

The Putnam County Industrial Development Agency

Resolution Number: 96-5

Meeting Date: February 15, 1996

Introducer: Evans

Seconder: Bailey

Resolution #96-5

Putnam County Industrial Development Agency Uniform Tax Exemption Policy

WHEREAS, the Putnam County Industrial Development Agency is desirous in placing in effect a uniform tax exempt policy for the projects it coordinates, **NOW THEREFORE BE IT**

RESOLVED that the following constitute the Uniform Tax Exemption Policy for the Putnam County Industrial Development Agency:

Commercial and industrial projects receiving financial assistance (tax-exempt or taxable bonds, straight lease transactions or installment sale agreement) through the Putnam County Industrial Development Agency (PCIDA) are eligible for various tax abatements and exemptions.

I. Real Property Taxes:

A. Real Property Tax Abatement: The PCIDA provides real property tax abatements on the increased assessment (value added) as the result of the project. The real property tax abatement is applied uniformly to all taxing jurisdictions. As a general rule the term of the real property tax abatement is 10 years. The basic real property tax abatement provided by the PCIDA is based upon the equivalent of Section 485(b) of the New York State Real Property Tax Law (485(b)). 485(b) provides a real property tax exemption, on a sliding scale, on the increase in assessed value attributable to construction, alteration, installation or improvements to real property. Specifically, it provides for a 50% real property tax abatement on the increased assessed value in the first year; a 45% real property tax abatement in the second year; 40% real property tax abatement in the third year; and thereafter declining 5% per year over a 10 year period. A 485(b) real property tax abatement is the minimum real property tax abatement the PCIDA provides. An enhanced real property tax abatement is considered and/or provided under the following circumstances:

1. **Municipal Industrial Development Agencies:** If the local Town and/or Village IDA provides a real property tax abatement greater than that provided by 485(b), the PCIDA will match that abatement level.

2. **Existing Vacant Facilities:** In order to encourage "reuse" and upgrading of existing building stock, the PCIDA may provide an enhanced real property tax benefits and abatements for projects involving vacant existing facilities. The benefits may include "freezing" the real property tax base of the pr-improved facility and the granting of abatements that are the equivalent of double the benefits provided by 485(b). These abatements will consist of a 100% abatement on the increased assessed value in the first year; 90% abatement in the second year; and an 80% abatement in the third year; and thereafter declining 10% per year over a 10 year period.

3. **Significant/Strategic Projects:** the PCIDA may provide enhanced real property tax abatements (485(b) x 2) to projects that are considered significantly and strategically important to the economic well being of Putnam County and the Putnam County region. In considering whether a project is significantly and strategically important, the PCIDA shall consider, among other things, the following factors: the extent to which the project will create or retain permanent, private sector jobs; the estimated value of any exemptions to be provided; the

impact of the proposed project on existing and proposed businesses and economic development projects in the vicinity; the amount of private sector investment to be generated or likely to be generated by the proposed project; the effect of the proposed project upon the environment; the extent to which the proposed project will require the provision of additional services, including, but not limited to additional educational, transportation, police, emergency medical or fire services; and the extent to which the proposed project will provide an additional sources of revenue for municipalities and school districts.

Provisions of an enhanced real property tax abatement may be considered for manufacturing, hi-tech and bio-medical manufacturing, research and development; computer and data processing facilities; financial (bank office) operations; professional service industry; and corporate national or regional headquarters. Each project eligible for an enhanced real property tax abatement is evaluated pursuant to the guidelines/criteria contained in Attachment 1.

B. PILOT Process: In the cases whereby PCIDA directly collects the payment in lieu of taxes (PILOT) it shall remit the revenues received to the appropriate taxing jurisdictions within the statutorily required time period pursuant to Article 18-A of the General Municipal Law. The PCIDA shall have the authority in its sole discretion, upon a case-by-case basis, to require that real property appraisals shall be performed as part of the application for real property tax abatement.

C. Recapture of Benefits: Projects that receive enhanced real property tax abatements and which do not fulfill the purposes for which the exemption was provided are subject to the recapture of real property tax abatement benefits previously granted pursuant to the following schedule:

Within 1 year	100%
Within 2 years	100%
Within 3 years	50%
Within 4 years	25%
After 4 years	0%

The above time period is from the effective date of the PILOT agreement. Imposition of any recapture is at the sole discretion of the PCIDA and is reviewed/considered on a case-by-case basis. Reasons for the recapture of the benefits include the following:

1. Sale or closure of the facility and departure of the company from the Putnam County region.
2. Significant change in the use of the facility and/or the business activities of the company.
3. Significant employment reductions not reflective of the company's (normal) business cycle and/or local and national economic conditions.

D. Deviations from Policy: The PCIDA reserves the right to deviate from its uniform real property tax abatement policy under special/extraordinary circumstances. Deviations can take the form of providing less or more in the way of real property tax abatements. These deviations would be done by reducing or increasing the percentage of the annual abatement or by reducing or increasing the term of the PILOT agreement or by doing a combination of both. Provision of less in the way of real property tax abatements is applicable to projects that are subsequent phases of a previously PCIDA financed multi-phase project and/or PCIDA determines that the benefit provided by these projects merits a reduced level of incentive (cost). Provision of more in the way of real property tax abatements is applicable to projects that are considered extremely significant and vital to the economic health and well-being of Putnam County and the Putnam County region. Each time the PCIDA proposes to deviate from its uniform real property

tax abatement policy it will provide written notification with an explanation for the deviation to the chief executive officer of each affected taxing jurisdiction.

