

ALLEGANY COUNTY INDUSTRIAL DEVELOPMENT AGENCY UNIFORM TAX EXEMPTION POLICY AND GUIDELINES

The purpose of the Allegany County Industrial Development Agency (The "Agency") is to promote economic development, prevent economic deterioration, and advance job opportunities and the general prosperity and economic welfare of the people of Allegany County through the creation or retention of jobs and the expansion and diversification of the County's tax base.

It is the policy of the Agency to grant exemptions from sales taxes, mortgage recording taxes and provide real property tax abatement for Qualified Projects which create or retain private sector jobs and provide economic benefits. The Agency may also consider other factors as appropriate in fulfilling its purposes under the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the New York General Municipal Law, as the same may be amended from time to time (the "Act").

For projects reviewed and approved by the Agency's Board of Directors the following tax exemptions will apply.

1. Sales and Use Tax Exemptions.

- a.) The Agency's policy is to permit project applicants, as agents of the Agency, full exemption from sales and use taxes on the construction and equipping of a project to the full extent permitted by New York State Law.
- b.) All project applicants must agree in writing to file with the NYS Department of Taxation an annual statement of the value of all sales and use tax exemptions claimed in connection with the project in full compliance with Section 874 (8) of the New York General Municipal Law, in the form and at the times required, and to comply with such other reporting requirements as may be imposed under the Act or by policies of the Agency adopted from time to time.
- c.) Sales and use tax exemptions are not available for Small Alternate Energy Facility Projects.

2. Mortgage Recording Tax Exemptions.

- a.) The Agency's policy is to permit full exemption from mortgage recording tax on all project related financings to the full extent permitted by New York State Law.
- b.) The Agency may, in its sole discretion, permit mortgage recording tax exemptions on non-project related financing, (e.g. 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 such factors as it deems appropriate, including but not limited to the use of the property, the degree of investment, the degree and nature

<u>Year</u>	<u>Tax Exemption</u>
1 - 5	100%
6 - 10	50%
11 - 15	25%
16 and thereafter	0% (Full Taxes Paid)

The Schedule of Abatement for Qualified Tourism Destination Projects:

<u>Year</u>	<u>Real Property Tax Exemption</u>
1 - 5	100%
6 - 10	75%
11 - 15	50%
16 and thereafter	0% (Full Taxes Paid)

The Schedule of Abatement for Small Alternate Energy Facility Projects (other than solar projects):

<u>Year</u>	<u>Real Property Tax Exemption</u>
1 - 15	100%
16 and thereafter	0% (Full Taxes Paid)

The Schedule for Commercial Wind Energy or Energy Storage Projects:

The Agency has determined that its regular PILOT schedule is unsuitable for wind energy projects through research of other wind projects in New York State. Therefore, the Agency has added the following provisions to its Uniform Tax Exemption Policy. a.) The payment-in-lieu-of-tax amount will be negotiated on a project-by-project basis. The payment will be based on the production capacity of the wind turbines as measured in megawatts and then be calculated as dollars per megawatt. b.) When determining the PILOT amount per megawatt, the Agency will consider any payments made through host community agreements or any other methods in which payments are made to taxing jurisdictions. However, the PILOT payment should be at least 20% of any monies paid to local governments in order assure an equitable distribution to all affected taxing jurisdictions. c.) The Agency will not become involved in a wind power project if a Town Board chooses to exercise its right to negotiate a PILOT agreement under Section 487 of NYS Real Property Tax Law or any other means provided by NYS Law.

The Schedule for Solar Energy Projects:

- a.) The payment-in-lieu-of-tax amount for solar energy generating projects will be \$2,500 per megawatt (AC), based on the maximum nameplate production capacity of the generating equipment, with a 2% annual escalator.

“Small Alternate Energy Facility Projects” are Qualified Projects in Allegany County that involve the construction and operation of a facility (1) that is determined by the Agency to be a facility described in Section 487(1) of the Real Property Tax Law (other than solar, wind, or energy storage projects separately defined in this Policy), and (2) that is installed or to be installed in a residence, a farm or small business located within Allegany County.

