

## **COUNTY OF SULLIVAN INDUSTRIAL DEVELOPMENT AGENCY**

### **UNIFORM TAX EXEMPTION POLICY**

#### **ARTICLE 100 – DEFINITIONS**

Unless the context requires a different meaning, the following terms shall have these definitions:

101. “Agency” shall mean the County of Sullivan Industrial Development Agency.

102. “Bond” shall mean the bonds, notes, interim certificates and other obligations issued by the Agency pursuant to the GML of the State of New York entitling such project to be exempt from taxation according to the provisions of GML Section 874.

103. “County” shall mean the County of Sullivan.

104. “State” shall mean the State of New York.

105. “Affected taxing jurisdiction” shall mean any municipality or school district, in which a project is located, which will fail to receive full real property tax payments or other tax payments which would otherwise be due, except for the tax exempt status of the Agency involved in the project.

106. “Financial Assistance” shall mean the proceeds of bonds issued by the Agency, straight leases, or exemption from taxation claimed by a project occupant as result of the Agency taking title, possession or control (by lease, license or otherwise) to the property or equipment of such project occupant acting as agent of the Agency.

107. “Tax Exemption” shall mean the financial assistance granted to a project which is based upon all or a portion of the taxes which would be levied and assessed against the project but for the involvement of the Agency.

108. “PILOT” shall mean any payment made to the Agency, or an affected tax jurisdiction equal to the amount, or a portion of, the real property taxes, or other taxes, which would have been levied by or on behalf of an affected tax jurisdiction if the project was not exempt because of Agency involvement. A PILOT payment shall not include payments on account of the “Buy-back fee.”

109. “Straight Lease” shall mean a transaction in which the Agency takes title, possession or control (by lease, license, or otherwise) to the property or the equipment of a project occupant, entitling such property or equipment to be exempt from taxation according to the provisions of GML§874, and no financial assistance in the form of proceeds of bonds issued by the Agency is provided to the project occupant.

110. “GML” shall mean the General Municipal Law of the State of New York.

111. “Project Occupant” shall mean a person under contract with the Agency who is receiving financial assistance as provided by law. The term project occupant shall include project developer, project tenant or any other similarly situated person.

## **ARTICLE 200 – TAX POLICIES AND PROCEDURES**

201. Chapters 356 and 357 of the New York State laws of 1993, and Section 874 of the New York State General Municipal Law amended in 1997, require that the Agency adopt Uniform Tax Exemption Policies. This policy shall apply to the granting of a tax exemption for real estate, sales and mortgage taxes, the requirements for the payment in lieu of taxes and policies which may be carried out to modify such policies.

202. The general policy of the County of Sullivan Industrial Development Agency is to grant applicants real property tax abatements and exemptions from sales, use and mortgage recording taxes as described below. The Agency may grant enhanced benefits on a case by case basis for a project expected to have a significant economic impact on the County of Sullivan as determined by the Agency's Board.

203. Considered factors: In approving a project and granting tax exemption, the Agency shall consider:

a. Permanent private sector job creation and retention, and business retention. The Agency will consider the number of permanent jobs created or retained in the private sector and also business retention when it considers approval of a project.

b. Estimated value of the tax exemption. The Agency will consider the value of all the tax exemptions when it considers approval of a project.

c. Whether the affected tax jurisdiction shall be reimbursed by project occupant if the project does not fulfill the purposes for which exemption was granted. The Agency will consider the recapture of tax exemptions granted in appropriate cases. The Agency will require reduction or revocation of any tax exemption granted or increase in or cancellation of any PILOT payment where the use of a project is substantially changed or abandoned or agreed upon goals are not satisfied because of the fault of the project occupant.

d. Impact of project on existing and proposed business or economic development projects. The Agency will consider the needs of the community and the impact on existing and proposed businesses or economic development projects when it considers approval of a project for the particular area where the project is located.

e. The amount of private sector investment generated or likely to be generated by the proposed project. The Agency will consider and favor projects which are likely to generate substantial private investment in the project and in related businesses in the area where the project is located.

f. Demonstrated public support for the proposed project. The Agency will consider the needs of the community and the demonstrated support for the proposed project by the public, government agencies and private organizations when it considers approval of a project. The Agency will accommodate in its consideration of an application for financial assistance those industries that apply for financial assistance and desire to locate in areas which are evidenced by high unemployment, high commercial real estate

vacancies or other adverse economic conditions, or are industries which fulfill a need of such community or location.

