

**Town of Babylon Industrial Agency  
Uniform Tax Exemption  
Policy & Guidelines**

It is recognized that under the provisions of Article 18-A of the General Municipal Law the (the “Act”) Town of Babylon Industrial Development Agency (the “Agency”) is required to pay no real estate taxes or assessments upon any of the property acquired by it or under its jurisdiction, control or supervision or upon its activities.

The Agency shall review each application for financial assistance of the Agency and shall determine on a case by case basis whether the Agency's general policy should apply or whether a deviation from such general policy is warranted. In reviewing each application and determining the applicability of the Agency's general policy the Agency shall apply the following guidelines. These guidelines are to assist the Agency in its determination as to the granting of tax exemptions.

It is the general policy of the Agency, that an agreement providing for a project (as that term is defined under the Act) qualifying for financial assistance (as that term is defined under the Act) be treated as exempt from real property, mortgage recording and sales and use taxes in accordance with Section 874 of the Act.

**Real Property Taxes**

In the event that a project shall be deemed exempt from real property taxation solely by reason of Section 874 of the General Municipal Law, the project applicant shall generally be required to enter into an agreement providing for payments in lieu of taxes to the Agency. The provisions of such agreement shall be in accordance with the provisions of the Act and such agreement shall provide that the project applicant or designee shall make or cause to be made payments in lieu of real estate taxes to the Agency as if the project were privately owned by the applicant and not deemed owned by or under the jurisdiction or control or supervision of the Agency in an amount equal to real estate taxes otherwise due less an abatement described below. Such abatement shall become effective upon the taxable status date of the Town of Babylon, New York immediately following the date the Agency shall acquire fee title to or take a leasehold interest in such project or such later date approved by the Agency.

A. For projects resulting in job growth or retention of less than 50 full time employees in the Town in the first year of operation as an Agency project, the Agency in its discretion may grant abatements from real property taxation in accordance with the following alternatives and in accordance with the following limitations:

1. The duration of the abatements shall be effective over and shall not exceed twelve (12) consecutive years, the amount of the abatement shall not in the first or any subsequent year of such abatement exceed 60% of real estate taxes otherwise due and payable, the abatement shall decline in each year after the first year of the tax abatement in equal or approximately equal increments until the last year of the abatement such that the abatement

shall be reduced to zero upon the 13<sup>th</sup> anniversary of the effectiveness of the abatement.

2. The period of abatement shall not exceed twelve (12) years, shall not in the first four years exceed 50% of the real estate taxes otherwise due and payable and shall decline in accordance with the following schedule:

Year From Commencement of Abatement	Percentage of Abatement from Real Estate Taxes otherwise due and payable
1	50%
2	50
3	50
4	50
5	30
6	30
7	30
8	30
9	10
10	10
11	10
12	10
13	0

B. For projects resulting in job growth or retention in excess of 50 or more full time employees in the Town of Babylon, in the first year of operation as an Agency project, the Agency in its discretion may grant abatements from real property taxation in accordance with the following alternatives and in accordance with the following limitations:

1. The duration of the abatements shall be effective over and shall not exceed fifteen (15) consecutive years, the amount of the abatement shall not in the first or any subsequent year of such abatement exceed 60% of real estate taxes otherwise due and payable, the abatement shall decline in each year after the first year of the tax abatement in equal or approximately equal increments until the sixteenth (16<sup>th</sup>) year after the abatement first becomes effective such that the abatement shall be reduced to zero upon the 16<sup>th</sup> anniversary of the effectiveness of the abatement.
2. The period of abatement up to fifteen (15) years, shall not in the first five years exceed 50% of the real estate taxes otherwise due and payable and shall decline in accordance with the following schedule:

Year From Commencement of Abatement	Percentage of Abatement from Real Estate Taxes otherwise due and payable
1	50%
2	50%
3	50%
4	50%
5	50%
6	30%
7	30%
8	30%
9	30%
10	30%
11	10%
12	10%
13	10%
14	10%
15	10%
16	0

C. Notwithstanding the foregoing abatement alternatives, the Agency may in its discretion on a case by case basis grant a 100% or partial abatement for a period up to fifteen years, with equal declining abatements with regard to (A) affordable housing, health care/assisted living facilities; (B) vacant property, or abandoned or dilapidated facilities for which payments for real property taxes are currently delinquent; (C) for facilities located in an area of the Town affiliated with blight, experiencing economic distress or having higher than average unemployment or similar characteristics; (D) Class A office space of at least 50,000 square feet and non pirating issue; or (E) facilities that will result in substantial job growth or job retention in the Town in excess of 200 full time employees. Any abatement granted pursuant to this provision shall not be considered a deviation from this Uniform Tax-Exemption Policy. In determining abatements with respect to the foregoing provision the Agency will consult with the Town of Babylon Assessor’s Office, the Town of Babylon Receiver of Taxes and the Town of Babylon Comptroller’s office.

