

# **Countywide Industrial Development Agency Uniform Tax Exemption Policy**

**Town of Amherst Industrial Development Agency, the Town of Clarence Industrial Development Agency, the Town of Hamburg Industrial Development Agency, the Town of Lancaster Industrial Development Agency and the Erie County Industrial Development Agency**

**Amended and Restated as of April 1, 2022**

The declared policy of New York State is to promote the economic welfare, recreation opportunities and prosperity of its inhabitants, and to promote, attract, encourage and develop recreation, and economically sound commerce and industry through governmental action for the purpose of preventing unemployment and economic deterioration by the creation of industrial development agencies (“IDA”). IDAs are empowered to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, and commercial facilities and thereby advance the job opportunities, health, and the general prosperity and economic welfare of the people of New York State and to improve their recreational opportunities, prosperity and standard of living.

IDAs are empowered to carry out these statutory purposes by providing for the claiming of real property tax abatements and exemptions from sales, use, and mortgage recording tax, and the issuance of tax exempt bonds (collectively, “Financial Assistance”). The IDAs in Erie County have adopted this Uniform Tax Exemption Policy (the “Policy”) to provide for uniform policies for the claiming of IDA Financial Assistance.

Pursuant to the authority vested in it by Article 18-A of the General Municipal Law of the State of New York, an IDA is authorized to establish guidelines and policies for the evaluation and selection of projects for which Financial Assistance will be provided, the suspension, discontinuance, or modification of real property tax abatements, and the recapture of all or part of the Financial Assistance as a consequence of job creation/retention shortfalls or other material violations of the terms and conditions established for the provision of Financial Assistance. Each applicant for Financial Assistance should consult with the appropriate individual IDA to confirm such an IDA’s relevant guidelines and policies.

## **I. Eligible Applicants/Projects**

A. By way of example only, Applicants involved in the following business activities may be eligible to apply for Financial Assistance:

1. Commercial activities
2. Manufacturing/Advanced Manufacturing
3. Warehousing/Distributive Services
4. Back office (headquarters, data and call centers)
5. Renewable energy and/or electric energy storage<sup>1</sup>

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<sup>1</sup> Renewable energy and/or electric energy storage projects will be evaluated based upon consideration of evaluative criteria which are appropriate for such projects particularly where the goals of the project may be broader than typical job retention and creations goals.

B. **Retail Business.** Only certain Retail Business projects may be eligible to receive Financial Assistance in compliance with Section 862 of the New York General Municipal Law (“GML”). Applicants are strongly encouraged to consult Section 862 of the GML and the appropriate individual IDA if a proposed project involves the sale of goods or services to customers who personally visit the project site.

C. **Special Projects.** Applications which contain a mix of retail uses and other non-retail uses (a mixed use project) must comply with Section 862 of the GML and meet additional requirements, if any, as established by each such IDA.

1. **Adaptive Reuse Project/Neighborhood Enhancement Area Project.** Adaptive Reuse Projects/Neighborhood Enhancement Area Projects will be evaluated based upon consideration of evaluative criteria which are appropriate for such projects particularly where the goals of the project may be broader than typical job retention and creation goals. IDA Financial Assistance may be provided to an Adaptive Reuse Project that involves adapting old structures or sites for new purposes, including but not limited to, potentially a mix of retail uses (in compliance with Section 862 of the GML) and commercial uses, and/or market rate or below market rate housing, and/or as otherwise permitted under any exception or amendment to this Policy for each individual IDA. An Adaptive Reuse Project is one that will benefit the host municipality and Erie County by redeveloping a blighted site or structure, promoting infill development utilizing existing infrastructure, creating new economic activity at difficult sites and buildings thus helping to eliminate neighborhood slum and blight, promoting re-use of existing buildings and sites, and helping to maintain a neighborhood’s fabric. Adaptive Reuse Projects prevent economic deterioration and promote employment opportunities. IDAs may also provide Financial Assistance, as determined by each such IDA, to projects that are retail or have retail components, in compliance with Section 862 of the GML, if the project is located in or contemplating relocating to areas within Erie County that are designated, by the respective municipal legislatures, as Neighborhood Enhancement Areas.

2. **Additional Commercial Special Projects.** Continuing Care Retirement Community Project as permitted under Sections 854(19) and 859-b of the GML.

