



TOWN OF ISLIP INDUSTRIAL DEVELOPMENT AGENCY

UNIFORM TAX EXEMPTION POLICY

The Town of Islip Industrial Development Agency (“TOIIDA”) provides financial assistance (tax-exempt or taxable bonds and/or straight lease transactions) for projects which promote the economic growth and health of Islip Town and the Long Island region. TOIIDA provides financial assistance to all projects and facilities as defined in Title I of Article 18A of the General Municipal Law. These projects and facilities as defined in Title 1 of Article 18A of the General Municipal Law (the “Act”). These projects and facilities include, but are not limited to: industrial, manufacturing, research and development, warehousing, commercial, office, recreation and other economic development projects. Also included are: affordable housing, senior housing, downtown housing, assisted living facilities, brownfield redevelopment projects and projects that eliminate commercial blight. Certain retail projects are included (those that are in conformance with Sec. 862 of the NYS GML, those that are part of a mixed use downtown redevelopment plan and those that involve the elimination of community blight).

All projects receiving financial assistance through TOIIDA are eligible for various tax exemptions and abatements. In reviewing applications for financial assistance, TOIIDA shall take into consideration, review and comply with all requirements and provisions of the Act.

I. REAL PROPERTY TAXES

- A. **Real Property Tax Abatement:** TOIIDA provides real property tax abatements in the form of reduction of existing taxes and/or freezing existing taxes and/or abating the increased assessment (value added) as a result of the project. Real property tax abatements may be 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. To evidence such abatements, TOIIDA will enter into a lease and project agreement or other agreement evidencing the real property tax abatement relating to such project with the project occupant, which such agreement shall require payment of PILOT payments in accordance with the provisions set forth below.

Each project is reviewed and evaluated on a case by case basis. TOIIDA’s review utilizes criteria that measure the projects level of significance and/or strategic value and/or impact upon the Town of Islip at both the micro and macro level as well as upon Long Island as a Region and/or the State economy.

As a general rule, the term of the real property tax abatement is ten years. The basic real property tax abatement provided by the TOIIDA is based upon the equivalent of Section 485-b of the New York State Real Property Tax Law. This section provides for a 50% real property tax abatement on the increased assessed value in the first year; 45% real property tax abatement

in the second year; 40% abatement in the third year and thereafter declining 5% per year over a ten year period. A 485-b real property tax abatement is the minimum that TOIIDA provides. An enhanced real property tax abatement is considered and/or provided under the following circumstances:

1. **Existing Vacant Facilities & Brownfields:** In order to encourage “reuse” and upgrading of existing building stock and environmentally damaged properties commonly referred to as brownfields, TOIIDA may provide an enhanced real property tax benefit and abatement for projects involving vacant existing facilities and brownfields. The benefits may include freezing or reducing the assessment base of the pre-improved facility and granting of abatements that are equivalent of double the benefits provided by Section 485-b of the Real Property Tax Law. These abatements will consist of a 100% abatement on the increased assessed value in the first year; a 90% abatement in the second year; and 80% abatement in the third year and thereafter declining 10% per year over a ten year period.
2. **Significant/Strategic Projects:** TOIIDA may provide enhanced real property tax abatements (double 485-b) to projects that are considered significantly and strategically important to the economic well-being of Islip Town and the Long Island region. Provision of an enhanced real property tax abatement would be considered for high-tech and biomedical manufacturing; research and development; computer and data processing facilities; financial (back office) operations; professional services industry; corporate, national or regional headquarters; and projects deemed significant to the revitalization of distressed communities. Each project eligible for enhanced property tax abatement is evaluated pursuant to the guidelines/criteria contained in Attachment 1.
3. **Projects within the boundaries of the former Empire Zone:** TOIIDA provides enhanced real property tax abatement to projects located within the boundaries of the former New York State designated Empire Zone. The enhanced property tax abatement consists of a 100% abatement on the increased assessed value for the first 5 years; 90% in year 6; 80% in year 7 and thereafter declining 10% per year through year 14.
4. **Housing projects:** TOIIDA provides property tax abatements for standard rental housing projects (senior housing, assisted living facilities, downtown corridor rental housing) that provide a public benefit in accordance with the Town of Islip Comprehensive Plan and related Planning Department studies. Including but not limited to the Central Islip Revitalization Master Plan and the Suffolk County Industrial and Commercial Incentive Board Plan, Zones 2 & 3. These abatements will consist of a 100% abatement on the increased assessed value in the first year; a 90% abatement in the second year; and 80% abatement in the third year and thereafter declining 10% per year over a ten year period. The ten year abatement period will commence upon the receipt of a certificate of occupancy for any portion of the qualified housing project and during the initial construction of property will be assessed and billed at the base value.
5. **Subsidized Housing:** For qualified housing projects (100% affordable housing projects). That provide a public benefit in accordance with the Town of Islip Comprehensive Plan and related Planning Department studies, TOIIDA may set flat PILOT payments on a per unit, per year basis. The length and term of these agreements

