ORANGE COUNTY INDUSTRIAL DEVELOPMENT AGENCY
UNIFORM TAX EXEMPTION POLICY AND GUIDELINES
(Revised June 13, 2019)

The general policy of the Orange County Industrial Development Agency ("Agency") is to grant applicants real property tax abatements (or exemptions) and exemptions from sales, use and mortgage recording taxes as described below. The Agency may grant additional benefits outside the guidelines set forth herein on a case by case basis for a project expected to have a significant economic impact on Orange County as determined by the Agency at its discretion. **This policy supersedes and replaces the policy revised February 15, 2012.**

General Considerations for Financial Assistance and Project Review.

The Agency will consider the following factors, among others, in determining whether to approve a project and financial assistance:

(i) 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, for example);

(ii) The estimated value of any tax exemptions and abatements to be provided;

(iii) Whether 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;

(iv) The impact of a proposed project on existing and proposed businesses and economic development projects in the vicinity;

(v) The amount of private sector investment generated or likely to be generated by the proposed project;

(vi) The demonstrated public support for the proposed project;

(vii) The likelihood of accomplishing the proposed project in a timely fashion;

(viii) The effect of the proposed project on the environment;

(ix) 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

(x) The extent to which the proposed project will provide additional sources of revenue for municipalities and school districts.

Attached hereto as Schedule F is the Agency's project grading matrix that, unless otherwise determined by the Agency, will be applied against all projects in determining whether the project qualifies for financial assistance and the amount and duration of any such financial assistance.

A. Real Property Taxes.

The Agency maintains a policy for the provision of real property tax abatements for qualified projects, as allowed under General Municipal Law, Section 874 and Real Property Tax Law, Section 412-a. The abatement provided applies to value added by construction or renovation upon the existing parcel involved; and unless otherwise approved by the Agency, the abatement does not apply to land valuation. Unless otherwise approved by the Agency, the period of the exemption will not exceed the period of respective Agency financing or lease and will be, depending on the nature of the project as further set forth below, for a period of four (4), six (6), ten (10), or in certain cases fifteen (15) years, plus a construction period of up to three (3) years, unless extended for up to twenty (20) years under paragraph "E" below or other length of time determined by the Agency in its discretion depending on the project. The Agency's policy typically results in a graduated schedule of abatement applicable to County, Town, Village, and School taxes.

The ten (10) year schedule will result in increasing percentages of taxes due with a maximum initial abatement of one hundred percent (100%), and annual increases of ten percent (10%) per annum (see Schedule A). Eligible projects include, but are not limited to, industrial, manufacturing or business projects such as agriculture, media, defense, banking and financial, data-processing, medical, insurance, professional office, hospital, life and health care and, at the Agency's discretion, qualifying tourism, retail and recreational facilities.

The fifteen (15) year schedule will result in increasing percentages of tax due with a maximum initial abatement of ninety-five percent (95%) in the first year, annual increases of five percent (5%) per annum for the next nine years, and annual increases of ten percent (10%) per annum for the next five years (see Schedule B). Eligible projects include, but are not limited to, manufacturing, research and development, technology, electronics and micro-electronics, biotech, drug-related, pharmaceutical, life science, telecommunications, nanotech, computer hardware and software, internet, semiconductors, micro-chip, solar, communications, assembly, and processing. The Agency may, at its discretion, provide the above schedule to retail, distribution and other projects.

For certain other projects the Agency, may at its discretion, provide a real property tax abatement equivalent to NYS Real Property Tax Law Section 485-b (see Schedule C).

For qualifying hotel projects the duration of the real property tax abatement shall be four (4) years (See Schedule D).

For qualifying new distribution/warehouse facilities the duration of the real property tax abatement shall be six (6) years (See Schedule E).

Special district charges, special assessments, and special ad valorem levies (specifically 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.

Any deviations from the standard policy will be made only with the specific approval of the Agency's members based on the factors described in the New York State General Municipal Law Section 874(4) (a). The Agency shall comply with all applicable law prior to any deviation.

At the discretion of the Agency, an appraisal may be required.

B. Tax Agreement.

Each project receiving a real property tax abatement will be subject to a Tax Agreement ("Tax Agreement") in a form acceptable to the Agency. A copy of the Tax Agreement together with other applicable forms will be sent to each of the affected taxing jurisdictions within fifteen (15) days of execution. Unless otherwise agreed by the Agency, with written consent from the affected taxing jurisdictions, such payments shall be allocated among the affected taxing jurisdictions in proportion to the amount of real property tax and other taxes which would have been received by each affected taxing jurisdiction had the project not been tax exempt due to the status of the Agency involved in the project.

C. Sales and Use Tax Exemptions.

(i) Purchases of construction materials and equipment rentals and purchases of project related equipment, furnishings and services are made as agent for the Agency, and are therefore afforded full exemption from local and New York State Sales and Use Taxes until the project is completed (i.e., certificate of occupancy), or such other period of time as approved by the Agency. Operating and maintenance expenses of projects are not incurred as agent of the Agency, and no sales tax exemption is provided thereof.

(ii) All project applicants must agree in writing to file with the New York State Department of Taxation, in form and at times required, an annual statement of the value of all sales and use taxes exemption claimed in connection with the facility in full compliance with Section 874(8) of the General Municipal Law.

(iii) The Agency shall comply with New York State General Municipal and any other applicable law requiring recapture of sales and use tax exemptions.

