

CITY OF POUGHKEEPSIE INDUSTRIAL DEVELOPMENT AGENCY
TAX EXEMPTION POLICY

The Uniform Tax Exemption Policy of the City of Poughkeepsie Industrial Development Agency (“Agency”) is to grant qualifying applicants standard real property tax abatements and exemptions from sales, use and mortgage recording taxes as described below. The Agency will determine in its discretion whether a project qualifies for the standard tax abatements and/or exemptions, taking into account the facts described below. The applicant will be required to pay full taxes in connection with any Agency financial assistance unless the Agency has determined to provide for the standard exemptions. The Agency may determine to deviate from the standard exemptions to provide enhanced benefits on a case-by-case basis, as provided below.

1. Abatement and Exemption Consideration Factors

The Agency will consider the following factors in making the determination whether to grant abatements and/or exemptions, no single one of which is determinative:

- The nature of the proposed project (e.g., commercial, industrial, mixed-use, transit oriented development);
- The nature of the property before the project begins (e.g., vacant land, vacant buildings)
- The economic condition of the area at the time of the application;
- The effect of the proposed project has on the environment;
- The likelihood of accomplishing the proposed project in a timely fashion;
- The extent to which a project will create or retain permanent, private sector jobs, and the number of jobs to be created or retained;
- The impact of a proposed project on existing and proposed businesses and economic development projects in the vicinity;
- The extent to which the proposed project will provide a benefit (economic or otherwise) not otherwise available within the locality in which the project is located;
- The extent to which the proposed project will provide additional sources of revenue for municipalities and school districts;
- The extent to which the proposed project will require the provision of additional services including, but not limited to, additional educational, transportation, police or emergency medical or fire services;

- The estimated value of any tax exemptions to be provided;
- The amount of private sector investment generated or likely to be generated by the proposed project;
- The demonstrated public support for the proposed project;
- Where the project includes renovation or redevelopment of occupied properties, an appraisal of the value before and after redevelopment;
- Whether affected taxing jurisdictions will be reimbursed by the project occupant if a project does not fulfill the purposes for which exemption is provided, as provided in Section 8 of this policy; and
- the need for the abatements and/or exemptions in order for the project to be financially feasible.

Satisfaction of all criteria will be determined by the Poughkeepsie IDA.

Prior to approval of abatements and/or exemptions, (1) the Agency will assess all material information included in connection with the application for financial assistance , as necessary to afford a reasonable basis for the decision by the Agency to provide financial assistance for the project; (2) the Agency will conduct or cause to be conducted a written cost-benefit analysis that identifies the extent to which a proposed project will create or retain permanent, private sector jobs; the estimated value of any tax exemptions to be provided; the amount of private sector investment generated or likely to be generated by the proposed project; the likelihood of accomplishing the proposed project in a timely fashion; and the extent to which the proposed project will provide additional sources of revenue for municipalities and school districts; and any other public benefits that might occur as a result of the project; (3) the applicants will be required to represent that the project, as of the date of the application, is in substantial compliance with all provisions of Article 18-A of the General Municipal Law including, but not limited to, the provisions of Section 859-a and [subdivision one of Section 862](#); and (4) if the project involves the removal or abandonment of a facility or plant within the state, notification by the agency to the chief executive officer or officers of the municipality or municipalities in which the facility or plant was located.

2. Real Property Taxes

<p>City of Poughkeepsie Property Improvements Exemption Table</p>
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(Land valued at 100% of assessed value)				
Year	Type 1	Type 2	Type 3	Type 4
1	50%	75%	75%	100%
2	50%	70%	75%	100%
3	50%	65%	75%	100%
4	50%	60%	75%	100%
5	50%	55%	75%	100%
6	40%	50%	70%	95%
7	30%	45%	65%	90%
8	20%	40%	60%	85%
9	10%	35%	55%	80%
10	0%	30%	50%	75%
11	0%	25%	45%	70%
12	0%	20%	40%	65%
13	0%	15%	35%	60%
14	0%	10%	30%	55%
15	0%	0%	25%	50%
16	0%	0%	20%	40%
17	0%	0%	15%	30%
18	0%	0%	10%	20%
19	0%	0%	5%	10%
20	0%	0%	0%	0%

The exemptions noted above presume no additional subsidies into proposed developments from federal, state or local sources. Projects with other subsidies must document to the IDA that the subsidy provider was provided a budget which clearly showed the IDA property tax exemption. The IDA reserves the right to reduce the exemption if additional subsidies are provided after approval by the IDA or the subsidy provider was not aware of the exemption. The reference to “additional subsidies” in this paragraph does not include income tax credits. Projects wishing to deviate from the exemptions on this table must secure, at their own expense, the approval of each taxing authority (city, county and school district).