g. Likelihood of accomplishing the proposed project in timely fashion. The Agency will consider the capital available to a project occupant and the ability of the project occupant to complete the project in a timely fashion.

h. Environmental impact. The Agency shall comply with all applicable laws related to determining the impact of a proposed project on the environment.

i. Extent to which the proposed project will require additional services including but not limited to educational, police, transportation, EMS, and fire. The Agency will consider the impact of the project on community services and may require payment of other taxes, fees and charges where a project will require such additional services arising from such project.

j. Extent to which proposed project will provide additional revenues. The Agency shall consider the size of the project and the revenues otherwise paid to the Agency or any other agency or organization.

k. A Cost Benefit Analysis. To be submitted by the applicant, the Agency shall consider an overall analysis of the costs and benefits of the proposed project as it affects the effected taxing jurisdictions.

204. Application for financial assistance from the Agency shall be made on applications supplied by the Agency and shall contain such information as may be requested. The applicant shall describe the proposed project and type of assistance sought. Agency assistance can take the form of real property tax abatement through either the issuance by the Agency of Tax Exempt Bonds and through a Straight Lease Agreement, Sales and Use Tax Exemption, and/or Mortgage Tax Exemption. Most of the policies herein stated are deemed to be guidelines and not rules of law. The intent of any Agency assistance is to promote economic development and growth of the Sullivan County economy.

### **ARTICLE 300 – REAL PROPERTY TAX EXEMPTION POLICY AND PAYMENT IN LIEU OF TAXES**

301. The Agency maintains this policy for the provision of real property tax abatements for qualified projects. Only facilities that qualify as a “project,” as defined in the New York State Industrial Development Agency Act, may be approved by the Agency. These include both industrial and non-industrial projects. Applicants can qualify for Real Property Tax Exemption through either Bonding or Straight Lease Agreements with the Agency. The project must be shown to serve a public purpose by creating or retaining employment. Additionally, State restrictions on applicants include prohibitions to projects that are extraterritorial (GML Section 854(4)), governmental projects (GML Section 854(B)), projects raided from outside Sullivan County except as allowed under GML Section 862(1), and the limitations on the Agency’s ability to provide assistance to retail projects (GML Section 862(2)).

The following are the Abatement Programs adopted by the County of Sullivan Industrial Development Agency.

a. General Abatement Program

Program Overview.

After a Certificate of Establishment of the Agency was filed with the New York Secretary of State on November 6, 1970, an original tax abatement policy was adopted by the founding members of the Agency under authority granted pursuant to Section 906 of the General Municipal Law of the State of New York. That basic policy still exists today and is called the General Abatement Policy and it is the basic abatement schedule used by the Agency. To balance job creation with the need for housing, in 2022 the General Abatement Program was amended so that distribution center projects are eligible for benefits under this Program if such distribution center projects construct or renovate market rate workforce housing at a minimum rate of one (1) unit per twelve thousand five hundred (12,500) square feet of distribution center space and a maximum rate of one (1) unit per five thousand (5,000) square feet of distribution center space, with such market rate workforce housing located within Sullivan County and within twenty-five (25) miles of the distribution center project.

Program Tax Abatements.

*Sales.* Sales tax abatements are provided in connection with all taxable items purchased by projects under this program.

*Mortgage.* All mortgage tax on loans financing projects under this program is abated.

*Real Estate.* Real estate taxes on the increased value resulting from improvements are abated at fifty (50%) percent for year one (1) with the abatement decreasing two and one-half (2½%) percent per year for years two (2) through twenty (20). For years one (1) through ten (10), the Total Value Subject to PILOT ("TVSP") is fixed. For years eleven (11) through twenty (20), the assessed value established by the assessing jurisdiction is used in computing PILOT payments. This type of abatement program, commonly called a 485-b "stretch", provides benefits similar to benefits that are available under Section 485-b of the New York Real Property Tax Law ("RPTL"), but over a twenty (20) year period versus the ten (10) year period provided for in the RPTL.

Employment Goals.