“Commercial Wind Energy or Energy Storage Projects” are Qualified Projects in Allegany County that involve the construction and operation of a facility that is determined by the Agency to be a facility described in Section 487(1) of the Real Property Tax Law (including commercial wind energy equipment, commercial wind energy systems or commercial wind energy storage systems) and is installed within Allegany County. The Agency will have the right, in its sole discretion and in accordance with applicable provisions of the New York State General Municipal Law, to determine whether a project is a Qualified Project and, if so, whether it is also a Tourism Destination Project, an Adaptive ReUse Project, a Small Alternate Energy Facility Project or a Commercial Wind Energy or Energy Storage Project

“Solar Energy Projects” are Qualified Projects to be installed within Allegany County that involve the construction and operation of a facility that is determined by the Agency to be a facility described in Section 487(1) of the Real Property Tax Law, including solar plus storage systems.

Any deviations from the Agency’s standard policy will be made only with the specific approval of the Agency’s members based on the factors listed in section 5, and those, if any, described in the New York State General Municipal Law Section 874. Additionally, the Agency will notify the affected tax jurisdictions of the proposed deviation from such policy and the reasons therefor.

The Agency will use existing tax data, or building values as established by the assessor of the municipal jurisdiction within which the project is located, or by the Agency, as the basis to negotiate the payment in lieu of tax agreement. Therefore, appraisals will not normally be required.

5. Deviations.

- a.) In addition to or in lieu of the foregoing the Agency may determine, on a case-by case basis, to deviate from the guidelines described above or provide enhanced benefits for a project expected, in the Agency’s judgment, to have significant impact in the locality where the project will be located. Any deviations from the guidelines set forth above requires the written notification by the Agency to the chief executive officer of each affected tax jurisdiction and their input will be sought in advance of adoption of any deviation, and any sales tax exemption policy deviation will be noted in a required Public Hearing.
- b.) In determining whether a project is expected to have a significant impact in the locality where the project is located, the Agency may consider any or all of the following factors in making such determination, no single one of which is determinative:

1) Significant employment reductions not reflective of the company's (normal) business cycle and/or local and national economic conditions or inconsistent with employment levels presented to the Agency at the time the PILOT was agreed to by the Agency. Prior to determination, the company will be asked to come before the ACIDA Board to be given their due process.

2) Sale or closure of facility;

3) Submission of a false application by the Company;

4) Significant change in use in facility;

5) Significant change in business activities or project applicant or operator;

6) Material noncompliance with or breach of terms of Agency transaction documents or of zoning or land use laws or regulations or federal, state or local environmental laws or regulations.

b.) If the Agency determines to recapture benefits with respect to a particular project, the Agency also shall, in its sole discretion and on a case-by-case basis, determine the timing and percentage of recapture or termination of benefits.

c) Any recapture pursuant to this Section 6 shall be in addition to any recapture required pursuant to the Act or other statutory provisions, including Section 875 of the General Municipal Law.

7. Additional Recapture Provisions. In addition to the provisions for recapture set forth in Section 6, the Agency may, in its sole discretion and on a case-by-case basis, require recapture of benefits with respect to any project or project applicant for:

1) Failure to respond to Agency inquiries concerning payments of principal and interest;

2) Failure to respond to Agency inquiries concerning insurance coverage or failure to provide insurance certificates when, and as required by the Agency transaction documents;

3) Failure to respond to Agency inquiries regarding payment of monies in lieu of taxes;

4) Failure to respond to Agency inquiries or to provide facts requested by the Agency in connection with any proceedings or determinations pursuant to Section 5 or Section 6 of this Policy;

5) Failure to respond to inquiries of the Agency or failure to provide the Agency with any information or documents requested by the Agency in order to provide any federal, state or local agency with information or reports required under any applicable law, rule or regulation;