

## PUTNAM COUNTY INDUSTRIAL DEVELOPMENT AGENCY

### **UNIFORM TAX EXEMPT POLICY**

The general policy of the Putnam County Industrial Development Agency (the "Agency") is to provide certain financial assistance ("Financial Assistance") to projects enumerated in Article 18- A of Chapter 24 of the New York General Municipal Law (the "IDA Act"), including real property tax abatements, sales and use tax exemptions, mortgage recording tax exemptions, and tax-exempt or taxable bond financing.

The Agency has adopted this Uniform Tax Exempt Policy (the "UTEP") to provide guidelines for the claiming of real property tax abatements, sales and use tax exemptions, mortgage recording tax exemptions and tax-exempt or taxable bond financing.

This UTEP supersedes and replaces the policy adopted on February 15, 1996, amended and adopted June 9, 1999.

### **A. GENERAL CONSIDERATIONS FOR FINANCIAL ASSISTANCE & PROJECT REVIEW**

The Agency will consider the following factors, among others, in determining whether to provide Financial Assistance:

- (i) The nature of the business of the proposed project (e.g., manufacturing, office, retail, etc.);
- (ii) The nature of the property before the project begins (e.g., vacant land, vacant building, etc.);
- (iii) The extent to which a project will create or retain permanent private sector jobs, including the number of jobs, the quality of and salary for such jobs, and any related benefits (healthcare and retirement, as examples);
- (iv) The estimated value of any tax exemptions and abatements to be provided;
- (v) Whether the affected tax jurisdictions shall be reimbursed by the project occupant if a project does not fulfill the purposes for which the exemption and abatement were provided;
- (vi) The impact of a proposed project on existing and proposed businesses and economic development projects in the vicinity;
- (vii) The extent to which the proposed project will provide a benefit (economic or otherwise) not otherwise available within the municipality in which the project is located;
- (viii) The amount of private sector investment generated or likely to be generated by the proposed project;
- (ix) The demonstrated public support for the proposed project;
- (x) The likelihood of accomplishing the proposed project in a timely fashion;
- (xi) The effect of the proposed project on the environment;
- (xii) 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;

- (xiii) The extent to which the proposed project will provide additional sources of revenue for municipalities and school districts; and
- (xiv) The extent to which the project will utilize to the fullest extent practicable and economically feasible, resource conservation, energy efficiency, green technologies, and alternative and renewable energy measures.

## **B. REAL PROPERTY TAXES**

The Agency maintains a policy for the provision of real property tax abatements for qualified projects. The abatement provided **applies to the value added** by the acquisition, construction or renovation of the existing parcel involved. The period of the exemption will not exceed the period of the respective financing or lease and, unless otherwise approved by the Agency. The Agency's typical UTEP generally results in a ten (10) year decreasing schedule of abatement from fifty percent (50%) applicable to County, Town, Municipal and School taxes. Other schedules can be negotiated when appropriate.

### **(i) Payment in Lieu of Taxes (PILOT)**

Each project receiving an abatement will be subject to a Payment in Lieu of Tax Agreement (PILOT) in a form acceptable to the Agency. The Agency will consider project factors, similar to those described in Section A, when determining the abatement under the PILOT. A copy of the agreement will be forwarded to each of the affected taxing jurisdictions within fifteen (15) days of execution (or within such period as required under applicable law).

The typical real property tax abatements offered by the Agency utilize the following scheduled of exemptions (the "Typical PILOT Schedule"):

Typical PILOT Schedule	
Year of Exemption:	Percentage of Exemption:
1	50
2	45
3	40
4	35
5	30
6	25
7	20
8	15
9	10
10	5
11	0 exemptions completed

Special district charges, special assessments, and special ad valorem levies (including, but not limited to fire district and library district charges), and water charges and sewer charges, are to be paid in full in accordance with normal billing practices.

The Agency 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.

The Agency will consider a deviation from the Typical PILOT Schedule for eligible projects requesting enhanced real property tax abatements only if the Applicant meets the criteria outlined under "Deviation from Typical PILOT Schedule" below.

(ii) Deviation from Typical PILOT Schedule

The Agency may deviate from its Typical PILOT Schedule subsequent to notification of the affected taxing jurisdictions. Real property owned and controlled by an Industrial Development Agency is subject to special assessments and user fees.

The Agency shall consider the guidelines outlined in Section A, and any other special facts and circumstances deemed appropriate when declining to deviate from its Typical PILOT Schedule.

At the request of an Applicant, the Agency may deviate from the Standard PILOT Schedule and instead devise a project-specific PILOT Schedule. Before the Board will consider any deviation, the Applicant shall provide the Agency with the following:

- Project projections;
- Written justification of the requested deviation;
- Any proof of support from affected taxing jurisdictions;

In addition to the criteria outlined under the Typical PILOT Schedule, where an Applicant is requesting an enhanced real property tax abatement that deviates from the Standard PILOT Schedule, the Agency will consider:

- The size of the project;
- Number of employees;
- Type of operation; and
- The prospects to generate income and revenue through payroll and sales tax to the extent that it will offset any loss in real property taxes.
- The enhanced abatement will be provided on the increased assessed value attributable to the improvements resulting from the proposed project. However, current property tax levels already in place will continue to be paid on an existing building.

(iii) Recapture of Benefits

Projects that receive 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. abatements previously granted. Said recapture is governed by the Agency's Recapture Policy.

Imposition of any recapture is at the sole discretion of the Agency and is reviewed/considered on a case-by-case basis.

## **C. SALES AND USE TAX EXEMPTIONS**

The Agency's policy is to permit purchases of construction materials and equipment rentals, and purchases of projected related equipment, furnishings and services to be made as an agent of the Agency to the fullest extent permitted by New York State Law. Projects approved by the Agency are afforded full exemption from local and New York State Sales and Use Taxes until:

- (i) The project is completed as determined by the issuance of a certificate of occupancy, or
- (ii) A date certain established by the Agency on a project-by-project basis.

Operating and maintenance expenses of projects are not incurred as an agent of the Agency, and no sales or use tax exemption is provided therefore.

All Applicants must agree in writing to file with the New York State Department of Taxation and Finance an annual statement of the value of all sales and use tax exemptions claimed in connection with the project on a f01m and in such a manner as prescribed by §874(8) of the New York General Municipal Law.

If a project for which an Applicant is seeking Agency assistance is eligible for assistance under Article 18-A of the New York State General Municipal Law, The Agency can, at its sole discretion, grant the Applicant Sales and Use Tax exemptions.

## **D. MORTGAGE RECORDING TAX EXEMPTIONS**

The Agency's policy is to permit Mortgage Recording Tax exemptions on all project related tax financing to the fullest extent permitted by New York State law, whether or not the Agency has issued its bonds to finance the project. The Agency may, in its sole discretion, permit Mortgage Recording Tax exemptions on all non-project related financings, for example, second mortgages on the project to secure subordinated indebtedness of the project applicant. The total Mortgage Recording Tax exemption available for any project is limited to the total project costs as submitted in the original application for Financial Assistance.

If a project for which an Applicant is seeking Agency assistance is eligible for assistance under Article 18-A of the New York State General Municipal Law, the Agency can, at its sole discretion, grant the Applicant Mortgage Recording Tax exemptions.

## **E. BOND FINANCING**

Agency financial assistance through the issuance of Agency bonds shall be available to all projects induced by the Agency, provided that all Agency bonds shall be secured solely by amounts payable by the project applicant under a lease or installment sale arrangement with the Agency and such other security as may be provided by the project applicant, and the holders of the bonds shall have no recourse to assets of the Agency for payment thereof, except as described above.