

## McGard, Inc. \$8,250,000 INDUCEMENT RESOLUTION

### HIGHLIGHTS

Eligibility: NAICS Section -  
34 - Manufacturing

### COMPANY INCENTIVES

- Approximately \$738,000 in real property tax benefits over a 7-year period.
- Approximately \$315,000 in sales tax benefits
- 1% of the final mortgage amount estimated up to \$70,000



Project Title: McGard, Inc.  
  
Project Address: 3875 California Road  
Orchard Park, New York 14127  
(Orchard Park Central School District)  
  
SIC/NAICS: 3429/332722

### Agency Request

A real property, sales tax and mortgage tax exemption in connection with the construction of a 69,000 sq. ft addition to the company's existing manufacturing facility.

Building Addition	\$6,900,000
Manufacturing Equipment	500,000
Non-Manufacturing Equipment	150,000
Soft Costs	700,000
 Total Projects Costs	 \$8,250,000

### Company Description

McGard is a manufacturer of high quality security products, wheel locks and chrome plated lug nuts. McGard's customers include North American, Japanese and European automotive manufacturers, as well as government agencies, the military, municipalities, and the fuel industry. Since 1996, McGard has become known for its unique product designs and comprehensive service programs. In 1990, McGard moved into its newly constructed modern 185,000 square foot facility located in Orchard Park, New York. The need for more equipment resulted in the plant being further expanded in 2001, adding an additional 40,000 square feet of manufacturing space. In 2011, this Board approved an additional project for the construction of a 24,500 sq. ft. addition as well as construction of a new "State of the art" waste water treatment facility.

### Project Description

The company is expanding yet again and is constructing a 69,600 sq. ft. addition to the existing building. The expansion will be built in two phases over the next two years. The new additions will enable the company to increase sales and provide for a more efficient layout of the manufacturing plant.

### Project Incentives

- Approximately \$738,000 in real property tax benefits over a 7-year period.
- Approximately \$315,000 in sales tax benefits
- 1% of the final mortgage amount estimated up to \$70,000

# McGard, Inc.

## Project Benefits

- As a result of the project, the company anticipates hiring 23 additional people.
- Private sector investment of over \$8,000,000

## Impact on Taxes

Current Yearly Taxes	New County Revenue over 7-year abatement period	New Local Taxes over abatement period	Total New Tax Revenue in Year 1 after PILOT
\$0	\$39,000	\$161,000	\$137,000
Combined Tax Rate: \$45.887			

\* **New assessed value determined by taking 75% of construction value**

## Employment

<u>Current</u>	<u>Year 2</u>
457	480

## Material Terms

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of project amount - \$7,012,500
Employment	7 years	100% of base and 85% of projected - 476 employees
Local Labor	Construction period	Adherence to policy including quarterly reporting
Recapture Period	7 years (coincides with term of PILOT)	Repayment of state & local sales tax & mortgage tax

Recapture applies to:

- State and local sales taxes
- Mortgage recording 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 and mortgage tax.

At completion of project company must certify i) total investment amount equal to or greater than 85% of amount proposed ii) for 7-year PILOT term confirm that company has met 85% of its projected FTE employment while maintaining 100% of its base and iii) confirm adherence to ECIDA local labor hiring policy.

# McGard, Inc.

## Project History

05/02/2013	Public hearing held. No oral or written comments. Transcript on file at ECIDA.
05/20/2013	Resolution presented to Board of directors authorizing adoption of a Negative Declaration in accordance with SEQRA.
05/20/2013	Inducement Resolution presented to Board.

## Company History

1989	Bond closed in the amount of \$6,000,000
2002	\$2,075,765 Lease/Leaseback project closed.
2012	\$2,454,000 Lease/Leaseback project closed.