

# Renewal Communities Tax Initiative Chattanooga's Commercial Revitalization Deduction APPLICATION

---

## Overview

The Commercial Revitalization Deduction (CRD) is a federal tax incentive only available to building owners, developers and businesses with commercial or business property. The deduction is available to buildings placed in service after January 1, 2002 and before January 1, 2010. You may apply for deductions for projects prior to their start, after they have started (mid construction) but no later than the year that a project is placed into service.

**If your property is residential or a property that you lease, you cannot take advantage of this tax incentive.**

This incentive allows the building owner to take an accelerated deduction of qualifying building and refurbishment expenses. Either a 50% deduction of qualifying expenses can be taken by approved applicants in the year that the building project is placed into service or a 10% deduction of total qualifying expenses each year for 10 years after the project is completed. **Please consult IRS Publication 954 - "Commercial Revitalization Deduction" to determine if the expenses for your building project are eligible for this deduction.** (On-line version available at [www.renewal-community.com](http://www.renewal-community.com)) You may also want to contact the local IRS office or your tax professional for assistance.

To be able to take this accelerated deduction on your federal taxes, you must receive approval for CRDs by local and state regulatory agencies. This is the official application form for approval by the local authority. In Chattanooga, the local authority will also process necessary regulatory approvals from the state.

## 2003 Commercial Revitalization Deduction (CRD) Application



### INSTRUCTIONS

**PLEASE READ THESE INSTRUCTIONS CAREFULLY BEFORE SUBMITTING AN APPLICATION:**

Completed applications can be turned into the reception desk at the Mayor's Office, City Hall, Suite 100 or mailed to: Commercial Revitalization Deduction Program, Suite 100, City Hall, Chattanooga, Tennessee 37402.

For Questions about application procedures or filling out the application call: 757 - 5152 or 757 - 5168

Each year, (from January 1, 2002 – January 1, 2009) the City of Chattanooga and the Commercial Revitalization Deduction Authority will have a total of \$12 million to award to commercial and business building projects located in the Renewal Community Zone. Priority for awards have been determined by the local authority and will include the following: 1. Total number of new jobs at the building site (post construction); 2. Wages of employers who will be located at the site; 3. Placement of existing, vacant buildings into service and 4. Project readiness of the applicant.

## New Information for 2003 Applicants

*Note: Your project must also satisfy all IRS eligibility requirements; see [www.renewal-community.com](http://www.renewal-community.com) for more information or workshops on this topic.*

For 2003, Chattanooga will be dividing its Commercial Revitalization Deductions into 2 pools:

- o \$6 Million "**Standard CRD Application**"
- o \$6 Million "**CRD Incentive Application**"

When you make your CRD application in 2003, you must indicate which Fund you are applying for.

**Standard CRD Application:** these deductions are reserved *for eligible projects in the RC Zone that will take place regardless of whether a CRD award is granted.* These awards are mostly aimed at enhancing or benefiting existing businesses (some exceptions are possible). The CRD award in these cases would make a significant difference to the success and business growth of the applicant but is not essential for the project to occur.

- **Total Fund Amount Available in 2003: \$6M**
- **2003 Applications Due:** June 15, 2003.
- Applications received prior to June 15 will be reviewed for eligibility only; all applicants should pay strong attention to the CRD Authority's priorities for funding prior to application (number of new jobs created, high paying jobs, placing vacant buildings into service, project readiness).
- Any awards approved between June 15 - September 15, 2003 will be provisional, requiring successful progress on the proposed project is made prior to final approval.
- If there are remaining CRDs to award after September 15, 2003, the CRD Authority may choose to accept new applications, apply the balance toward the Incentive Fund or make additional rewards to other recipients. Year end plans will be announced after September 15.

**CRD Incentive Application:** these deductions are to be used as part of a recruitment package for new industry to Chattanooga *or* for projects by existing businesses that would not happen otherwise without the benefit of a CRD award.

- **Total Fund Amount Available in 2003: \$6M**
- **2003 Applications Due:** on an on-going basis
- If there are remaining CRDs to award after September 15, 2003, the CRD Authority may accept new applications, apply the balance toward the Standard CRD Fund or make additional rewards to other recipients. Year end plans will be announced after September 15.

## APPLICATION CHECKLIST

The Attached Application must be completed and signed (below and page \_\_\_\_). Supporting Documentation must also be submitted with the application, along with an application fee equal to ½% of the total deductions requested. **Make Check Payable to: City of Chattanooga, CRD.** All except \$50.00 will be refunded to the applicant, should the application be denied.