Employment goals are determined on a project by project basis. Real property tax abatements are reduced in future years if the project's employment goals are not met.

b. Retail Sales Program

Program Overview.

Industrial development agencies must follow strict guidelines when providing financial assistance to retail projects. These guidelines are set forth in Section 862 of the GML. The general rule is that industrial development agencies cannot provide financial assistance to any project that is primarily engaged in retail

sales to customers who personally visit the project's facility to obtain such goods or services, if such sales constitute more than one-third (1/3) of the total project costs, unless:

(i) the predominant purpose of the project would be to make available goods or services which would not, but for the project, be reasonably accessible to the residents of the city, town, or village within which the proposed project would be located because of a lack of reasonably accessible retail trade facilities offering such goods or services; or

(ii) the project is located in a highly distressed area.

If the proposed project meets either exception above, then the Agency may approve the application for financial assistance only if:

(i) the Agency finds that undertaking the project will preserve permanent, private sector jobs or increase the overall number of permanent, private sector jobs in New York State, and

(ii) the proposed action of the Agency with respect to the project is confirmed by the County Manager.

#### Program Tax Abatements.

*Sales.* Sales tax abatements are provided in connection with all taxable items purchased by retail projects.

*Mortgage.* All mortgage tax on loans necessary for financing retail projects is abated.

*Real Estate.* Real estate taxes on the increased value resulting from improvements are abated at fifty (50%) percent for year one (1) with the abatement decreasing by five (5%) percent per year for years two (2) through ten (10). This abatement mirrors Section 485-b of the New York Real Property Tax Law. For years eleven (11) through fifteen (15), payments in lieu of taxes ("PILOT payments") are equal to "full taxes"; although the value of the project for PILOT purposes remains fixed.

#### Employment Goals.

There are no minimum employment goals associated with this program.

### c. Tourism Industry Program

#### Program Overview.

The Agency adopted its targeted tax abatement program for the tourism industry ("Tourism Industry Program") on December 31, 1998. Prior to adoption of this targeted tax exemption program the Agency had many meetings and discussions relative to the "Sweet Spots" of the Sullivan County economy. For scores of years the tourism industry (together with the agricultural industry) was a backbone of the County's economy. Tourism facilities typically purchase most of their goods and services locally, while attracting customers and guests to the County from outside the region. Benefits of tourism industry projects include substantial employment in the tourism industry and the import of tourism dollars from elsewhere to the County economy.

### Program Tax Abatements.

*Sales.* Sales tax abatements are provided in connection with all taxable items purchased in connection with tourism industry projects.

*Mortgage.* All mortgage tax on loans necessary for tourism industry projects is abated.

*Real Estate.* The Tourism Industry Program offers two levels of real estate tax abatements. Under the first, real estate taxes on the increased value resulting from improvements are abated at one hundred (100%) percent for years one (1) through five (5) with the abatement decreasing ten (10%) percent per year for years six (6) through fifteen (15). Under the second, real estate taxes on the increased value resulting from improvements are abated at one-hundred (100%) percent for years one (1) through eight (8), with the abatement decreasing twelve and a half (12.5%) percent per year for years nine (9) through sixteen (16). To be eligible for the enhanced sixteen (16) year abatement schedule, a project must meet two criteria: 1) the project must create one full-time equivalent employment position for every two (2) rooms constructed as part of the Tourism Industry project, and 2) the project must provide, through construction or renovation, market rate workforce housing at a minimum rate of one (1) unit for every four (4) rooms and a maximum rate of one (1) unit for every one (1) room renovated or constructed as part of the Tourism Industry project. Market rate workforce housing units must be renovated or constructed within Sullivan County, and within twenty-five (25) miles of the Tourism Industry project. Qualifying housing shall receive an abatement of fifty (50%) of real estate taxes on the new improvements for a period of fifteen (15) years. The newly developed housing units shall have occupancy controlled by deed restrictions approved by the Agency.

### Employment Goals.

Minimum employment goals are established for projects receiving benefits under this program. Employment goals are determined on a project by project basis. Real property tax abatements are reduced in future years if the project's employment goals are not met.

