



**INDUSTRIAL DEVELOPMENT BOARD
MONTHLY MEETING MINUTES**

**John P. Franklin Sr. City Council Building
Assembly Room
Chattanooga, Tennessee
for
Monday, March 3, 2025
11:00 AM**

Present were Kerry Hayes (Chair), Althea Jones (Vice-Chair), Gordon Parker (Secretary), Jim Floyd (Assistant Secretary), Ray Adkins, Jimmy F. Rodgers, Jr., Nadia Kain, Melody Shekari, and Marcus Cade-Johnson.

Also Present were: Attorney for the Board, Phillip A. Noblett; Helen Burns Sharp (ATM); Gail Hart (Real Property); Adam Myers (Chamber of Commerce); Janice Gooden (CALEB); Eleanor Liu and Javaid Majid (Finance); Charita Allen (Workforce Development); and Richard Beeland and Kim Narramore (Economic Development).

Chairman Hayes called the meeting to order, confirmed the meeting was duly advertised, and established that a quorum was present to conduct business.

MONTHLY MEETING OF FEBRUARY 3, 2025 – MINUTES APPROVAL

On motion of Mr. Rodgers, seconded by Mr. Parker, the minutes of the February 3, 2025, monthly meeting were unanimously approved as written.

PUBLIC COMMENTS

Ms. Helen Burns Sharp (ATM) made comments. Ms. Sharp had a handout for the Board which is attached to these minutes. Ms. Sharp is elated that we have good PILOT policies and kudos to Ms. Allen and the City Council for spending a lot of quality time deliberating both at the meetings and individually. They were given a good product, but they made it better. The Council deferred the policies at five or six meetings to get it to the point where it is now.

In the beginning, Ms. Sharp and/or the Board may have been confused regarding the sequence because had this been on the IDB's agenda for two years and then all of sudden it was on the Council agenda. The sequence makes sense. When you go back and think about it, this is what we have on TIFs, and like in the fall of 2022, the Council made changes to TIF policies. The Board spent three or four months making those policies better and sending them back to the Council, who likes all of your recommendations. This probably is the correct sequence to set the initial policy and opportunity to make it better and not start from scratch the way the Council had to.

Ms. Sharp said that maybe the IDB may want to take a look at the target industry list which is still way too broad. Ms. Sharp would like to make it a little bit more Chattanooga centric rather than it seems like we have the Chamber and the state list and had trouble imagining the company would not be on the target industry list as it is now and hoped it would be more strategic in its own industry sectors. This is complicated with AI and implications with them.

As you recall, from this very podium, Ms. Sharp expressed her reservations about the matrix and calmed down quite a bit from a couple of years ago but thinks it is a very useful tool. The matrix now is much better than the matrix that the Board was looking at. It has really got some teeth in it and some of the eligibility for bonus points has been clarified. It is a much tighter, better document. The matrix is a great tool. Ms. Sharp's concern is that she predicts we are going to have some projects that do not fit the matrix that the City may want to fund and there are going to be some projects that maybe the points do add up. Basically, what we created is sort of a corporate entitlement program that if you get this number of points here and number of points here, and bonus points here, you get a PILOT. ~~Ms. Sharp asked the question that there are some~~ companies that have good working citizens and pay our fair share of property taxes. Ms. Sharp does not think they will be forced, but the expectation is that any business that meets the criteria will get a PILOT. You might think that is fine.

Ms. Sharp felt like in the past and thinks Ms. Allen is working on this on an application form that we need to do a better job of vetting on the front end. It is more than adding up points. We need to look at the company. We have been in the past giving PILOTs to companies that two years later file for bankruptcy. Maybe that could have been predicted or maybe if we had looked at it more carefully, we would think is this a company that is something we really want to invest in and maybe we think by giving them a PILOT it might put them over the hump.

