

Western New York Foreign Trade Zone Operators /Punto Franco Ltd.
\$1,760,000
INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section - 493110

COMPANY INCENTIVES

- Approximately \$91,000 in sales tax savings.
- Up to \$15,000 in mortgage recording tax exemption.
- Approximately 252,000 in real property tax savings

EMPLOYMENT

- Current Jobs FT 4
PT 2
- Projected Jobs FT 6
PT 3

PROJECT HISTORY

- 5/25/2017 - Public hearing held. Transcript attached
- 6/28/2017 - Inducement Resolution presented to Board of Directors adopting a Negative Declaration in accordance with SEQRA.
- 8/23/2017 - Lease/Leaseback Inducement Resolution presented to the Board of Directors

Project Title: Western New York Foreign Trade Zone Operators/Punto Franco Ltd.

Project Address: 10 Gates Avenue
Lackawanna, New York 14218
(Lackawanna Central School District)

Agency Request

A sales tax, mortgage recording tax and real estate tax exemption in connection with the construction of a 20,000 expansion to an existing facility.

New Building Addition	\$ 1,600,000
Non-Manufacturing Equipment	\$ 80,000
Soft Costs	\$ 80,000
 Total Project Cost	 \$ 1,760,000
 85%	 \$ 1,496,000

Company Description

Foreign-Trade Zones (FTZ) are secured, designated locations in the United States (typically near a U.S. Customs Port of Entry) where foreign and domestic merchandise is generally considered to be in international commerce and outside of US Customs territory. Companies located in an approved FTZ can reduce, eliminate or defer duty on imports as well as take advantage of other benefits, to encourage foreign commerce within the United States.

The Western New York Foreign Trade Zone stores and transports various goods and materials for local, national and international companies. The company currently operates warehouses in both Buffalo and Lackawanna both of which are almost to capacity. Canadian companies represent 60% of the company's business.

Project Description

The project consists of the construction of a 20,000 sq. ft. expansion of the company's existing warehousing operations located in the City of Lackawanna along with the purchase of machinery and equipment.

New Tax Revenue Estimated

Current Yearly Taxes	Estimated Increase in Assessed Value	Additional County Revenue over 7-Year Abatement Period	Additional Local Revenue over 7-Year Abatement Period	Additional Yearly Revenue Upon Expiration of Abatement Period
\$40,000	\$660,000	\$6,600	\$62,000	\$46,000
Combined Tax Rate: \$70				

Draft Recapture Material Terms

Condition	Term	Recapture Provision
Total Investment	At Project Completion	Investment amount equal to or greater than 85% of project amount Total project Amount = \$1,760,000 85% : \$1,496,000
Employment	See Recapture Term	Maintain Base: 5 FTE Create 85% of Projected: Projected = 3 FTE 85% = 2 Recapture Employment: 7 FTE
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Unpaid Taxes	Coincides with 7-Year PILOT	Adherence to policy
Pay Equity	Coincides with 7-Year PILOT	Adherence to policy
Recapture Period	7-Year PILOT Term	State and Local Sales Taxes Mortgage Recording Tax Real Property Tax

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 5 FTE's and created 2 FTE's, iii) adherence to ECIDA local labor policy during construction and iv) adherence to unpaid tax and pay equity policies for the recapture term.