

Fisher59 Incentive Request

Caroline Booth – Economic Development

March 5, 2018



Objective:

- ▶ Present information on an incentive request from Fisher59 and the Economic Development Partnership Board's recommendation

Background:

- ▶ The Company
 - ▶ Distributes MillerCoors beverage brands to 40 counties in North Texas and Southern Oklahoma
- ▶ The Project
 - ▶ 205,000-square-foot warehouse and distribution facility
 - ▶ Company closed on Denton site in late February

Analysis:

Current Conditions

	Current 2017 Valuation	Annual Tax Revenue
Land	\$1,245,988	\$7,948
Improvements	\$2,980,022	\$19,008
Business Personal Property*	\$1,286,295	\$8,205
FF&E	\$13,749	\$88
Inventory	\$927,659	\$5,917
Vehicles and Other	\$1,272,546	\$8,117
Total	\$6,439,964	\$41,078

* Application lists \$2,500,000; DCAD value of \$2,213,954 used

Project Ad Valorem Valuation and Revenue

	Estimated New Valuation	Estimated Tax Revenue Generated by Project
Land*	\$1,481,138	\$9,448
Improvements	\$9,917,268	\$63,258
Business Personal Property**	\$5,500,000	\$35,082
Total	\$16,898,406	\$107,787
Annual tax revenue available for incentives		\$98,340

* Proposed new site has an agricultural exemption, market value used for new valuation

** Inventory excluded

Analysis:

- ▶ 25% tax abatement models
- ▶ Construction sales and use tax rebate model

Analysis Summary:

Assumptions:

- Gross annual City tax revenue: \$107,787
- Annual City tax revenue available for abatement minus current generated tax revenue: \$57,262
- Construction sales and use tax captured: \$59,504

	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Incentives						
25% abatement on incremental increase	\$14,315	\$14,315	\$14,315	\$14,315	\$14,315	\$71,577
Const. sales & use tax rebate	\$59,504					<u>\$59,504</u>
						\$131,081

City Revenue						
Net tax revenue	\$93,472	\$93,472	\$93,472	\$93,472	\$93,472	\$467,360

Background:

► Pros/Cons

	Pros	Cons
Target Industry		No
New value	\$16.9 million	
Employment	Average new job salary of \$50,922 + benefits vs Denton County average salary \$45,300	
Utility User		Not significant
Environmental	Will be LEED certified	
Other	Headquarters; retention of existing business	

Recommendation:

- ▶ Staff recommended the following incentive:
 - ▶ Construction sales and use tax rebate = \$59,504
 - ▶ 5-year, 25% abatement on incremental value = \$71,577
- ▶ EDP Board concurred with staff's recommendation (7-0)

Direction:

- ▶ Seeking direction regarding an incentive for Fisher59



Caroline Booth