Ms. Sharp recommends that the Board spend some time talking about the role of the Chamber of Commerce. The Board is probably aware that the City and County provide the Chamber with \$1.2 million total each year for the economic development program and a lot is administration for the PILOT program. Ms. Sharp believes in the community benefits from the Chamber's insights and expertise; however, Ms. Sharp believes in an agreement between the City and the Chamber should specify that the Chamber's role in PILOTs is to facilitate, not to create policy.

The Chamber's overall mission focuses on business advocacy. They are a player that should be – Ms. Sharp was feeling pretty good about this until yesterday she happened to see in the legal notice in the Times-Free Press that the Chamber, which is a private organization, had a public notice about a meeting that they are having at their office next Monday afternoon and their Economic Development Department and Novonix are going to make a presentation about the Novonix PILOT. You may be aware that Novonix has a current PILOT and has been wanting a new PILOT for \$55 million which would be the second largest after Volkswagen and the Council raised some questions about it because they were doing some layoffs where their current plants are.

It seems like a wonderful company and a great fit, and Ms. Sharp has written editorial pieces of proving Novonix. This is nothing against them, but it just struck Ms. Sharp as kind of odd why is the Chamber holding a meeting at their office, why is not this meeting here or at the courthouse, and also Ms. Sharp thinks if the elected officials were there, it needs to be advertised as a meeting of the City Council and the County Commission and it was not. Ms. Sharp thinks there are some sunshine law things. Ms. Sharp does not think there is any ill intent but it just raises questions and this board's meetings are not flooding with members of the public, why would it be at the Chamber and maybe whoever set it up thought well we need a neutral site because we have the County and City facilities.

The Board hosted the Hamilton County IDB a year ago regarding the stadium. There have been some meetings and it seems like that meeting should have been a public entity and should have been advertised for it. That is an example that we need to clarify what the Chamber's role is. Ms. Sharp imagines that the Chamber was asked to do this. When we are talking about a \$15 million tax break and we are talking about it at the Chamber office, late on a Monday afternoon, it is kind of a head scratcher. They should invite the IDB. Ms. Sharp thinks the Board will get their own presentation on Novonix and maybe this is just the kickoff. It felt a little weird and re-enforced her feeling that maybe we need to clarify the roles.

Ms. Sharp says that the Board will see a whole lot less of her. Ms. Sharp did not intend to get so involved but got involved in the Black Creek TIF in 2012 and this is 2025. We now have TIF policies and PILOT policies, and we have a good City Council, and we have a great IDB Board. Things have changed so much for the better since Ms. Sharp started. Ms. Sharp thanked the Board for their time and expertise and hopes the Board will look at these policies.

Mr. Rodgers had a question for Ms. Sharp. Mr. Rodgers asked, given Ms. Sharp's background and interest in this area, Mr. Rodgers wanted to get Ms. Sharp's thoughts of PILOT policies that the Council approved. Specifically, what role do you see as a practical matter the IDB has? Is it anything other than a rubber stamp? Ms. Sharp said that one of the things Ms. Sharp thinks the Council did do, they felt this way because of hearing from their constituents that we want the Board involved in the PILOT process. Ms. Sharp thinks the IDB role is sort of what it has always been. Ms. Sharp does not think it is any less. If the Board is comfortable with your role, and Ms. Sharp always thought the Board was more comfortable because the Council believes it is in the best interest of the people of Chattanooga, and the Board did their thing with it. Ms. Sharp does not think this is anything to worry about. Ms. Sharp was concerned about the delegation about trying to take the Council out of the loop, but the Council is back in the loop, and thinks it is acting in the loop the way it used to be, and the IDB's role is what it has been.

Ms. Janice Gooden spoke and represents CALEB. Ms. Gooden was not going to speak because Ms. Sharp covered quite a bit, but in response to Mr. Rodgers' question, what Ms. Gooden sees going forward we need to focus on the process. Ms. Gooden does not see the IDB working independently. There needs to be more communication in the process. Not that you rubber stamp as you say, but Ms. Gooden has seen previously, it just looks like we are working in silos. Not in agreement. That is what Ms. Gooden would like to see; better communication.

