



CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY UNIFORM TAX EXEMPT POLICY & GUIDELINES

The general policy of the CAYUGA COUNTY INDUSTRIAL DEVELOPMENT AGENCY (“Agency”) is to grant applicant’s real property tax abatements and exemption 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 locality as determined by the Agency members.

The Agency invites individuals and corporations to apply for these benefits. An application form may be obtained from the Agency’s offices. Staff assistance is available to assist companies complete the application. Upon submittal of the application, the Agency Board will promptly review it and determine the extent to which it will offer the benefits outlined herein.

A. Real Property Taxes

The Agency maintains ad policy for the provision of real property tax abatements for qualified projects. The abatement provided applies to value added by construction, capital investment or renovation of the existing parcel involved. The period of the exemption will not exceed the period of the respective financing or lease and will be for a period of up to twenty (20) years. The Agency’s policy results in a graduated schedule of abatement applicable to County, Municipal and School taxes. Each schedule will result in increasing percentages of taxes due with a maximum initial abatement of one-hundred percent (100%) with annual increases over the life of the project averaging no less than two and one-half percent (2.5%) increase per annum, where greater than fifty percent (50%) abatement is granted. Eligible projects include industrial projects (i.e. manufacturing, remanufacturing, assembly, processing, product research and development etc.) and non-industrial projects (i.e. warehouse, wholesale/distribution, qualified retail, hotel, office, etc.).

Any deviations from the standard policy will be made only with specific approval of the Agency’s members based on the factors listed in paragraph E and those described in the New York State General Municipal Law Section 874(4) (a). Additionally, the Agency shall notify the affected taxing jurisdictions of the proposed deviation from such policy and the reasons therefore.

The Agency will use existing tax data to negotiate the payment in lieu of tax agreement and, therefore, Appraisals will not normally be required.

B. Payment in Lieu of Taxes

Each project receiving abatement will be subject to a Payment in Lieu of Tax Agreement (“PILOT Agreement”) in a form acceptable to the Agency. The Agency will consider project factors, similar to those described in paragraph E, herein, when determining the amounts to be paid under the PILOT Agreement. A copy of the PILOT Agreement will be forwarded to each of the affected taxing jurisdiction within fifteen (15) days of execution. Unless otherwise agreed by the Agency, with input from the affected taxing jurisdictions, such payment 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

1. 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 New York State Sales and Use Tax until the project is completed (i.e. certificate of occupancy). Operating and maintenance expenses of projects are not incurred as agent to the Agency and no sales tax exemption is provided thereof.
2. All project applicants must agree in writing and 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.

D. Mortgage Recording Tax Exemption

1. 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, whether or not the Agency has issued its bonds to finance the project.
2. The Agency may, in its sole discretion, permit mortgage recording tax exemptions on non-project related financings (e.g. second mortgages 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 employment and the economic condition of the area 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 above or provide enhanced benefits for a project expected to have a significant impact on the locality where the project will be located. Any deviation from the guidelines set forth above requires written notifications by the Agency to the chief executive officer of each affected taxing jurisdiction. The Agency may consider any or all of the following factors in making such determination, no single one of which is determinative.

1. The nature of the proposed project (e.g. manufacturing, commercial, civic, etc.).
2. The nature of the property before the project begins (e.g. vacant land, vacant buildings, etc.).
3. The economic condition of the area at the time of the application and the economic multiplying effect the project will have on the area.
4. The extent to which the project will create or retain permanent, private-sector jobs, the number of jobs to be created and/or retained and/or the salary ranges of such jobs.
5. The estimated value of tax exemptions to be provided.

E. Deviations, continued

6. The economic impact of the project and the proposed tax exemptions on affected taxing jurisdictions.
7. The impact of the proposed project on existing and proposed businesses and economic development projects in the vicinity.
8. The amount of private-sector investment generated or likely to be generated by the proposed project.
9. The likelihood of accomplishing the proposed project in a timely fashion.
10. The effect of the proposed project upon the environment and surrounding property.
11. The extent to which the proposed project will require the provision of additional services, including but not limited to, educational, transportation, emergency medical or police and fire services.
12. The extent to which the proposed project will provide additional sources of revenue for municipalities and school districts in which the project is located.
13. 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.
14. The extent to which public support for the project has been demonstrated.

F. Recapture of Benefits

The Agency, in 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 a project applicant 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 not be limited to:

1. Sale or foreclosure of the facility;
2. Significant employment reduction;
3. Significant change in the use of the 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 resulting in significant harmful environmental effects.

Prior to reaching a final determination that recapture is appropriate the Agency will afford the involved company a hearing on the issue. At the hearing, the company will have the opportunity to offer a valid explanation for the failure to achieve the economic benefits projected.

The following list will be used by the Agency to help determine if a valid explanation exists:

1. Natural Disaster: if a natural disaster such as fire, flood, or tornado disrupts the business.
2. Industry Trends: an evaluation of industry trends will be made relevant to the company and a determination reached as to whether a company is in a market that is declining. International and national data will be used in this evaluation. An industry is considered declining when, measured by the appropriate SIC code, it experiences employment or revenue declines, beyond its control, of 10% or more over three (3) years.
3. Loss of Major Supplier or Customer: if the loss of a customer or supplier represents 15% or more of the sales of the company.
4. Productivity Improvements: if new technology, equipment or general productivity improvement result in the need for less than projected employees of investment.
5. Unfair Competition: if an international competitor utilizes unfair competitive advantage to acquire market share.

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.

G. Effective Date

This Uniform Tax Exemption Policy shall apply to all projects for which the Agency has adopted or adopts an Inducement Resolution after March 18, 2003 and all refinancing of any project induced or closed before said date.

H. 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.

Adopted this 1st day of May, 1999
Amended the 18th day of March, 2003
By the Cayuga County Industrial Development Agency

Kim Sincerbeaux
Secretary