

Kosciusko County Economic Development & Redevelopment

Incentives Policies and Procedures

****As Approved May 2021****

On behalf of Kosciusko County (“County”), acting by and through the Board of Commissioners, the County Council, and the Redevelopment Commission, the Kosciusko County Economic Development Corporation (“KEDCO”) works with business decision makers at every stage of business to identify and access the right tools in the economic development toolbox to encourage their job creation and investment plans in Kosciusko County. These programs include revolving loan funds, tax abatement, tax increment financing, incentive (“LEDGE”) agreements, land banking, economic development revenue bonds, and grants. This document will provide an overview of the processes and procedures associated with each of these programs.

GETTING STARTED

While this document is mostly designed to meet the needs of experienced business users, business decision makers at every stage can contact KEDCO at (574) 306-4119 or info@kosciuskoedc.com in order to navigate the various economic development partners KEDCO works with to start and grow businesses. KEDCO provides a single point of contact working on behalf of Kosciusko County, the City of Warsaw, and many of the incorporated Towns in the county.

APPLICATION

KEDCO has developed an online intake form in order to collect information about a business decision maker’s proposed plans. KEDCO works quickly and confidentially to support clients. The intake form can be obtained at the KEDCO website (www.kosciuskoedc.com/resources/application-for-business-incentives).

or in basic form, as seen in Exhibit A, which can then be submitted to KEDCO along with other documentation. Clients may be asked to complete and submit additional documentation for specific incentive programs. The program application fee is currently \$500, which can be applied toward annual investment in KEDCO, with additional fees if both real and personal property tax abatements are requested. When an application is received, staff reviews it for completeness, and makes determinations and recommendations as to what incentive programs might provide the best tools to support the client’s specific plans and requirements.

EVALUATION

Requests for business incentives in Kosciusko County are evaluated ahead of formal presentation at public meetings. KEDCO works with Kosciusko County to develop and update priorities that will guide evaluation of any business’s proposed plans. Following is a list of community and

economic development priorities that will be used in evaluating incentives requests. Please note, additional requirements for specific incentives are highlighted within the descriptions of the respective incentive programs that follow.

- the amount and type of assistance requested;
- the number and skill level of new jobs;
- the extent to which the new jobs will pay at or above the average county wage;
- the duration of the investment, including life expectancy and depreciation value of capital assets;
- the likelihood of the project proceeding in Kosciusko County without local incentives;
- the fit of the application within the Kosciusko County Comprehensive Plan;
- the development of vacant or blighted land;
- the assistance and/or cooperation of other local government entities;
- public infrastructure needs, such as access to County highways, fire services, water and sewer;
- the long-term improvement to the County's tax base; *and*
- the applicant's commitment to become a contributing or sustaining investor in KEDCO.

REVOLVING LOAN FUND; GRANTS

KEDCO administers a Revolving Loan Program that can be utilized as an incentive tool. The loan program is funded by private donations as well as County and municipal grants made pursuant to Indiana Code Section ("IC §") 5-1-14-14(b). Small business loans are available for qualifying applicants for up to ten (10) years with interest rates typically of between 0-1% over prime. Loans as incentives are typically up to \$100,000; however, exceptions to the cap can be made in appropriate cases. The loans can be used as working capital, for the purchase of real estate, equipment, production, building improvements, or to purchase business assets.

From time to time, and for good cause, or per the instructions of various donors, KEDCO will announce small grant programs and/or partially or fully forgive existing loans (effectively creating grants). Grant opportunities come and go based on various state and federal initiatives, such as those related to technology infrastructure or COVID-19. Having early and direct access to notice of these opportunities is an added-benefit of working closely with KEDCO on an ongoing basis.

To qualify for a Revolving Loan Fund loan or grant, a business must be located in, or expanding into, Kosciusko County, have 25 or fewer employees, and generate less than \$2 Million in annual revenues. Loans are reviewed by KEDCO staff or by the KEDCO loan committee depending on size and uses. Applicants are typically required maintain existing jobs and demonstrate potential to create new jobs. Additional details and an online application form are available at the KEDCO website (www.kosciuskoedc.com/resources/application-for-business-incentives).

TAX ABATEMENT

Tax abatement is the best known local incentive tool for businesses that are investing in building

improvements or equipment. IC Chapter 6-1.1-12.1 is the state statute that covers tax abatement in Indiana. Tax abatement is also called “tax phase-in,” as it better describes the process where new taxes are phased-in over time. In the unincorporated areas of Kosciusko County (i.e., outside Warsaw and the towns), the Kosciusko County Council is responsible for approving applications for tax abatements, as well as approving compliance forms that companies are required to file each year to receive their tax abatement deduction. The Kosciusko County Redevelopment Commission reviews and consents to tax abatement requests for property tax payers located in Tax Increment Finance districts.

