostics, which is a disease management strategy involving the integration of nuclear medicine diagnostic imaging and therapy.

In 2020, Novartis was approved for incentives and began construction of a new, 59,450-square foot advanced manufacturing and laboratory facility on 16.64 acres of undeveloped land in the Purdue Research Park at Ameriplex. The project is now the largest Radiology and (targeted molecule) therapy manufacturing site in the Novartis network of companies.

Novartis has now proposed a Phase Two expansion of their operations, which would require additional real estate investment of \$53,400,000.00 to construct a second, 79,000-square foot building. In addition to construction costs, Novartis would invest \$56,600,000.00 in eligible personal property to equip the new facility. As a result of the project, Novartis would commit to retain the 170 positions created since 2020 and create an additional 55 new jobs by the end of 2026.

FACTUAL ASSERTIONS

1. x The application was filed with the Department of Metropolitan Development prior to the New Equipment being installed.
2. x The specified New Equipment meets the definition of "New Manufacturing Equipment", "New Logistical Distribution Equipment", "New Information Technology Equipment", and/or "New Research and Development Equipment" found in I.C. 6-1.1-12.1, as interpreted by the Indiana Department of Local Government Finance.
3. x The specified New Equipment will be installed on the subject real estate in one of the following types of facilities:
 - A. ___ Existing facility
 - B. ___ Expanded facility

- C. New facility
- D. Vacated or converted facility

4. The facility meets the appropriate requirements:

A. of an existing, expanded or vacated or converted facility:

- 1. The area in which the facility is located has become "undesirable for normal development" (as defined in Metropolitan Development Commission Resolution No. 01-A-041, 2001), or
- 2. The operation in the facility is a distressed business (as defined in Resolution No. 97-A-110, 1997), and
- 3. the specified new equipment is being installed to relieve the conditions causing the business to be distressed, and
- 4. the facility is technologically, economically or energy obsolete, which obsolescence may lead to a decline in employment and tax revenues.

B. of a new facility;

- 1. the area in which the facility is to be located has become "undesirable for normal development" (as defined in Metropolitan Development Commission Resolution No. 97-A-110, 1997), or
- 2. The operation in the facility is a distressed business (as defined in Resolution No. 97-A-110, 1997), and
- 3. the specified new equipment is being installed to relieve the conditions causing the business to be distressed, and
- 4. the facility is technologically, economically or energy obsolete, which obsolescence may lead to a decline in employment and tax revenues.

5. The facility will benefit Marion County by creating or retaining permanent jobs, increasing the property tax base, avoiding environmental harm, securing the attraction, retention or expansion of targeted businesses.

6. The subject real estate on which the facility is, or will be located:

A. Is outside an Allocation Area as defined in I.C. 36-7-15.1-26, or

B. inside an Allocation Area, but has been determined by the Commission to be acceptable for personal property tax abatement.

PROPOSED ABATEMENT SCHEDULE
PERSONAL PROPERTY TAX ABATEMENT
PHASE II PROJECT

YEAR OF DEDUCTION	PERCENTAGE
1 st	100%
2 nd	85%
3 rd	66%
4 th	50%
5 th	34%
6 th	25%

STAFF COMMENT
PERSONAL PROPERTY TAX ABATEMENT

Street Address:.....8520 Challenger Drive

New Jobs Created: 55

Jobs Retained: 170

Estimated Cost of Equipment: \$56,600,000.00

STAFF ANALYSIS

Novartis Manufacturing LLC is an international pharmaceutical company, and Advanced Accelerator Applications USA, Inc. is a subsidiary of Novartis, focused on nuclear medicine theragnostics, which is a disease management strategy involving the integration of nuclear medicine diagnostic imaging and therapy.

The Novartis companies invested \$61MM to construct and \$108MM to equip a 59,450-square foot advanced manufacturing and laboratory facility on 16.64 acres of undeveloped land in the Purdue Research Park at Ameriplex, a State of Indiana Certified Technology Park (CTP). The project is Novartis' first Indianapolis research and production facility and is the largest Radioligand (targeted molecule) therapy manufacturing site in the Novartis network of companies.

Novartis has now proposed a Phase Two expansion of their campus. This expansion would include construction of an additional 79,000 square-foot manufacturing building and an additional \$56,600,000.00 in eligible personal property to equip the expanded facility. The new project would result in the retention of the 170 jobs created since 2020 and creation of an additional 55 new jobs by 2026.

In Phase One, the petitioner committed five percent of its estimated abatement savings to develop a paid summer internship for Marion County college students which will create career pathways within the larger company. For Phase Two, Novartis will make a donation to the Commission to help improve pedestrian connectivity within the Ameriplex industrial park.

The applicant is requesting tax abatement to assist in off-setting the high costs of investment associated with this proposed project. The granting of property tax abatement will assist the petitioner in making this project more economically feasible by phasing in the increased tax liability resulting from the investments. In staff's opinion, a project such as this would not be economically feasible without the tax abatement incentive. Staff believes that the use of tax abatement is an appropriate tool to assist with this project and support continued development within Marion County. For these reasons, staff believes tax abatement to be an appropriate tool for development.

Staff believes this project does comply with the requirements of Metropolitan Development Commission Resolution No. 01-A-041, 2001 concerning the granting of property tax abatement.

RECOMMENDATION: Staff recommends approval of six (6) years personal property tax abatement for the Phase Two Project.