DISCUSSION – PILOT POLICIES AND PROCEDURES

Chairman Hayes said that the City Council did approve policies and procedures for Payments in Lieu of Ad Valorem Taxes transactions at their February 18th meeting. That version changed from the last presentation the Board received. Before we vote on the resolution which will occur at our next monthly meeting, Ms. Allen will give a presentation on exactly what the Council approved and maybe address Mr. Rodgers' question about the role of this Board.

Attorney Noblett said that the good thing that is involved in the policies and procedures is the purpose section. As we talked about previously, this body was created as a separate governmental entity under Tennessee law, it was created by the City of Chattanooga for the purpose of specifically helping the citizens of this City. The reason that it is a separate body is because the Board does things based upon the taxation here that the City would not be able to do under state law. The Board will have to have ownership and control of property which involves a PILOT process for that to occur, otherwise, these folks would be having to pay the full amount of the taxation that is due on the property. It has to be something that the City believes is an important project to go forth. That is the reason that you have procedures, matrix, review, and process on the application on the front end before it ever gets to this Board to try to make sure it is a worthwhile project. This is good for the City and County where we have big developments coming into the area and that is the Board's purpose under state law.

Ms. Charita Allen gave the presentation. It has been a long process. The City Council approved Version #15. The last version this Board saw was Version #8. Ms. Allen went over some of the highlights that have been added since the last time this was presented to the Board.

Just to reiterate what Attorney Noblett said, this is an improvement incentive. With that in mind, it is discretionary, meaning it is not statutory. We have some programs that are statutory. For example, the Growing Small Business Initiative, if you meet all of the requirements that are laid out in that particular resolution that was created by City Council and moved to the IDB, that is statutory. If you meet the eligibility, you meet the number of jobs that were created; the City is able to verify and document that those jobs were created, you are statutorily eligible. You are in the targeted business. Statutorily you are eligible for that. This is discretionary. You could meet all of these requirements and still not get a PILOT because it is discretionary. It is up to the Mayors and the City Council to decide whether a particular business is going to be awarded an incentive.

Typically, what happens is, if a company comes to either the Chamber, City, or the County and is interested in a particular PILOT incentive, there is a vetting process that we go through. Sometimes, they do not move forward in the process. That is where it is discretionary. With that in mind, we have the policies, keeping in mind for the past 15 or so years, we have been operating the standards around which we move forward these incentives, but this is actually sort of codifying the particular policies that we will be using moving forward.

This outlines the purpose of both the IDB, City, and if the County decides to participate, the County's role in moving forward. On this version, all delegation to the IDB which we call transactional PILOTs which means certain industries, PILOTs that are a certain amount, PILOTs for a particular term, all of that has been removed. The delegation to the IDB is no longer in these policies.

Regarding eligible project, there is an Exhibit "D" that is included with the policies, one of the things we are making sure going forward, is that as we are approving documents moving forward, all of the applicable attachments and exhibits are included with the policies as they move forward. You will not move forward to reading just about the PILOT policies and there is no attachment page. Attachment "D" we will go over when we get to the end, but this outlines the targeted industry sectors into to reiterate, we have state targeted industries based on the different strengths of the different areas of the state, and we have local targeted sectors targeting industries that were decided on by both the City and County in cooperation with the Chamber, and the Chamber putting together its strategic plan. There is a five-year strategic plan and annual strategic plan. As part of that, you have both City and County involvement, but there are also other local entities that are in the economic development ecosystem that are also pulling together those strategies in those target sectors. Those are attached and were not in this the last time.

There were no changes from the previous version regarding financing, ground leases, personal property, and the but-for piece. With regard to expansion of existing facilities, we closed a couple of provisions from previous standards so that companies are not able to come back and add existing expansions to previously approved PILOTs. What happens is that they expand, the PILOT is for this project and the future expansion, but they have to exercise that expansion within a certain timeframe. If that does not happen, they have to come back and make an application for that second expansion altogether.