## II. **Exemption from Real Property Taxes: Payments in Lieu of Taxes**

The IDAs maintain a policy for the provision of real property tax exemptions with a corresponding Payment In Lieu Of Tax Agreement (“PILOT Agreement”) to provide a real property tax abatement for qualified projects. Each project receiving an abatement from real property tax will be subject to a PILOT Agreement in a form proscribed by the IDA. Such PILOT Agreement will also require payment of any and all special district assessments.

The calculation of the amount of the PILOT payments, and the amount of such payments, is not set forth in statute. The PILOT Agreement payment schedules contained within this Policy establish a varied real property tax abatement schedule to incentivize certain investments over others. In this manner, projects that meet all or some of the region’s planning and economic development goal criteria will be rewarded with a more beneficial real property tax abatement schedule in comparison to those projects that meet less of the region’s planning and economic development goal criteria. To meet this goal, a four-tiered PILOT incentives schedule will be utilized. Consideration of the following “PILOT Tier Criteria” will be utilized in analyzing and selecting the appropriate tiered PILOT schedule to be utilized for each particular project: (i) capital investment, (ii) employment creation and employment retention, (iii) consistency with regional and community based planning, and (iv) overall community benefit.

Below is a listing of the current tiered PILOT schedules:

**A. Tier 1: Five Year PILOT Schedule**

A five year PILOT Schedule will be applied to projects that score at the Tier 1 level based upon application of the PILOT Determination Scoring Worksheet.

Year	1	2	3	4	5
% Abatement	75%	65%	55%	45%	35%

**B. Tier 2: Seven Year PILOT Schedule**

A seven year PILOT Schedule will be applied to projects that score at the Tier 2 level based upon application of the PILOT Determination Scoring Worksheet.

Year	1	2	3	4	5	6	7
% Abatement	95%	90%	85%	80%	75%	70%	65%

**C. Tier 3: Ten Year PILOT Schedule**

A ten year PILOT Schedule will be applied to projects that score at the Tier 3 level based upon application of the PILOT Determination Scoring Worksheet.

Year	1	2	3	4	5	6	7	8	9	10
% Abatement	95%	90%	85%	85%	80%	80%	75%	75%	70%	65%

**D. Tier 4: Renewable Energy PILOT Schedule**

A PILOT Schedule unique to renewable energy projects that may or may not also have an electric energy storage component is available to support statewide renewable energy production goals, currently established at achieving 70% renewable electricity production by 2030. With respect to a renewable energy project, an IDA, in its sole discretion, may authorize a payment in lieu of taxes agreement for up to a twenty-five (25) year benefit period, and shall calculate such payments based upon a formula expressed as a dollar value per Mega Watt (MW) multiplied by the total MW(s) to be generated by such a project. A determination to grant a Renewable Energy PILOT containing terms consistent with the provisions described within this section shall not be considered a deviation from this Policy.

**III. Exemption from Sales and Use Taxes**

The IDAs maintain a policy for the provision of sales and use tax exemptions, being a 100% exemption from the New York State and local sales and use taxes related to the acquisition, construction, re-construction and equipping of any approved project, inclusive of rentals and all other elements of the Project qualifying for exemption. In coordination with an IDA, an Applicant must confirm the amount of sales and use tax exemption in connection with a qualified project. Operating and maintenance expenses are not eligible for a New York State and local sales and use tax exemption benefit.

#### **IV. Exemption from Mortgage Recording Taxes**

The IDAs maintain a policy for the provision of a mortgage recording tax exemption that permits a mortgage recording tax exemption on a portion of the New York State Mortgage Recording Tax in Erie County, statutorily limited to .0075% on any commercial mortgage or security instrument arising out of or related to the financing or refinancing of an approved project.

#### **V. Deviation from the Uniform Tax Exemption Policy**

The following constitutes the procedure for deviation from this Policy, as required pursuant to Section 874(4)(b) of the GML. An IDA may authorize a deviation from the Policy after it: (i) provides prior written notification to the affected taxing jurisdiction(s) of the proposed deviation from the Policy and the reasons for the deviation from this Policy including articulated consideration of the issues identified in Section 874(4)(a) of the GML, and (ii) sets forth in writing the reasons for deviating from the Policy.

#### **VI. Intermunicipal Movement of Facility or Plant**

If a project involves the removal or abandonment of a facility or plant within the state, adherence to Section 862 of the GML is required prior to making a Financial Assistance determination.