Submit Completed Applications, documentation and checks to: \_\_\_\_\_.

The Following **Documentation Must Be Submitted with the signed Application and Fees:**

\_\_\_ Copy of Business License (if Applicant's Business is 90 days or newer)



# City of Chattanooga Commercial Revitalization Deduction Application

## A. APPLICANT/OWNERSHIP ENTITY

Name and Address of Ownership Entity Applying for Credit (This is the entity to whom tax credits may be awarded):

Company Name: \_\_\_\_\_

Street Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Telephone: (\_\_\_\_) \_\_\_\_\_ Fax: (\_\_\_\_) \_\_\_\_\_ E-mail: \_\_\_\_\_

Name of Contact Person \_\_\_\_\_ Title: \_\_\_\_\_

Office Phone: (\_\_\_\_) \_\_\_\_\_ Mobile: (\_\_\_\_) \_\_\_\_\_ Fax: (\_\_\_\_) \_\_\_\_\_ E-Mail: \_\_\_\_\_

Business License in the State of \_\_\_\_\_ License #: \_\_\_\_\_ Date Issued: \_\_\_\_\_

(Please attach copy of Business License to Application if Entity Newer than 90 days old)

Type of Ownership Entity: Limited Partnership \_\_\_ General Partnership \_\_\_ Limited Liability Partnership \_\_\_ Limited Liability Corporation \_\_\_

S Corporation \_\_\_ Proprietor (SS #) \_\_\_\_\_ Federal Tax ID Number: \_\_\_\_\_

Industry of Applicant \_\_\_\_\_

New to Hamilton County? (Y / N)

## B. PROJECT (BUILDING) INFORMATION

Type of CRD Applying for (see front page for definition): Standard CRD \_\_\_\_\_ Incentive CRD \_\_\_\_\_  
(CRD is essential to project occurring) \_\_\_\_\_

Address: \_\_\_\_\_ Zip Code: \_\_\_\_\_

(Briefly) Describe Project for CRD Consideration: \_\_\_\_\_

Date of Property/Bldg Purchase: \_\_\_\_\_ Current Zoning: \_\_\_\_\_ Zoning Change Required? (Y / N)

Project Start Date: \_\_\_\_\_ # Months Since Start: \_\_\_\_\_ Est. Project End Date (Mo/Yr): \_\_\_\_\_

Public Works Review Complete? (Y / N) Date Completed: \_\_\_\_\_ Changes Required? (Y / N)

Describe Changes Required: \_\_\_\_\_

Project Site Currently in Use for Business Purposes? (Y / N) If not, how long vacant? \_\_\_\_\_ (est. mos)

Intended End Use: Commercial \_\_\_\_\_ Mixed Use \_\_\_\_\_ Industrial \_\_\_\_\_

Any Space to be leased for Business Uses? (Y / N) *Must also Submit Schedule C: Lease/Tenant Information*

Any Known End User Business(es) New to Hamilton County (Either as Leasee or Owner-Occupied)? (Y / N)

Check all that Apply to the Accelerated Deduction You are Applying to Receive:

Purchase Expenses \_\_\_\_\_ Rehabilitation/Refurbishment Expenses \_\_\_\_\_ New Construction Expenses \_\_\_\_\_

Type of construction of Project: Frame \_\_\_\_\_ Masonry \_\_\_\_\_ Other (describe) \_\_\_\_\_

Age of building \_\_\_\_\_ Historic or Preservation Designations: (list) \_\_\_\_\_

Fill out all following information pertaining to the project proposed for CRD award:

	A	B	C
	Initial	Final-Up Completion of Project	Difference
1. Total Sq Ft			
2. Sq Ft. for Business* Use			
3. % of Total for Business (#2/#1)x100			
4. Leasable Sq Ft for Business Use (incl. in # 2 above)			
5. % of Total (#4/#1)x100			
6. Total Initial Cost (bldg. & property)			
7. Total Est.Cost per Sq Ft (#6/#1)x100			
7. Total Cost or Value for Business Use			
8. Est. Improvement Expense for Business Use			
9. Est. Cost per Sq Ft.			
10. Increase Over Initial Cost Basis			
11. % Increase Over Initial Cost Basis			
13. CRD Allocation Requested = not to exceed #8- (.3 x 7A)			

\*Business Use = Commercial, Professional Services, Industrial or Related

**C. EMPLOYMENT INFORMATION FOR PROJECT:** *Please also fill out Appendix C.*

Current # Permanent Jobs Employed by Business(es) at the Project Site(non construction): \_\_\_\_\_

