

City of Fayetteville Staff Review Form

2020-0640

Legistar File ID

8/18/2020

City Council Meeting Date - Agenda Item Only
N/A for Non-Agenda Item

Devin Howland

7/29/2020

ECONOMIC DEVELOPMENT (050)

Submitted By

Submitted Date

Division / Department

Action Recommendation:

STAFF IS RECOMMENDING APPROVAL OF A RESOLUTION TO APPROVE AND CERTIFY THE PARTICIPATION OF NAMIDA LAB, INC. IN THE ARKANSAS ECONOMIC DEVELOPMENT COMMISSION'S TAX BACK PROGRAM AND TO AGREE TO AUTHORIZE THE DEPARTMENT OF FINANCE AND ADMINISTRATION TO REFUND CITY SALES TAX BACK TO NAMIDA LAB INC. FOR QUALIFIED PURCHASES.

Budget Impact:

Account Number	Fund
Project Number	Project Title
Budgeted Item? <u> No </u>	Current Budget \$ -
	Funds Obligated \$ -
	Current Balance \$ -
Does item have a cost? <u> NA </u>	Item Cost
Budget Adjustment Attached? <u> NA </u>	Budget Adjustment
	Remaining Budget \$ -

V20180321

Purchase Order Number: _____

Previous Ordinance or Resolution # _____

Change Order Number: _____

Approval Date: _____

Original Contract Number: _____

Comments:



MEETING OF AUGUST 18, 2020

TO: Mayor and City Council

THRU: Susan Norton, Chief of Staff

FROM: Devin Howland, Director of Economic Vitality

DATE: July 28, 2020

SUBJECT: A Resolution to approve and certify the participation of Namida Lab, Inc. in the Arkansas Economic Development Commission's Tax Back program.

RECOMMENDATION:

STAFF IS RECOMMENDING APPROVAL OF A RESOLUTION TO APPROVE AND CERTIFY THE PARTICIPATION OF NAMIDA LAB, INC. THE ARKANSAS TAX BACK PROGRAM AND TO AGREE TO AUTHORIZE THE DEPARTMENT OF FINANCE AND ADMINISTRATION TO REFUND CITY SALES TAX BACK TO NAMIDA LAB, INC. FOR QUALIFIED PURCHASES.

BACKGROUND:

This project is work which is outlined in the City's Economic Development Consulting contract, which the Fayetteville Chamber of Commerce currently holds.

What is the AEDC Tax Back Program? The Tax Back Program is part of the Arkansas Consolidated Incentive Act of 2003. The program enables businesses to apply to receive a rebate of the sales tax paid on qualifying investments such as facilities and equipment. Municipalities only remit sales tax for qualifying purchases purchased within their jurisdiction.

Background on Namida Lab, Inc: Namida Lab is a privately-owned biotech company located in Fayetteville at 1905 E Mission Blvd. Namida operates a laboratory that is certified as "Clinical Laboratory Improvement Amendment" (CLIA). Following the outbreak of COVID-19, the company pivoted their operations to develop an antibody test for the coronavirus. Namida currently has ten employees with roughly \$400,000 in annual payroll.

DISCUSSION:

Namida Lab is currently expanding as it continues its work towards the COVID-19 pandemic. The company will hire nine net new full-time employees which increases payroll by \$600,000 to a total payroll of \$1,000,000. The new jobs far exceed a living wage for the Fayetteville MSA at \$28.00 per hour¹. The company will also invest over \$712,423 into their operations with \$336,423 into their building and \$376,000 in equipment.

¹ Living Wage Data Derived from: <https://livingwage.mit.edu/>

BUDGET/STAFF IMPACT:

Staff believes the budget impact will be neutral. The growth of jobs and wages will spur sales tax growth from new employees. The expansion may also lead to additional investment from Namida Lab in the future.

Attachments:

Exhibit A: Fayetteville Chamber of Commerce Support Letter

Exhibit B: Consolidated Incentive Act of 2003 Incentive Application

CHAMBER

FAYETTEVILLE

July 28, 2020

Mayor Lioneld Jordan
Fayetteville City Council
113 W. Mountain St.
Fayetteville, AR 72701

Dear Mayor Jordan and Council Aldermen,

The Fayetteville Chamber of Commerce, acting as the Economic Development agency for the City of Fayetteville strongly supports the request for a resolution by the City of Fayetteville supporting Namida Lab, Inc.'s participation in the Arkansas Tax Back program.

