

Tompkins County Industrial Development Agency

Administration provided by Ithaca Area Economic Development

Uniform Tax Exemption Policy (Mission, Policies and Procedures)

MISSION

The Tompkins County Industrial Development Agency delivers economic incentives to business and industry to diversify and strengthen Tompkins County's tax base and enhance community vitality, by supporting job creation, business and industrial development, and community revitalization. We strive to develop the local economy in an organized, sustainable and environmentally beneficial manner.

POLICIES

A. Eligible Projects

In general, the IDA avoids offering incentives to businesses that will compete with or displace existing Tompkins County businesses. It prefers to assist those businesses that have a market for products or services extending beyond Tompkins County including "back office" operations and regional or national headquarters. The IDA will also assist companies selling their product or service in the County when it is clear their primary competition is from outside of the County.

Types of eligible projects:

1. Industrial – The IDA targets the industrial sector because of the quality of the jobs this sector creates and because it is unlikely applicants will be competing with other Tompkins County businesses. The IDA defines 'industrial' very broadly to include computer software, agri-business, printing, publishing, and research and development.
2. Retail/Commercial Projects – The IDA will only consider retail/commercial projects under the following conditions:
 - a. The project is a critical part of a larger, planned development.
 - b. The project must be endorsed, by the appropriate municipal governing body or a committee appointed by the municipal governing body.
 - c. In addition to these local policies, New York State prohibits projects where facilities or property that are primarily used in making retail sales to customers who personally visit such facilities constitutes more than one-third of total project costs unless it is considered a tourism destination facility or it is located in a highly distressed area. In such cases, there must be a determination that the project will preserve or increase the overall number of permanent, private sector jobs in the state.
3. **As of January 2008, the TCIDA no longer issue tax-exempt bonds. Tompkins County Development Corporation (TCDC) has been set up to take over this feature. Please see www.tompkinsdc.org**

Not-for-Profit Projects – The IDA views its principle role as assisting industrial projects, however New York State law now makes it possible for the IDA to help not-for-profit corporations finance certain facilities through the issuance of bonds. The IDA recognizes not-for-profit corporations as vital to the community, therefore, job creation is not the primary consideration when

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reviewing these projects. The IDA will only consider not-for-profit projects that meet the conditions of either item “a.” or item “b.”; and the conditions of item “c.” (see below):

- a. IDA incentives will assist the applicant deliver services important to the health, well-being or quality-of-life of local residents.*
 - b. The applicant’s operation has important and measurable direct or indirect benefits to the Tompkins County economy in terms of property tax, sales tax and employment. IDA incentives will help support the ability of the applicant to operate in an efficient and productive manner.*
 - c. IDA incentives will not result in an unfair competitive advantage with similar for-profit or not-for-profit operations in the County.*
4. Community Investment Incentive Tax Abatement Program (CIITAP) for City of Ithaca Downtown Projects – for application process and incentives to be delivered, please refer to the separate policy.
 5. Energy-Related Investment Projects – The IDA wishes to encourage local businesses to invest in facilities and equipment that will increase energy efficiency and/or transition to renewable energy sources, reduce operating costs, and lower emissions. The IDA will consider offering sales tax abatement to encourage these types of investments. The IDA will require a completed standard application and a separate statement that includes details on the proposed investment and the resulting reduction in energy use. To be considered, projects should meet NYSERDA or LEED criteria. The successful applicant will not need to report on job creation after completion of the project, but will be expected to report on energy use, comparing pre project and post project data.
 6. IDA Lansing Town Center Incentive Zone Projects – for application process and incentives to be delivered, refer to the Lansing Town Center Incentive Zone Program Policy.
 7. Off-Site Commercial Solar Projects – for application process and incentives to be delivered, refer to the Off-Site Commercial Solar Photovoltaic Policy
 8. Enhanced Energy Projects – Projects that are otherwise eligible for an IDA incentive can qualify for additional incentives as outlined in the Enhanced Energy Incentive Policy.
 9. Workforce Housing Projects – Multi-family rental housing projects that are otherwise eligible will be required to either set aside affordable units or provide a payment in lieu to support affordable housing development in Ithaca and Tompkins County. Refer to the Workforce Housing Policy.