TOTALITY OF BENEFITS

PETITIONER: **Novartis Manufacturing LLC and
Advanced Accelerator Applications USA, Inc.**

PHASE II

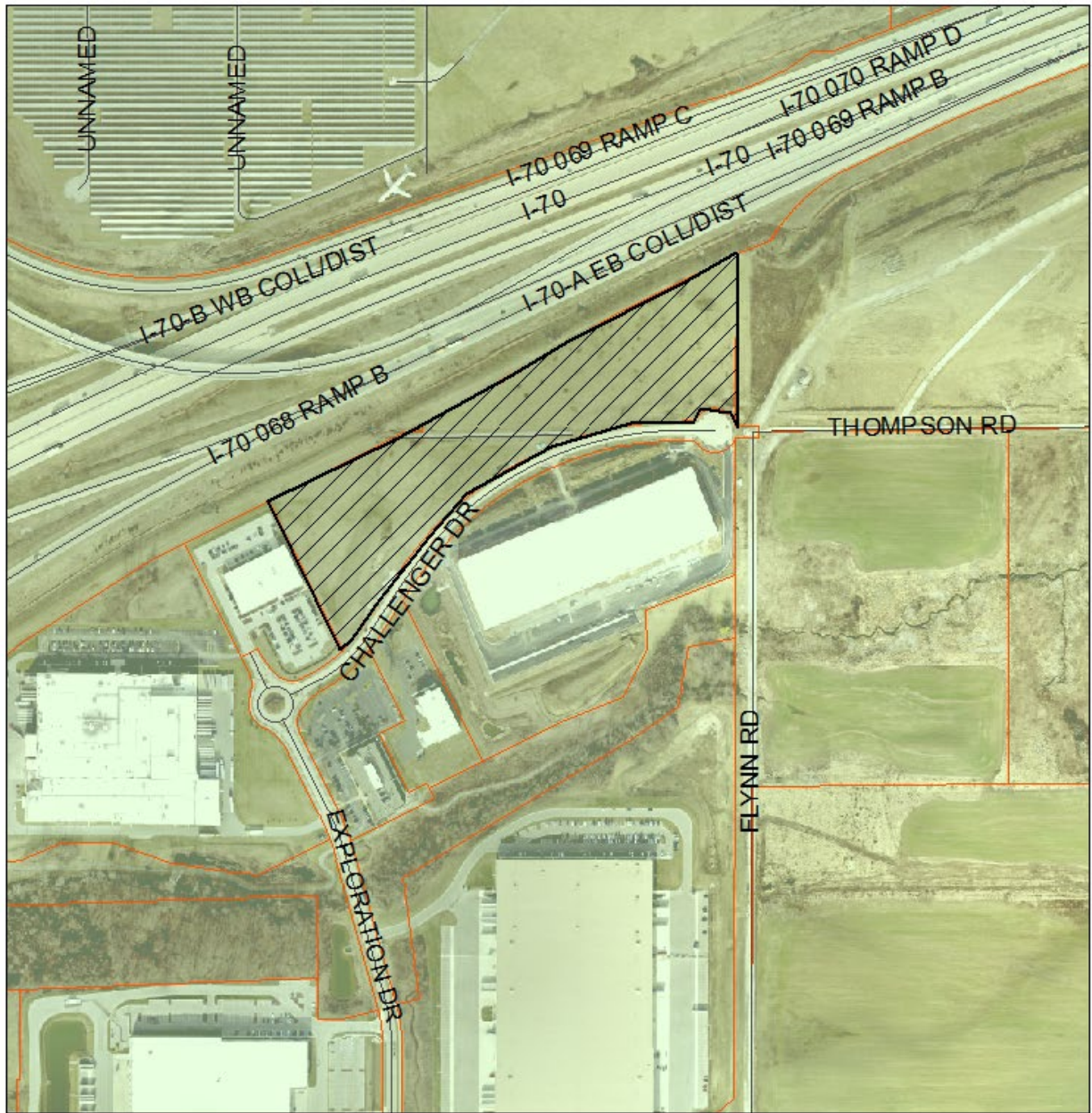
INVESTMENT: Staff estimates that the proposed investment of \$56,600,000.00 should result in an increase to the tax base of approximately \$22,640,000.00 of assessed value in the first year of operation. Staff estimates that over the six (6) year personal property tax abatement period the petitioner will realize savings of approximately \$2,675,562.34 (a 64.0% savings). During the abatement period, the petitioner is expected to pay an estimated \$1,506,562.34 in personal property taxes related to the new equipment. After the tax abatement expires, the petitioner can be expected to pay an estimated \$764,565.52 in personal property taxes annually related to the new equipment.

EMPLOYMENT: The petitioner estimates that this project will retain one-hundred and seventy (170) jobs at an average wage of \$48.00/hr. and will create fifty-five (55) jobs at an average wage of \$46.00/hr. Staff finds these figures to be reasonable for a project of this nature.

OTHER BENEFITS: Staff believes this project is significant for Decatur Township in terms of new taxes and potential job creation and retention. Furthermore, staff believes the petitioner's project will lead to continued future investment in Marion County.

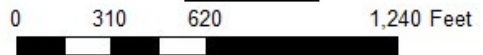
STAFF COMMENT: Staff believes the "Totality of Benefits" arising from the project are sufficient to justify the granting of the tax abatement.

Novartis Manufacturing LLC and
Advanced Accelerator Applications USA, Inc.
8520 Challenger Drive



Legend

-  TIF Districts
-  Project Site



Produced by: DMD REED October 13, 2020