#### d. Agricultural Industry Program

### Program Overview.

The Agency adopted its targeted tax abatement program for the agricultural industry on September 14, 1998 ("Agricultural Industry Program"). Prior to adoption of this targeted tax exemption program the Agency had many meetings and discussions relative to the "Sweet Spots" of the Sullivan County economy. For scores of years the agricultural industry (together with the tourism industry) was a backbone of the County's economy. This industry provides the County with both direct and measurable benefits, as well as important indirect benefits. Benefits that are direct and measurable include the substantial employment in the agricultural industry and the sale of agricultural products outside of the County market area resulting in the import of money from

elsewhere to the County economy. Indirect benefits include the preservation of open space and the County's rural landscape.

Program Tax Abatements.

*Sales.* Sales tax abatements are provided in connection with all taxable items purchased in connection with the agricultural projects. This is of little benefit to production farms that are statutorily exempt from sales tax. However, this is an important benefit for services or suppliers to production farms and to businesses processing farm products.

*Mortgage.* All mortgage tax on loans necessary for agricultural industry projects is abated.

*Real Estate.* Real estate taxes on the increased value resulting from improvements are abated at one-hundred (100%) percent for years one (1) through five (5) with the abatement decreasing ten (10%) percent per year for years six (6) through fifteen (15). This is of reduced benefit to production farms that qualify for agricultural value assessment. However, this is an important benefit for suppliers to production farms and to businesses processing farm products.

Employment Goals.

There are no minimum employment goals associated with this program.

e. Disaster Impacted Businesses Program

Program Overview.

The targeted tax abatement program for Disaster Impacted Businesses ("Disaster Impacted Business Program") was adopted by the Agency in July, 1998. The purpose of this program is to provide incentives for businesses, which have been substantially destroyed by fire, flood, or other natural disasters, to rebuild in the County. Moving a business from one location to another involves a myriad of challenges. Notwithstanding the challenges, businesses routinely relocate. When the assets of a business are reduced to the form of an insurance company check the challenges associated with moving a business from one location to another cease to exist. Whether a business chooses to reestablish in its former location or move to a new location (either within or outside the County) can be greatly influenced by a targeted program designed to assist a disaster impacted business in its time of need.

Program Tax Abatements.

*Sales.* Sales tax abatements are provided in connection with all taxable items purchased in connection with the rebuilding of the disaster impacted business.

*Mortgage.* All mortgage tax on loans necessary to rebuild the disaster impacted business is abated.

*Real Estate.* Real estate taxes on the increased value resulting from improvements are abated at one-hundred (100%) percent for year one (1) with the abatement decreasing ten (10%) percent per year through year (5) five and then at five (5%) percent per year years six (6) through fifteen (15).

Employment Goals.

Since the Disaster Impacted Businesses Program is a business retention tool, there are no minimum employment goals associated with this program.

f. Targeted Manufacturing Program

Program Overview.

The Agency adopted its targeted tax abatement program for manufacturing ("Targeted Manufacturing Program") on May 11, 1999. This program was developed in cooperation with the Partnership and the County Planning Department. The 1997 Rebuilding Sullivan County-- An Economic Development Strategy recommended targeted tax incentives to be used "to attract particular businesses or industries ... well suited or beneficial to the economy"... of the County. Additionally, the Business Retention and Expansion Study which was conducted in the course of preparing the Strategy also recommended "targeted efforts ... to produce job growth through business expansion." The survey indicated twenty-nine (29%) percent of existing businesses were considering expansion. The most often cited reason for businesses considering relocating out of the County was "high taxes," a factor identified by nineteen (19%) percent of respondents. This targeted tax abatement program was designed to address this problem by converting such disincentives to incentives for those businesses with particular potential for job growth in industries identified to be well suited to the County's economy. This targeted tax abatement program is available to the following types of manufacturing businesses:

SIC Code	Type of Manufacturing
24	Lumber and Wood Products, Except Furniture
2834	Pharmaceutical Preparations
2836	Biological Products, Except Diagnostic Substances
34	Fabricated Metal Products, Except Machinery and Transportation Equipment
36	Electronic and Other Electrical Equipment and Components, Except Computer Equipment

Program Tax Abatements.

*Sales.* Sales tax abatements are provided in connection with all taxable items purchased in connection with manufacturing projects.

*Mortgage.* All mortgage tax on loans necessary for manufacturing projects is abated.