will be determined on a case-by-case basis, based upon such factors as affordability, market conditions & the extent of public subsidies and participation in the project.

6. **Blighted Commercial Properties:** TOIIDA may provide enhanced property tax abatements (double 485-b) for projects that eliminate community blight as defined in Chapter 6A, Article II of the Islip Town Code.
 7. **Mixed Use properties in Downtown Commercial Corridors:** TOIIDA may provide enhanced real property tax abatements (double 485-b) for projects in which a combination of residential and commercial construction work is performed to create a building used for mixed residential and commercial purposes. Such projects must be located within proscribed downtown corridors as contained in zones 2 & 3 of the Suffolk County Industrial and Commercial Incentive Board Plan adopted in 1999, as amended and/or those projects governed by Chapter 68 of the Town Code known as Downtown Development Districts and Business Districts.
 8. **Town and/or other Municipally Owned Property:** Property owned by the Town of Islip 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 abatement for periods up to 15 years. However, no village taxes will be abated in any PILOT Agreement entered into under this provision.
 9. **Large Employment Generators:** Projects that create or retain 500 jobs or more may qualify for tax abatements 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.
 10. **Manufacturing Project:** TOIIDA may provide enhanced real property tax abatement to manufacturing projects. The enhanced property tax abatement consists of a 12 year term.
- B. **Projects in Foreign Trade Zone:** For projects located within Islip's Foreign Trade Zone, all payments are made pursuant to land lease with the Town of Islip's Foreign Trade Zone Authority.
- C. **Deviations from Policy:** TOIIDA reserves the right to deviate from its uniform real property tax abatement policy under special/extraordinary circumstances. Deviations can take the form of providing less or more in the way of real property tax abatements. These deviations would be done by 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 both. Provision of less in the way of real property tax abatements is applicable to projects that are subsequent phases of a previously TOIIDA financed, multi-phased project and/or TOIIDA determines that the benefit provided by these projects merits a reduced level of incentive (cost). Provision of more in the way of real property tax abatements is applicable to projects that are considered extremely significant and vital to the economic health and well-being of Islip Town and the

Long Island Region. Any applicant may apply in writing to TOIIDA for increased real property tax abatement benefits setting forth reasons for a proposed deviation from the uniform policy. Such requests should set forth specific data and information which would cause TOIIDA to deviate from its uniform policy focusing, in whole or part, on the guidelines and criteria set forth in Attachment 1 hereto. Each time TOIIDA propose to deviate from its uniform real property tax abatement policy, it will provide written notification with any explanation for the deviation to the chief executive officer of each affected taxing jurisdiction.