D. Mortgage Recording Tax Exemptions.

(i) The Agency's Policy is to permit mortgage recording tax exemptions on all project-related financing to the full extent permitted by New York State Law.

(ii) The Agency may, in its sole discretion, permit mortgage recording tax exemptions on non-project related financings, (eg. second mortgages on the project to secure subordinated indebtedness of the project applicant, or re-financings of existing mortgages.) In determining whether to permit such exemptions on non-project related financing, the Agency shall consider such factors as it deems appropriate, including but not limited to the use of the property, the degree of investment, the degree and nature of the employment and the economic condition of the areas in which the facility is located.

E. Deviations.

In addition to or in lieu of the foregoing the Agency may determine, on a case by case basis, to deviate from the guidelines described herein or provide additional benefits for a project expected to have significant impact in the locality where the project will be located, or as otherwise determined by the Agency as warranting enhanced financial assistance. Any deviations from the guidelines set forth above require the written notification by the Agency to the chief executive officer of each affected taxing jurisdictions. In determining whether to deviate from the guidelines set forth herein, the Agency may consider any or all of the factors set forth under the heading <u>General Considerations for Financial Assistance and Project Review</u> above, no single one of which is determinative.

F. Recapture of Benefits.

The Agency, at its sole discretion and on a case-by-case basis, may determine (but shall not be required to do so unless otherwise required by all applicable law) with respect to a particular project, that a project has failed to meet its intended goals and to require the applicant to comply with the recapture by the Agency of the value of any or all exemptions from taxation granted with respect to the project by virtue of the Agency's involvement. Events that the Agency may determine will trigger recapture may include but are not limited to:

(i) Sale or closure of facility;

(ii) Significant employment reduction or failure to achieve employment projections;

(iii) Significant change in use in facility;

(iv) Significant change in business activities or project applicant or operator;

(v) Material non-compliance with or breach of terms of Agency transaction documents or of zoning or land use laws or regulations or federal, state or local environmental laws or regulations;

(vi) Failure to comply with Agency and New York State reporting requirements.

If the Agency determines to provide for the recapture with respect to a particular project, the Agency also shall determine the timing and percentage of recapture.

G. Effective Date.

This Uniform Tax Exemption Policy shall be effective as of June 13, 2019 and it shall apply to all projects for which the Agency has adopted or adopts an Inducement Resolution after the effective date of this policy, and all re-financings of any project induced or closed before that date, and any project that may be re-induced by subsequent Agency resolution in order to obtain the benefits provided herein.

H. Amendments.

The Agency by resolution of its members and upon compliance with all applicable law may amend or modify the foregoing policy as it may from time to time determine.

SCHEDULE A

TEN YEAR SCHEDULE

Year of Exemption	Percentage of Tax Abatement
1	100
2	90
3	80
4	70
5	60
6	50
7	40
8	30
9	20
10	10

SCHEDULE B

FIFTEEN YEAR SCHEDULE

Year of Exemption	Percentage of Tax Abatement
1	95
2	90
3	85
4	80
5	75
6	70
7	65
8	60
9	55
10	50
11	40
12	30
13	20
14	10
15	10

SCHEDULE C

"485-B EQUIVALENT" SCHEDULE

Year of Exemption	Percentage of Tax Abatement
1	50
2	45
3	40
4	35
5	30
6	25
7	20
8	15
9	10
10	5

SCHEDULE D

FOUR (4) YEAR SCHEDULE FOR QUALIFYING HOTEL PROJECTS

Year of Exemption	Percentage of Tax Abatement
1	75
2	60
3	50
4	30

SCHEDULE E

SIX (6) YEAR SCHEDULE

Year of Exemption	Percentage of Tax Abatement
1	100
2	80
3	60
4	40
5	20
6	10

SCHEDULE F

AGENCY PROJECT GRADING MATRIX

		Score
1. Strategic Vision (0 OR 5)*:		
a. Does the project fit into preferred industry categories (manufacturing, industrial, medical, office, tourism)?		
b. Capitalizes upon un-or-under-employed, available talent pool?		
2. Ratable Value (Capital Expenditure) (0 – 5):		
a. Investment in property resulting in increased ratables in municipality.		
b. Utilizes brownfield or otherwise “undesirable” parcel		
c. Return non-taxable property tax rolls		
d. “Brownfield remediation” would receive a 5		
3. Number of Jobs (1 – 5):		
a. NOT sliding scale; relative to industry		
4. Quality of Jobs (0 – 5):		
a. Defined as		
0 = ANY jobs at minimum wage		
1 = ALL jobs over $15/hour		
2 = 25% over $25/hr plus benefits		
3 = 50% over $25/hr plus benefits		
4 = 75% over $25/hr plus benefits		
5 = ALL jobs over $25/hr plus benefits		
5. Location (1 OR 5):		
a. 1 = In Orange County		
b. 5 = Designated growth zone, as identified by IDA (ex. Port Jervis, Highland Falls)		
6. Desirability (0 – 5)*:		
a. Does the project have local political support?		
i. Support letter from Supervisor/Mayor		
b. Is there favor, locally, for the project?		
c. Is the project remediating a brownfield or repurposing a zombie property?		
d. Is the parcel located in federally distressed area?		
TOTAL		0
* Speculative Buildings - identified as a project built with no end-user committed - result in an automoatic 0 in these categories		
2-10 - Low/No PILOT		
11-20 - Medium/Sector-based PILOT		
21-30 - High/Qualifies for "Goliath" PILOT		