*Real Estate.* Real estate taxes on the increased value resulting from improvements are abated in accordance with the following schedule:

Year	% of Real Estate Taxes Abated
1	90.00%
2	90.00%
3	80.00%
4	80.00%



5	70.00%
6	70.00%
7	60.00%
8	60.00%
9	50.00%
10	50.00%
11	50.00%
12	50.00%
13	40.00%
14	40.00%
15	30.00%
16	30.00%
17	20.00%
18	20.00%
19	10.00%
20	10.00%

Employment Goals.

Minimum employment goals are established for projects receiving benefits under this program. Employment goals are determined on a project-by project basis. Real property tax exemptions are proportionally reduced if employment goals are not met.

g. Encouraging the Return of Tax Exempt Property to Taxable Status Program

Program Overview.

The Agency adopted its targeted tax abatement program encouraging the return of tax exempt property to taxable status on June 8, 1999. In adopting this targeted tax exemption program, the Agency recognized that historically many properties within Sullivan County receive real property tax exemptions as result of ownership and use by not-for-profit organizations. Many of these properties, if returned to the tax rolls would require substantial improvements. Projects seeking benefits under this Program are limited to properties that have been tax exempt for a minimum of three (3) years. The assessed value established by the assessing jurisdiction is utilized in computing PILOT payments for the term of the Program.

Program Tax Abatements.

*Sales.* Sales tax abatements are provided in connection with all taxable items purchased by a project in connection with this program.

*Mortgage.* All mortgage tax on loans necessary for projects constructed under this program is abated.

*Real Estate.* Real estate taxes on the increased value resulting from improvements are abated according to the following schedule:

Year	% of Real Estate Taxes Abated
1	100.00%
2	100.00%
3	100.00%
4	91.67%
5	83.33%
6	75.00%
7	67.67%
8	58.33%
9	50.00%
10	41.67%
11	33.33%
12	25.00%
13	16.67%
14	8.33%
15	0.00%

Employment Goals.

As this program focuses on taxable status, there are no minimum employment goals associated with the program.

h. Arts Industry Program.

Program Overview.

The Agency adopted the Arts Industry Program on June 13, 2016. This program benefits for-profit businesses in the arts industry. The program was designed to capitalize on then-current efforts introduced to establish Arts and Cultural Districts throughout New York; to further encourage the development of the County's arts industry by providing a significant comparative advantage to companies seeking to locate specifically in proposed Arts and Cultural Districts in Sullivan County with incentives from local municipalities, the County, and the State; to build on New York State's efforts to incentivize qualified film production companies that produce feature films, television series, relocated television series, television pilots, films for television, and/or incur post-production costs associated with the original creation of these productions through the Film Tax Credit Program for upstate counties; to further develop Sullivan County's tourism industry, which has long been a pillar of our economy, by providing incentives to arts and cultural businesses; to complement recently completed major development projects in Sullivan County; and to foster an industry that provides clean jobs that can strengthen the economy in our region while preserving the rural assets to which people are drawn.

Program Tax Abatements.

*Sales:* Sales tax abatement on all taxable purchases made in connection with the acquisition, construction, installation, and equipping of the project.

*Mortgage:* Mortgage tax abatement on all loans financing projects under this program.

*Real Estate:* Real estate taxes on the increased value resulting from improvements are abated over a fifteen year period as follows: one hundred percent (100%) for years one (1) through five (5); ninety percent (90%) for year six (6); eighty percent (80%) for year seven (7); seventy percent (70%) for year eight (8); sixty percent (60%) for year nine (9); fifty percent (50%) for year ten (10); forty percent (40%) for year eleven (11); thirty percent (30%) for year twelve (12); twenty percent (20%) for year thirteen (13); ten percent (10%) for year fourteen (14); and zero percent (0%) for year fifteen (15).

Employment Goals.

Employment goals are determined on a project-by-project basis. Real property tax abatements are proportionally reduced if the project's employment goals are not met.

i. Community Distributed Generation Program.

Program Overview.