Namida Lab, Inc. is a privately owned biotech company based in Fayetteville, Arkansas. Its laboratory is Clinical Laboratory Improvement Amendments (CLIA) certified. This certification governs laboratory standards for testing body fluids and tissues from humans for the diagnosis, treatment, and prevention of diseases. The company initially sought to, and was very near completing, FDA approval for a non-invasive breast cancer screening test. During the outbreak of the COVID-19 Pandemic in the U.S., the company pivoted to developing a test for antibodies produced because of the presence of the SARS-CoV2, the virus that causes COVID-19. They currently have 10 total staff including full-time, part-time, and interns and produce roughly \$400,000 in annual payroll.

The company is expanding its operations and will hire an additional nine net new full-time employees to accommodate the growth expected with their new line of business related to the anti-body testing. This new group of employees will increase the current payroll by approximately \$600,000 for a total payroll of \$1,000,000. The average hourly pay rate will be approximately \$28.00 per hour. There will be a capital investment of \$712,423.

Thank you for your consideration,



Steve Clark
President and Chief Executive Officer
Fayetteville Chamber of Commerce
21 W. Mountain St., Ste. 300 72701



Consolidated Incentive Act of 2003 Incentive Application

OFFICE USE ONLY

Project #

Project Manager

Date Received

Incentive Program

Please select which of the following program(s) are applicable to this application:

Job Creation:

Advantage Arkansas (Income Tax Credit program)

Investment: (construction, expansion, modernization)

Tax Back (Sales and Use Tax Refund program)
For new or expanding businesses with a minimum required investment based on the tier in which the company locates.

Applicant

Namida Lab, Inc.

Local Operating Name of Company

1905 E. Mission Blvd, Suite 6 Fayetteville, AR 72703

Mailing Address

City/State

Zip

1905 E. Mission Blvd, Suite 6 Fayetteville, AR 72703

Physical Location of Project

City/State/Zip

County

Jen Morio Business Operations Manager 479-334-2828

Name and Title of Local Company Contact

Phone

Fax

jen@namidalab.com

www.namidalab.com

Company Contact e-mail address

Company Website

Complete Company Name, if company is filing for tax credit under a different name

**Project
Cost
Estimate**

Land \$ _____
Building (a) New construction \$ _____
 (b) Existing building..... \$ 336,423
Equipment \$ 376,000

TOTAL \$ 712,423

Employment

Present employment: 6

Number of new employees resulting from this project: 9

Average Hourly wage of new employees hired for this project: \$ 28

Total annual payroll of new employees hired for this project: \$ 592,000

NOTE: To qualify for the income tax credits provided by the Advantage Arkansas program, the company must be an eligible business and meet the minimum payroll requirements for the Tier (county) in which the project is located. The Tier Map is available on line at www.ArkansasEDC.com.

**NAICS
Classification
Code**

541711

a biotech company located in Fayetteville, AR, specializes in biomarker-based testing.
Description of principal business activity, products manufactured, etc.

If the applicant is a computer-related company, office sector business, motion picture company or a scientific and technical services business, 51% of the applicant's sales revenue must be derived from out of state.

If the applicant is a distribution center, 75% of their sales revenue must come from out-of-state customers.

What percentage of the applicant's sales is derived from out of state? **51**%

NOTE: Information contained in this application is subject to audit by the Arkansas Department of Finance and Administration. If any of the above information is found to be inaccurate and does not qualify, the business will be decertified and shall not receive any benefits and may be required to repay any benefits received, plus penalty.