If a project involves the relocation from one municipality within Erie County (the "Current Municipality") to a different municipality also within Erie County (the "Proposed Municipality"), the IDAs in Erie County set forth the following additional procedures:

A. Upon receipt of a draft application or sufficient materials from a prospective applicant, the relevant IDA with jurisdiction over the Proposed Municipality shall notify the designated economic development representative from the Current Municipality of the pending project unless there is reason the project remain confidential. Upon receipt of a completed Application for Financial Assistance, the IDA will forward a written notice to the chief elected officer of the Current Municipality and the Proposed Municipality (along with their respective economic development designees), which notice shall include (i) said Application, (ii) sites located in the Current Municipality that were considered by the applicant, along with the reasons for rejecting those sites, and (iii) such other information or documentation with regard to the proposed relocation as the IDA may be in possession of.

B. If the applicant declines to respond to such questions regarding its proposed move or indicates that it has not met with representatives of the Current Municipality or reviewed/considered alternative sites within the Current Municipality, the applicant will be strongly urged by IDA representatives to do so prior to final submission of the application, and a determination of said application being considered complete, for consideration of Financial Assistance.

C. A written response or acknowledgement from the chief elected officer of the Current Municipality will be sought with regard to the application for Financial Assistance, and any such response or acknowledgement will be included in the record to be considered by the IDA which has jurisdiction over the Proposed Municipality. This need not be a "sign-off" or an approval of the intermunicipal move. The chief elected officer of the Current Municipality and the Proposed Municipality (and their respective economic development designees) will be invited to address the IDA Board when it considers any such application for Financial Assistance.

## **VII. IDA Leadership Council**

On an as needed basis, a leadership council meeting of the IDAs may be convened to encourage further collaborative efforts, to facilitate the uniform implementation of this Policy, and to provide a forum to address other common concerns with regard to economic development in Erie County. Each IDA signatory to this Policy may permit a representative to attend such a meeting, when such a meeting is convened, provided that such individual represents an IDA, a municipality for whose benefit an IDA was created, and/or any other economic development/community organization. The leadership council will, through the consensus of its members, consider and resolve any concerns raised by an IDA with regard to the interpretation of the Policy, and will coordinate other joint activities of the IDAs to promote a countywide program of economic development.

## **VIII. Effective Date**

This Uniform Tax Exemption Policy shall be effective as of April 1, 2022, and shall apply to all projects for which an IDA has adopted or adopts an Inducement Resolution after April 1, 2022, however, it shall not apply to projects for which an IDA, through issuance of its bonds, execution of leases, or the passage of an Inducement Resolution, has authorized any assistance prior to April 1, 2022, whether or not such projects are thereafter refinanced or modified.

## **IX. Amendments**

An IDA, by resolution of its members, and upon notice to all affected taxing jurisdictions as may be required by law, may amend or modify this Policy as it may, from time to time, in its sole discretion determine.

## **X. Policy Addendums**

A. An IDA, by resolution of its members, and upon notice to all affected taxing jurisdictions as may be required by law, may approve a policy or policies unique to each such IDA as Policy Addendums that may be attached hereto and made a part hereof.

B. For Profit Market Rate Rental Senior Citizen Housing Policy enclosed within this Policy as Addendum A.

## **XI. Changes in Law**

This Policy has been developed consistent with the applicable provisions of Article 18-A of the GML existing as of the Effective Date. In the event of a change in law, rule or regulation affecting any provision of this Policy, this Policy shall be interpreted consistent with such law, rule or regulation, without giving effect to any provision in the Policy to the contrary.

## Addendum A

### Uniform Tax Exemption Policy Erie County Industrial Development Agency

#### For-Profit Market Rate Rental Senior Citizen Housing Policy

Notwithstanding anything contained within the Countywide Industrial Development Agency Uniform Tax Exemption Policy to the contrary, for purposes of eligibility, "Senior Rental Housing" is defined as a multi-family housing structure where at least 90% of the units are rented to and occupied by a person who is 60 years of age or older. No benefits will be provided for units that are not available for rent as a Senior Rental Housing.

Market rate senior housing projects approved by ECIDA are eligible for a PILOT the equivalent of the 485(b) property tax incentive that includes all taxing jurisdictions, a sales tax exemption on equipment and construction materials, and a mortgage recording tax exemption. An enhanced or custom PILOT may be considered for certain small scale projects where a particular need is being filled in a small village or town that does not contain alternative senior citizen housing and where the local taxing jurisdiction has requested the enhanced or custom PILOT and there is a showing of unmet demand for senior housing within the taxing jurisdictions and no prospect of this demand being satisfied through normal market forces.