This is a section where we start to get into sort of what we are calling the matrix. The matrix is attached and will see that shortly. We are looking at the additions from the last time, on this particular one, they will fall under Exhibit "A" the matrix and when we get to Item "D", we talk about to provide apprenticeship programs for project construction, that was in there, and we have Board agrees to a program to promote local hiring. That was an addition.

We did hear from Councilwoman Dotley who asked to address the concerns from the local labor folks who showed up at the previous meeting that wanted to know how we were going to encourage local sourcing for construction jobs during the construction process. Recognizing that a PILOT is building a facility or renovating facility will come in. Typically, the first two years of a project or the construction period. Historically, we do not incentivize construction jobs. We incentivize the W-2 jobs that are going on with the job creation for the entity. Historically, we can track those jobs and monitor with the Department of Labor for the creation and maintenance of those jobs for the duration of the PILOT, which is a little different on the construction jobs. We added the promote local hiring provision on that.

With regard to the application in Section 4, we will see on Exhibit "C" where we talk about the application process. We did add additional questions to the application and have gone from a one page application to a four page application where we are asking questions about – in the previous 12 months, previous time period and looking forward to anticipating making any job relocations or layoffs, and if so, what are those. What we are doing is asking the company at the front end, it does not mean they might not be eligible for a PILOT, it means we need them to disclose this information on the front end so we have all the information, City and County, to make a decision on whether to move forward with a particular item.

We talk about the process for approving PILOTs in an effort to shorten the approval process. We were able to go from six steps to five. What we did was work with the City Council to have moving forward, a company will make application, the company will then present their PILOT during the Economic Development Committee meeting, which historically has happened, and then historically, there was also a seven (7) day waiting period, and a public hearing which put us off schedule with our approval along with the County Commission's timeline approval.

What we have done is the Council said they are willing to have the Economic Development Committee meeting serve as the public hearing. We are only able to do that if staff provide all the documents necessary a week before the Economic Development Committee meeting, which is now serving also as the public hearing, those documents have to be provided and posted. Moving forward, if a company is going to present that to the Economic Development Committee, the public will be able to go to the Chattanooga.gov website, click on the Stay Informed Tab, there is a drop down that says Agendas, click on that drop down, and when they click on the Agenda, there will be a hyperlink that will say Economic Development Committee and Public Hearing for whatever that particular PILOT project is. All that will be advertised ahead of time. Historically, we have not provided that. What that means is on the back end, the company has to have all of the information for us, we have to have all of the legal agreements drafted and finalized, and we have to have all of the presentations done for the public hearing and the Economic Development Committee. That puts it back in line with the County agenda process and the County voting process. That has changed differently and we are working to move forward on that.

Board Member Shekari asked last time about the IDB's role in looking at PILOTs. What will happen moving forward and this will be in Exhibit "C" where it outlines the process, is once the public hearing happens at the City Council level, the staff will then send the IDB members a link to that particular hearing on all of the associated documents, and any comments that the IDB members have on that particular PILOT item, should be communicated back to your respective representative from the Council that appointed you to this Board, and they will then ask staff to respond to the public so we are getting your input through that process through the City Council. Which means, there will be discussion of the item before the vote. Sometimes that does not happen at City Council. City Council will hear a presentation that will serve as the public hearing, IDB will get the information and if the IDB has any questions, it goes to the respective Council member, the Council member will ask that question the day of vote. The staff will have to respond to those questions, and the City Council will vote. It will then go to County Commission for vote. That is a provision that we were able to put in without adding another voting step in taking it back up to the six steps to approve a PILOT.