I.D. Numbers	Employer's Federal I.D. Number	<u>83-461749</u>
	Arkansas Sales or Consumer Use Tax Number	_____
	Arkansas Corporate Income Tax ID Number	_____

Information for Income Tax Credit	Ownership of Company (Please check the appropriate box.)																
	<input checked="" type="checkbox"/> Individual	<input type="checkbox"/> Partnership	<input checked="" type="checkbox"/> LLC														
	<input type="checkbox"/> Taxable Corporation (C Corporation)	<input checked="" type="checkbox"/> Small Business Corporation (Sub S Corporation)															
	<p>If ownership of company is Individual, Partnership, LLC or Small Business Corporation, please provide the following information (a separate attachment may be submitted if necessary):</p> <table border="1"> <thead> <tr> <th>Name(s) of Owner(s)</th> <th>Percent Ownership</th> <th>Social Security Number or Federal Tax I.D. Number</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> <tr><td> </td><td> </td><td> </td></tr> </tbody> </table>			Name(s) of Owner(s)	Percent Ownership	Social Security Number or Federal Tax I.D. Number											
Name(s) of Owner(s)	Percent Ownership	Social Security Number or Federal Tax I.D. Number															
When does your tax year end?		<u>12</u> Month	<u>31</u> Date														

Consultant Information (If Applicable)	Name of Consultant filing this application	Phone	Fax
	Consultant Firm Name		
	Mailing Address	City/ State/ Zip	
	Consultant E-mail address		

Project Plan

Please indicate the activity planned by the company associated with this application.
(Check all that apply)

New Construction
 Expansion of existing business
 Modernization

Estimated Start Date of Project: _____ Estimated Completion Date of Project: _____

Project Description:
 serological assays for the detection of antibodies produced as a result of the presence of the SARS-CoV2;
 Melody, a breast cancer screening test
 Our mission is to use unconventional approaches to develop quick solutions for current healthcare challenges.

Project Cost Estimates:		
Land:	Description:	
		\$
<i>Land Total:</i>		\$
Building:	New construction: We had to build out our facility to meet CLIA requirements	\$ 336,423
	Expansion or Purchase of existing facility:	\$
<i>Building Total:</i>		\$ 336,423
<i>New Square Footage</i>		
Machinery and Equipment:	Description: We have hamilton automation equipment capable of running 3,000 samples daily. We also invested in a centrifuge and ultra low freezers	
		\$ 376,000
<i>Machinery & Equipment Total:</i>		\$ 376,000
Total Estimated Project Cost:		\$ 712,423

Certification

The undersigned authority, Jen Morio acknowledges that he/she is
Company Official (Printed Name)
the owner or authorized official of the applicant company that has the authority to act on behalf of
the applicant.

This affidavit is made for the specific purpose of verifying that the information contained in this application is true and correct. The applicant acknowledges that only those eligible project costs incurred and/or employees hired after the date this application is received by the Commission will be considered for refund or credit. The Advantage Arkansas program requires a separate financial incentive agreement, signed by the applicant company and the Commission, before hiring any new, full-time, permanent employees. **The applicant company does hereby agree to report new job creation and investment figures annually to the Arkansas Department of Finance and Administration for the term of the incentive agreement and to the Arkansas Economic Development Commission upon request.**

Jen Morio

Signature of Company Official

Contract Disclosure

Any individual contracting with the State of Arkansas must make full disclosure if he or she is a current or former: member of the General Assembly, Constitutional Officer, Board or Commission member, State employee, or the spouse or immediate family member of any of the persons described herein; or if such persons having any position of control or any ownership interest of ten percent (10%) or greater in the entity currently applying to contract with the State. Please indicate if this disclosure is required for this application. Failure to disclose such information is a criminal offense and shall render any contract with the State of Arkansas null and void.

Disclosure Required?: Yes or No

Press Release Disclosure

I do do not authorize the Arkansas Economic Development Commission to release to the press the new job creation and investment figures.

(Signing this authorization to release job creation and investment numbers is not mandatory. However, information about benefits received is public information and may be obtained through a Freedom of Information request filed with the Arkansas Department of Finance and Administration.)

Jen Morio

Signature of Company Official

Business Operations Manger

Title

May 7, 2020

Date

If you have questions about the incentive programs included in this application, please call the Arkansas Economic Development Commission at 501-682-7675 or visit the Commission's website at www.ArkansasEDC.com.

Submit this application to:
Business Development Division
Arkansas Economic Development Commission
900 West Capitol, Suite 400
Little Rock, AR 72201

AEDC APPROVAL

The Commission's approval of this application is based upon its content. The eligibility provisions of the individual incentive programs will be administered by the Arkansas Department of Finance and Administration upon audit at a later date.

Signature of AEDC Incentives Manager