

UNDERSTANDING THE TAX ABATEMENT PROCESS & COMPLIANCE

Pilots Agreement: The Secret



TROUP COUNTY
G E O R G I A

WHAT HAPPENS WHEN A COMPANY LOCATES TO TROUP COUNTY? WHY IS SUCH A BIG SECRET?

- Are we giving something away? What are we exchanging?

Property Tax



TAX ABATEMENT AGREEMENT AND ITS RELATIONSHIP TO PROPERTY TAXES

- Pilot Agreements
- The Project
- Investments and Jobs
- Sales & Leaseback
- Company's Report
- Pilot Compliance
- Property Tax Compliance



TYPES OF PILOTS (TAX ABATEMENT AGREEMENTS)

Specified Percentage/#Years

- Property tax abatements can be structured various ways. A company may receive an abatement of a certain percent for a specified number of years; for instance, if a company received a 50 percent property tax abatement for 20 years, they only have to pay half the property taxes they would normally owe for the next two decades.

Phased In

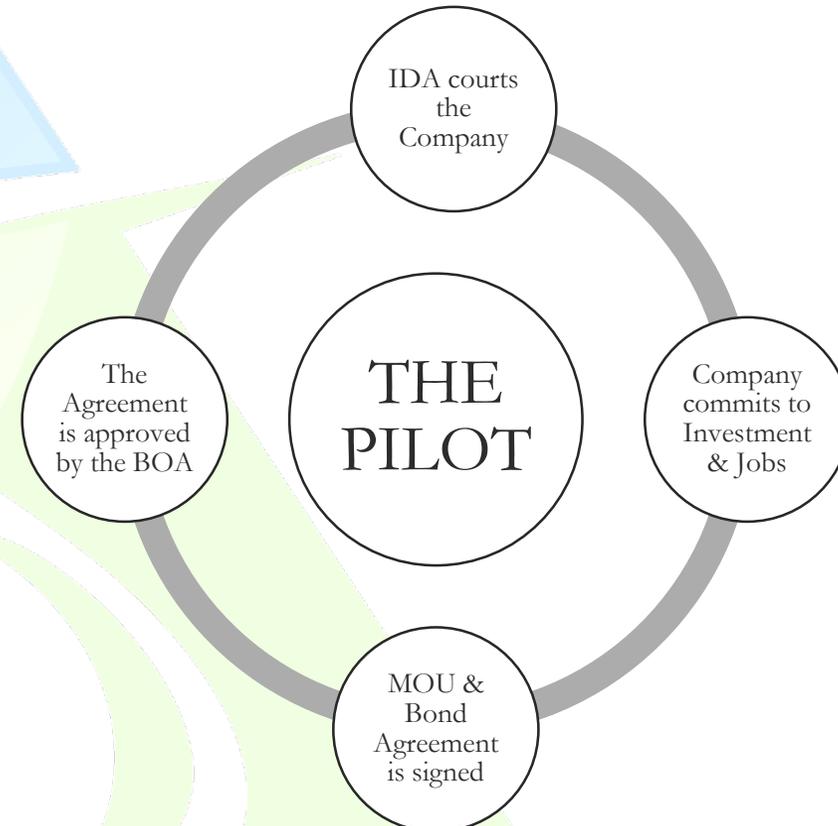
- A company's property taxes may also be phased in over time. An example of this would be a deal in which a company paid 20 percent of the property tax the first year, 40 percent the second, etc., until after 7-10 years they will be paying at a normal rate.
- These are typical in Troup County.

