

PILOT Analysis

Usual **PILOT** Terms

PILOT = payment in lieu of taxes

- **Tax benefit usually created to get developers to invest in a town – area in need of redevelopment**
- **Generally set up as 8-10% of Gross revenues of development**
- **Usually a 30 year term**
- **Usually a 35%-45% tax break for developer – compared to normal taxes**
- **Usually a win -win for Municipality and developer, as area would otherwise remain undeveloped, with minimal tax collections**

**Avalon Bay in Bloomingdale will not get the usual
PILOT Terms**

Avalon Bay PILOT Breakdown

Term: 30 years

Years 1-5: 11.0% of Gross Revenues

Years 6-10: 11.5% of Gross Revenues

Years 11-30: 12.0% of Gross Revenues

Minimum Tax \$550,000 Grown 2% per year

Bloomington gets the better of Minimum tax, or percentage of Revenue. Percentage of Revenue is projected to be more than Minimum (grown at 2%) in next 10-12 years

Land Tax offset: Current 2012 Tax = \$91,105

As a part of this Pilot, we do not have to provide any services (under Kelly Act), savings Bloomington an additional \$60,000 to \$80,000 per year

Normal Taxes

Annually

Normal Tax		\$700,000
Land Portion		\$91,105
Delta		\$608,895

County:	18.9%	\$114,933
School:	52.7%	\$321,061
ROSE:	0.7%	\$4,136
Library:	1.1%	\$6,614
Municipal:	26.6%	\$162,153

Kelly Act: \$60,000 - \$80,000

Sanitation / Snow removals

**Net Municipal Tax revenue from Project will be
\$82,153 to \$102,153 under Normal
Taxation**

Comparison

<u>Normal Tax:</u>	\$700,000	<u>PILOT</u> <small>Minimum:</small>	\$550,000
Land Tax:	\$91,105		
Buildings:	\$608,895	Land Tax Credit:	\$91,105
County:	\$114,933		
School:	\$321,061	5% of PILOT is paid to	
Municipal:	\$162,153	County:	\$22,945
Kelly Act:	\$60,000		
<u>Net Municipal:</u>	<u>\$102,153</u>	<u>Net Municipal:</u>	<u>\$435,950</u>

More than 4 Times the Revenue

Benefits of PILOT

Normal Taxation:	\$82,153 - \$102,153
Net Pilot Revenue after land tax and paying County their 5% share:	\$435,950

Ordinance will be put into Law, to use 100% of this **New Revenue** to be applied to **Tax relief** and **Debt reduction**, saving us even more in Interest Expense

Even if 50% of the PILOT money is applied for Tax relief, year 1 impact alone can be **ZERO Tax increase**

The other 50% will be applied to Debt reduction, help **eliminate debt** over next 15 years

Current Tax Breakdown

2012 Local Taxes		\$7,332,837
Residential:	83.7%	\$6,135,847
Other:	16.3%	\$1,196,990

**PILOT alone will Increase the “other” category
by 36.4%, allowing us to Stabilize Residential
Taxes**