The very last one is, and we are on step #5, second paragraph on Exhibit "A", the last matrix is adding a customized reporting document for each PILOT that is approved. Historically, what has happened is, having the agreement get signed, the Chamber submits a report, and the company responds to the Chamber's report. Because the project was so individually tailored, moving forward there will be an agreement and a reporting document. If the company knows up front what will be asked of them from a reporting point, and the community will know up front what is being asked. That will be attached to the actual agenda item when an agreement comes to the City Council for vote, the accompanying report will be there. The report will typically look like jobs, wages, capital investment, if there are any special considerations, if they commit to making local job hires, they will be asked about that every year during the period of the PILOT. If they committed to training programs, apprenticeships, childcare facilities on site, all of those will then become part of their tailored reporting document, and staff will report that every year.

With regard to the reporting piece because City Council Vice-Chair Hill wanted to make some modifications to the reporting process. She asked that the policy fee approve any modification or amendment of these policies must be approved by the City and the IDB. If the City Council decides it wants to amend the policies, those amendments would come to the IDB for approval moving forward. Historically, that has not happened. Every three years there should be a review of these policies by both the City and IDB as well. Those were provisions added since the last time we presented to this Board. That was under Section 10, Modifications and Reconsideration. Keeping in mind, these policies can be amended at any time by the City Council, but the thought is that every three years we should take a look at PILOT policies.

This is where we start looking at exhibits with the matrix and the points associated with it. The special factors fall in here and those did not change except for a local community cooperation there is a maximum of one point and that is the demonstration of a hiring plan to promote local hiring of construction workers for the project. That is new since the last presentation.

In the application, we are asking for a narrative of the project, environmental concerns related to it, whether they have existing locations, whether they would be expanding here or purchasing additional locations. We have not made any changes to this since Version #8. Exhibit "C" is a summary of the PILOT application process. This is a process that the Chamber of Commerce as the City's designee implements on behalf of both the City and the County. No. 5 is where we talk about the inclusion of the IDB's questions as it relates to policies or projects before the projects are finally approved. No. 5 has been an addition since the last time.

This is a map of our process. The very top starts with an inquiry process and goes into the application process, then the approval process, then the reporting process. If you look at the four different layers, that is what we go through the process in vetting, reviewing, approving, reporting a PILOT on any sort of regular basis.

Targeted industries are the local targeted industries and sectors. Those are based on the assets that we have here in the Chattanooga region, and are also based on opportunities for additional job creation and investment here in the area. The last one is the state targeted industries recognizing that there are times when the state will improve a state incentive or project and ask for local cooperation. That local cooperation could look like a PILOT. It could look like a PILOT with a financial incentive for it. It could look like a PILOT with no financial incentive but provides sometimes support to the project.

Chairman Hayes said that Mr. Adkins had a question about recovering abated funds in the event that certain hiring and capital investment targets are not met. Mr. Adkins asked if a company is awarded a PILOT and if they fail to live up to the agreement, how does the City recover its tax that it lost? Ms. Allen said that the PILOTs are monitored annually by both the City's Finance Department, the County, and there is a County Auditor that also monitors all PILOTs within the County recognizing there are some City of Chattanooga PILOTs and there are County PILOTs that are outside of the City limits. There is an auditor that monitors all of that in cooperation with the County Trustee and the Assessor's Office. They will issue invoices to companies for additional fees related to PILOTs or repayment of fees for PILOTs. The City does not do that. The County facilitates working with the Assessor.

Attorney Noblett said that the recipient also has to file a form with the State of Tennessee each year showing that they are meeting the requirements of that PILOT. Ms. Allen does not know if they added that question to the application. That will be part of the reporting process. When they get their report, there will be a question that asks whether they submitted their report to the state and will list the state statute that they are complying with.

Mr. Rodgers asked Ms. Allen if she could help the Board understand under these policies what role do you view the IDB? What is the IDB's role or summary? From a state statute standpoint, the IDB has to take title to the property whether it is real or tangible. Whether it is real property or personal property in order for the project to move forward. Those lease agreements happen separately. For instance, if the City Council and County Commission approve the final agreement, and the associated leases with that come forward to the IDB for approval. Ms. Allen sees the IDB's role in asking questions of the City Council members to make sure all of your questions are asked and answered before the lease payment documents come over to this Board.