THE AGREEMENT PROCESS: SECRET = CONFIDENTIAL

The Steps

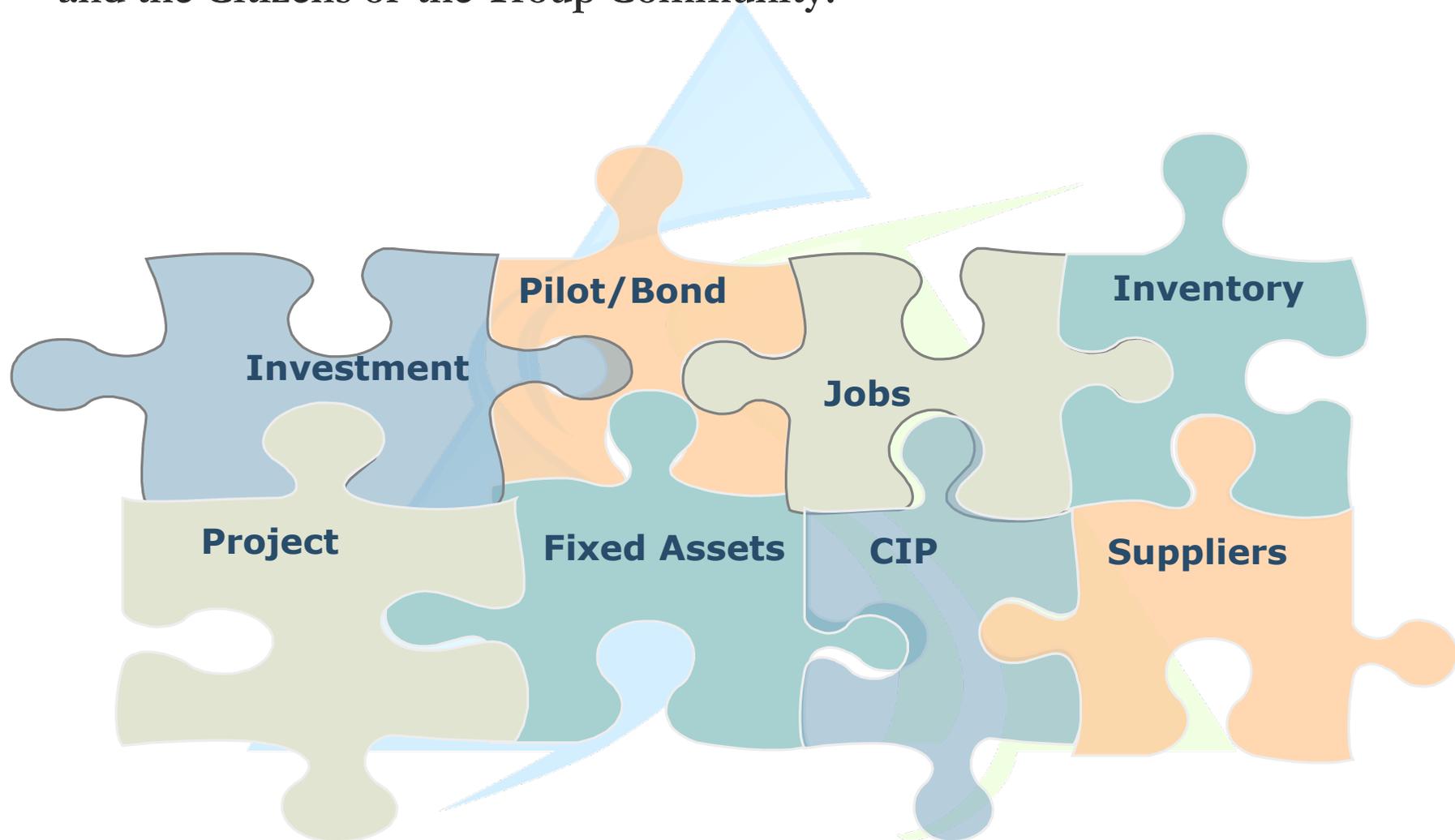
- The Industrial Authority meets with the Company many times before the Company commits
- Company commits to Investment & Job Creation
- The Authority, Company, Attorneys, & all interested Parties negotiate the Agreement, then sign
- The Agreement Exemption have to be approved by the Board of Assessors
- The Announcement is made Public

The Cycle



PILOT PUZZLE

- How the **Project Investment** and **Jobs** data fit together with **Property Taxes** and the **Citizens of the Troup Community**?

