

Project Cookie

PILOT Proposal for KEDB Consideration

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Existing company will invest **\$3.4 million in new equipment, which will add a production line and 48 new jobs.** We know that there will be another expansion opportunity within the year that will be highly competitive which we are hoping to win as well.

This is a preferred employer by all counts and has been through two other expansions in recent years. We are also hopeful for an opportunity to compete with other company plants for another, larger expansion in the near future.

Staff recommends a **65 percent PILOT on the new equipment over seven years** (at which point the equipment will be fully depreciated). The amount it will reduce the taxes is not exorbitant (especially considering the City represents 45 percent of the tax and the County the other 55 percent), yet is meaningful for the company.

It should be noted that TNECD is reimbursing the company \$120,000 of \$155,000 in training costs.

7 Year – 65% Abatement
Normal Tax Liability: \$161,284
Company PILOT Payments: \$56,449
Company Savings: \$104,835

Personal Property Tax PILOT AGREEMENT								
Personal Property Investment		\$3,400,000						
County & City Tax Rate (Per \$100)		\$4.4045						
Assessment Value		30%						
Year	Depreciation Schedule	Depreciated Value	Assessment Rate	Taxable Investment	Normal Tax Payment	% Abatement	Company PILOT Payment	Company Savings
1	88%	\$2,992,000	30%	\$897,600	\$39,535	65%	\$13,837	\$25,698
2	75%	\$2,550,000	30%	\$765,000	\$33,694	65%	\$11,793	\$21,901
3	63%	\$2,142,000	30%	\$642,600	\$28,303	65%	\$9,906	\$18,397
4	50%	\$1,700,000	30%	\$510,000	\$22,463	65%	\$7,862	\$14,601
5	38%	\$1,292,000	30%	\$387,600	\$17,072	65%	\$5,975	\$11,097
6	25%	\$850,000	30%	\$255,000	\$11,231	65%	\$3,931	\$7,300
7	20%	\$680,000	30%	\$204,000	\$8,985	65%	\$3,145	\$5,840
8+	20%	\$680,000	30%	\$204,000	\$8,985	0%	\$0	\$0
Totals							\$56,449	\$104,835