Projects will be evaluated under the following criteria:

1. If the project has received written support from the city, town or village government in which it is located;
2. The location of the project with particular emphasis on if the project is located within the town, village or city center or within a recognized hamlet.
3. If the project is consistent with the applicable municipal master plan
4. If the project advances efforts to create walkable neighborhoods and communities for seniors in proximity to important local amenities and services.
5. If an independent market study shows a significant unmet need in the local community or specific neighborhood where seniors are unable to find appropriate housing opportunities.
6. If the project is located in areas of the Community where there are significant local resident populations that are at or below the median income level as defined by a 1-5 mile radius of the project site.
7. If the project provides amenities that are attractive to seniors and differentiates the project from standard market rate housing apartments including but not limited to:
  - Community rooms, including social/recreational activities
  - In facility senior specific services and amenities
  - Senior oriented fixtures and safety amenities (hand-rails, ramps, elevators, safety devices etc.)
  - Security, call systems
  - On site medical services.
8. Impediments to the ability to conventionally finance the project and the project's rate of return.
9. The project is targeted at and will be at least 50% occupied by senior citizens whose income is at or below 60 to 80% of the median income for Erie County.

# PILOT DETERMINATION SCORING WORKSHEET

## Baseline Requirements (Must Achieve All)

- Application Complete
- Eligible Project Per Countywide UTEP
- Local Labor Compliance
- Planning Approval (If Applicable)

## PILOT Scoring Metrics

1 Point Per Checked Box Except Where Noted

Investment, Employment, and Construction Employment are Cumulative Categories

- |  |  |   |
|--|--|---|
| <b><u>Location</u></b>                               | <b><u>Investment *(Cumulative)</u></b>               | <b><u>Community</u></b>   |
| <input type="checkbox"/> Distressed Census Tract     | <input type="checkbox"/> Under \$10 Million          | <input type="checkbox"/> Out of Region Sales > 30%              |
| <input type="checkbox"/> Designated Development Area | <input type="checkbox"/> \$10 Million - \$20 Million | <input type="checkbox"/> In Region Purchase > 50%               |
| <input type="checkbox"/> Historic Preservation       | <input type="checkbox"/> Over \$20 Million           | <input type="checkbox"/> Average Wage > Median                  |
| <input type="checkbox"/> Building Re-use             |  | <input type="checkbox"/> ROI Ratio > 15 to 1                    |
| <input type="checkbox"/> Infill Development          | <b><u>Employment *(Cumulative)</u></b>               | <input type="checkbox"/> Local Revenue/Abatement Ratio > 2 to 1 |
| <input type="checkbox"/> Transit                     | <b><u>New Jobs</u></b>                               | <input type="checkbox"/> Workforce Housing                      |
| <input type="checkbox"/> Green Building              | <input type="checkbox"/> 1-15                        | <input type="checkbox"/> MWBE                                   |
| <input type="checkbox"/> Brownfield                  | <input type="checkbox"/> 16-40                       | <input type="checkbox"/> Out of Area Option(s)                  |
|  | <input type="checkbox"/> 41-85                       |   |
|  | <input type="checkbox"/> 86-150                      |   |
| <b><u>Strategic Industry (2pts)</u></b>              | <input type="checkbox"/> 151+                        | <b><u>Construction Employment * (Cumulative)</u></b>            |
| <input type="checkbox"/> Advanced Manufacturing      |  | <input type="checkbox"/> 1-50                                   |
| <input type="checkbox"/> Back Office                 | <b><u>Retained Jobs</u></b>                          | <input type="checkbox"/> 51-100                                 |
| <input type="checkbox"/> Life Sciences               | <input type="checkbox"/> 1-75                        | <input type="checkbox"/> 101+                                   |
| <input type="checkbox"/> Technology                  | <input type="checkbox"/> 76-150                      |   |
| <input type="checkbox"/> Distribution/Logistics      | <input type="checkbox"/> 151+                        |   |
| <input type="checkbox"/> Agriculture                 |  |   |
| <input type="checkbox"/> Renewable Energy            |  |   |
| <input type="checkbox"/> Regional Tourism/Arts       |  |   |

5-Year PILOT = 1-6 Points (75,65,55,45,35)

7-Year PILOT = 7-12 Points (95,90,85,80,75,70,65)

10-Year PILOT = 13+ Points (95,90,85,85,80,80,75,75,70,65)