Mr. Rodgers asked if there is any scenario by which something comes over to us from the City Council where you can envision any of us voting no? Ms. Allen said yes, absolutely. It does not have to be a unanimous vote. What would be the basis under these policies as they have been approved? Ms. Allen said she is not sure how to answer that question. Fair enough.

Attorney Noblett said that he would tell the Board members to vote for your conscience regardless in that regard because you are an individual member appointed to this body and he represents both the City Council and the City of Chattanooga periodically and is trying to make sure which hat he has on, but he does respect the members of this Board of what you believe is appropriate in your own conscience. That is the advice Attorney Noblett would give.

Ms. Shekari said there is a state law that is probably going to be passed today that is going to be limited and it is very unclear if it applies to PILOTs and city entities or not. Ms. Shekari is interested to know what the conversation has been because for everyone's benefit it is a state law that basically says that if they are getting money from the state in economic development, they cannot also agree to other contractual obligations with certain groups, community benefits agreements, things like that but whether we fall into that or not, is a little bit (inaudible) and was wondering if you had thought about that and with the City Council, will it change what you are able to do?

Ms. Allen said that the City staff were not involved in any of those conversations. Nor was the Chamber of Commerce, nor was the County. The way we view it and the way we read the legislation as it related to community benefits, it was for those items that those community benefit PILOTs or requirements were not directly related to the job creation piece. It would be the equivalent of saying we are incentivizing providing state grants for a company to create jobs, it is accompanying a City/County PILOT for job creation, but we are going to ask them to partner with an organization to create a park. Is the park integral to the creation of those jobs or operation of that business? Yes or no. And if it's not, then that would not be an enforceable community benefit requirement. If it is, we are going to ask this company to create apprenticeship or assist with the creation of a computer lab at a particular school that is in close proximity to the project. Those investments on behalf of the company directly impact on their ability to create jobs and create pathways to help them fill their talent pipeline that we would think would be allowable and enforceable as opposed to creating something that is not related to the creation of those jobs.

Attorney Noblett said that this is only Version #15, and we may have more versions as you go depending on the changes in the law. Ms. Allen said in our version currently the only piece that might cause pause would be on the matrix on the item related to there is one specific item related to community benefits agreements. If you are looking at this chart, the second row for community benefits agreements there is a point for that depending on what those agreements and requirements are that might not be enforceable moving forward. But again, if they are, requests that assist with building the talent pipeline, building a talent pool, and creating pathways and apprenticeships, we feel like that would be allowed and could be enforced. Ms. Allen's understanding is that it is about not being able to enforce community benefits for (inaudible).

Attorney Noblett said to remember in this process we need to have an educational session since we have so many folks that are new on the board and we will do that now that we have a PILOT policy. The other aspect of this is that under state law, the IDB is the owner of the property during the time of a PILOT process. There is actually a deed that goes to the IDB at that time and there is a responsibility for resolving issues that come up with the land during the term. The reason that it is important to Attorney Noblett is that we have to send information back to TDEC involving Brownfield issues on properties. There is a report that will be required to be filed by the property owner of those properties while that is going on. You have a lot of developments here that involve Brownfield properties and there are reports that will be required to be sent back to the Tennessee Department of Environment and Conservation each year to make sure you are not doing something to mess things up. Remember that obligation during the 15 year term of the PILOT process requires obligations of the Board as owners of the property. You will see more of that going on.

Mr. Rodgers thanked Ms. Allen and Mr. Freeman for their efforts in getting us to this point and getting the PILOT policies through. This has been a long time coming and appreciate your involvement and help there. Ms. Allen would like to thank ATM and CALEB for their assistance and constantly reading all of the documents and pointing out the items we are missing.

Chairman Hayes asked Ms. Allen what exactly will the Board be asked to vote on when we meet next month? Ms. Allen said next month we will bring this item back to the Board but not as a discussion item but as a voting item for this Board to vote to adopt these PILOT policies.