II. Sales Tax Exemptions

A. **Eligible Expenses:** The PCIDA provides sales tax exemptions on all materials and/or equipment used or incorporated into the project during the initial construction/renovation and equipping of the project. The PCIDA does not provide sales tax exemptions for ongoing operating expenses after the project is completed.

B. **Expiration of Sales Tax Exemption:** The PCIDA executes a sales tax exemption agreement with the project occupant that contains an expiration date for the continued availability of sales tax exemptions. The expiration date is based upon the anticipated project completion date. Should the project not be complete by the expiration date, the occupant must request an extension of the expiration date from the PCIDA.

C. **Reporting Requirements:** Project occupants (agents) are required to annually file a statement of the value of all sales tax exemptions claimed for the year to the New York State Department of Taxation and Finance. The PCIDA requires that each project occupant (agent) provides that Agency with a copy of the annual filing.

D. **Deviation from Policy:** The PCIDA reserves the right to deviate from its uniform sales tax exemption policy under special/extraordinary circumstances. Deviations can take the form of providing less or more in the way of sales tax exemptions. These deviations would be done by reducing the full sales tax exemption to a partial sales tax exemption for the initial project completion period or by extending the term of the sales tax agreement to include permissible ongoing operating expenses. Provision of less in the way of sales tax exemption is applicable to projects that are subsequent phases of a previously PCIDA financed multi-phase project and/or if the PCIDA determines that the benefit provided by these projects merit a reduced level of incentive (cost). Provision of more in the way of sales tax exemption is applicable to projects that are considered extremely significant and vital to the economic health and well-being of Putnam County and the Putnam County region.

III. Mortgage Recording Tax: All PCIDA assisted projects are eligible for exemption from mortgage recording tax.

A. **Project Related Financing:** Financing secured by a mortgage which is directly related to the project are exempt from mortgage recording tax.

B. **Non-Project Related Financing:** Financing secured by a mortgage which is not directly related to or a part of the project are not eligible for exemption from mortgage recording tax.

C. **Deviation from Policy:** The PCIDA reserves the right to deviate from its uniform mortgage recording tax exemption policy under special/extraordinary circumstances. Deviation can take the form of providing less or more in the way of mortgage recording tax exemptions. These deviations would be done by reducing the mortgage recording tax exemption from a full exemption to a partial exemption or by allowing all or part of the non-project related financing to be exempt from the mortgage recording tax. Provision of less in the way of exemption from mortgage recording tax is applicable to projects that are subsequent phases of a previously PCIDA financed multi-phase project and/or if the PCIDA determines that the benefit provided by these projects merit a reduced level of incentive (cost). Provision of more in the way of exemption from mortgage recording tax is applicable to projects that are considered extremely significant and vital to the economic health and well-being of Putnam County and the Putnam County region. Each time the PCIDA proposes to deviate from its uniform mortgage recording

tax exemption policy it will provide written notification with an explanation for the deviation to the chief executive officer of each affected taxing jurisdiction.

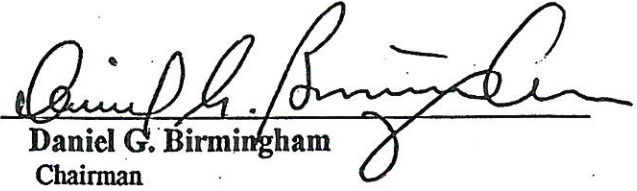
Attachment I

The PCIDA considers significant the following indicators when determining whether to provide enhanced real property tax abatements. (These determinants are not all inclusive and are not in priority order).

1. **Economy:** Local and regional economic conditions at the time of the application.
2. **Jobs:** The extent to which the project will directly create or retain permanent private sector jobs as well as temporary or secondary multiplier jobs that will be created or retained as a result of the project.
3. **Project Cost/ Payroll:** Level of direct annual payroll that result from the project as well as secondary multiplier payroll and payroll during the initial construction period.
4. **Project Purpose:** Type of industrial or commercial activity proposed for the facility.
5. **Site Alternatives:** Likelihood that the project will locate elsewhere resulting in real economic losses for retention projects and possible failure to realize future economic benefits for attraction projects.
6. **Project Location:** Nature of the property before the project (vacant land; vacant buildings; distressed community).
7. **Project Benefits:** Amount of private sector investment as a result of the project and the level of additional revenues for local taxing jurisdictions.
8. **Project Costs:** Impact of the project and the proposed abatements/ exemptions on local taxing jurisdictions and the extent to which the project will require additional services from local entities.
9. **Environment:** Impact of the project on the environment.
10. **Business Community:** Impact of the project upon the existing business community.

Yea: 2 Nay: 0

(S E A L)


Daniel G. Birmingham
Chairman