Est. # Permanent new jobs to be employed at the Project Site Each Year (post construction):

\_\_\_\_\_

Yr 1	2	3	4	5	5 Yr Total
------	---	---	---	---	------------

Est. Hourly Wage for New Jobs (incl. any benefits):

\$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

Yr 1	2	3	4	5
------	---	---	---	---

Est. Total Payroll for New Jobs (incl. any benefits):

\$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_ \$ \_\_\_\_\_

Yr 1	2	3	4	5	5 Yr Total
------	---	---	---	---	------------

Eligible deductions: i. Project improvements (excluding land improvements) \$ \_\_\_\_\_  
 ii. Bldg. acquisition cost (excluding land) up to 30% of project improvements \$ \_\_\_\_\_  
 iii. TOTAL DEDUCTIONS ELIGIBLE FOR (i + ii)  
 \$ \_\_\_\_\_

Expected Method of Deduction (check one) : 50% 1<sup>st</sup> Yr \_\_\_\_\_ 10% over 10 Years \_\_\_\_\_

*The information contained in this application and attachments for Commercial Revitalization Deductions is true and accurate, to the best of my knowledge..*

\_\_\_\_\_  
 Authorized Signature for Applicant Title Date

**APPENDIX A: PROJECT BUDGET AND FUNDING**

Please Fill Out the Following Project Budget. All items must be complete.

*Purchase Cost*

- a Land \_\_\_\_\_
- b Building \_\_\_\_\_
- c Professional Fees \_\_\_\_\_
  
- d TOTAL (a-c) \_\_\_\_\_

*Project Improvements*

	<u>Labor</u>	<u>Materials</u>	<u>Total</u>
e Professional (architect, engineering, developer, etc.)	_____	_____	_____
f Site Prep (Demolition, excavation, grading, etc.)	_____	_____	_____
g Structural (framing, windows/doors, masonry, roofing, etc.)	_____	_____	_____
h Mechanical/Electric	_____	_____	_____
i Plumbing/HVAC	_____	_____	_____
j Finishes (light fixtures, flooring, etc.)	_____	_____	_____
Other (specify)	_____	_____	_____
k _____	_____	_____	_____
l _____	_____	_____	_____
m _____	_____	_____	_____
n _____	_____	_____	_____
o _____	_____	_____	_____
p TOTAL (e-p)	_____	_____	_____

**GRAND TOTAL (d+p)** \_\_\_\_\_

=====

**Financial Services Support of the Applicant**

Accountant's Name: \_\_\_\_\_ Phone: ( ) \_\_\_\_\_

Firm: \_\_\_\_\_ Address: \_\_\_\_\_  
Street

\_\_\_\_\_  
City State Zip

**Banking/Assets for Project**

	<u>Company Name</u>	<u>Contact Name / Phone #</u>	<u>Amount</u>
Property Lien Holders	1.	/	
Or Asset Verification	2.	/	
(continue list on	3.	/	
back if needed)	4.	/	
	5.	/	