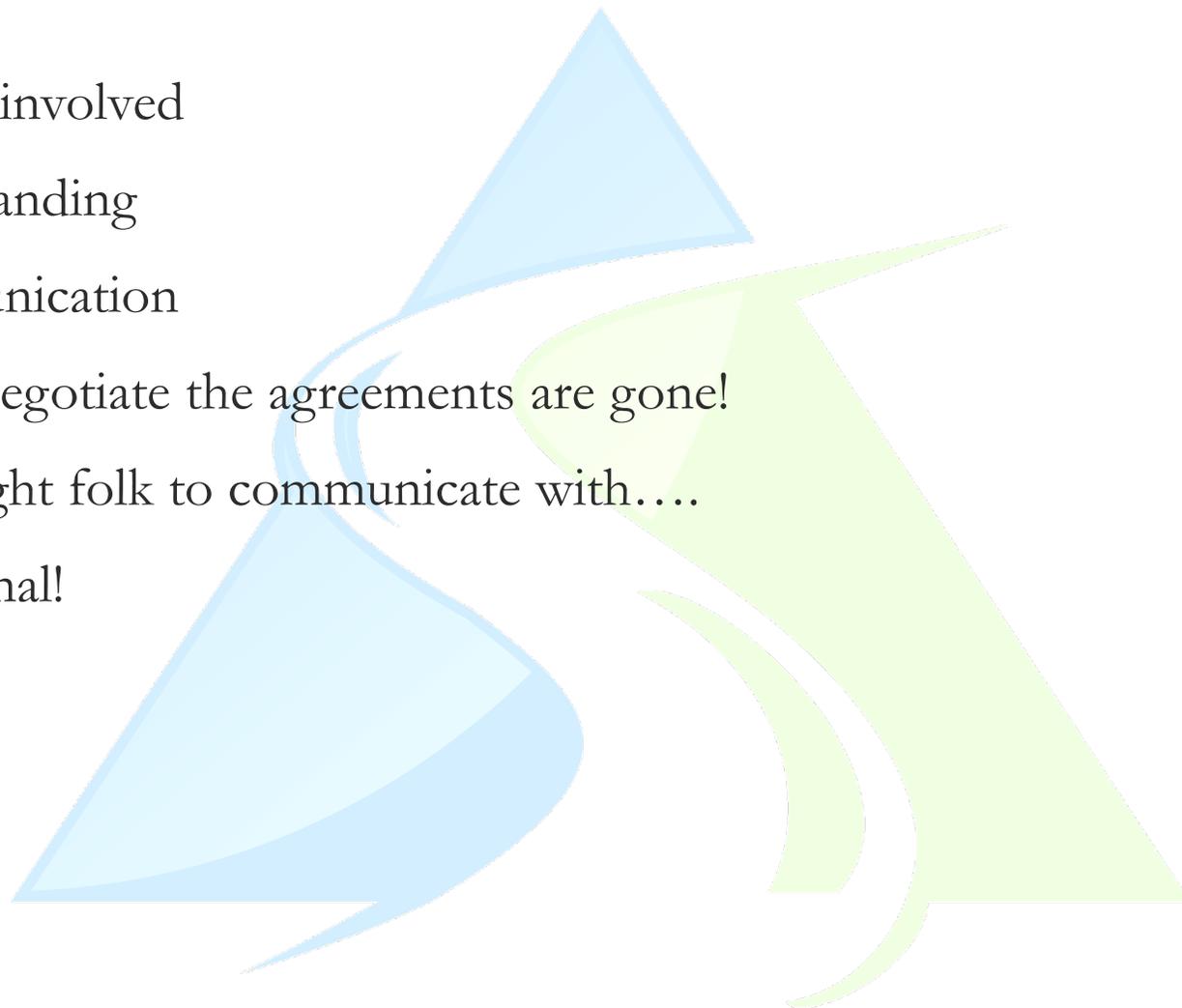


COMPLIANCE: WHO'S LOOKING OUT FOR US?

- The Industrial Development Authority
 - The County's Governing Authority
 - The City's Governing Authority
 - The last but not the least, the Tax Assessors is the Compliance Board
- 
- A decorative graphic consisting of several overlapping, semi-transparent shapes in shades of light blue and light green. The shapes are abstract and organic, resembling stylized leaves or petals, and are positioned behind the list of entities.

WHY IS IT SO HARD TO ENSURE COMPLIANCE WITH PILOTS

- Multiple players involved
- Lack of understanding
- Lack of Communication
- The folks who negotiate the agreements are gone!
- Can't find the right folk to communicate with....
- We take it personal!



KEY TEAM MEMBERS

- Facilitator: coordinates and produce the report
- Human Resources: gathers the jobs data
- Accounting: produces the fixed assets, inventory and vendor data
- Legal: requisition, advance, draws and bills of sales
- CFO: the start and end of company's compliance

