

**MEMPHIS AND SHELBY COUNTY
INDUSTRIAL DEVELOPMENT BOARD
PAYMENT-IN-LIEU-OF TAX (PILOT) PROGRAM**

PROCEDURES

1. Conduct a pre-application conference with City and County Economic Development officials to determine what level of incentives can be provided. The Payment-in-Lieu-of Tax (PILOT) arrangement is dependent upon the ability of a company's plans to meet employment, wages, investment and other community contribution criteria.
2. All documentation pertaining to the application must be submitted to the Industrial Development Board no less than 14 days of a scheduled meeting for review prior to any commitments being given to any applicant. The following information must be part of the application.
 - a. Project Description
 - b. Project Cost Estimates
 - c. Employment - Current and Projected
 - d. Audited Financial Statements
 - e. Phase I Environmental Audit Addressed to the IDB
 - f. Parcel Information and Legal Description
 - g. Application Fee
 - h. Mayor(s)' Recommendation Letter
3. The Economic Development Department (ED) prepares a staff report and recommendation to the Industrial Development Board and the Mayors stipulating the terms of the PILOT.
4. ED sends a copy of a PILOT recommendation letter and the Mayors' response to the Industrial Development Board (IDB).
5. Prospect obtains a PILOT Application form and copies of applicable IDB Lease Agreements.
6. While the prospect is preparing the Application, the Real and/or Personal Property Lease Agreement(s) may be evaluated by the company's legal counsel to ensure that terms of the lease are acceptable to the company. Company's legal counsel and IDB counsel should confer to decide on the final terms of the case.
7. The IDB meets the **third** Wednesday of each month and the applicant is required to appear before the Board.
8. Upon IDB approval of the PILOT request and if a lease agreement is acceptable to both the company and the IDB, a date for the PILOT closing can be scheduled immediately. PILOT

closings must be scheduled before December 31. The following documents are needed at closing:

- a. Real and/or Personal Property Lease Agreement(s)
- b. Special Warranty Deed
- c. List of Encumbrances on the Property
- d. Bill of Sale of Tangible Personal Property (process-related machinery & equipment). The Bill of Sale should include cost values for the property that is being conveyed.

All closing fees must be paid at the time of closing. Closing fees must be deposited and cleared by a banking institution prior to filing the Lease Agreement(s) with the County Register's Office. Only a certified or cashier's check will be accepted.

NOTE: Submission of the Phase I Environmental Audit, Mayor(s)' Recommendation Letter and other financial information required as a condition of PILOT approval must be satisfied prior to closing.

9. Upon closing, the Real Property Lease Agreement and Special Warranty Deed are filed with the Shelby County's Register's Office. The Real Property Lease Agreement, Special Warranty Deed, list of encumbrances on the property, Bill of Sale of Tangible Personal Property and Personal Property Lease Agreement with original signatures are to be sent to the Industrial Development Board, along with copies of the registered documents. Companies are responsible for sending copies of the Lease Agreement(s) to the State Comptroller's office:

**The Office of the Comptroller
Division of Property Assessment
501 Deadrick Street
Suite 1400 (EDA Compliance)
Nashville, Tennessee 37243-0277**

A copy of the transmittal letter must be sent to the IDB for inclusion in the project file.

10. In accordance with the PILOT Policy, PILOT Annual Performance Reporting Forms will be given to the Company to be filed with the Industrial Development Board on an annual basis.

11. In compliance with Tennessee Code Annotated (TCA) 7-53-305, before **October 1st of each year**, the corporation (IDB) lessee shall submit to the State Board of Equalization an annual report containing a list of all the real and personal property owned by the corporation (IDB) and its associated entities and subsidiaries; the value of each listed property as estimated by the lessee of property; the date and term of

the lease for each listed property; the amount of payments made in lieu of property taxes for each listed property; the date each listed property is scheduled to return to the regular tax rolls; and a calculation of the taxes which would have been due for each listed property if the properties were privately owned or otherwise subject to taxation.

Each **lessee** of the corporation (IDB) shall be responsible for the timely completion and filing of the report, and failure to timely complete and file the report shall subject such lessees to a penalty to one hundred dollars (\$100) for each day the report is late; provided, that no lessee shall be liable who has provided the State Board of Equalization information required by TCA Section 7-53-305, insofar as may be pertinent to property leased by lessee from the corporation (IDB).

The IDB encourages lessees to submit a copy of this report to the IDB for inclusion in the project file. The copy should be sent to:

The Industrial Development Board
125 N. Main Street, Suite 468
Memphis, Tennessee 38103