To request a tax abatement, KEDCO staff will work with a business decision maker to complete a formal application that has been developed and revised over time with input from County Council members. An estimate of the tax savings that the applicant would receive is calculated by KEDCO staff for review by the applicant. Upon review of the application and tax savings estimate by County officials and recommendation to proceed with the request, the information provided will be used to complete a State form called a “Statement of Benefits (SB-1).”

State law requires the designating body to first designate an area as an “Economic Revitalization Area,” then to hold a second meeting with a public hearing before giving final approval. A resolution is drafted that would approve the tax abatement, and the applicant is placed on the agenda for the next County Council meeting. Before final approval, the applicant must enter into a binding legal agreement with the County Council where, as a condition to receiving benefits, the applicant covenants to continue operations, pay all taxes, continue as an investor in KEDCO for the duration of the abatement, not appeal the assessed value, accept a streamlined termination process, and timely fill all necessary forms each year; and that default of any term thereof may result in termination of the abatement and even repayment of past deductions with interest thereon. All finalized terms will be memorialized in a written incentive agreement.

Upon approval, the applicant and the Kosciusko County Auditor’s office are provided copies of the approved documents. After the project is completed, the applicant must file compliance paperwork each year on forms prescribed by the State of Indiana. The compliance forms are reviewed by staff who compare job creation and payroll data provided to the original Statement of Benefits to determine if the applicant is substantially compliant with the investment and employment goals from the original application. The County Council can make further investigations as desired, and KEDCO staff will likely conduct an annual on-site compliance visit.

TAX INCREMENT FINANCING

Tax Increment Financing, often referred to as “TIF,” is a financing tool available to the Kosciusko County Redevelopment Commission. Indiana Code 36-7-14 is the state law chapter that pertains to TIF. Basically, TIF allows a redevelopment commission to collect new property taxes from development within a designated area to fund public improvements in that area. The redevelopment commission must designate an area as an Economic Development Area, as well as an Allocation Area which can include all or just a portion of the Economic Development Area.

The Allocation Area establishes the portion from which a redevelopment commission can collect property taxes.

Under current state law, funds received by the Redevelopment Commission can only be used for projects that are physically located in or physically connected to the allocation area. Typically, this is for infrastructure improvements such as road, water, and sanitary sewer. However, tax increment can be provided directly to a company located in the district as an incentive to reimburse for local public improvement made by the developer and dedicated to the public. Another option is to spend a portion of TIF revenues to reimburse eligible employers in industrial settings for the training of employees. Finally, KEDCO, the RDC, schools, and local businesses can work together to spend TIF dollars to encourage the development of single-family housing and/or upgrading existing housing infrastructure. The development can be located at a place that is conveniently located near to a sponsoring local business to provide much needed employee housing.

The process of establishing an Economic Development Area (or EDA) begins with KEDCO staff and County staff developing a plan for the area that identifies the area, the proposed uses for the tax increment, and addresses four findings required under state law. After initial approval of the plan, it then goes to the Plan Commission and the Board of Commissioners for their approval. Finally, a public hearing is held by the Redevelopment Commission and final action is taken by approving a resolution. This process generally takes 60-90 days to complete.

Information about the designated area is then provided to the Auditor's office for use in allocating taxes from any additional assessed value in the area to the Redevelopment Commission. The process for designating an EDA is diagrammed in Exhibit C.

Typically the Kosciusko County Redevelopment Commission only collects the real property taxes (i.e., from a building), but can collect personal property taxes from equipment. To collect taxes from personal property the Redevelopment Commission must name the taxpayer and make findings that the equipment is of a certain type such as manufacturing equipment.

Each year, the Kosciusko County Auditor's office calculates the amount of property taxes to be received by the Redevelopment Commission and what portion will be paid out to other taxing units. The State of Indiana provides worksheets to calculate and adjust the proportion going to each as assessed values change over time. Any funds collected by the Redevelopment Commission are deposited in a fund specific to each TIF district.

LAND BANKING

Land Banking involves identifying sites that would be an attractive location for businesses, purchasing the property, and preparing the site for development. The Kosciusko County Redevelopment Commission anticipates establishing the Land Banking program and its related Capital Fund in the near future. The Capital Fund may be financed from unappropriated general funds, CEDIT funds, and the Redevelopment Commission's General Fund.