FIXED ASSETS ARE THE INVESTMENTS PERSONAL AND REAL PROPERTY

- Machinery
- Equipment
- Furniture
- Fixtures

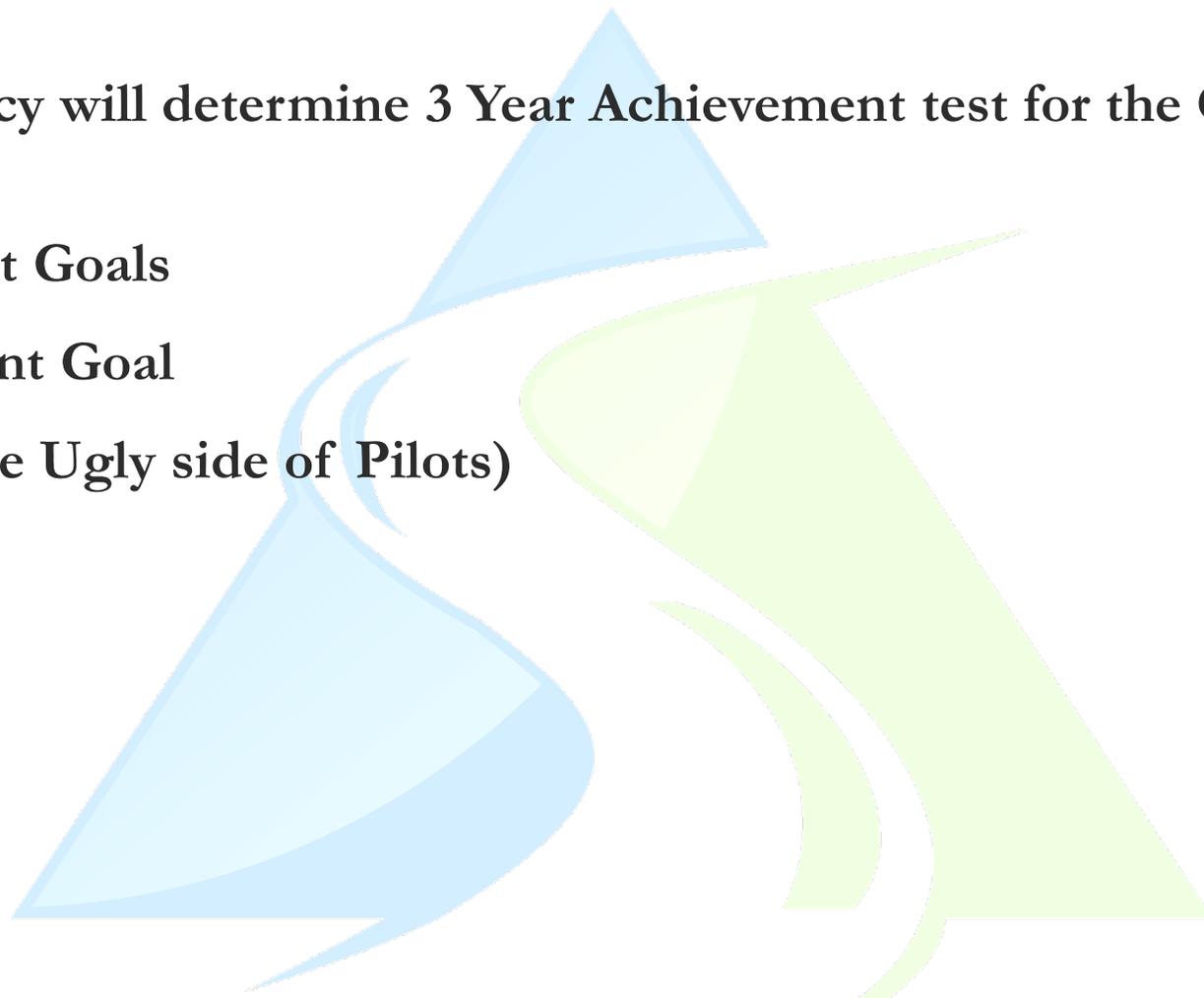
- Building
- Building Improvements
- Land
- Land Improvements



JOB ACHIEVEMENT

- **Number of full-time employees with benefits as required by the State of Georgia**
- **Zip codes of employees**
- **Presented in a report, employment shall be verified with the State's job reports submitted to Georgia Department of Labor**

INVESTMENT AND JOBS QUOTA

- **BOA Pilot Policy will determine 3 Year Achievement test for the Company's Commitment**
 - **The Investment Goals**
 - **Job Achievement Goal**
 - **Claw-backs (the Ugly side of Pilots)**
 - **Who loses?**
- 
- A decorative graphic consisting of several overlapping, semi-transparent shapes in shades of light blue and light green. The shapes are abstract and fluid, resembling stylized waves or organic forms. They are positioned behind the text on the left side of the slide.

