SUFFOLK COUNTY INDUSTRIAL DEVELOPMENT AGENCY

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SUFFOLK COUNTY INDUSTRIAL DEVELOPMENT AGENCY (SCIDA)
UNIFORM TAX EXEMPTION POLICY (UTEP)
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Commercial and industrial projects receiving financial assistance (tax-exempt or taxable bonds and/or straight lease transactions) through SCIDA are eligible for various tax abatements, exemptions and/or reductions.

I. Real Real Property Taxes:

A. Real Property Tax Relief: SCIDA provides real property tax relief in the form of reduction of existing taxes and/or freezing existing taxes and/or abating the increased assessment (value added) as the result of the project. Real property tax relief maybe structured in the form of fixed annual payments with or without scheduled increases over a period of time or in the form of abatements of the increased assessment that results from the project over a period of time or in the form of reduction of the existing taxes with a phase in back to the original tax level over a period of time.

Each project is reviewed and evaluated on a case by case basis. The Agency review utilizes criteria that measure the projects level of significance and/or strategic value and/or impact upon Suffolk County at both the micro and macro level as well as upon Long Island Regional and/or State economy. (Attachment #1).

As a general rule the minimum term of the real property tax abatement and/or reduction of existing taxes is 10 years. The basic real property tax abatement provided by SCIDA is based upon the formula contained in Section 485 (b) of the New York State Real Property Tax Law. This formula results in a 50% real property tax reduction of the existing taxes and/or abatement on the increased assessed value in the first year; 45% real property tax reduction and/or abatement in the second year; 40% reduction and/or abatement in the third year; and thereafter declining 5% per year over a 10 year period. A 485 (b) real property tax reduction and/or abatement is the minimum that SCIDA provides.

Projects that are determined to be highly significant and strategically valuable may qualify for reductions and/or abatements greater than 10 years.

Enhanced real property tax relief is considered and/or provided under the following circumstances:

1. Municipal Industrial Development Agencies: If the local Town IDA provides a real property tax abatement greater than 485 (b) in which case SCIDA will match that abatement level.

2. Existing Facilities: In order to encourage the "reuse" and upgrading of existing building stock SCIDA may provide enhanced real property tax relief for projects involving vacant existing facilities. These benefits may include reducing existing real property taxes and/or "freezing" the real property tax base of the pre-improved facility and/or the granting of real property tax abatements on the increased assessed value that result from the project for periods up to 15 years.

3. Significant/Strategic Projects: SCIDA may provide enhanced real property tax relief (reductions freezing and/or abatements) to projects considered significantly and/or strategically important to the economic well-being of Suffolk County and the Long Island Region. Enhanced real property tax relief may be in the form of reductions and/or abatements in amounts greater than those contained in the 485 (b) formula and for periods greater than 10 years. These projects may qualify for real property tax relief for up to periods of 15 years.

4. Workforce/Affordable Housing Projects: Projects that provide workforce/affordable housing may qualify for real property tax relief in the form of fixed yearly payments on a per unit basis with or without annual increases for periods up to 30 years as long as the project remains workforce/affordable.

5. Empire Zone Projects: Enhanced real property tax relief will be considered for projects that locate within the boundaries of former State designated Empire Zones or that would have qualified as Regionally Significant Projects under the former State Empire Zone criteria.

6. Existing Project Proposing a Significant Increase : Previously approved projects that propose to significantly increase the level of investment in the project and/or the level of employment at the project may be considered new projects by the Agency and be eligible for renewals of any previously granted real property tax relief.

7. County and/or other Municipally Owned Property: - Property owned by Suffolk County and/or another municipal entity that is sold and/or leased to a private developer and/or private company may qualify for a 100% abatement and/or an enhanced double 485 (b) abatement for periods up to 15 years.

8. Large Employment Generators: Projects that create or retain 500 jobs or more may qualify for tax relief for periods of up to 20 years. For new construction this would be in the form of a 100% abatement the first year and declining 5% per year for 20 years. For existing buildings the benefits may include reducing existing real property taxes and/or freezing the real property tax base and/or granting real property tax abatements on the increased value that result from the project for periods up to 20 years.

B. Benchmark PILOTs: Highly significant projects may be required to enter into a benchmark PILOT Agreement with the Agency. A benchmark PILOT contains annual job level targets that the company needs to achieve in order to receive the full value of the proposed real property tax relief for that year. If the company fails to reach the job target for a particular year the Agency may, after review and consideration of all circumstances, reduce the value of the real property tax relief for that year.

