

Great Lakes Orthodontics, Ltd.
\$5,005,230
INDUCEMENT RESOLUTION

ELIGIBILITY

- NAICS Section - 339110

COMPANY INCENTIVES

- Approximately \$858,000 in real property tax savings
- Approximately \$274,131 in sales tax savings

PROJECT BENEFITS

- The project will generate approximately \$228,000 of revenue to the local taxing jurisdictions over the abatement period representing \$30,000 to the County of Erie, \$81,000 to the Town of Tonawanda and \$117,000 to the Kenmore-TTN UFSD School District.

EMPLOYMENT

- Current - 221
- Projected- 230
- New Jobs Projected- 9
- Retained Jobs-127

PROJECT HISTORY

- 5/23/16- Public Hearing held. Transcript attached.
- 6/22/16- ECIDA Board of Directors adopts a Negative Declaration in accordance with SEQRA.
- 6/22/16- Lease/Leaseback Inducement Resolution presented to the Board of Directors.

Project Title: Great Lakes Orthodontics, Ltd.

Project Address: 200 Cooper Avenue
 Tonawanda, New York 14150
 (Kenmore-TTN UFSD)

Agency Request

A sales tax and real property tax abatement in connection with the construction of a 25,000 sq. ft. addition to an existing building.

Building Addition	\$4,255,230
Non-Manufacturing Equipment	\$ 750,000
 Total Project Cost	 \$5,005,230
 85%	 \$4,254,446

Company Description

Great Lakes Orthodontics, Ltd. ("Great Lakes") is a manufacturer of dental appliances, a distributor of dental equipment and supplies and a training and education provider of dental technicians for other labs and doctor's offices. The markets served include orthodontists, prosthodontists, oral surgeons, and the restorative and general dental profession throughout North America and around the world. Great Lakes operates one of the largest orthodontics dental labs in the U.S. and distributes over 2,500 dental products to over 100 countries and is a leading supplier for 3D printing and scanning equipment in the orthodontic sector of the dental industry.

The company often faces considerable price competition from other laboratories that manufacture product overseas.

Project Description

The project consists of the expansion and renovation of the existing facility. 25,000 additional square feet is being added to east and west portions of the building to allow for expanded manufacturing, warehouse and office space.

Additional parking areas will be added to accommodate anticipated future employment growth. As part of this expansion of the parking area, the New York State Department of Environmental Conservation is requiring the installation of a costly underground water detention system to handle water runoff.

New Tax Revenue Estimated

Current Yearly Taxes	Estimated New Assessed Value	Additional County Revenue over 10-year abatement period	Additional Local Revenue over 10-year abatement period	New Yearly Taxes Upon Expiration of Abatement
\$0	\$1,174,400	\$30,000	\$198,000	\$108,659
Combined Tax Rate: \$92.52				

PILOT Table

The project will generate approximately \$228,000 of revenue to the local taxing jurisdictions over the abatement period representing \$30,000 to the County of Erie, \$81,000 to the Town of Tonawanda and \$117,000 to the Kenmore-TTN UFSD.

Year	% payment under PILOT	Est. County PILOT	Est. Town PILOT	Est. School PILOT	Est. Total PILOT	Full Taxes without PILOT	Net Exemption
1	10%	\$1,454	\$3,840	\$5,572	\$10,866	\$108,659	\$97,794
2	10%	\$1,454	\$3,840	\$5,572	\$10,866	\$108,659	\$97,794
3	10%	\$1,454	\$3,840	\$5,572	\$10,866	\$108,659	\$97,794
4	20%	\$2,908	\$7,681	\$11,143	\$21,732	\$108,659	\$86,928
5	20%	\$2,908	\$7,681	\$11,143	\$21,732	\$108,659	\$86,928
6	20%	\$2,908	\$7,681	\$11,143	\$21,732	\$108,659	\$86,928
7	30%	\$4,362	\$11,521	\$16,715	\$32,598	\$108,659	\$76,062
8	30%	\$4,362	\$11,521	\$16,715	\$32,598	\$108,659	\$76,062
9	30%	\$4,362	\$11,521	\$16,715	\$32,598	\$108,659	\$76,062
10	30%	\$4,362	\$11,521	\$16,715	\$32,598	\$108,659	\$76,062
		\$30,533	\$80,649	\$117,003	\$228,185	\$1,086,595	\$858,410

Draft Recapture Material Terms

Condition	Term	Recapture Provision
Total Investment:	At project completion	Investment amount equal to or greater than 85% of project amount Total Project Amount = \$5,005,230 85% of total project amount = \$4,254,446
Employment	Coincides with 10-Year PILOT term	Maintain base 221 Create 85% of projected: Projected Jobs: 9 85% of projected jobs = 8 Recapture Employment: 229
Local Labor	Construction Period	Adherence to policy including quarterly reporting
Pay Equity	Coincides with 10-Year PILOT term	Adherence to Policy
Unpaid Taxes	Coincides with 10-Year PILOT term	Adherence to Policy
Recapture Period	Coincides with 10 Year PILOT term	Real Property Taxes. State and Local Taxes

Recapture applies to:

- State and local sales taxes
- Real property taxes

Employment Impact

	Full Time	Part Time
Current Jobs	221	19
Projected Jobs	230	19
Net New Jobs	9	
Retained Jobs*	127	19

*Great Lakes has had conversations with Chinese representatives to establish a lab in China for the fabrication of appliances. If Great Lakes is unable to expand its local manufacturing operations, it would be put in the position to consider establishing a Chinese presence to manufacture its appliances which would directly affect approximately 150 employees.

Recapture

Pursuant to Section 875 of New York General Municipal Law, the agency may recover or recapture from the company any state sales and use tax exemption benefits taken by the company that are in violation of the GML.

In addition, it is the recommendation of the ECIDA's Policy Committee to recapture the local portion of the sales tax and real property taxes.

At completion of project company must certify i) total investment amount equal to or greater than 85% of amount proposed ii) confirm that company will create an additional 8 jobs (85% of 9) iii) adherence to local labor policy, iv) adherence to unpaid tax policy and v) adherence to pay equity policy.