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See inside for details about our 5-year, 100% Tax Abatement Program
LERTA (Local Economic Revitalization Tax Assistance)

Sellersville Business Campus

Sale Opportunity

900 E. Clymer Avenue
Sellersville Borough
Bucks County, Pennsylvania

Summary

Sellersville Borough is located in the upper portion of beautiful Bucks County in southeastern Pennsylvania, approximately 30 miles north of Philadelphia and 22 miles south of Allentown.

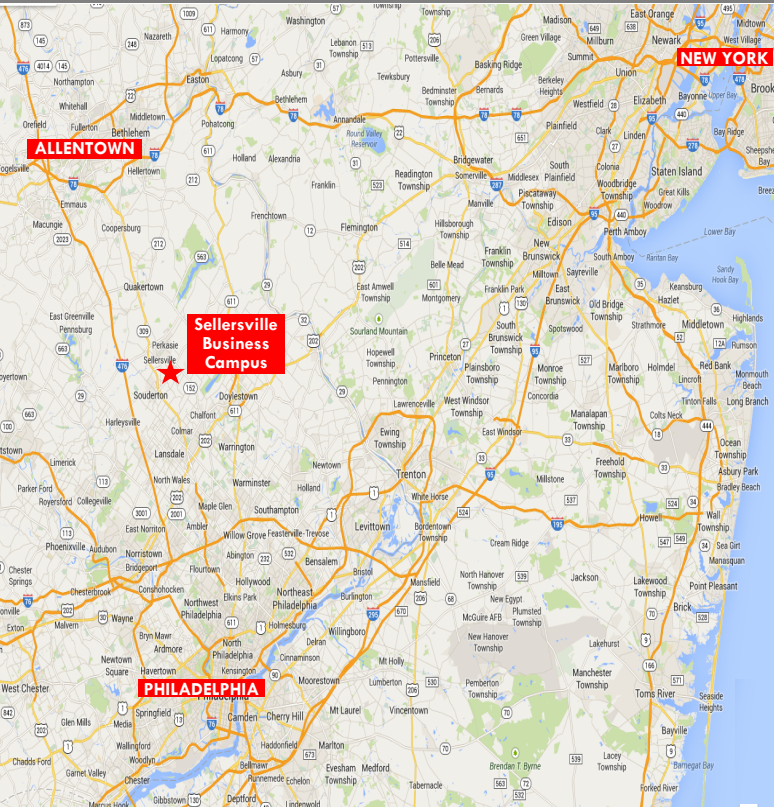
The Sellersville Business Campus is one of a very few large industrial sites available in Upper Bucks County, Pennsylvania. The demand for land for new construction in this area is very high due to its close proximity to major roadways (PA Route 309 and the Pennsylvania Turnpike), and its regional location in the United States.

This Brownfield redevelopment project is the first of its kind offered by the Bucks County Board of Commissioners through its Industrial Development Authority (a cooperative effort with the county's Planning Commission and Redevelopment Authority).

Working together, these agencies were able to purchase the site with a loan from the Pennsylvania Commonwealth Financing Authority (Business in Our Sites loan program), receive preliminary and final subdivision and land development approval from Sellersville Borough, prepare the site for redevelopment, and receive approval for a 5-year, 100 percent LERTA program (see in side for details).



April 2015



Sellersville Business Campus

44 Acres Approved for Industrial Lots

5-year, 100% LERTA Approved



Property Details

LOCATION		FINANCING OPTIONS
State:	Pennsylvania	Bucks County
County:	Bucks County	Industrial Development Authority
Municipality:	Sellersville Borough	11 Welden Drive
		Doylestown, Pennsylvania 18901
SITE DETAILS		T. 267-880-6071
Shovel Ready		F. 267-880-6584
Approved Buildable Lots:	4 -10 acres in size (can be combined for larger lots)	
Proposed Building Size:	30,000 - 200,000 square feet	Tax Exempt Financing available for Manufacturers
Zoning:	Industrial	
PUBLIC UTILITIES		Loan Programs available for land acquisition and building, working capital, and machinery and equipment
Gas & Electric:	UGI Natural Gas & PPL Electric	
Water:	North Penn Water Authority	
Sewer:	Sellersville Borough/Pennridge Waste Water Treatment Plant	
Cable/Internet:	Verizon & Comcast	
Trash Removal:	Waste Management, Inc.	



About Sellersville Borough

Real Estate & Occupational Taxes		2008-2012 American Community Survey 5-Year Estimates	
Real Estate Tax		Population	
Taxing District	Millage Rate	Census 2010 Total Population	4,249
Sellersville Borough	18.00	2012 ACS 5-Year Population Estimate	4,266
Bucks County	23.20	Median Age	37.8
Pennridge School District	129.6227	Educational Attainment: Percent high school graduate or higher	89.3%
Occupation Tax		Median Household Income	66,523
Sellersville Borough Earned Income	0.5%	Total housing units	1,692
Pennridge School District Earned Income	1.0%	Median Home Value	\$202,800
Sellersville Borough Occupational Privilege Tax	\$5.00/yr		
Pennridge School District Occupational Privilege Tax	\$5.00/yr		

LERTA (Local Economic Revitalization Tax Assistance)



Purpose

The purpose of this program is to enable local taxing authorities to exempt the assessed value of improvements to deteriorated or underutilized business properties from property tax increases for a defined period of time.