B. Fees

Application Fee: A non-refundable application fee of \$1,000 is due at time of application for all projects unless otherwise noted in this policy.

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Legal Fees: The applicant is responsible for paying the IDA for all legal costs it incurs including IDA Counsel and Bond Counsel fees. All fees, costs and expenses incurred by the Agency for (1) legal services, including but not limited to those provided by the Agency's general counsel or bond/transaction counsel, and (2) other consultants retained by the Agency in connection with the proposed Project; with all such charges to be paid by the Applicant at the closing or, if the closing does not occur, within ten (10) business days of receipt of the Agency's invoices. The Applicant is entitled to receive a written estimate of fees and costs of the Agency's bond/transaction counsel; Agency transaction counsel fees shall be an amount equal to one-third (1/3) of the Agency's Administrative Fee with a minimum fee of \$20,000 plus out of pocket expenditures unless otherwise agreed to in writing for smaller projects.

Administrative Fees: The applicant is responsible for paying the IDA Administrative Fee at the time of closing. Unless otherwise outlined below, the fee will be equal to 1% of the total value of project costs that are positively impacted by IDA incentives. This includes the value of construction or renovations of improvements to property that is impacted by property and sales tax abatement and the value of machinery, furniture, fixtures and equipment that are impacted by the sales tax abatement. Administrative fees for specific types of projects are as follows:

Not for Profit Project – The fee will be equal to 1/2% of the total value of expenses that are positively impacted by IDA incentives as outlined in the standard fee structure.

Off-Site Community Solar – The fee will be equal to 1/2% of the total value of expenses that are positively impacted by IDA incentives as outlined in the standard fee structure.

Sales Tax Exemption Only – If the applicant is only receiving a sales tax exemption, there will be a fee of 5% of the projected exemption amount. For projects under \$1.5 million where the applicant is only seeking the sales tax benefit, the Agency will charge a single negotiated flat fee between \$5,000 and \$10,000 which will include legal costs to be paid by the Agency. The amount of the fee will be based off legal and Agency costs to facilitate final approvals. There is no application fee for a sales tax exemption only application.

Temporary Sales Tax Exemption – On occasion the Agency may grant a temporary sales tax exemption certificate in advance of a formal closing. Should such a request be made, the Agency will require payment of 50% of the calculated administrative fee as outlined above for issuance of the sales tax exemption prior to the lease closing.

Transfer Fee – The Agency charges a flat fee of \$5,000 for the transfer of Bonds or Leases to new property owners.

Bond Transaction – Unless otherwise agreed to by the Agency for good cause, the fee will be equal to 1% of the total value of the bonds issued.

C. Property Tax Abatement for Standard Industrial Applications

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The IDA is not required to pay real property taxes on any property it acquires. The IDA will require the applicant to make Payment In Lieu of Tax (PILOT) payments to all of the taxing authorities according to the following guidelines.

- The following will be the standard property tax abatements offered to qualified projects:

Enhanced Energy Small Project (<\$2 million assessment increase)

Standard		CIITAP Financial Need		Standard		CIITAP Financial Need	
Year	Abatement	Year	Abatement	Year	Abatement	Year	Abatement
1	90%	1	100%	1	100%	1	100%
2	77%	2	90%	2	100%	2	100%
3	64%	3	80%	3	100%	3	100%
4	51%	4	70%	4	100%	4	100%
5	39%	5	60%	5	85%	5	90%
6	26%	6	50%	6	70%	6	81%
7	13%	7	40%	7	55%	7	71%
		8	30%			8	62%
		9	20%			9	52%
		10	10%			10	43%

Enhanced Energy Large Non-Residential Project (>\$2 million assessment increase)

Standard		CIITAP Financial Need	
Year	Abatement	Year	Abatement
1	100%	1	100%
2	100%	2	100%
3	100%	3	100%
4	90%	4	90%
5	70%	5	81%
6	50%	6	71%
7	30%	7	62%
		8	52%
		9	43%
		10	33%