Type 1: Commercial: Commercial, business or industrial properties constructed, altered, installed or improved in an amount exceeding \$500,000 that are not otherwise eligible for a tax exemption under the City’s local option pursuant to New York State Real Property Tax Law, Section 485-b.

Type 2: Brownfields, Historic, Abandoned, and Infill: Commercial, business or industrial properties where rehabilitation or redevelopment is complicated by two or more of the following:

- (1) the presence or potential presence of environmental contamination which qualify under the NYS Brownfield Cleanup Program; or

- (2) the presence of multiple abandoned properties as defined by City of Poughkeepsie Code Section 14.48 (h), which may include the subject property, in the immediate vicinity; or
- (3) property is a Local Protected Site by the City of Poughkeepsie Historic District and Landmarks Preservation Commission, as well as property eligible to be listed, or listed individually or as part of a district on the National Register of Historic Places; or
- (4) vacant, undeveloped or underdeveloped land surrounded by developed properties but not located in an R-1, R-2 or R-3 zoning district.

Type 3: Mixed Use Conversion and/or Transit-Oriented: Non-residential properties converted to a mix of residential and commercial uses or uses allowed in sections of the Zoning Code that authorize transit-oriented development. Type 3 uses must be located in a transit oriented district as identified by the Agency in the map attached as Appendix “A”.

Type 4: Jobs Plus: Commercial, business or industrial properties that satisfy all of the following three criteria:

- (1) Investment - A minimum \$15 million investment in new plant, machinery and equipment, or renovation of existing building(s); and
- (2) Jobs - A minimum of 50 new permanent full time jobs or full time equivalent jobs with a written commitment to recruit City of Poughkeepsie residents in accordance with an IDA approved local recruiting plan. Jobs will need to be created within one year of the Final Approving Resolution of the Agency unless extended by majority vote of the Agency; and
- (3) Local Sourcing - The IDA believes that companies benefiting from its incentive programs should source from the local workforce during the construction phase of projects. It is, therefore, the policy of the IDA that firms benefiting from its programs shall employ, to the extent possible, workers in the City of Poughkeepsie and the local labor market during all project phases, including the construction phase. For the purposes of this Policy, the local labor market shall be defined as the region consisting of the City of Poughkeepsie pursuant to Section 230 of the Economic Development Law (the “Region”). Applicants receiving IDA benefits shall utilize 100% local labor from the Region, for their

approved projects. For purposes of this provision, an employer whose principal place of business is located in the Region shall be considered to employ local labor. However, the IDA recognizes that the use of local labor may not be possible for the following reasons:

1. Warranty issues related to installation of specialized equipment whereby the manufacturer requires installation by only approved installers;
2. Specialized construction is required and no local contractors or local construction workers have the required skills, certifications or training to perform the work;
3. Significant cost differentials in bid prices whereby the use of local labor significantly increases the cost of the project. A cost differential of 10% is deemed significant. Every effort should be made by the contractor or applicant to get below the 10% cost differential including, but not limited to, meeting with local construction trade organizations and local contractor associations;
4. No local labor is available for the project; and
5. The contractor requires the use of key or core persons such as supervisors, foremen, or construction workers having special skills.

The request to secure an exemption for use of non-local labor must be received in writing from the applicant. The request will be reviewed by the Board of Directors at its monthly meeting.

In addition, applicants receiving IDA benefits and Contractors on the project shall make every effort to utilize vendors, material suppliers, subcontractors and professional services from the City of Poughkeepsie and from within the Region. Applicants and contractors shall be required to keep records of those local vendors, material suppliers, contractors and professional services who they have solicited and with whom they have contracted with or awarded.