Background

The Local Economic Revitalization Tax Assistance Act (LERTA) adopted in 1977, as amended by the Pennsylvania legislature permits taxing authorities (Municipalities, Counties and School Districts) to exempt new construction and/or improvements to non-residential properties from increased real estate taxes to encourage investment by the private sector. When initially considering programs to encourage economic development, the Pennsylvania Department of Commerce noted that higher local property taxes resulting from improvements were a major deterrent to investment in deteriorated or underutilized business property.

Improvements eligible for tax exemption under the law include repair, construction, or reconstruction, alterations and additions of vacated, underutilized, or deteriorating properties. The law permits the tax exemption to be based on the actual improvement cost or a uniform maximum cost as determined by the municipal governing body for a period of not more than 10 years. A LERTA program offers a potentially viable and effective tool for local governments to revitalize economically challenged areas, increase job opportunities, and increase real estate tax revenue over a long term to fund future government services.

Establishing the LERTA District

Implementing a LERTA program requires the municipality to hold at least one public hearing to determine the boundaries of the LERTA district. Sellersville Borough established the Sellersville Business Campus LERTA district in March 2015.

Implementing a LERTA Program

Once the LERTA district was established, Sellersville Borough adopted an ordinance to implement the program on behalf of the municipality. The ordinance reaffirms the area designated as eligible for the LERTA exemption, as well as the term and amount of tax exemption available during the term. The Bucks County Board of Commissioners and the local School Board of Directors for the Pennridge School District also adopted resolutions similar to the ordinance adopted by the municipality agreeing to participate in the LERTA program.

Term and Exemption Amount

The term and exemption for the Sellersville Business Campus is a five (5) year term and 100 percent exemption of any increase in real estate taxes attributable to new construction and/or improvements to business properties. The ordinance expires on the fifth anniversary of enactment.

Any business owner intending to construct or improve non-residential property in the designated LERTA areas during the five-year period is eligible for a five-year exemption. The five-year period would begin for each property owner at the issuance of an occupancy certificate for the new construction. Each property owner interested in the tax exemption would be required to complete an application prior to the issuance of a building permit, and the application would be distributed to all taxing bodies in the jurisdiction (Sellersville Borough, Pennridge School District, and the County of Bucks). The exemption will apply to the property for the five (5) year term and will not be affected by a sale or transfer.

LERTA Example of Projected Savings over 5 Years

Sellersville Business Park

5 Year Straight LERTA

Proposed Average Lot Size: 4.0 - 10.0

Projected Average Retail Per Improved Lot: **\$3,000,000**

Projected Real Estate 2% Transfer Tax: **(One-time)**

Real Estate Transfer Tax (Borough 0.5%) \$15,000

Real Estate Transfer Tax (Pennridge SD 0.5%) \$15,000

Real Estate Transfer Tax (County 0.5%) \$15,000

Real Estate Transfer Tax (State 0.5%) \$15,000

\$60,000

Estimated Assessed Land Value 53,083

Estimated Assessed Building Value 246,917

Annual Projected Real Estate Tax on Land value:		5-year total
Borough (20)	\$1,062	\$5,308
Pennridge SD (129.6227)	\$6,881	\$34,404
County (23.20)	\$1,232	\$6,158
Total Annual Projected Real Estate Tax	\$9,174	\$45,870

Annual Projected Real Estate Tax on Building value:		5-year total
Borough (20)	\$4,938	\$24,692
Pennridge SD (129.6227)	\$32,006	\$160,030
County (23.20)	\$5,728	\$28,642
Total Annual Projected Real Estate Tax	\$42,673	\$213,364

Tax Exempt Financing — Frequently Asked Questions



The Bucks County Industrial Development Authority (BCIDA) provides capital financing for non-profit organizations and manufacturing companies through its Industrial Revenue Bond and Mortgage Program. There are two types of tax-free facilities available through this program:

Mortgages: A bank can provide a tax-exempt mortgage to the entity through the BCIDA. An installment sale agreement between the entity and BCIDA is assigned to the bank which establishes the repayment of the loan. Interest earned by the bank is exempt from Federal and State taxes. The bank, in turn, passes on a lower interest rate to the borrower.

Bonds: The BCIDA can issue bonds for financing of a project. These bonds are tax-exempt to the bondholders. The bonds are backed by a letter of credit from a bank. Usually only projects over \$1 million are funded through a stand-alone bond issue due to the initial costs of issuing the bonds.

Who Qualifies for Tax-Exempt Bond & Mortgage Financing?

Non-Profit Entities: Charitable organizations described in Section 501 (c) (3) of the Internal Revenue Code. These include nursing homes, health care facilities and educational facilities.

