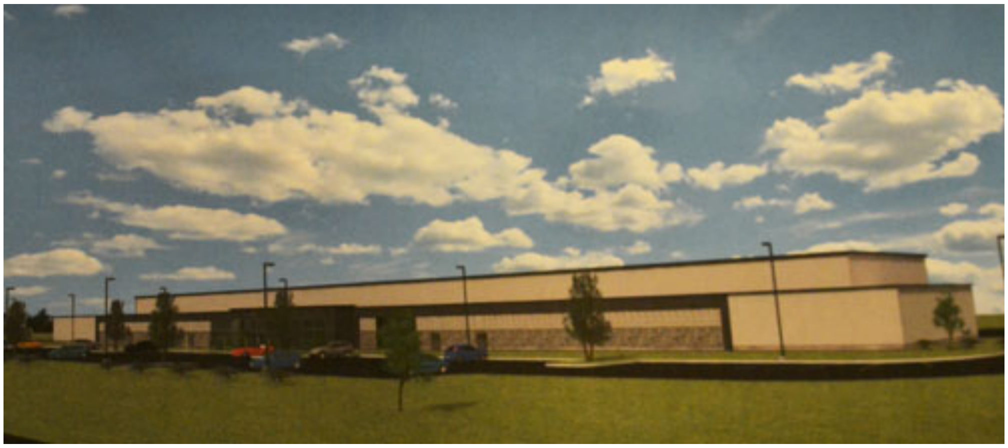
[PILOT plan would save Pride Pak $1M in property taxes over 20 years]



This rendering of the new Pride Pak vegetable processing plant was presented to the Medina Village Board last week.

By Tom Rivers, Editor Posted 13 October 2015
MEDINA – The company that expects to break ground next month on a new 64,000-square-foot vegetable processing plant in Medina will do so with a tax-savings plan that would spare Pride Pak from paying $1 million in property taxes over the next 20 years.

The proposed payment in lieu of taxes (PILOT) for the company would save Pride Pak $992,250 over 20 years, according to Orleans Hub calculations.

The PILOT also commits Pride Pak to paying $897,750 over 20 years to the Town of Shelby, Village of Medina, Medina Central School and Orleans County.

Without the PILOT, the company would pay $1,890,000 in property taxes over 20 years on a $2.1 million assessment and a tax rate at $45 per $1,000 of assessed property.

The PILOT is still being worked out by the Orleans Economic Development Agency. It will likely go before the EDA board on Nov. 13 for a vote.

There has already been a public hearing on the schedule for the PILOT that calls for the company to pay 0 percent of the taxes in the first year, with 5 percent of the tax bill added each of the following 20 years.

Pride Pak is based in Canada and wants to build on 13 acres of land currently owned by the EDA. The land is tax exempt. Local government leaders have backed the PILOT plan, noting the land currently doesn't generate tax revenue and Pride Pak will add to the municipal coffers over 20 years.

The company will also add 85 to 100 jobs in phase 1 of the project. It expects to add two more buildings after the first one is up and operational next year. Any structures after the first building are not part of the proposed PILOT and those buildings would result in additional tax revenue for the local governments, said Jim Whipple, EDA chief executive officer.

The EDA expects the new Pride Pak building will be assessed at $2.1 million. The EDA also fixed the combined tax rate for the four municipalities at $45 per $1,000 of assessed property. That's about $10 less than the combined rates for the village, town, school and county.

Based on a $45 tax rate, the owner of a $2.1 million assessed property would pay $94,500 a year in property taxes.

The PILOT calls for Pride Pak to pay $0 the first year, then 5 percent ($4,725) in year 2. Each following year adds another 5 percent or $4,725. That would be $18,900 in year 5, $42,525 in year 10, $66,150 in year 15 and $89,775 in year 20, according to Orleans Hub calculations. After the 20 years, the company pays the full $94,500 if the tax rate stays at $45.

If the company was paying a combined $55 tax rate over 20 years instead of a $45 rate, it would have to pay an additional $420,000 based on a $2.1 million assessment.

The EDA usually offers 10-year PILOTs where the tax payments are ramped up 10 percent each year. The agency was more aggressive with Pride Pak because the company was being wooed by other sites in Western New York and Pottsville, Pa., where one of Pride Pak's customers has a facility.

In addition to the PILOT, Pride Pak is being offered a sales tax exemption for up to $4.1 million in taxable purchases for construction and equipment in building the new $15 million vegetable processing plant. That sales tax break would save the company up to $328,000 in sales tax.

Pride Pak would also be spared the 1 percent mortgage tax on the project up to $6.5 million. That would save the company another $65,000.

Altogether, the EDA is proposing a tax savings plan of nearly $1.4 million.