



Memo

Date: January 14, 2016
To: Mayor Craft, City Council
From: Blake Phelps
Cc: Steve Griffin
Subject: **G.S. Brewing, LLC Tax Abatement Application**

As you are aware, Dr. Jim Shamburger has begun constructing a microbrewery and tasting room within Waterway Village. Dr. Shamburger applied and received a tax abatement in August 2015 for Two Jays Craft Ales, LLC which serves the role of property owner and developer of the project. An additional operating entity, G.S. Brewing, LLC, has been formed as the operating arm of the project which will serve the role of employer and will purchase all manufacturing equipment and furnishings for the facility. Dr. Shamburger has asked us to work with him to complete a new tax abatement application for G.S. Brewing, LLC which would apply only to the eligible sales/use taxes from the purchase of manufacturing equipment and furnishings.

Chapter 9B, Title 40, *Code of Alabama 1975*, provides applicants who fall within the defined statutory requirements to submit an application to their local granting authority – *in this case the City Council* – for consideration of granting an abatement of non-educational sales/use taxes for construction related costs and non-educational property taxes over a 10 year term. We have confirmed that the proposed microbrewery meets the statutory requirements to be eligible for the abatements offered under this program.

Below you should find a breakdown summary of the applicant's abatement request for G.S. Brewing, LLC.

Abatement Request

Sales/Use Taxes	Est. Taxable Cost	Est. Tax Abatement
Manufacturing Equip	\$98,000	\$3,038
Furnishings	\$30,000	\$2,220
Total	\$128,000	\$5,258

Estimated Total Local Abatement: \$2,370

Attachments: Application of Local Granting Authority for Abatement of Taxes