Once approved for IDA benefits, all applicants will be required to provide to the IDA's Board of Director's the following information:

1. 1) Contact information for the applicant's representative who will be responsible and accountable for providing information about the bidding and awarding of construction contracts relative to the application and project;
2. 2) Description of the nature of construction jobs created by the project, including in as much detail as possible, the number, type and duration of construction positions;
3. 3) The names, contact information, certificate of authorization to do business in the State of New York and copies of current Certificates of NYS Workers' Compensation Insurance, NYS

Disability Insurance, General Liability Insurance and proof of current OSHA training certification for all contractors and their employees performing work on the site; and

4. 4) A Construction Completion Report listing the names and business locations of prime contractors, subcontractors and vendors who have been engaged in the construction phase of the project.

The Construction Manager, acting as agent for the applicant, on the project shall keep a log book on site detailing the number of workers on the job for each trade and the counties in which they reside which shall be subject to periodic inspection by the monitoring entity. The monitor shall issue a report to the Board of Directors relative to compliance with this labor policy. If a violation of the policy has occurred, the Board of Director's shall notify the applicant in writing and give such applicant a warning of such violation. In the event there is a subsequent violation of the policy, the Board of Directors may, in its discretion, take action to revoke IDA benefits as provided in Section 8 (Recapture).

3. Sales and Use Tax Exemptions

The Agency's policy is to permit purchases of construction materials and equipment rentals and purchases of project related Equipment, furnishings and services to be made as agent of the Agency to the fullest extent permitted by New York State Law. Projects approved by the Agency are afforded full exemption from local and New York State Sales and Use Taxes until 1) project completion as determined by issuance of a certificate of occupancy, or 2) a date certain established by the Agency on a project-by-project basis. Operating and maintenance expenses of projects are not incurred as agent of the Agency, and no sales or use tax exemption is provided therefor. Projects eligible for sales and use tax exemptions include industrial projects and non-industrial projects.

All applicants must agree in writing to file with the New York State Department of Taxation and Finance an annual statement of the value of all sales and use tax exemptions claimed in connection with the project on a form and in such a manner as prescribed by §874(8) of the New York General Municipal Law.

4. Mortgage Recording Tax Exemption

The Agency's policy is to permit mortgage tax exemptions on all project related tax financing to the fullest extent permitted by New York State law, whether or not the Agency has issued its bonds to finance the project. Projects eligible for mortgage recording tax exemptions include industrial projects and non-industrial projects.

The Agency may, in its sole discretion, permit mortgage recording tax exemptions on all non-project related financings, for example, 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 the factors identified in Section 1.

5. Public Improvement Exemption

The Agency may, in its sole discretion, grant an additional exemption from real property taxes for approved voluntary public improvements. An applicant must qualify for financial assistance and the exemption is an addition to an exemption contained in Paragraph 2. Such exemption shall be in the amount set by the Agency, but not greater than the cost of the public improvement. The exemption shall be amortized over a period not to exceed twenty (20) years and in an amount not to exceed \$25,000 per year. A Public Improvement shall be defined as the construction, or contribution to construction, enlargement, extension or repair of a facility available for use by the public at-large including but not limited to curbs, sidewalks, street furniture, fountains, landscaping, land purchase, upgraded architecture, structured parking, pedestrian bridges, parks, plazas, open space, water, sewer and storm water facilities, roads, street lights, traffic signals, trails and other public amenities. In order to be entitled to an exemption under this provision, the Public Improvement must be approved by the Agency, in its sole discretion. Improvements required by the Planning Board as part of a site plan application and or required to mitigate potential impacts which are required pursuant to the State Environmental Quality Review Act ("SEQRA"), do not qualify for public improvement

5. Reporting and Monitoring.

All City of Poughkeepsie IDA projects are subject to local monitoring by the IDA.

