SUFFOLK COUNTY INDUSTRIAL DEVELOPMENT AGENCY

H. Lee Dennison Building; 3rd Fl.
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SUFFOLK COUNTY INDUSTRIAL DEVELOPMENT AGENCY (SCIDA) UNIFORM TAX EXEMPTION POLICY

(ADOPTED 12/21/93 & READOPTED 3/31/99)

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 and exemptions.

I. Real Property Taxes:

A. Real Property Tax Abatement: SCIDA provides real property tax abatements on the increased assessment (value added) as the result of the project. The real property tax abatement is applied uniformly to all taxing jurisdictions. As a general rule the term of the real property tax abatement is 10 years. The basic real property tax abatement provided by SCIDA 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 10 year period. A 485 (b) real property tax abatement is the minimum that SCIDA provides. An enhanced real property tax abatement is considered and/or provided under the following circumstances:

1. Municipal Industrial Development Agencies: If the local Town and/or Village IDA provides a real property tax abatement better than 485 (b) SCIDA will match that abatement level.

2. Existing Vacant Facilities: In order to encourage "reuse" and upgrading of existing building stock SCIDA may provide an enhanced real property tax benefits and abatements for projects involving vacant existing facilities. The benefits may include "freezing" the real property tax base of the pre-improved facility and the granting of abatements that are the 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; an 80% abatement in the third year; and thereafter declining 10% per year over a 10 year period.

3. Significant/Strategic Projects: SCIDA may provide enhanced real property tax abatements (double 485b) to projects that are considered significantly and strategically important to the economic well being of Suffolk County and the Long Island Region. Provision of an enhanced real property tax abatement would be considered for hi-tech and biomedical manufacturing, research and development; computer and data processing facilities; financial (back office) operations; professional services industry; and corporate national or regional headquarters. Each project eligible for an enhanced real property tax abatement is evaluated pursuant to the guidelines/criteria contained in Attachment 1.

B. PILOT Process: In the cases whereby SCIDA directly collects the payment in lieu of taxes (Towns of Brookhaven and Islip) it promptly remits the revenues received to the appropriate taxing jurisdictions. In the other eight Towns PILOT payments are collected and distributed by the Town Assessor/Town Receiver of Taxes.

C. Recapture of Benefits: Projects that receive enhanced real property tax abatements are subject to the recapture of benefits pursuant to the following schedule:

Within 1 year	100%
Within 2 years	100%
Within 3 years	50%
Within 4 years	25%
After 4 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.

D. Deviations From Policy: SCIDA 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 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 real property tax abatements 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 real property tax abatement 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 sale tax exemptions on all materials and/or equipment used or incorporated into the project during the initial construction/ renovation and equipping of the project. SCIDA does not provide sales tax exemption for ongoing operating expenses after the project is completed.

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 recording 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.

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ATTACHMENT 1

ENHANCED REAL PROPERTY TAX ABATEMENT GUIDELINES/CRITERIA

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 commercail 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. Environment: Impact of the project upon the environment.

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