Mr. Rodgers said he does not see the statutory authority on which we vote. As far as do we have authority to vote up or down on PILOT policies? With TIFs we clearly do. Mr. Rodgers does not see it and maybe Mr. Noblett could correct him. He does not think it is a voting item.

Attorney Noblett said that it does not have to be, but if you are going to be following a process it makes good sense to be able to vote in the process you are going to proceed under. The Council have adopted this by resolution at this point in time for the Board to follow and needs the Board's input into the procedures that are involved. Going forward, if you are going to follow this policy, it makes good sense to adopt it by resolution. The Board is a separate entity.




There being no further business, a motion was made by Ms. Jones, seconded by Mr. Rodgers, and the meeting adjourned at 11:45 AM.



GORDON PARKER, *Secretary*

APPROVED:



KERRY HAYES, *Chair*

FINALLY, WRITTEN RULES FOR CITY'S PILOT PROGRAM

Chattanooga Times Free Press · 22 Feb 2025 · Helen Burns Sharp founded Accountability for Taxpayer Money (ATM), a public interest advocacy group.

Did you feel it? Chattanooga experienced a seismic event on Feb. 18, 2025, around 5:30 p.m. It occurred not because of an earthquake but because the City Council adopted written policies for its Payment-In-Lieu-Of-Tax (PILOT) program.



Since 1985, the city has used the PILOT program to lower property taxes for specific businesses, purportedly in exchange for promised jobs, investments and fair wages. However, until the recent council action, no one understood how these decisions were made and whether the businesses were being held accountable.

When property taxes are forgiven, the city's general fund, which is the primary funding source for essential services like fire, police and parks, receives less revenue. Last year alone, PILOTs resulted in a \$27 million combined hit to the city and county general funds. Many PILOT agreements last from 10 to 30 years.

In seven recent Council meetings, members discussed and modified a proposed document. The legislative body gave a master class in deliberation and civility. If Chattanoogaans were to watch these council meetings on the city's YouTube channel, they would come away impressed with the time district representatives devoted to this complicated topic and realize the breadth and depth of the issues they deal with every week. Council members rejected the original Chamber of Commerce proposal to remove the council from the approval process for most PILOTs. They included policies clarifying that school taxes must be paid in full and that companies must pay their annual storm-water fee.

The council recognized that some PILOT applications may require a more thorough analysis, so it added a policy allowing an independent third-party review.

The executive branch played a significant role in facilitating these PILOT policies. Mayor Tim Kelly is the first mayor in Chattanooga's history to acknowledge the need for written policies. He asked the city's economic development staff to collaborate with the chamber and community groups such as CALEB to create draft policies that would be submitted to the City Council and Industrial Development Board (IDB).

Thank you, mayor and council, for this major milestone in good government.

Here are some candidates for a "watch" list when these policies are amended:

- › Revisit the Target Industry List, which seems very broad. Why not concentrate on Chattanooga-centric businesses that would be game-changers and catalysts for more

business locations?

- › Eligibility and subsidy amounts are based on the number of points an applicant scores on a matrix. Is it wise to put the PILOT program on “autopilot”? Instead, use the matrix as a tool, not as the sole “decider.” Third-party review can help with vetting complex projects.
- › Improve the “but-for” language intended to determine whether a tax break is a determining factor in location decisions. Business basics like skilled labor force, location, transportation and utilities usually drive these decisions. State and local taxes make up only 1.2% of a typical company’s cost of doing business; PILOT applicants may try to convince our economic development team that their decisions will be based primarily on local property taxes.
- › Define the role of the Chamber of Commerce. The city and county provide the chamber with \$1.2 million each year, and the community benefits from its insights and expertise. However, an agreement should specify that the chamber’s role in PILOTs is to facilitate, not to create policy. The chamber’s overall mission focuses on business advocacy, so granting it a broader role in PILOTs would be like letting a fox guard the hen house.