Adopted by the Agency on December 12, 2016. . The purposes of this program are (i) to support New York State's "Reforming the Energy Vision" Initiative, which is intended to encourage renewable energy development that will spur economic growth and develop new energy business models; (ii) to bring community distributed generation projects to Sullivan County, where existing low electricity rates would otherwise inhibit investment in solar installations; (iii) to administer a single County-wide uniform tax exempt policy, allowing municipalities to collect long- term predictable PILOT monies without the burden of developing and administering PILOT agreements at the local government or school district level; (iv) to respect variations in local policy by requiring that each project application includes a letter affirming that the host municipality supports the project; (v) to assist project developers by offering a single County-wide uniform tax exempt policy, eliminating the need to negotiate PILOTs with the County and the various towns, villages, and school districts; (vi) to enhance developers' prospects for financing community distributed generation projects by offering a uniform PILOT structure that is simple and therefore more appealing to lenders; (vii) to benefit Sullivan County residents and businesses by requiring community distributed generation projects to offer them a local buying preference program as approved by the Agency from time to time and based upon the level of New York State incentives available at the time; (viii) to stimulate Sullivan County's transition to a sustainable energy economy by fostering the generation of local solar energy that is purchased and used within the County; and (ix) to bring short- and long-term jobs to Sullivan County.

Program Tax Abatements.

*Sales:* Sales tax abatement on all taxable purchases made in connection with the acquisition, construction, installation, and equipping of the project.

*Mortgage:* Mortgage tax abatement on all loans financing projects under this program.

*Real Estate:* Real estate taxes on the increased value resulting from improvements are abated over a twenty-year period. The annual payment in lieu of taxes (PILOT) is expressed as a dollar value per megawatt (MW) of the facility's nameplate capacity. The dollar value per megawatt depends upon the level of incentives the project receives from New York State through the Public Service Commission's Value of Distributed Energy Resources (VDER), or Value Stack, mechanism. The PILOT dollar value per MW is the same for all IDA projects receiving a particular level of incentives through VDER. The PILOT is divided among all affected taxing jurisdictions in proportion to their tax rates.

Employment Goals.

There are no minimum employment goals associated with this program.

j. Commercial/ Industrial Park Program.

Program Overview.

Adopted by the Agency on April 21, 2021. This program is designed to encourage owners of land zoned for commercial or industrial uses to invest in roads and infrastructure without a concern about additional real estate taxes becoming a burdensome carrying cost while the commercial or industrial park land or lots are being marketed to end users.

Program Tax Abatements.

*Sales.* Sales tax abatements are provided in connection with all taxable items purchased or leased in connection with the development of the qualifying commercial or industrial park. The Agency's sales tax reporting protocols shall apply to all such expenditures. The abatement is subject to the Agency's one (1%) percent sales tax abatement fee.

*Mortgage.* All mortgage recording taxes ("MRT") on real estate mortgages securing loans for development of qualifying industrial parks shall be abated. The abatement is subject to the Agency's MRT abatement fee of the greater of one-tenth (1/10%) percent of the original principal amount of the debt secured or Five Thousand and 00/100 (\$5,000.00) Dollars.

*Real Estate.* Real estate taxes on the increased value of the land following installation of roads and infrastructure shall be abated at one hundred (100%) percent for a period not to exceed ten (10) years. All projects relying on this program shall enter into a Master Development and Agency Agreement ("MDAA"). The MDAA shall provide that when a part of the commercial or industrial park is sold, leased or a building permit related thereto is issued, the land or lot subject to the sale, lease or permit shall no longer qualify for real estate tax abatement under this program.

Employment Goals.

There are no minimum employment goals associated with this program.

Location Restriction.

This program is limited to projects undertaken on land with zoning that allows commercial or industrial uses and shall be applicable to only the Towns of

Liberty, Thompson and Mamakating, along Interstate Route 86 and the Towns of Fallsburg and Bethel, where commercial or industrial parks are located.

Benefits to Future User of Commercial/Industrial Park Land or Lots.

It is anticipated that persons or entities purchasing or leasing land (or the owner constructing improvements) will apply for tax abatements on projects to be constructed on the improved commercial or industrial park land. At the time of adoption of this policy, such future abatements shall receive financial assistance under the Agency's General Abatement Program unless 1) the proposed use qualifies for abatements under the Agency's Manufacturing or other applicable Abatement Program or 2) the proposed project seeks and is granted a deviation from the Agency's General Abatement Program.

k. Sullivan County International Airport Program.

Program Overview.

