

Flying Bison Brewing Company, Inc. \$2,500,000 INDUCEMENT RESOLUTION

HIGHLIGHTS

- Eligibility: NAICS Section - 31

COMPANY INCENTIVES

- Approximately \$20,000 mortgage recording tax benefit
- Approximately \$87,500 in sales tax benefits
- Approximately \$265,000 in real property tax savings



Project Title: Flying Bison Brewing Company, Inc.

Project Address: 840 Seneca Street
Buffalo, New York 14210
(Buffalo City School District)

NAICS: 312120

Agency Request

A sales tax, mortgage recording tax and real estate tax exemption in connection with the construction of a 12,500 sq. ft. production brewery and related tasting room.

Land and Building Acquisition	\$ 300,000
New Building Construction	\$ 2,000,000
Manufacturing Equipment	\$ 95,000
Soft Costs:	<u>\$ 105,000</u>
Total Project Cost	\$ 2,500,000
85% of Project Cost	\$ 2,125,750
Mortgage Amount	\$ 2,000,000

Company Description

Flying Bison is a production brewery and was established in 2011. They are currently located on Ontario Street in the City of Buffalo where they lease approximately 9,800 sq. ft. from Dival Safety. All of the company's sales are to local bars, restaurants and taverns with New York State; mostly Erie County. The company currently has 5 employees.

Project Description

Flying Bison, has acquired a building located at the corner of Seneca and Lord Streets in the City of Buffalo. The building which has been previously used for wood storage, a barrel house, a tavern and a gas station, has been demolished. In its place the company plans to construct a 12,500 sq. ft. brewery production facility and related tasting room.

The new location provides the company with a higher visibility and allows sufficient space for additional fermenters along with more efficient packaging equipment. Sales tax benefits are limited to the brewery production area and the PILOT will be on the entire building.

Project Incentives

- 1% of the final mortgage amount. At this time, the estimated amount of the mortgage is \$2,000,000 for a savings of \$20,000.
- Approximately \$87,500 in sales tax benefits
- Approximately \$265,000 in real property tax savings

Retail Determination

Tenant	Sq. Ft.	Cost	% of Project Cost
Manufacturing and Related	9,200 sq. ft.	\$ 2,000,000	80%
Retail/Tasting Room	3,300 sq. ft.	\$ 500,000	20%
Total	12,500 sq. ft.	\$2,500,000	100%

The project includes approximately 3,300 sq. ft. of retail space which will house a tasting room. Since less than 1/3 of the total project cost is associated with the tasting room, a retail finding by the County Executive is not required. Sales tax benefits are limited to the brewery production area and will not be used for equipping the tasting room.

Real Estate Tax Impact

Current Assessment	Current Yearly Taxes	Estimated new assessed value (70% of construction budget)	New County Revenue over 7-Year PILOT term	New City Revenue over 7-Year PILOT Term	New County and City Revenue after PILOT term
\$87,500	\$3,000	\$1,400,000	\$11,500	\$60,000	\$48,200
Combined Tax Rate: \$34.41					

Land: \$25,100

Total: \$87,500

Employment

Jobs at Application
5

Projected Jobs Year 2
9 full time, 3 part time

Draft Recapture Material Terms

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount Project Amount = \$2,500,000 85% = \$2,125,000
Employment	Coincides with 7-Year PILOT Term	Maintain 100% of base employment = 5 plus 85% of projected jobs (3) for a total of 8 jobs
Local Labor	Construction period	Adherence to policy including quarterly reporting
Recapture Period	PILOT Term - 7-years	State and Local Sales Taxes Mortgage Tax Real Property Taxes

Recapture applies to:

- State and local sales taxes
- Mortgage recording taxes
- Real Property Taxes

Recapture

Pursuant to Section 875 of New York General Municipal Law, the agency may recover or recapture from the company any state sales and use tax exemption benefits taken by the company that are in violation of the GML.

In addition, it is the recommendation of the ECIDA's Policy Committee to recapture the local share of sales tax, mortgage recording tax and real property taxes paid under the PILOT.

At completion of project company must certify i) total investment amount equal to or greater than 85% of amount proposed ii) confirm that company has met 85% of its projected full time employment while maintaining 100% of its base employment and iii) confirm adherence to ECIDA local labor hiring policy.

Project History

5/30/2014	Public Hearing Held. No oral or written comments.
06/18/2014	Inducement Resolution presented to Board of Directors authorizing adoption of a Negative Declaration in accordance with SEQRA.
06/18/2014	Inducement Resolution presented to Board of Directors.