

**County of Delaware Industrial Development Agency  
Uniform Tax Exemption Policy**

**I. MORTGAGE RECORDING TAX**

All mortgages executed in connection to County of Delaware Industrial Development Agency (CDIDA) projects will be provided an exemption from all mortgage-recording taxes.

**II. SALES TAX**

- 1) Purchases of construction materials and project related equipment during initial construction and equipping of a CDIDA project/facility shall be made as agent for CDIDA, and are therefore afforded full exemption from all sales taxes. Sales tax exemptions will not be provided for operating expenses.
- 2) A Sales Tax Exemption Agreement shall be executed between the project applicant and the CDIDA. Said Agreement will include an expiration date to act as agent for the CDIDA, which shall be based upon the estimated completion date plus six months to allow for possible delays and equipping. Extension of the expiration date will require the formal approval of the CDIDA.
- 3) Estimates and/or actual sales tax savings for Chapter 692 Reports will be required by and provided to the Agency at year end.

**III. REAL PROPERTY TAX EXEMPTIONS**

CDIDA maintains a countywide policy for the provision of real property tax exemptions for qualified projects. Eligible applicants include, but are not limited to, industrial projects (i.e. manufacturing, assembly processing, product research and development, etc.) and nonindustrial projects (i.e. warehouse, wholesale/distribution, qualified retail, office, hotel/motel, recreational, etc.). Each project receiving a partial tax exemption will be subject to a Payment In Lieu of Tax Agreement in a form acceptable to the County of Delaware Industrial Development Agency (CDIDA).

Project occupants shall pay to the CDIDA or its designee the amount calculated pursuant to the applicable Payment in Lieu of Tax Agreement according to a schedule to be determined by the CDIDA. Unless otherwise stipulated by the CDIDA, such payments shall be allocated among the affected taxing jurisdictions in proportion to the amount of real property tax and taxes which would have been received by each affected taxing jurisdiction had the project not been tax exempt due to the status of the CDIDA involvement in the project.

Any deviations from the standard policy will be made only with the specific approval of the CDIDA's Board of Directors with specific reasons for the deviation cited in the minutes of

the Board of Directors' meeting authorizing such deviation. Additionally, the CDIDA shall notify the affected local taxing jurisdictions of the proposed deviation from such policy and the reasons therefore.

CDIDA policy is based on a graduated schedule of abatement applicable to county, municipal and school taxes. The schedule results in increasing percentages of taxes due based on the value added by new construction. Projects involving acquisition of existing buildings may be eligible for a tax “freeze” of the pre-improved tax status of the property, meaning that payments made for existing property during the freeze period would be equal to the taxes paid the year before the property was removed from the tax rolls.

The following schedule outlines CDIDA’s policy applicable to industrial and non-industrial (commercial) projects involving the construction of new buildings or the substantial renovation of existing buildings, and financed through CDIDA Bonds or Lease Agreements. Percents shown reflect the percentage of County, Town, Village (as applicable) and School taxes to be paid in the respective year that the property is removed from the tax rolls utilizing that year’s applicable assessment and tax rate.

	Tax Fiscal Years	Percentage of Exemption or Value Added	
		<u>Industrial</u>	<u>Non-Industrial</u>
<b>Construction and Renovation</b>	1	85%	60%
	2	80%	55%
	3	75%	50%
	4	70%	45%
	5	65%	40%
	6	60%	35%
	7	55%	30%
	8	50%	25%
	9	45%	20%
	10	40%	15%
	11	35%	0%
	12	30%	0%
	13	25%	0%
	14	20%	0%
	15	15%	0%
<b>Freeze for Existing Facilities</b>		5 Years	3 Years

Since projects are based upon the assessed value of the project’s property, there is no need for real property appraisals to be performed as part of an application for tax exemption.

#### **IV. EVALUATION CRITERIA**

The CDIDA Board of Directors shall consider the following criteria in evaluating the merit of each Payment In Lieu of Tax application. No single criterion shall be determinative.

- 1) The nature of the property prior to the start of the project.
- 2) The extent to which the project will retain or create permanent, private sector jobs.
- 3) The amount of private sector development and/or investment generated or likely to be generated by the project.
- 4) The extent to which the project will benefit the municipality in which the project is located.
- 5) The impact of the proposed project on existing and proposed businesses.
- 6) The estimated tax exemptions to be provided.
- 7) 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.
- 8) The extent to which the proposed project will provide additional sources of revenue for municipalities and school districts in which the project is located.
- 9) The effect of the proposed project on the environment.
- 10) The likelihood of timely completion of the project.

#### **V. EXCEPTIONS TO POLICIES**

The County of Delaware Industrial Development Agency reserves the right to increase the Real Property Tax Abatements if it determines that a project will provide a major economic or employment impact to the County. Should the CDIDA grant such enhanced benefits, CDIDA shall set forth in writing the reasons for deviation from general policy, and shall notify the affected local taxing jurisdictions of the proposed deviation and the reasons therefore.

#### **VI. ADMINISTRATION**

In all instances, an agreement or agreements shall be executed between the project applicant and the CDIDA pursuant to General Municipal Law, Sections 858 and 874 and Real Property Tax Law Section 412, stipulating in writing at a minimum: the amount due annually to each affected tax jurisdiction for a formula by which the amount due can be calculated, the

name(s) and address(es) of the person(s), officer(s) or agency(ies) to which payment shall be delivered, the date(s) on which payment shall be made, the date on which payment shall be considered delinquent if not paid, a provision for late payment policies and course of legal action, and a provision for the recapture of exemptions granted.

## **VII. RECAPTURE OF EXEMPTIONS**

It shall be the policy of the County of Delaware Industrial Development Agency to recapture the value of exemptions according to the following schedule, should the project applicant sell or close the facility assisted, should there be a change in the use of the facility, or should there be a change in business activity or the company. The Agency shall have sole discretion whether to pursue such recapture and will make the determination on a case-by-case basis. The timing and percentage of recapture shall be as follows:

Within 1-3 year of closing of IDA transaction:	100%
Within 4-6 years of closing of IDA transaction:	75%
Within 6-8 years of closing of IDA transaction:	50%
Within 9-10 years of closing of IDA transaction:	25%
Within 11 years of closing of IDA transaction:	0%

## **VIII. APPLICATION AND ADMINISTRATIVE FEES**

It shall be the policy of the County of Delaware Industrial Development Agency to charge an application fee and an administrative fee to entities seeking and consummating either a PILOT Agreement and/or Industrial Revenue Bond financing. In general, such fees will be calculated according to the following schedule, although the CDIDA reserves the right to modify such schedule if deemed to be in the public interest.

- 1) Payment in Lieu of Tax (PILOT) Agreements
  - a) \$250 Nonrefundable Fee with Application. For projects of less than \$500,000, this fee may be waived, in part or total, at the discretion of the Executive Director.
  - b) The Administrative Fee will be 1% of the applicable project cost.
  - c) All expenses, closing costs and legal fees will be paid by the Applicant.
  
- 2) Tax Exempt Bond Applications
  - a) \$250 Nonrefundable Fee with Application
  - b) Administrative Fee will be 1% of Bond Issue.
  - c) All expenses, closing costs and legal fees will be paid by the Applicant.

Adopted February 20, 2009.