In addition to the foregoing, in the event that an existing project receiving any abatement described above shall be significantly improved or the project applicant for such project plans to significantly increase employment at such project, the Agency may treat such improvement or increased employment as a new project and may provide for a renewal of any abatement permitted to be granted under the provisions of this Uniform Tax-Exemption Policy. Any abatement granted pursuant to this provision shall not be considered a deviation from this Uniform Tax- Exemption Policy.

The abatements granted by the Agency shall apply only to those payments for taxes and assessments, other than special ad valorem levies, special assessments and service charges against real property located in the Town of Babylon (including any existing incorporated village

or any village which may be incorporated after the date hereof, within which a project is wholly or partially located) which are or may be imposed for special improvements or special district improvements, which the project applicant shall be required to pay without exemption.

### **Sales Tax**

With respect to the sales and use tax exemptions, it is the general policy of this Agency to grant exemptions from sales and use taxes with respect to any project qualifying for financial assistance under the Act. The duration of such sales tax exemption shall not exceed three years measured from the date of delivery by the Agency of a sales tax letter with respect to a particular project. In the event a particular project will create or cause the retention of significant numbers of employees within the Town of Babylon and provided the project applicant covenants to maintain certain employment levels within the Town of Babylon for the duration of the term of the project, the Agency may extend the duration of the sales and use tax exemption to a period that shall not exceed twenty years.

### **Mortgage Recording Tax**

With respect to mortgage recording taxes, it is the general policy of this Agency to grant exemptions from mortgage recording taxes with respect to any project qualifying for financial assistance under the Act.

### **Recapture**

Agreements entered into by the Agency and a project applicant pursuant to which financial assistance is granted by the Agency to a project applicant shall include provisions for recapture by the Agency of financial assistance granted by the Agency as the Agency shall deem necessary. Such agreements shall require recapture and/or suspension of real property tax, sales and use tax and mortgage recording tax abatements granted by the Agency for among others in the discretion of the Agency, the project applicant's (i) liquidation of operations and assets in the Town, (ii) cessation of operations in the Town, (iii) the relocation of its employees to facilities outside of the Town, (iv) the sublease of its facilities, (v) the sale or transfer of its facilities in the Town and (vi) failure to satisfy minimum employment levels within the Town.

### **Deviation**

In addition to applying the above tax abatement policy guidelines to a proposed project, the Agency may deviate from such abatement policy. In deviating from such policy the Agency shall also consider the following in determining whether any deviation from the above guidelines should be made and the length and value of any tax exemption granted with respect to such deviation:

- i. the extent to which a project will create or retain private sector employment in the Town of Babylon.
- ii. the impact of a proposed project on existing and proposed business and economic development projects in the Town of Babylon,

- iii. the amount of private sector investment likely to be generated by the proposed project;
- iv. public support for the project
- v. the likelihood of timely completion of the project;
- vi. the environmental impact of the project;
- vii. the need for additional municipal and educational services resulting from the proposed project; and
- viii. the extent to which the proposed project will provide additional sources of revenue for the affected taxing jurisdictions.

If after consideration of the above-stated issues the Agency determines that a deviation from its general guidelines is warranted, it shall call a public hearing regarding the deviation on not less than 30 days notice and provide not less than 30 days notice to each affected local taxing jurisdiction of such deviation. Subsequent to such public hearing, the Agency may adopt a resolution stating, 1) that with respect to the specified project, the Agency determines that a deviation from its uniform policy is warranted and; 2) the reasons for which the Agency determines that such a deviation is warranted.

### **Projects**

Any facility, improvement, equipment, furnishing or other item or activity constituting a project (as that term is defined under the Act) shall be eligible in the discretion of the Agency for financial assistance (as that term is defined in the Act) in accordance with the Act and the provisions of this Uniform Tax Exemption Policy.