

**Brownfields Remediation Options: Assuming a 75% tax credit or 75% property tax reduction**



30,000 purchase -> 300,000 value  
 100,000 remediation cost  
 - 75,000 subsidy  
25,000

30,000 purchase ->300,000 value  
 300,000 cost  
 -225,000 subsidy  
75,000

30,000 purchase ->300,000 value  
 600,000 cost  
450,000 subsidy  
150,000

55,000 returns 300,000

105,000 returns 300,000

180,000 returns 300,000

30,000 purchase -> 300,000 value  
 2,000,000 remediation cost  
1,500,000 subsidy  
 500,000

530,000 returns 300,000

In each case, the public, as well as the owner, needs a chance to consider the return on its investment. The bills' subsidy provisions do not provide that option. HB 2734 B, page 9, line 9: "The abatement shall be granted **on the same terms** to all brownfields within the jurisdiction of the local government that adopts the abatement program."

\$500,000 assessed value = \$7,500 annual property taxes  
 \$5 million assessed value = \$75,000 annual property taxes

Under tax credit bill, the owner must owe income taxes, within five years, that equal the value of the tax credit or they won't get the full benefit. Under the tax abatement bill, the owner must owe, in property taxes on the property, within five years, an amount equal to the value of the property tax abatement, or they won't get the full benefit.

It's hard to see how either subsidy program benefits the Land Bank Authority, unless they retain ownership of the property and lease it to a business that owes taxes. The Land Bank Authority's tax credits could then be used against income taxes due from the profits of their lease, or money saved on property taxes due on the developed property could be used to pay off loans incurred to remediate the property.