The project agreement will include a requirement for annual reporting to the IDA in the form required by the IDA, including at least a certified statement and documentation as to:

1. The total project investment during the annual period and to date;
2. The number of FTE construction and permanent jobs retained and created during the annual period and to date as a result of the financial assistance, by category, including full time equivalent independent contractors or employees of independent contractors that

work at the project location, and indicating that the salary and fringe benefit averages or ranges for categories of jobs retained and jobs created that was provided in the application is still accurate and if it is not still accurate, providing a revised list of salary and fringe benefit averages or ranges for categories of jobs retained and jobs created;

3. The total value of taxes and assessments paid to local taxing jurisdictions including real property tax and PILOT during the annual period and to date;
4. A copy of the annual sales and use tax exemption report and the total value of sales and use taxes paid during the annual period and to date;
5. The completion date or expected completion date of the project;
6. The owner, occupant or operator receiving financial assistance shall certify, under penalty of perjury, that it is in substantial compliance with all local, state and federal tax, worker protection and environmental laws, rules and regulations;
7. Whether the project is in compliance with the terms and conditions of the IDA project financial assistance agreement; and
8. All other information required to be reported by the IDA with respect to the project pursuant to applicable law.

6. Financial Assistance Agreements; Payment in Lieu of Taxes

Each project receiving an abatement and/or exemption of real property taxes will be subject to a Payment in Lieu of Tax Agreement (“PILOT Agreement”) in a form acceptable to the Agency. The Agency will consider the factors listed in paragraph 1 of this Uniform Tax Exemption Policy, when determining the amounts to be paid under the PILOT Agreement. A copy of the PILOT Agreement will be forwarded to each affected tax jurisdiction within fifteen (15) days of execution. To the extent required by Section 858 (15) of the General Municipal Law, unless otherwise agreed by the affected tax jurisdictions, payment in lieu of taxes shall be allocated among the affected tax jurisdictions in proportion to the amount of real property tax and other taxes which would have been received by each affected tax jurisdiction had the project not been tax exempt due to the status of the Agency involved in the project.

The PILOT Agreement shall include among its terms the amount due annually to each affected tax jurisdiction (or a formula by which the amount due can be calculated), the name and address of the person, office or agency to which payment shall be delivered, the date on which payment shall be

made, and the date on which payment shall be considered delinquent if not paid, pursuant to §858 (15) of the New York General Municipal Law.

Projects granted exemptions from sales and use taxes and/or mortgage tax exemption will also be required to execute a financial assistance agreement. A PILOT Agreement or other financial assistance agreement will be in substantially the form of the standard financial assistance agreement approved by the Agency, including provisions for reporting and recapture as described herein.

7. Deviation from General Policy

In addition to or in lieu of the abatements and exemptions described in paragraphs 2, 3 and 4 of this Uniform Tax Exemption Policy, the Agency's Board of Directors may, on a case-by-case basis, deviate from the guidelines described above to provide enhanced benefits for a project expected to have significant impact on the City.

Any deviation from the guidelines set forth above requires the written notification by the Agency to the chief executive officer of each affected tax jurisdiction as to the proposed deviation and the reasons therefor.

The Agency may consider any or all of the factors listed in paragraph 1 of this Uniform Tax Exemption Policy. In particular, the Agency may consider the size of the project, the number of employees, and the project's ability to generate revenue to offset any loss in real property taxes, inmaking its determination.

8. Recapture of Benefits

The financial assistance agreement will include a provision that the Agency, at its sole discretion and on a case-by-case basis, may determine with respect to a particular project that such project has failed to meet its intended goals and suspend, discontinue or recapture by the Agency 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:

- Sale or closure of the facility;
- Significant employment reduction;
- Significant change in use of facility;
- Significant change in business activities or project applicant operator; or
- Material non-compliance with or breach in terms of Agency transaction documents or of zoning or land use laws or regulations or federal, state or local environmental laws or regulations.

The Agency may consider mitigating factors such as catastrophic events and significant changes affecting the local economy. If the Agency determines to provide for the recapture with respect to a particular project, the Agency shall, in its sole discretion and on a case-by-case basis, determine the timing and percentage of the recapture.

8. Fees

The Agency shall, at its annual meeting establish a fee schedule by separate resolution.

9. Effective Date

Unless otherwise determined by the Agency this Uniform Tax Exemption Policy shall apply to all agreements for the provision of financial assistance entered into on or after June 30, 2016.

10. 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 to time, in its sole discretion determine. The City's Uniform Exemption Policy shall be reviewed by the IDA board and reaffirmed every two years.