

Sumitomo Rubber
\$9,709,000
INDUCEMENT RESOLUTION

ELIGIBILITY
<ul style="list-style-type: none"> • NAICS Section - 3326211
COMPANY INCENTIVES
<ul style="list-style-type: none"> • Approximately \$800,000 in real property tax savings. • Approximately \$245,000 in sales tax savings.
EMPLOYMENT
<ul style="list-style-type: none"> • The project is anticipated to retain 1,241 Jobs.

Project Title:	Sumitomo Rubber
Project Address:	10 Sheridan Drive Tonawanda, New York 14150 (Kenmore-TTN UFSD)
Agency Request	
A sales tax and real property tax abatement in connection with the expansion of the company's manufacturing operations.	
New Building Addition	\$3,609,000
Infrastructure	\$ 500,000
Manufacturing Equipment	\$5,000,000
Non-Manufacturing Equipment	\$ 200,000
Soft Costs	\$ 400,000
Total Project Cost	\$9,709,000
85%	\$8,252,650

Company Description

Sumitomo Rubber USA manufacturers and sells a wide range of automotive tires in the US and internationally. The Tonawanda plant produces over 4 million tires annually for a variety of applications such as passenger cars, trucks, buses and motorcycles. 100% of sales are to customers located outside of New York State.

The company's global headquarters are located in Kobe, Japan.

Project Description

Fueled by the demand for increased manufacturing capacity, Sumitomo will be constructing a 35,000 sq. ft. expansion to its existing manufacturing operations in the Town of Tonawanda. The expanded production capability will increase tire production from 5,000 tires per day to 10,000 per day by the year 2019.

The project lays the foundation for future growth in the North American market and will allow Sumitomo to strive to be competitive and maintain and expand operations at the Tonawanda plant.

This 35,000 sq. ft. expansion represents phase one of a two phase project.

Employment Impact

Retained Jobs 1,241

PROJECT HISTORY
<ul style="list-style-type: none"> • 03/29/2017– Public hearing held. Transcript attached. • 04/26/2017-ECIDA Board adopts a Negative Declaration in accordance with SEQRA. • 04/26/2017-Lease/Leaseback Inducement Resolution presented to the Board of Directors.

Estimated New Tax Revenue

Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue over 10-Year Abatement Period	Additional Local Revenue over 10-Year Abatement Period	New Yearly Taxes Upon Expiration of Abatement Period
N/A	\$1,100,000	\$31,000	\$184,000	\$102,000
Combined Tax Rate: \$93.00				

Draft Recapture Material Terms

Condition	Term	Recapture Provision
Total Investment	At project completion	Investment amount equal to or greater than 85% of the project amount. Project Amount = \$9,709,000 85% = \$8,252,650
Employment	Coincides with 10-year PILOT	Maintain Base: 1,241
Local Labor	Construction Period	Adherence to Policy Including Quarterly Reporting
Pay Equity	Coincides with 10-Year PILOT	Adherence to Policy
Unpaid Tax	Same as recapture period	Adherence to Policy
Recapture Period	10 Year PILOT Term	Real Property Taxes State and Local Sales Taxes

Recapture applies to:

- Real Property Taxes
- State and Local Sales Taxes

Recapture

Pursuant to New York State General Municipal Law, the agency shall modify, recover, recapture or terminate any financial assistance taken by the company that is in violation of the GML.

At project completion the company must certify i) total investment is equal to or greater than 85% of the anticipated project amount; ii) confirm company has maintained 1,241 employees at the facility; iii) its adherence to ECIDA local labor policy during construction and iv) adherence to unpaid tax and pay equity policies for the recapture term.