



## Memo

To: Honorable Mayor Armitage; City Council  
From: Bryan Myrkle, Community Development Director  
Date: December 1, 2022  
Re: Staff report on Shyft request for Industrial Facilities Tax Exemptions

### Background

As Councilmembers know, the Shyft Group announced a major expansion of its Charlotte facilities at your most recent meeting. It also requested tax relief in the form of a PA 198 Industrial Facilities Tax Exemption to support this expansion. If granted, the IFT Certification would reduce the taxable value of the real estate improvements it is planning by 50% for 12 years.

We covered this proposal fairly extensively at the last meeting, but there were several specific questions that I wanted to answer:

- None of Shyft's previous PA 198 tax abatements are still in effect, however there is still an active Brownfield incentive from which they receive reimbursement annually.
- The total value of all active, local tax abatements across all programs in all sectors (industrial, commercial, residential) amounts to approximately \$50,000 annually. This information is presented in more detail on page 49 and 50 of the audit report you just received.
- Luke Bonner, who prepared the IFT Exemption application for Shyft submitted a letter explaining the discrepancy in job creation information for your reference, and that is included in your meeting information.

As you know from our previous presentation, Shyft is proposing a total investment of more than \$15 million for this project, however, there is only about \$11 million shown on these tax abatement applications. The balance (approximately \$3 million) will be accounted for in a third application to be filed next year, and there are certain elements of the project expense that are not eligible for abatement.

While this is a single project, there are elements of it spread across the Shyft Campus on separate individual property parcels, which is why there are separate applications.

Shyft will provide additional information at your meeting regarding its proposed investments, the importance of the tax incentive to its plans, and the role that manufacturing plays in the local economy.

Also, I made an error in my previous presentation to you when I referred to an investment threshold of \$15 million to qualify for a 12-year IFT Exemption. That threshold specifically applied to personal

property investment, not real property. Real property investments are to be abated for 12 years, regardless of the level of investment. It has been quite a few years since we have had one of these requests, and I misremembered that distinction. I apologize for the error.

**Recommendation**

Approve the two applications for Industrial Facilities Tax Exemption Certification for the Shyft Group.

**Financial Impacts**

This would reduce the taxable value of the real estate improvements associated with this project by 50% for a period of 12 years.

**Suggested Motion**

Please refer to the prepared resolutions.