Livingston County Industrial Development Agency Uniform Tax Exemption Policy

Amended April 4, 2014

Section 1. Statement of Purpose

It is the policy of the Livingston County Industrial Development Agency (LCIDA) to grant exemptions from mortgage recording taxes, sales taxes, and real property taxes for business expansion projects, which create or retain permanent private sector jobs. In developing this uniform tax exemption policy the LCIDA has taken into consideration the following factors: the value of tax exemptions to be provided; the impact of a proposed project on economic development projects in the vicinity; the amount of private sector investment; the extent to which a proposed project will provide sources of revenue and cost; and the extent to which private sector employment is expanded within Livingston County.

Section 2. Mortgage Recording Tax Exemptions

Any project where a mortgage is granted will be exempt from the one percent (1%) Livingston County mortgage recording tax which calculation is based on the face value of the mortgage.

The mortgage recording tax exemption will apply to all LCIDA eligible projects.

Section 3. Sales Tax Exemptions

Sales tax exemptions are permitted for LCIDA assisted projects involving new construction, renovation of existing buildings, and equipment purchases.

Sales tax exemptions are permitted through the construction period (not to exceed one year) to the issuance of a Certificate of Completion on an LCIDA funded project, except that exemptions are allowed on equipment purchases intended to replace capital items previously funded through the LCIDA.

LCIDA does not permit sales tax exemptions for ongoing operating expenses incurred after completion of the LCIDA funded project.

The LCIDA will file an annual statement with the State Department of Taxation and Finance in such form as may be prescribed by the State Comptroller and which would disclose the value of all sales tax exemptions claimed in the preceding year. As part of the LCIDA application process companies applying for financial assistance will be required to identify items where sales tax exemptions will be claimed, and to submit copies of the bills of sale.

The LCIDA reserves the right to deviate from this policy and from the types of projects

identified herein based upon consideration of jobs created and investment made in a project. If a policy deviation is proposed, the affected taxing jurisdictions will be notified. 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.

Section 4. Real Property Tax Abatements

The Livingston County Industrial Development Agency (LCIDA) has adopted a uniform, countywide policy to provide a real property tax abatement for eligible expanding businesses. The policy applies to that portion of a tax bill, which reflects taxes derived from the dollar value added to a property by virtue of investment made by an expanding company. The company or project receiving the tax abatement must create or retain permanent private sector jobs. This policy includes the following essential elements: the period of exemption, the percentage of exemption, the types of projects for which exemption can be claimed, and the procedures for payments-in-lieu-of taxes (PILOT). The PILOTs will be described in detail through special agreements and will include real property taxes, sales taxes, and mortgage recording taxes. These PILOT agreements will be in written form and will be delivered to each affected tax jurisdiction within fifteen (15) days of signing the agreement. Permissible projects permitted under this policy and under recently adopted state and federal laws include manufacturing, wholesale, and distribution facilities. Retail is not permitted except for tourism destination facilities.

1. New Construction

Taxing Jurisdiction	Year in Program	Abatement (on added value)
County/Town/School	Year 1-5	100%
	Year 6	80% *
	Year 7	60%
	Year 8	40%
	Year 9	20%
	Year 10	0% (fully taxable)
Taxing Jurisdiction	Year in Program	Abatement (on added value)
Village	Year 1-6	75%
	Year 7	60% *
	Year 8	40%
	Year 9	20%
	Year 10	0% (fully taxable)

2. Renovations of Existing Buildings

Taxing Jurisdiction	Year in Program	Abatement (on added value)
County/Town/School/Village	Year 1-7	Property tax freeze

*Should the calculation of the sixth year PILOT payment (County/Town/School) or the seventh year PILOT payments (Village) result in a lower payment than the previous year, the amount of the previous year's payment will be made.

Section 5. Deviations from Policy

The Livingston County Industrial Development Agency (LCIDA) reserves the right to deviate from this policy and from the types of projects identified herein based upon consideration of jobs created and investment made in a project. If a policy deviation is proposed, the affected taxing jurisdictions will be notified. Their input will be sought in advance of adoption of any deviation, and any PILOT policy deviation will be noted in a required Public Hearing.

Section 6. Recapture of Benefits

The Agency, in its sole discretion and on a case-by-case basis, may determine (but shall not be required to do so) with respect to a particular project to require the project applicant to agree to the recapture by the Agency of the value of any or all exemptions from taxation granted with respect to the project by virtue of the Agency's involvement. Events that the Agency may determine will trigger recapture may include, but shall not be limited to, the following:

- 1. Sale or closure of a facility;
- 2. Significant employment reduction;
- 3. Significant change in use of facility;
- Significant change in business activities or project applicant or operator; or
- 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.

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

Section 7. Additional Recapture Provisions

In addition to the provisions for recapture set forth above, the Agency may, in its sole discretion and on a case-by-case basis, require recapture benefits with respect to any project or project applicant for:

- 1. Failure to respond to Agency inquiries concerning insurance coverage or failure to provide insurance certificates when and as required by the Agency transaction documents;
- 2. Failure to respond to Agency inquiries regarding payments of monies in lieu of taxes;
- 3. Failure to respond to Agency inquiries or to provide facts requested by the Agency in

- connection with any proceedings or determinations;
- 4. Failure to respond to the 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;
- 5. Failure to provide any other information concerning the project or the project applicant or any project operator requested by the Agency.

Upon the occurrence of any of these events listed above, the Agency will, upon at least 10 calendar days send a written notice to the project applicant, hold a public hearing at which the project applicant will have the opportunity to provide, or explain its failure to provide, the information requested by the Agency. Within 30 calendar days after the hearing, the Agency will issue a determination whether and to what extent it will require recapture of the value of tax exemptions granted with respect to the project by virtue of the Agency's involvement.

Section 8. Applicability

This Uniform Tax Exemption Policy shall apply to all projects of which the Agency has adopted or adopts an Authorizing Resolution.

Section 9. Amendments or Modifications

The Agency by resolution of its Members, and upon notice to all affected tax jurisdictions as may be required by law, may amend or modify the foregoing policy as it may, from time to time, in its sole discretion determine.