**APPENDIX B: CONTRACTOR DATA AND PROJECT TIMELINE**

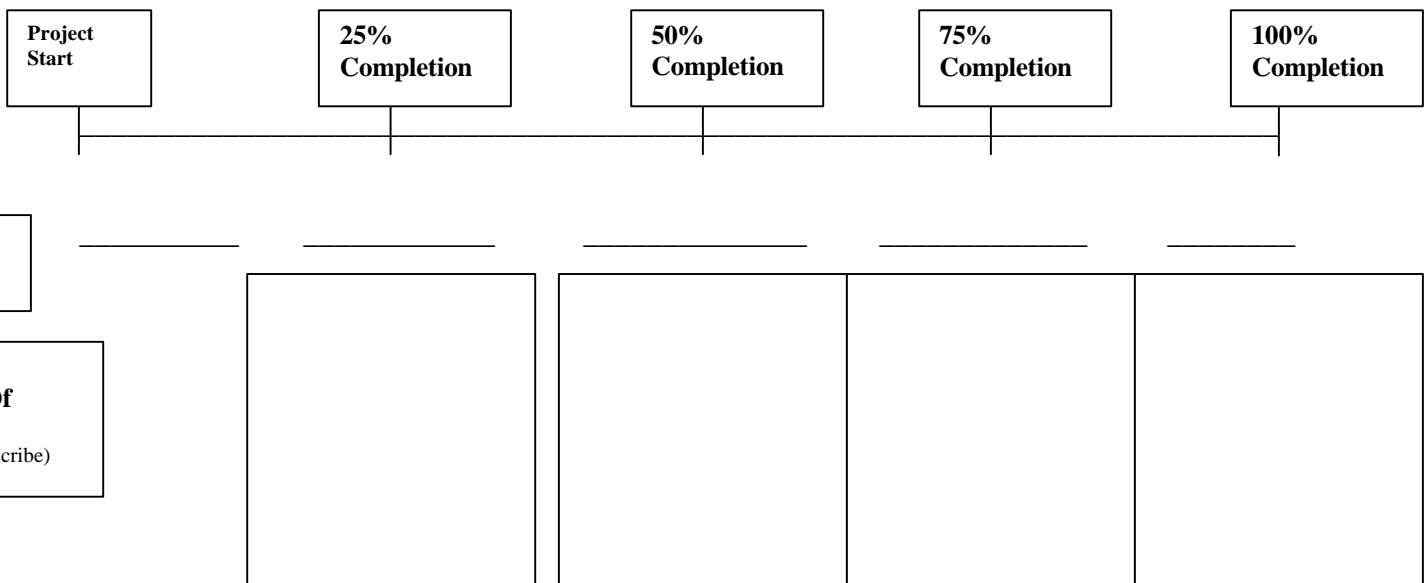
**CONTRACTOR DATA**

*List all information with confirmed contracts, only, for the project.*

	<b><u>Company Name</u></b>	<b><u>Primary Contact</u></b>	<b><u>Phone(s)</u></b>	<b><u>City/State</u></b>
Developer	_____	_____	_____	_____
Architect	_____	_____	_____	_____
Engineering	_____	_____	_____	_____
General Contractor	_____	_____	_____	_____
Electrical	_____	_____	_____	_____
Plumbing	_____	_____	_____	_____
Others	_____	_____	_____	_____
	_____	_____	_____	_____
	_____	_____	_____	_____

**PROJECT TIMELINE**

*Please fill in the following timeline. Indicate with a large "X" on the project timeline, exactly where the project currently stands. Also fill in the additional requested information below.*



**-CITY OF CHATTANOOGA COMMERCIAL REVITALIZATION DEDUCTION APPLICATION-**

**APPENDIX C: LEASEE/TENANT INFORMATION**

Total # Expected Business Tenants: \_\_\_\_\_ Expected Sq Ft for Business Use: \_\_\_\_\_ sq ft

**Confirmed Tenants (list any owner occupants here also)**

Business Name	Current # Employees In Hamilton County	Est. Hourly Wage	# Existing Employees to Move to Project Site	Business Address Employees Will Be Moving From (Street, City, State, Zip)	Est. # New Employees to be at New Site	Est. Hourly Wage New Employees	Lease Contact		Length of Lease (# Mo.)
							(Name	/ Phone #)	
		\$				\$	/		
		\$				\$	/		
		\$				\$	/		
		\$				\$	/		
		\$				\$	/		
		\$				\$	/		
		\$				\$	/		
		\$				\$	/		
		\$				\$	/		
		\$				\$	/		

**Prospective Tenants**

Business Name	Current # Employees In Hamilton County	Est. Hourly Wage	# Existing Employees to Move to Project Site	Business Address Employees Will Be Moving From (Street, City, State, Zip)	Est. # New Employees to be at New Site	Est. Hourly Wage New Employees	Lease Contact		Length of Lease (# Mo.)
							(Name	/ Phone #)	
		\$				\$	/		
		\$				\$	/		
		\$				\$	/		
		\$				\$	/		
		\$				\$	/		
		\$				\$	/		
		\$				\$	/		

**-CITY OF CHATTANOOGA COMMERCIAL REVITALIZATION DEDUCTION APPLICATION-**

**APPENDIX D: Bonus Point Explanation for Additional Economic or Business Development Considerations** (Optional)

From time to time, certain business expansion or recruitment initiatives may create value added opportunities for the Renewal Community Zone and City, in addition to the criteria already defined for CRD awards. For example, projects related to certain types of industries or business sectors consistent with the City's overall economic development strategy and any businesses for the Renewal Community areas. This award may also be determined by the Authority based on overall vision, direction, development efforts and the project's intended goals. The merit of any Bonus Points will be considered on a case by case basis by the Authority. Please submit (below) a written explanation of any additional economic or business benefits expected to result from a proposed project.