Manufacturing Companies: Defined under federal law as “the manufacturing or production of tangible property (including processing resulting in a change in condition of such property).” A manufacturing facility can include office space, research and development space, and warehousing space, provided they are located on the premises of the manufacturing facility, are directly related to it, and compose less than 25 percent of the financing to be obtained. As part of the application process, companies will be required to obtain a legal opinion regarding their eligibility under the federal law.

Exempt Facilities: Certain facilities including solid waste disposal facilities, mass commuting facilities, docks, airports, hazardous waste disposal facilities, sewage facilities, water and electricity furnishings facilities, and other facilities designated by federal law as eligible for tax-exempt financing.

What are the Eligible Uses of the Funds?

Land: Includes acquisition, site preparation and improvements, infrastructure development (i.e. water, sewer, and rail) and environmental testing. The cost of land cannot exceed 25 percent of the total real estate acquisition cost.

Building: Includes acquisition, construction, rehabilitation, engineering, architectural, legal and other related cost. For a building acquisition, an amount equal to at least 15 percent of the tax-exempt portion used to acquire the building and any equipment contained within must be used for rehabilitation. This rehabilitation must be done within two years of the funding date.

New Equipment: Includes acquisition, delivery and installation. Used equipment may only qualify if contained in a building being acquired through tax-exempt financing.

Soft Costs: Includes legal, architectural, engineering, surveying, test boring, title insurance, appraisals, accounting, and financing costs for the project.

Refinancing: Includes existing tax exempt debt associated with real estate and/or equipment. Refinancing of conventional debt is limited to nonprofits.

What is the Minimum and Maximum Size of the Mortgages or Bonds?

There is no minimum size for tax-exempt mortgages or bonds, although generally it is not economical to issue bonds for amounts under \$1,000,000. Amounts under \$1,000,000 are usually funded through a tax-exempt mortgage. Under the federal tax law, the borrower and occupant, along with their affiliates, together cannot incur more than \$20,000,000 of capital costs, in the city or township of the project, during the six-year period beginning three years before the date when the proposed bonds will be issued and ending three years after the issuance of the bonds. These capital costs include the current financing costs and any outstanding tax-exempt debt.

Up to \$1,000,000 of small issue financing, including prior outstanding small issues, is allowed without regard to other 6-year capital costs. The project borrower and occupant, along with their affiliates, together cannot have outstanding tax-exempt financing anywhere in the United States or its territories or possessions in excess of \$40,000,000, including the current financing. Tax-exempt financing for exempt facilities counts against the \$40,000,000 limit, but not against the \$20,000,000 limit.

The non-profit entity and all related persons cannot have more than \$150,000,000 of outstanding non-hospital tax-exempt financing, including the proposed financing. There is no maximum loan size for exempt facility bonds.

What is the Loan Term and Rate?

The rate and term of the loan is established by the bank for tax-exempt mortgages. The rate and term of a bond issue is determined by the pricing of the bonds, the letter of credit fee and other costs associated with the bond issue.

How Many New Jobs Must be Created as a Result of a Project?

Both new and existing full-time permanent jobs, at the project site, are counted for this program. Existing jobs include jobs which will be transferred to the project site. Tax-exempt manufacturing projects must retain or create, within three years of the financing one full-time permanent job for every \$50,000 of financing requested. Non-profit and exempt facility projects must retain or create, within three years of the financing, a total of at least ten full-time permanent jobs per financing.

What Are the Fees for BCIDA for This Type of Loan?

Application Fee:	\$1,500
Placement Fee:	1% due at closing
Closing Fee:	40 basis points
Legal Fee:	Not to exceed \$5,000 - \$7,000

What is the Application Procedure?

Entities wishing to apply for tax-exempt financing should contact the Bucks County Industrial Development Authority at 267-880-6071. Applications are accepted on a rolling basis. The BCIDA Board meets the first Thursday of each month to consider all loan projects submitted by their loan review committee for action. Following BCIDA approval, the application will be forwarded to the Bucks County Commissioners for their approval and then to the Pennsylvania Department of Community & Economic Development for approval.

Bond Counsel Opinion Requirement

A preliminary opinion from a qualified bond counsel must be provided at the time of application to the BCIDA. This opinion should specify the federal tax-exempt category for which the project qualifies. The bond counsel that provides this opinion should be listed in *The Bond Buyers Municipal Marketplace*. Bond Counsel legal fees are separate from the BCIDA legal fees.

When Can the Project Construction or Acquisition Begin?

Project construction and/or acquisition cannot begin until approval has been received from the Bucks County Industrial Development Authority. Deposits on real estate made prior to the approval are financeable through the program if the acquisition of the real estate occurs after the approval. Equipment, especially that which may have an extended delivery time, may be ordered prior to project approval and the costs (including advance payments) may be financed, provided that the equipment is “off the shelf” and is not custom built equipment, and provided that delivery and final payment of the equipment occur after approval.