Enhanced Energy Large Multi-Family Project (>\$2 million assessment increase)

Standard		CIITAP Financial Need	
Year	Abatement	Year	Abatement
1	100%	1	100%
2	100%	2	100%
3	80%	3	90%
4	65%	4	80%
5	50%	5	70%
6	35%	6	60%
7	20%	7	60%
		8	50%
		9	40%
		10	30%

- The standard abatement will only impact taxes on improvements to the property and not taxes on existing property.

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3. The IDA retains the ability to offer more than the standard abatement based on an analysis of the impact on the economy and the needs of the business. All appropriate taxing authorities will be notified of the reasons for deviation from standard policy and given an opportunity to review and comment on each project seeking a higher level of abatement before final IDA approval.

An applicant's request for more than the standard abatement, should be supported by appropriate financial documentation that clearly substantiates the need for the deviation. This documentation should include a comparison of standard vs. proposed abatement, and an explanation of the financial assumptions used in the analysis.

D. Sales Tax Abatement

The applicant will be exempt from both the local and State portion of sales tax on construction materials, equipment, and furnishings associated with the project. Pursuant to GML Section 875, the IDA shall confer an amount of sales tax exemption allowable on a project-by-project basis. The IDA is required by State law to recapture sales tax exemptions claimed by project agents in excess of the actual amount conferred by the IDA. Project agents are required to comply with all sales tax reporting requirements pursuant to GML Section 875.

The IDA may grant sales tax abatement on the value of improvements to a project in which the IDA already holds title. The project owner or occupant must submit a standard application to the IDA, providing information on the nature of the improvements, economic impact, and the need for IDA incentives.

E. Miscellaneous Taxes and Fees

The applicant is responsible for paying all Special Assessments, Revenue Stamps, Recording and Filing Fees, Transfer Taxes, Estate Taxes, and that portion of the Mortgage Tax (\$7.50 per \$1,000) that is allocated to the local municipality. The applicant does not have to pay the portion of the Mortgage Recording Tax (\$2.50 per \$1,000) that is allocated to the State.

F. Local Purchasing and Hiring Practices

The IDA requests all recipients of IDA incentives to make every effort to purchase goods and services from Tompkins County businesses and to hire Tompkins County residents. The IDA is especially supportive of projects that make a specific commitment to hire women and minorities during the construction phase or as permanent full-time workers of the project's operating businesses. The IDA may require detailed information concerning the applicant's past and projected purchasing and employment practices.

G. PILOT Mortgages

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The Agency shall require the establishment of a PILOT Mortgage as a condition within the closing documents in order to secure the position of the PILOT payments versus other secured and unsecured claims.

The purpose of a PILOT Mortgage is to secure unpaid PILOT payments within a lien against the project real estate. The lender agrees that the PILOT Mortgage will have priority over any contemporaneous mortgage given to secure the rights of bondholders or to secure any conventional financing. This would make the PILOT a secured obligation. The Agency may negotiate alternate forms of security to insure payments under the PILOT. No mortgage recording tax associated with the PILOT Mortgage will be paid.

H. Local Labor Utilization

Project applicants will be required to solicit bids from local contractors, report monthly on construction labor utilization, and use local workers for seventy five percent (75%) of the cumulative construction of new, expanded, or renovated facilities. Refer to the Local Labor Utilization Policy for additional information.

I. Diversity and Inclusion

Applicants are encouraged to support diversity and inclusion in their workplace. Single occupant projects (buildings developed specifically for one tenant or an owner-occupied facility) are required to become and remain an active member of the Diversity Consortium of Tompkins County and to report annually on their efforts to support diversity and inclusion in the workplace. Refer to the Diversity and Inclusion Policy for additional information.

J. Heat Pump Requirement

Multi-family housing and mixed-use projects must use heat pumps for space heating. Heat pumps shall either be: ground source heat pumps; air source heat pumps listed by NEEP as cold-climate heat pumps; or variable refrigerant flow heat pumps, approved for use as heat pumps below 5 degrees.