C. Recapture of Benefits: Projects that receive enhanced real property relief are subject to the recapture of all benefits (real property taxes, sales tax and mortgage recording tax) pursuant to the following schedule:

Within 1 year	100%
Within 2 years	100%
Within 3 years	75%
Within 4 years	50%
Within 5 years	25%
After 5 years	0%

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

1. Sale or closure of the facility and departure of the company from the Long Island 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.

4. Failure to comply with the terms and conditions contained in any and all Agreements with SCIDA.

D. Deviations From Policy: SCIDA reserves the right to deviate from its uniform real property tax relief policy under special/extraordinary circumstances Deviations can take the form of providing less or more in the way of real property tax relief. These deviations could be done by increasing or reducing the reduction of existing taxes; 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 any of these. Provision of less in the way or real property tax relief may be applicable to projects that SCIDA determines that the benefit provided by these projects merits a reduced level of real property tax relief. Provision of more in the way of real property tax relief may be applicable to projects that are considered extremely significant and vital to the economic health and well-being of Suffolk County and the Long Island Region. Each time SCIDA proposes to deviate from its uniform real property tax relief 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: SCIDA provides sales tax exemptions on all materials and/or equipment used or incorporated into the project during the initial construction/renovation and/or equipping of the project.

B. Expiration of Sales Tax Exemption: SCIDA 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 project occupant must request an extension of the expiration date from SCIDA.

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. SCIDA requires that each project occupant (agent) provides the Agency with a copy of that annual filing.

D. Deviations from Policy: SCIDA 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 ongoing operating expenses. Provision of less in the way of sales tax exemption is applicable to projects that are subsequent phases of a previously SCIDA financed multi-phase project and/or SCIDA determines that the benefit provided by these projects merits 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 Suffolk County and the Long Island Region. Each time SCIDA deviates from its uniform sales tax exemption policy it will provide written notification with an explanation for the deviation to the chief executive officer of each affected taxing jurisdiction.

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

A. Project Related Financings: Financings secured by a mortgage which are directly related to the project are exempt from mortgage tax.

B. Non-Project Related Financings: Financings 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. Deviations From Policy: SCIDA reserves the right to deviate from its uniform mortgage recording tax exemption policy under special/extraordinary circumstances. Deviations 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 financings to be exempt from 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 SCIDA financed multi-phase project and/or SCIDA determines that the benefit provided by these project merits 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 Suffolk County and the Long Island Region. Each time SCIDA 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 1
ENHANCED REAL PROPERTY TAX RELIEF GUIDELINES/CRITERIA
(Level of significance and strategic importance)

SCIDA considers the following significance 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 application.

2. **Jobs:** The extent to which the project will directly create or retain permanent private sector jobs as well as "temporary" jobs during the construction period. In addition, the level of 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 results 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 subsequent 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 extent to which project will require additional services from local governmental entities.

9. **Environmental:** Impact of the project upon the environment.

10. **Business Community:** Impact of the project upon the existing business community.

ATTACHMENT 2
Real Property Tax Relief PILOTS

1. **485 (b) Formula**: 10 years starting at 50% reduction and/or abatement and declining 5% per year thereafter.

2. **Double 485 (b) Formula**: 10 years starting at 100% reduction and/or abatement and declining 10% per year thereafter.

3. **12 Year Existing Formula**: Reduction and/or abatement starting at 50% the first year and declining over 12 years.

4. **15 Year Existing Formula**: Reduction and/or abatement starting at 60% the first year and declining over 15 years.

5. **15 Year Double 485 (b) Formula**: 15 years starting at 100% reduction and/or abatement for the first 5 years and declining 10% per year thereafter.

6. **Empire Zone Regionally Significant Project Formula**: 15 years starting at 100% reduction and/or abatement for the first 5 years and declining 10% per year thereafter.

7. **Workforce/Affordable Housing**: Fixed yearly amounts on a per unit basis with or without annual increases for periods up to 30 years as long as the project continues to provide workforce/affordable housing.

8. **County/Municipal Land**: 15 years at 100% abatement and/or 15 years starting at 100% declining 6.6% per year over 15 years.

9. **Large Employment Generators:** 500 jobs or more qualify for 20 year PILOT.