II. SALES TAX EXEMPTIONS

- A. **Eligible Expenses:** TOIIDA provides sales and use tax exemptions on all eligible materials and/or equipment used or incorporated into the project during the initial construction/renovation and equipping of the project. TOIIDA does not provide sales tax exemption for ongoing expenses after the project is completed. Unless otherwise determined by resolution of TOIIDA, the sales and use tax exemption may be up to one hundred percent (100%) of the sales and/or use taxes that would have been levied if the project were not exempt by reason of TOIIDA's involvement in the project.
- B. **To provide such exemption:** TOIIDA shall execute a lease and project agreement or other agreement evidencing the sales and use tax exemption relating to such project with the project occupant. The period of time for which such exemption shall be effective shall commence no earlier than the date of execution of such agreement. Such agreement shall contain an expiration date for the continued availability of sales tax exemptions, which such expiration date shall be based upon the anticipated project completion date. Should the project not be completed by the expiration date, the project occupant must request an extension of the expiration date from TOIIDA prior to the stated expiration date. The sales and use tax exemption will also have a stated maximum amount of the exemption. If an applicant anticipated that it is going to exceed the stated amount of the sales and use tax exemption, they must request TOIIDA to increase the exemption amount before the applicant has exceeded the exemption in accordance with Section II D below.
- 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. TOIIDA requires that each project occupant (agent) provides TOIIDA with a copy of that annual filing.
- D. **Deviations from Policy:** TOIIDA reserves the right to deviate from its uniform sales tax exemption policy under special/extraordinary circumstances. Deviations can take the form of providing less 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. Provision of less in the way of sales tax exemption is applicable to projects that are subsequent phases of a previously TOIIDA financed multi-phase project and/or TOIIDA determines that the benefit provided by these projects merits a reduced level of incentive (cost). If an exemption of less than one hundred percent (100%) is determined by TOIIDA to be applicable to a project, then the project operator shall be required to pay a Payment-in-lieu-of-tax to TOIIDA equal to the applicable percentage of sales and/or use tax liability not being abated. TOIIDA shall remit such payment within thirty (30) days of receipt thereof by TOIIDA, to the affected tax jurisdictions in accordance with Section 874(3) of the Act. Each time TOIIDA 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.

- E. LATER TERMINATION/INCREASE IN AMOUNT:** The Executive Director is authorized on behalf of TOIIDA to approve (i) requests regarding the extension of the completion date of its project and (ii) requests regarding an increase of sales and use tax exemptions in an amount not to exceed \$100,000.00 in connection with the purchase or lease of equipment, building materials, services or other personal property, without the need of approval of the board of directors of TOIIDA. Any requests for an increase of sales and use tax exemptions in an amount greater than \$100,000.00 will require public notice in accordance with the Act and approval of the TOIIDA board.

III. MORTGAGE RECORDING TAX

All TOIIDA assisted projects are eligible for a partial exemption from the mortgage recording tax imposed pursuant to Article 11 of the New York State Tax Law, except with respect that portion of the mortgage recording tax allocated to transportation districts referenced in Section 253(2)(a) of the Tax Law.

- A. **Project Related Financing:** Financing secured by a mortgage which is directly related to the project is exempt from the mortgage recording tax
- B. **Non-Project Related Financing:** Financing 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:** TOIIDA 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 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. Provision of less in the way of exemption from mortgage recording tax is applicable to projects that are subsequent phases of a previously TOIIDA financed multi-phase project and/or TOIIDA determines that the benefit provided by these project merits a reduced level of incentive (cost). Each time TOIIDA 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.

IV. RECAPTURE OF BENEFITS:

ALL TOIIDA projects which receive financial assistance in accordance with the terms and provisions of this Uniform Tax Exemption Policy shall be subject to termination and recapture of any benefits received in accordance with TOIIDA's Recapture and Termination Policy, as such may be amended from time to time, and as required under the Act.

ATTACHMENT 1

ENHANCED REAL PROPERTY TAX ABATEMENT GUIDELINES/CRITERIA

TOIIDA considers the following significant 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, Former Empire Zone, blighted property, downtown corridor).
7. ***Project Benefits:*** Amount of private sector investment as a result of the project and the level of additional revenue for local taxing jurisdictions.
8. ***Project Costs:*** Impact of the project and the proposed abatements/exemption on local taxing jurisdictions and extent to which will require additional services from local government entities.