THE COMPANY'S REPORT: THE ACCOUNTING TEAM IS RESPONSIBLE FOR MOST OF THE DATA

- Control the cost, finance, payroll and taxes
- Produces data for all Financial data
- Tracks all company's spending and expenses
- Maintains all financial data
- Balance the company's financial records



VENDORS/SUPPLIERS

- **Vendors should be listed and submitted with names, addresses and contact information.**
- **Suppliers of inventory and other services**
- **Sub-Suppliers should be encouraged to file returns with the county**
- **All cost of inventory located at the company's facility designated as consigned goods should be submitted as an attachment and listed on the PT-50 schedule**
- **All leased equipment information should be submitted as attachment and listed on the PT-50 schedule**

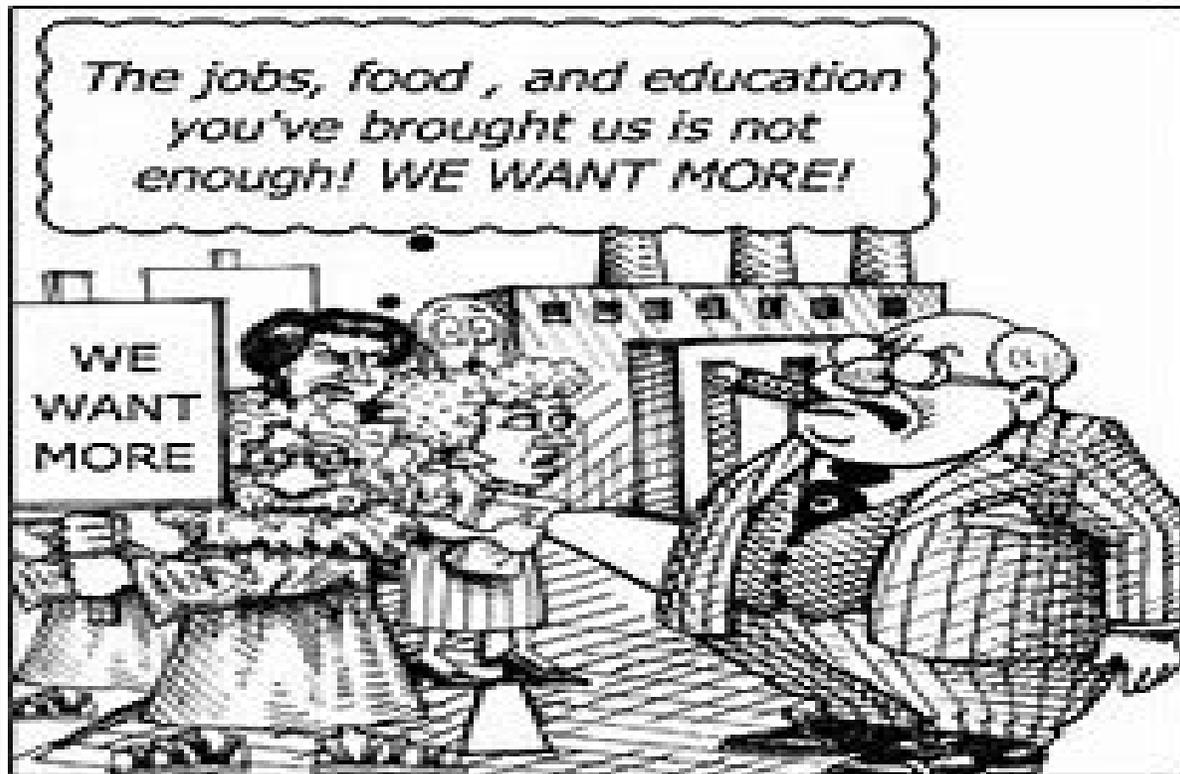
PUZZLE COMPLETED

- **The Tax Abatement program is an incentive for a company to invest in a project which can include real and personal property**
- **The Authority, Taxing Entities and citizens exchange the tax savings for jobs and other community benefits**
- **The Agreement and the Troup County Board of Assessors Pilot Policy must be adhered to throughout the Pilot Term**
- **Penalties against the company shall apply if the dates for filings are not observed**
- **The citizens are really the ones who are offering the incentive through delegation of powers to us**