Heat pumps shall not be: packaged terminal heat pumps, including "VTAC" through-wall heat pumps; "Boiler/tower water loops heat pump systems", due to their reliance on fossil fuels; any heat pumps that do not operate in heat pump mode down to 5 degrees (outdoor temperature) or lower; heat pumps that are projected to use more than 10% backup heat in electric resistance heat, either within a specific heat pump, or spatially within a building.

Multifamily buildings are defined here as buildings intended for residential housing, comprising five or more apartments, and in which less than 40% of the building floor area is intended for non-housing applications (such as mixed-use retail, office, etc.). In mixed-use buildings, the non-multifamily portion of the building shall also use ground source heat pumps or air source heat pumps.

Heat pumps are encouraged but are not required for domestic hot water heating, ventilation makeup air heating, and clothes dryers.

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K. Transfer or Assignment of Incentives

Incentives are generally non-transferable. Should a project applicant wish to transfer incentives to another entity the Agency shall review such a request and may, at its discretion, deny or otherwise reduce the value of the incentive originally approved.

PROCEDURES

A. Application

Ithaca Area Economic Development (IAED) provides administrative and marketing services to the IDA. Potential applicants should work with IAED to determine whether the proposed project is eligible. If the project appears to be eligible, the applicant will be invited to submit an application for assistance. The application will be presented to the IDA board for its review. Based on the nature of the project and the incentives requested, the following will occur:

1. If the project meets the goals of the IDA and the applicant is requesting the standard incentives and the project's value is less than \$100,000, the IDA can approve the project at the initial meeting. If the project's value exceeds \$100,000, the IDA will instead adopt a resolution describing its intent to provide assistance and the nature of that assistance.
2. If the applicant is requesting more than the standard incentives, all local taxing authorities that would be impacted will be notified and given an opportunity to comment on the project before IDA approval.
3. If the project is commercial or retail in nature, the IDA can approve the project only if the above-stated criteria have been met and contingent on support by the appropriate local government.
4. For projects valued over \$100,000, a Public Hearing will be held in the city, town or village where the project is located, with ten days public notice and ten days notice to the CEO of each affected municipality and school district.

B. Notification and Reporting

1. The appropriate municipal authorities will be notified and invited to comment if a proposed IDA action will result in the relocation of a business from that municipality.
2. All appropriate taxing authorities will receive a copy of the PILOT Agreement not more than fifteen days after the project closes, and have certain rights related to payment in lieu of taxes. Late payments will be imposed a 5% penalty for the first month, plus one percent thereafter, and tax-affected jurisdictions may take direct action against project occupants if payments are delinquent.

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3. Applicants will notify the State Job Service and any appropriate employment and training agencies, such as PIC/JTPA, regarding job openings that result from the project. Except as otherwise provided by collective bargaining agreements, applicants will agree to give first consideration to appropriate referrals from these agencies.
4. Businesses will be required to submit an employment report on an annual basis to include information on general job categories, salary, and women and minority employees, as well as a report on outstanding debt associated with the project.
5. When the IDA approves issuing incentives to a developer who has presented certain tenant companies as beneficiaries of these incentives, the IDA should be notified about any tenant company changes. The IDA has the right to determine if a new tenant company falls within the IDA's project guidelines and may re-evaluate its original project approval based on this determination.
6. Under certain circumstances, a Governor's order concerning affirmative action will be in effect.

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Revised: December 16, 1993, March 20, 1997, September 16, 1999,

November 16, 2000, September 20, 2001, October 4, 2002, April 2, 2004, April 6, 2007, July 17, 2007, December 7, 2007, January 16, 2009, December 8, 2009, May 18, 2012, January 2013, September 2013, June 2014, July 2015, April 2016, October 12, 2017, October 10, 2018, March 11, 2020, July 8, 2020, December 9, 2020, July 14, 2021, December 8, 2021, May 11, 2022