



# Local Incentives in Schuyler County

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## IDA Incentives

IDAs provide four basic forms of financial assistance for commercial projects that include:

- Mortgage recording tax exemption
- Sales and use tax exemption
- Real property tax abatement
- Interest rate savings via tax-exempt financing.

New York State defines the categories of “projects” eligible for IDA assistance as any land, building, improvement or facility that is suitable for “manufacturing, research, commercial or industrial purposes or other economically sound purposes.” Courts have interpreted “project” as an “all embracing” term encompassing any number of projects. With respect to commercial projects, the New York State Comptroller’s Office has opined that the word “commercial” denotes a trade or profit-making activity, and courts have similarly found projects are commercial where they are a profit-making business that will create jobs and promote economic prosperity in the area in keeping with the purposes of the IDAs.

Generally, the Act provides that the purpose of IDAs are to encourage and assist in the development of projects which promote employment opportunities and prevent economic deterioration in the area served by the IDA.

### **Retail Facilities**

*Under New York statute, an IDA is limited in its ability to provide financial assistance to projects where facilities “that are primarily used in making retail sales to customers who personally visit such facilities constitute more than one-third of the total project cost”.<sup>8</sup> This retail restriction does not apply to “tourism destinations” which are defined as locations or facilities which are likely to attract a significant number of visitors from outside the economic development region in which the project is located.*

### **Mortgage Recording Tax Exemption**

Whenever the county clerk records a mortgage in the State, the mortgagor must pay a 1.0% (of the mortgaged amount) mortgage recording tax—a significant expense on projects involving substantial financing. The IDA, however, can qualify a company for a mortgage recording tax exemption. If an IDA (on a non-recourse basis) has an interest in the property (either fee title or leasehold interest) at the time the mortgage is recorded, the IDA will mortgage its interest in the property (exempt from the mortgage recording tax under GML § 874—exemption for taxes and assessments upon any of the property acquired by the IDA or under its “jurisdiction or control or supervision or upon its activities”) and the company will simultaneously mortgage its interest in the property.

### **Sales and Use Tax Exemption**

The sales and use tax rates in Schuyler County is 8%. (4% local and 4% State). All purchases made by an IDA or its agents are exempt from sales and use tax. Sales Tax Reporting and Recordkeeping Requirements for Industrial Development Agencies and Authorities, require that agents of an IDA should present a form ST-123 when making purchases for the project. The agent can then acquire the equipment, materials and services needed to acquire, construct,

reconstruct and/or equip the project without having to pay sales or use taxes. The exemption is generally limited to the construction, reconstruction or installation period and cannot cover ongoing operational costs.

### **Real Property Tax Abatement**

In the State, property owners pay a real property tax based on the assessed value of land and improvements to a site. Any real property owned or controlled by an IDA is not subject to ad valorem real property taxes. However, real property owned or controlled by an IDA continues to be subject to special assessments and user fees (water, sewer, fire, etc.). When an IDA takes title to or a leasehold interest in real property, the property becomes 100% exempt from ad valorem real property taxes. To accommodate the needs of the local tax jurisdictions, however, the IDA generally negotiates a Payment-In-Lieu-Of- Tax Agreement (PILOT Agreement) with the company. The IDA will then direct, or receive and forward, these payments-in-lieu-of-taxes to the affected tax jurisdictions in the percentage that each affected tax jurisdiction would otherwise have received but for the Agency's involvement. By law, IDAs have the authority to negotiate any PILOT Agreement they deem reasonable. There is no required formula for calculating the payments to be made under a PILOT Agreement. They are, however, required to have specific policies adopted which outline the types of PILOT Agreements they are offering and procedures for deviation from those stated policies (the Uniform Tax Exemption Policy

Although there is no statutory limit to the period or amount of the abatement, the Schuyler County IDA limits the period to no more than 20 years.

### **Lower Interest Rates for Debt Incurred as Part of the Project (Conduit Bond Issuance)**

IDAs are authorized by State law to issue bonds and notes. An IDA can issue tax-exempt bonds, subject to the limitations imposed by the Internal Revenue Code. The proceeds of these tax-exempt bonds can be used to fund all, or substantially all, the costs of a project (excluding certain costs of issuance in excess of 2% of the total amount of the bond issue). If the project meets the strict qualification requirements of the Code, the company should then determine if issuing tax-exempt bonds is a cost-effective method of financing the project.

## Training/Grants Program

Schuyler County/New York State can provide training assistance in the form of grants and other financial assistance to partially defray the costs of companies that seek to upgrade the skills of current workers or train new employees. Grant funds are available from ESD's Economic Development Fund, CSS Workforce and in some cases, Federal Agencies.

## Schuyler County Opportunity Zones

### **Census Tract 9503**

Census Tract 9503 contains the towns of Orange and Tyrone. These towns are rural but have close access to major highways and commercial centers. As a bedroom community to larger employment centers, they are positioned to increase the housing stock for the region and are actively recruiting larger employers.

Several infrastructure projects and redevelopment sites are ready for construction and development. Several of these projects are listed as part of the Southern Tier Central Comprehensive Economic Development Strategy (STC CEDS) as being vital to the economic strength of the Southern Tier. Many other projects while not listed in the STC CEDS align with the stated CEDS Goals. Below are projects that are ready for development. STC CEDS listed projects are bolded. This list is not a complete list and serves as sample of ready projects

#### Projects:

- Agriculture/ Agritourism
- Broadband Connectivity
- Camp Monterey in the Town of Orange
- Regional Housing Increase based on housing deficit
- RT 16 Business and Tourism Development in the Town of Orange

### **Census Tract 9505**

Census Tract 9505 contains the towns of Catharine, Cayuta, and Montour and the Villages of Montour Falls and Odessa. These towns have faced many economic challenges over the past 20 years but they have endured and are ready for economic development and diversification. Several projects have already been completed or will be completed in the next two years that will spur economic development and improve the quality of life for the residents of the census tract. Opportunity Funds will be utilized to ensure the projects are completed quickly and innovatively.

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#### Projects:

- Agriculture/ Agritourism
- Business Expansion of Wagner Hardwood in the Town of Cayuta
- Montour Falls Downtown Business District Redevelopment
- Montour Falls Business Park
- Montour Falls Downtown Redevelopment
- Montour Falls Regional Wastewater Treatment Plant

- Regional Housing Increase based on housing deficit
- RT 13 Development in the Town of Cayuta
- State of New York Fire Academy
- Specialty Wood Products Site Redevelopment in the Village of Odessa
- Village of Odessa Downtown Redevelopment
- Village of Odessa Wastewater Treatment Plant