

**The Kittinger Company, Inc.**  
**\$1,365,000**  
**INDUCEMENT RESOLUTION**

**HIGHLIGHTS**

- Eligibility: NAICS Section - **33 manufacturing**

**COMPANY INCENTIVES**

- 1% of the final mortgage amount
- Approximately \$20,000 in sales tax savings
- Approximately \$41,000 in real property tax savings over the 10-year abatement.



Project Title: The Kittinger Company, Inc.  
Project Address: 4675 Transit Road  
Clarence, New York 14031  
(School District)  
SIC/NAICS: 2521/337211

**Agency Request**

Sales tax, mortgage tax and real property tax exemption in connection with the acquisition of an existing 22,000 sq. ft. building along with the construction of a 10,000 sq. ft. addition.

Acquisition	\$ 575,000
Renovations	125,000
New Construction	350,000
Soft Costs	315,000
 Total Project Cost	 \$1,365,000

**Company Description**

The Kittinger Furniture Company was founded in Buffalo, New York in 1866. From 1937 to 1990 it was the chief furniture reproductions maker for the Colonial Williamsburg Foundation.

Kittinger supplies high end residential and contract furniture markets. One of the company's more notable customers includes the White House dating back to 1970. The company was purchased out of bankruptcy by its present owner, Ray Bialkowski in 1996.

Over 50% of the company's sales are to customers located outside of New York State and approximately 14% outside the United States.

**Project Description**

The company is currently located on the 6<sup>th</sup> floor of the Tri-Main Building, 2495 Main Street in the City of Buffalo. They have been leasing 60,000 sq. ft. at that location for the past 17 years. Prior to making the decision to move to Clarence the company viewed several buildings in the City of Buffalo and Erie County as well as a location in Ellicottville..

In this globally competitive market it is necessary for companies to continue to reduce or stabilize costs. The company made the business decision to seek out buildings for purchase which met their minimum requirements for manufacturing (14' ceilings/shipping and receiving docks/employee and visitor parking) as well as providing for a stabilization of expenses.

# The Kittinger Company, Inc.

They have decided that it is in the company's best interest to purchase a vacant facility on Transit Road in the Town of Clarence and relocate operations. The building has been vacant for several years and is 22,000 sq. ft. and formerly housed an indoor skating rink. The company will need to construct a 10,000 sq. ft. addition to include shipping and receiving docks.

Once complete, this facility will allow the company to reduce the cost of shipping and better streamline the manufacturing process. The new building on Transit Road is located just a mile and a half from the showroom and the building is one story.

Some of the sites toured were Lakeside Commerce Park (new build), Niagara Street, Elm Street, Chicago Street, Cornwall Avenue, Fillmore Avenue and Vulcan Street. None were found suitable by the company.

Since this project involves an inter-municipal move between municipalities each having an IDA, this project is brought before the ECIDA Board of Directors for consideration. A copy of the application has been made available to both the Mayor of the City of Buffalo and the Supervisor of the Town of Clarence in accordance with guidelines established under the UTEP.

## Impact on Taxes

Estimated assessed value after purchase	Est. County Taxes over abatement period	Est. Local Taxes over abatement period
\$575,000	\$1,050	\$9,900
Combined Tax Rate: 21.36		

The building is currently assessed for \$750,000 in its current use as an indoor rink. The purchase price is \$575,000. If the assessment gets reduced to the purchase price, the company will recognize a PILOT benefit on the increase in the value based on the contemplated new construction in the amount of \$350,000. In determining a PILOT benefit, we have increased the assessment on the property by 70% or \$245,000. The PILOT benefit would only impact the increase above the final post purchase assessment amount.

Under this scenario the company would realize approximately \$28,700 exemption utilizing the PILOT.

## Project Incentives

- 1% of the final mortgage amount
- Approximately \$20,000 in sales tax savings
- Approximately \$41,000 in real property tax savings.

## Employment

<u>Current:</u>	<u>Year 2 (after completion of Project)</u>
13	21

## Project History

Town undertook uncoordinated review. This is an unlisted action and they have issued their negative declaration.

02/19/2013 ECIDA adopts a Negative Declaration in accordance with SEQRA.

02/05/13 Public hearing conducted. Transcript attached.

02/19/13 Lease/Leaseback Inducement Resolution presented to Board of Directors.