

# **SCHOHARIE COUNTY INDUSTRIAL DEVELOPMENT AGENCY SELECTION POLICY**

The Schoharie County Industrial Development Agency (SCIDA) (the “Agency”) has adopted the following project selection policy to be used when evaluating project(s) that are seeking SCIDA assistance. This policy will be used in conjunction with the SCIDA’s Uniform Tax Exemption Policy.

In general, the review process will consist of prescreening the application for eligibility, and then, upon acceptance of the initial application, the staff will follow-up with the business in examining the project which will then be presented to the Board of Directors. If the board decides the project merits consideration, a public hearing will be scheduled by staff and held in the municipality of the project’s location. The staff will collect information, work on and review the SEQR, cost benefit analysis, project description, and job numbers for the public and Board to comment on. Verification of the numbers/information will be the responsibility of staff and will consist of obtaining tax rates and the applicant attesting to the numbers stated. If more proof is needed, the SCIDA will reserve the right to ask for a sworn statement by the applicants engineer or accountant. After the public hearing, the Board will meet and consider the above, and the eligibility criteria listed below, when evaluating whether to undertake the project.

## **I. Project Eligibility Criteria**

### **(a) General Requirements**

The Agency considers the following general factors in determining whether a project is eligible for financial assistance:

- The nature of the proposed project (e.g., manufacturing, commercial, civic).
- 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 extent to which a project will create or retain permanent, private sector jobs.
- The estimated value of tax exemptions to be provided.
- The impact of the project and the proposed tax exemptions on affected tax jurisdictions.
- The impact of the proposed project on existing and proposed businesses and economic development projects in the County.
- 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.
- The effect of the proposed project upon the environment.
- The extent to which the proposed project will provide additional sources of revenue for municipalities and school districts in which the project is located.
- The extent to which the proposed project will provide a benefit (economic or otherwise) not otherwise available within the County of Schoharie.
- The project’s benefit/cost ratio.

**(b) Industrial and Manufacturing Projects**

(1) Industrial and manufacturing projects generally qualify for financial assistance, subject to the eligibility criteria set forth in Part I (a) of this Policy.

(2) Due to the nature of the work, companies performing back-office operations that are regional or national in nature and a majority of which operations support activities outside of Schoharie County will qualify as industrial and manufacturing. Research and development facilities and distribution centers that locate in Schoharie County may also qualify as industrial and manufacturing.

**(c) Retail Projects**

The Agency will provide financial assistance to retail facilities only in accordance with the restrictions contained in New York State General Municipal Law Section 862(2), and subject to the eligibility criteria set forth in Part I (a) of this Policy. The Agency will also consider the competitive impact of the project.

Retail projects are generally not eligible for Agency assistance, with the following exceptions:

(i) Retail businesses that primarily serve customers located in Schoharie County are generally not eligible for financial assistance unless located in a “highly distressed area” as defined in General Municipal Law §854(18), which includes projects located in an economic development zone or Empire Zone (as defined in New York State statute or regulation), or the project meets one of the other requirements of this paragraph (c);

(ii) Retail projects operated by not-for-profit corporations may be eligible for financial assistance;

(iii) Retail projects may be eligible for financial assistance provided an appropriate market analysis demonstrates that a majority of the project’s customers are expected to come from outside of Schoharie County and the project will not directly compete with existing businesses located in Schoharie County; and

(iv) Retail businesses that primarily provide a product or a service that is otherwise not reasonably available in the municipality may be eligible for financial assistance.

**(d) Other Non-Industrial/Commercial Projects**

Non-industrial/commercial projects may qualify for financial assistance at the discretion of the Agency, based upon its evaluation of the eligibility requirements set forth in Part I (a) of this Policy. The Agency confirms the following specific policies:

(i) Mixed or Multiple-Use Projects qualify for financial assistance, only with respect to that portion of the project that is used for purposes that qualify for financial assistance under this Policy.

(ii) Housing projects are generally not eligible for benefits, unless they

(a) service the elderly, low-income, assisted living or other groups with special needs; or

(b) promote employment opportunities and prevent economic deterioration, as confirmed by an appropriate market analysis, and such a determination is made by the Agency based upon all of the relevant facts.

## II. Real Property Tax Abatements

If the Agency determines that a project will receive real property tax abatements, a Payment-In-Lieu-Of-Tax Agreement (the “PILOT”) will be negotiated with each project owner (the “Company”) and will substantially follow guidelines with final determinations to be made by the Agency.

### (a) PILOT Agreement

Unless otherwise determined by resolution of the Agency, all PILOT Agreements shall satisfy the following general conditions:

(i) The general policy of the Agency is to grant no exemption with respect to the assessment of existing structures or the underlying land value.

(ii) Percentage of Exemption. The percentage of abatement applicable to a project shall normally be computed in accordance with the following table and be based on the increased value resulting from the project:

AMOUNT OF PILOT VALUE  
(EXPRESSED AS A PERCENTAGE OF FULL VALUE)

<u>TAX FISCAL YEAR</u>	<u>INDUSTRIAL TAX EXEMPTION</u>
1	0%
2	0%
3	0%
4	0%
5	0%
6	50%
7	60%
8	70%
9	80%
10	90%
	100%

## III. Sales Tax Exemptions

If the Agency determines a project is eligible for financial assistance, the Agency’s financial assistance will include exemption from sales and use tax for costs of constructing, renovating and equipping the project.

Sales and use tax exemption, when available, will be authorized for the duration of the acquisition, construction and equipping of the project as described in the application for financial assistance. The Agency shall deliver a sales tax exemption letter which will expire one (1) year from the date of the project inducement. If construction, renovation or equipping is not complete at the expiration of the original sales tax exemption letter, upon request by the Company, the sales tax exemption letter may be extended at the discretion of the Agency.

All Companies receiving sales and use tax exemption benefits will be required to supply the Agency with a list of all contractors and sub-contractors that have been authorized to use the sales tax exemption letter. This list will be appended to the sales tax exemption letter by the Agency.

The Company must keep a record of the usage of the sales tax exemption letter, and must supply the Agency with the total amount of sales and use tax exemptions claimed by the project for each calendar year. The Company must submit this report to the Agency by February 1<sup>st</sup> of each year, until the exempt period comes to a conclusion. The company shall also file all reports as may be required by applicable law, including Form ST-340 which shall be filed with the New York State Department of Taxation and Finance.

The Agency reserves the right to deviate from the sales tax exemption policy on a case by case basis at its sole discretion.

#### **IV. Mortgage Recording Tax Exemption**

If the Agency determines a project is eligible for financial assistance, the Agency will provide an exemption from New York State mortgage recording tax for the financing of project costs.

The Agency reserves the right to deviate from the mortgage recording tax exemption policy on a case by case basis at its sole discretion.

#### **V. Recapture**

Agency financial assistance is granted based upon the Company's representation that the project will create and/or maintain the employment levels described in its application for financial assistance (The "Employment Obligation"). If a Company fails to achieve and/or maintain its Employment Obligation, it could result in recapture of all or a portion of tax benefits granted by the Agency.

#### **VI. Deviations**

Deviations from this Policy shall be infrequent and will be made on a case by case basis. The Agency will provide written notice to the chief executive Officer of each affected tax jurisdiction of any deviation from this Policy and will comply with the deviation requirements of the General Municipal Law.