The Kosciusko County Redevelopment Commission has established guidelines for future use of the Capital Fund (attached as Exhibit C). Essentially, the guidelines specify that the fund is to be used for the sole purpose of preparing land for development, including the establishment of shovel-ready sites and the control of land. This includes hiring contractors to conduct various assessments necessary for shovel-ready site certification, including geotechnical, environmental, and other studies. Control of land includes either the optioning or outright purchase of real property. The guidelines include the engineering and construction of infrastructure improvements and expenses related to the certification of sites.

ECONOMIC DEVELOPMENT BONDS

Economic Development Bond financing, also known as Industrial Revenue Bonds, is a form of assistance available through the Kosciusko County Economic Development Commission. Indiana Code Chapter 36-7-12 covers the rules for an economic development commission and the issuance of economic development bonds. Basically, economic development bonds extend the County's tax-exempt status to a business or non-profit so that it can borrow funds at a lower interest rate. This is possible because the purchaser of the bonds doesn't have to pay income taxes on the interest they receive.

The recipient may borrow funds through a bond issue or from a bank loan. This form of financing is available to businesses, non-profits, as well as multi-family housing projects. While this tool may not be as attractive currently given the currently historically low interest rates, it may become attractive as interest rates increase. In some cases, the County may pursue issuance of an Economic Development Revenue Bond, in which the taxpayer's future property taxes are pledged to repay the bond. Numerous banks active in Kosciusko County have participated in holding Economic Development Revenue Bonds.

INVESTMENT IN KEDCO

The County invests significantly in the community's economic development efforts and request that recipients of local incentives contribute to sustain the community's economic development efforts, as well. KEDCO initiatives focused on agribusiness and medical device sectors, entrepreneurship, housing, and talent benefit new and existing counties in Kosciusko County alike. As such, incentive agreements will require that incentives recipients contribute 10% of annual incentives savings earned to KEDCO, up to a maximum contribution of \$10,000 per year.



EXHIBIT A

COMMON APPLICATION FOR KEDCO INCENTIVES

Office of Kosciusko County Economic Development & Redevelopment
 102 S Buffalo St. Warsaw; IN 46580; (574) 306-4119, info@kosciuskoedc.com

- INSTRUCTIONS:
1. Please download the most current version of this form at: www.kosciuskoedc.com/resources/application-for-business-incentives
 2. Read and complete all applicable sections of this form.
 3. Attach additional sheets or documents if necessary.
 4. Submit completed form to the KEDCO office by mail or email.

APPLICANT INFORMATION			
Name of Applicant/Primary Contact (Last, First)		Title/Position	
Telephone		E-Mail	
Mailing Address			
Street	City	State	Zip
BUSINESS INFORMATION			
Legal Name of Business			
Telephone		E-Mail	
Mailing Address			
Street	City	State	Zip
Years at Current Address: _____	State of Organization	Employee Identification Number	Date Organized
Type of Entity			
<input type="checkbox"/> Corporation <input type="checkbox"/> Limited partnership (LP) <input type="checkbox"/> Limited Liability Partnership (LLP) <input type="checkbox"/> General Partnership <input type="checkbox"/> Limited Liability Company (LLC) <input type="checkbox"/> Sole proprietorship (d/b/a)			
Principal Activity of Business			
Current Number of Employees: _____ Percent of Employees Living in Kosciusko County: _____			
Specifically Describe How the Company Has Given Back to Community:			
LIST OWNERS/MEMBERS WITH 20% OR MORE OWNERSHIP IN THE COMPANY			
Name:		Name:	
Title/Occupation:		Title/Occupation:	
Telephone:		Telephone:	
Percent Ownership:		Percent Ownership:	
Name:		Name:	
Title/Occupation:		Title/Occupation:	
Telephone:		Telephone:	
Percent Ownership:		Percent Ownership:	

PROJECT DESCRIPTION		
Brief Description of Project:		
Location of Project		
Street _____	City _____	State _____ Zip _____
Estimate of Employee and Salaries as a Result of Proposed Project		
Current Employees: Number: _____ Average Salary _____ Percent Full Time _____ Percent Temporary/Contract _____	Retained Employees: Number: _____ Average Salary _____ Percent Full Time _____ Percent Temporary/Contract _____	Additional Employees: Number: _____ Average Salary _____ Percent Full Time _____ Percent Temporary/Contract _____
Additional Benefits Proposed Project Brings to the Community:		
The undersigned hereby represents and warrants that the information set forth herein is complete and accurate in all respects.		
Signature	Printed	Date

EXHIBIT B

ECONOMIC DEVELOPMENT AREA DESIGNATION

