

RESOLUTION

Resolution to Form Committee to Evaluate Whether To Include Various Tax-Abated and Tax-Exempt Entities Within the City of Memphis PILOT Program

WHEREAS, the need to generate tax revenue to cover budget shortfalls has never been more important since the Mayor of the City of Memphis presented his FY2013 budget to the Memphis City Council on April 17, 2012; and

WHEREAS, the primary source of revenue for the City of Memphis is property taxes; however, various properties located within the City of Memphis are subject to tax abatements or are tax-exempt; and

WHEREAS, while part of the tax-exempt property in the City of Memphis is government-owned, certain entities like corporations, universities, hospitals, and non-profit institutions are also tax-exempt or subject to tax abatements; and

WHEREAS, the City of Memphis lost \$41.6 million in property tax abatements during FY2011, while Shelby County lost a total of \$50 million in property tax abatements; and

WHEREAS, the top ten tax abatements, totaling \$24 million in lost property taxes, were granted to corporations located within the City of Memphis with net incomes that cumulatively total at least \$12.937 billion collectively, including Nike, Cargill, Inc., FedEx, Int'l Paper Co., and Valero Energy Corp.; and

WHEREAS, city taxpayers finance incentives to recruit and retain property tax abated and tax-exempt businesses in Memphis through a Payments-in-Lieu-of-Taxes ("PILOT") program via the Economic Development Growth Engine ("EDGE"); and

WHEREAS, such PILOT programs obligate users of otherwise taxable property to make voluntary periodic payments to the City of Memphis; and

WHEREAS, a committee should be formed to thoroughly study: 1) the necessity of the extent of financial incentives provided to tax-abated and tax-exempt entities which are not current users of the PILOT program; 2) the effectiveness of these incentives in terms of local jobs and tax collections; and 3) any improvements or changes that need to be made to the incentives currently in place; and

WHEREAS, the committee should be comprised of two City Council members, the Mayor or his designee, the executive director of EDGE, one board member of EDGE, a representative from the Greater Memphis Chamber of Commerce, and one at-large member.

NOW, THEREFORE, BE IT RESOLVED that there is established the above committee which will report its findings and recommend changes no later than eight months from its formation.

FURTHER, BE IT RESOLVED that the Council Chair shall appoint the two Council Members, the representative from the Greater Memphis Chamber of Commerce, and the at-large member.

FURTHER, BE IT RESOLVED that the committee is challenged with studying the effects of implementing the following objectives:

1. Setting a standard level of contributions – in programs and payments – to be met by all major tax-abated and tax-exempt landholders in the City of Memphis.
2. Developing a standard methodology for valuing the community partnerships made by tax-abated and tax-exempt institutions which are not current users of the PILOT program.
3. Proposing a structure for a consolidated program and payment negotiations system, which will allow the City and its tax-abated and tax-exempt institutions to structure longer-term, sustainable partnerships focused on improving services for Memphis' residents.
4. Clarifying the costs associated with providing City services to tax-abated and tax-exempt institutions.
5. If necessary, providing recommendations on legislative changes needed at the City or State level.

Janis Fullilove
Memphis City Council

Lee Harris
Memphis City Council

Joe Brown
Memphis City Council