

BELMONT COUNTY PTTGC AMERICA ABATEMENT



AUDITOR'S FACT SHEET

This fact sheet is provided solely from the Belmont County Auditor's Office. The calculations and responses are all provided by Auditor Anthony Rocchio. As part of an economic development deal that was signed on March 25, 2020, this gives PTTGC America (PTTGCA) the opportunity to move forward with a world-scale petrochemical complex. If you have any questions, please contact the Auditor's Office at (740) 699-2130 or email at auditor@belmontcountyohio.org. Thank you for your time!

DETAILS OF THE ABATEMENT

- 15-year abatement beginning when the project is approximately 50% complete
- Any increase in valuation from that point forward will be abated (PTTGCA will still pay the base taxes before the abatement began)
- Construction will take approximately 4 years (thousands of workers would be hired during this phase)
- Upwards of 350 full-time permanent positions will be created once the project is completed
- Proposed valuation is approximately \$35 million when the project is completed
- The project would invest \$38 million in education to Shadyside LSD over the 15-year life of the agreement & Mead Township would receive \$9.5 million during the same period
- The project is estimated to generate between \$20 and \$24 million in direct sales tax revenue during the construction phase that will go to Belmont County

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TAX BREAKDOWN

To see what PTTGCA would pay on the proposed \$35 million valuation to the school and township compared to the amount agreed upon by all parties, we will use the following formula: valuation (V), effective industrial rate (R), approximate taxes owed (T)

$$T = [(V \times 35\%) / 1000] \times R$$

SHADYSIDE LSD

Payment based on the proposed valuation:

$$T = [(35,000,000 \times 35\%) / 1000] \times 36.745426$$

$$T = [12,250] \times 36.745426$$

$$T = \underline{\$450,131.47 \text{ per year}}$$

Agreed payment on average per year from the abatement:

$$T = 38,000,000 / 15$$

$$T = \underline{\$2,533,333.33 \text{ per year}}$$

Next, we will work backwards to compare the valuation Shadyside LSD would need to receive \$2,500,000 annually in taxes against the proposed valuation by using the following formula:

$$V = [(T / R) \times 1000] / 35\%$$

$$V = [(2,500,000 / 36.745426) \times 1000] / 35\%$$

$$V = [68,035,679] / 35\%$$

$$V = \underline{\$194,387,654.29}$$

MEAD TOWNSHIP

Payment based on the proposed valuation:

$$T = [(35,000,000 \times 35\%) / 1000] \times 3.871922$$

$$T = [12,250] \times 3.871922$$

$$T = \underline{\$47,431.05 \text{ per year}}$$

Agreed payment on average per year from the abatement:

$$T = 9,500,000 / 15$$

$$T = \underline{\$633,333.33 \text{ per year}}$$

The valuation Mead Township would need to receive \$600,000 annually in taxes, using the same formula from the school:

$$V = [(600,000 / 3.871922) \times 1000] / 35\%$$

$$V = [154,961,799] / 35\%$$

$$V = \underline{\$442,747,997.14}$$

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FREQUENTLY ASKED QUESTIONS

Q: Does this mean the cracker plant is officially coming to Belmont County?

A: No, this is one very important step among many others as PTTGCA approach their Final Investment Decision (FID).

Q: This is a multibillion-dollar project, why is the proposed valuation only \$35 million?

A: We can only place a value on what is taxable by Ohio law. The land will have a site value, the buildings will have a value, and the rail for the railroad will carry a value. The main building is only roughly the size of a Wal-Mart. All the other parts to the petrochemical plant will be categorized as personal property which is no longer taxable under Ohio law. Personal Property includes every tangible thing that is the subject of ownership, whether animate or inanimate, including a business fixture, and that does not constitute real property.

Q: Why would the company pay more to the school and township than what they would pay on their proposed taxes?

A: They are investing into a community and into our area knowing they will be our neighbor for many years to come. They have seen and heard the needs of the school and township firsthand. We are building a relationship that will last lifetimes. Also, the complexity of financing this project is unbelievable. Any certainty they can provide to banks and lenders in this massive formula is a huge accomplishment.

Q: How will the county receive that type of sales tax revenue?

A: The two general categories are comprised of purchase and/or use transactions. Belmont County will receive sales tax revenue from the sales to construction contractors of those taxable items consumed within the county and sales of materials to be installed at the site. This figure does not include all the secondary transactions such as food, hotel, and other local services.

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