Adopted by the Agency on March 14, 2022. The Sullivan County International Airport presents an important opportunity for economic growth. While the County may be willing to lease airport land to developers at favorable rates, the high cost of property taxes deters potential developers from constructing hangars and other aviation-related facilities. In many neighboring states, real estate taxes are not assessed on airport properties. The Sullivan County International Airport Program is intended to overcome this competitive disadvantage and capitalize on the opportunity presented at the Airport. This program is only available to developers proposing the construction of aircraft hangars or other aviation-related facilities.

Program Tax Abatements.

*Sales.* Sales tax abatement on all taxable purchases made in connection with acquisition, construction, installation and equipping of the project.

*Mortgage.* Mortgage tax abatement on all loans financing projects under this program.

*Real Estate.* Seventy-five (75%) percent of the assessed value established by the assessing jurisdiction is abated each year from years one (1) through thirty (30).

Location Restriction.

Only projects located on the approximately six hundred (600) acres owned by the County of Sullivan and located at the Sullivan County International Airport are eligible for benefits under this program.

Employment Goals.

There are no employment goals associated with this program.

302. Each project receiving a real property tax exemption will be subject to a Payment in Lieu of Tax Agreement ("PILOT Agreement") in a form acceptable to the Agency. The Agency may consider project factors, similar to those described in Paragraph 203 herein, when determining the amounts to be paid under the PILOT Agreement.

The abatement shall generally apply to value added by construction or renovation and the existing parcel involved. In most situations the involvement by the Agency will not

result in revenue to the affected taxing jurisdictions in any tax year being less than the revenues received in the tax year preceding involvement by the Agency. The period of the exemption will not exceed the period of the respective financing or lease. The PILOT is applicable to County, Municipal, and School Taxes.

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.

#### **ARTICLE 400 – SALES AND USE TAX EXEMPTION POLICY**

401. Purchases. All purchases of construction materials and equipment rentals and purchases of project related equipment and furnishings are made as agent for the Agency, and are therefore afforded full exemption from local and New York State Sales and Use Taxes, as limited by Article 300 above. Operating and maintenance expenses of projects are not incurred as agent of the Agency, and no sales tax exemption is provided for those expenses. Letters of Sales Tax Exemption will be issued by the Agency for a predetermined length of time, or until the project certificate of occupancy is issued, whichever is a shorter period.

402. Filing. All project applicants must agree 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 NYS General Municipal Law.

#### **ARTICLE 500 – MORTGAGE TAX EXEMPTION POLICY**

501. 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.

502. The Agency may, in its sole discretion, permit mortgage recording tax exemptions on non-project related financing (i.e. second mortgages on the project to secure subordinated indebtedness of the project applicant). 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.

#### **ARTICLE 600 – PROCEDURE FOR DEVIATION FROM TAX POLICIES**

601. In addition to the foregoing, the Agency may determine, on a case by case basis, to deviate from the guidelines described above or provide enhanced benefits for a project expected to have a significant impact in the locality where the project will be located. Any deviation from the guidelines set forth above requires the written notification by the Agency to the chief executive officer of each affected taxing jurisdiction as required by law. The Agency may consider any or all of the factors stated in Paragraph 203 herein in making such determinations.

## **ARTICLE 700 – RECAPTURE OF BENEFITS**

701. The Agency, at its sole discretion and on a case-by-case basis, may determine, (but shall not be required to do so) with respect to a particular project, that the project has failed to meet its intended goals and to require the project applicant to agree to 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:

- 1) Sale or closure of facility;
- 2) Significant employment reduction;
- 3) Significant change in use in facility;
- 4) Significant change in business activities or project applicant or operator; or
- 5) Material noncompliance 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.

If the Agency determines to provide for the recapture with respect to a particular project, the Agency also shall, in its sole discretion, and on a case-by-case basis, determine the timing and percentage of recapture.

## **ARTICLE 800 – AMENDMENTS**

The Agency, by resolution of its members, and upon notice to all affected taxing jurisdictions as may be required by law, may amend or modify the foregoing policy as it may, from time to time, in its sole discretion determine.

## **ARTICLE 900 – EFFECTIVE DATE**

This Uniform Tax Exemption Policy shall apply to all projects for which the Agency adopts an Inducement Resolution after 1993, and as amended in 1998, 1999, 2004, 2008, 2010, 2016, 2021, and 2022.

3/14/22