INCENTIVES

THE GOVERNMENT, THE COMPANY & THE PEOPLE

Industrial Revolution by Henrique Mello



KIA PARCELS: BEFORE AND AFTER

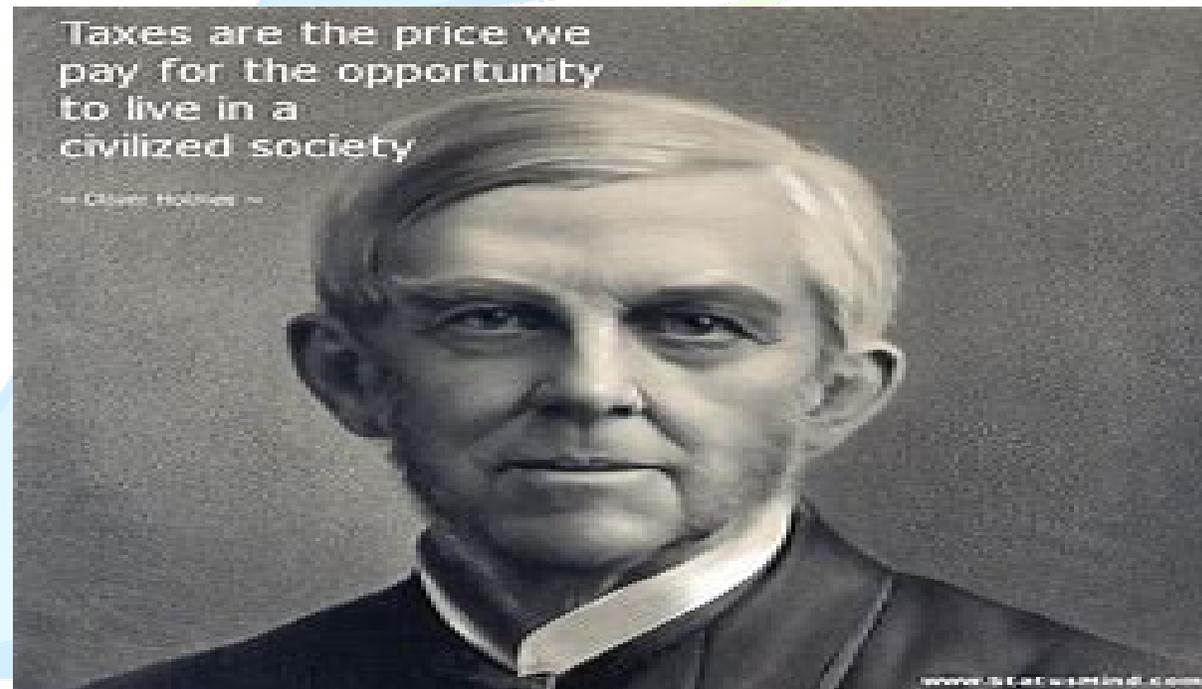
▪ \$43,557.05

▪ \$6,571,002.72



IN 1866 A BOOK TITLED “CHRISTIAN ETHICS OR THE SCIENCE OF DUTY” SUGGESTED THAT TAXES ARE USED TO ASSURE “LIFE AND PROPERTY”

A man's taxes are what he pays for the protection of his life and property, and for the conditions of public prosperity in which he shares. He ought to pay his just portion of the expense of government.



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Contact Information

Eric Mosley

County Manager
Troup County Board of Commissioners
100 Ridley Avenue
LaGrange, GA 30240
Office: (706) 298-3643
Mobile: (706) 302-4891
www.troupcountyga.org

Jerome Alford

Chairman
Troup County Board of Assessors
100 Ridley Avenue
LaGrange, GA 30240
Office: 706-883-1625
propertyappraisal@troupc.org

Meghan Duke, EDFP

Economic Development Director
City of West Point | West Point Development Authority
730 First Avenue, West Point, GA 31833
Office: 706.645.3518 | Cell: 706.586.8004
Meghan.Duke@CityofWestPointGA.com

T. Scott Malone

President
Development Authority of LaGrange
200 Ridley Avenue
LaGrange, Ga 30240
706-883-2049 (w)
706-523-2506 (m)
smalone@lagrangega.org

Kelly Bush

Development Authority of Lagrange
200 Ridley Avenue
LaGrange, GA 30240
706-883-2064
kbush@lagrangega.org

Vivian Kelly

Personal Property Supervisor
Troup County Property Appraisal Office
100 Ridley Avenue
LaGrange, GA 30240
Office: 706-883-1625
propertyappraisal@troupc.org