

MEMORANDUM FROM



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To: Board Members of the Ulster County Industrial Development Agency
Date: December 10, 2019
Subject: Summary of Changes to the Uniform Tax Exemption Policy

The Governance Committee has conducted several meetings for the purpose of reviewing and revising the Agency's Uniform Tax Exemption Policy and Matrix. The following material is a summary of the changes proposed and approved by the Governance Committee.

In addition, the Governance Committee discussed next steps for the consideration of the proposed changes. Included in the discussion by the Governance Committee was a recommendation that, upon board approval, the Chair of the Agency share the changes with the Economic Development Committee of the County Legislature.

1. The definitions that are used in the Uniform Tax Exemption Policy and Matrix and the related IDA documents (including the Agency's claw-back agreement) are described in Schedule A attached.

2. The following changes were made to the Matrix:

a. Under the heading "Projected Wages":

i. No project will receive any points if any job is paid minimum wage.

ii. The conditions for obtaining 1, 2 and 3 points were completely reworked and are now based off of Living Wage.

iii. Living Wage is defined to mean the "living wage" determined by a report prepared by MIT for a single person. For 2018 the Living Wage is \$12.35/hour.

b. Under the heading "Construction Jobs":

i. The condition regarding regional labor was moved from 3 points to 1 point.

ii. The balance of the conditions under "Construction Jobs" remain unchanged.

c. Under the heading "Environmental Sustainability":

i. Added the phrase "energy efficient technology" to the condition for 2 points.

ii. The balance of the conditions under "Environmental Sustainability" remains unchanged.

- d. Under the heading “Community Investment”:
 - i. Deleted the condition for 3 points regarding needed industries or services as described in Ulster Tomorrow.
 - ii. Modified the condition for 2 points to (I) conform the definition of “Distressed Area” to the definition contained in the IDA Statute and (II) include as an “or” an area that is a “special condition” (i.e., an area, subject to the sole and absolute discretion of the Agency, that is suffering from severe short-term or long-term economic issues).
 - iii. The balance of the conditions under “Community Investment” remain unchanged.
- e. Under the heading “Education/Workforce Investment”:
 - i. Deleted the condition for 1 points regarding posting job openings with the One Stop Job Center.
 - ii. Modified the condition for 3 points to conform to the Agency’s Housing Policy.
 - iii. The balance of the conditions under “Education/Workforce Investment” remain unchanged.

3. The following changes were made to the Uniform Tax-Exemption Policy:

- a. The PILOT abatement schedule for Category 3 Projects was changed as follows:

Prior Schedule			New Schedule	
Year	Percentage Abatement		Year	Percentage Abatement
1	100%		1	100%
2	100%		2	90%
3	100%		3	80%
4	75%		4	70%
5	75%		5	60%
6	50%		6	50%
7	50%		7	40%
8	50%		8	30%
9	50%		9	20%

10	50%		10	10%
11	0%		11	0%

b. The PILOT abatement schedule for Category 4 Projects was changed as follows:

Prior Schedule			New Schedule	
Year	Percentage Abatement		Year	Percentage Abatement
1	100%		1	95%
2	100%		2	90%
3	100%		3	85%
4	100%		4	80%
5	100%		5	75%
6	75%		6	70%
7	75%		7	65%
8	75%		8	60%
9	50%		9	55%
10	50%		10	50%
11	40%		11	40%
12	30%		12	30%
13	20%		13	20%
14	10%		14	10%
15	5%		15	10%
16	0%		16	0%

c. The description of housing projects under Category 5 is amended to reflect the Agency’s Housing Policy (i.e., workforce housing and continuing care retirement communities).

cc: Rose Woodworth, Executive Director

SCHEDULE A

DEFINED TERMS

“Benefits” means the health care items or services, or other benefit programs, including, but not limited to pension benefits and 401(k) programs, provided by the project applicant and all or a portion of the costs of such benefits are paid by the project applicant.

“Civic facility” means a facility owned by a not-for-profit corporation.

“Contract workers” / “leased worker” means (A) a full-time, private-sector employee (or self-employed individual) that is not on the Company’s payroll but who has worked for the Company at the Project Facility for a minimum of 35 hours per week for not less than 4 consecutive weeks providing services that are similar to services that would otherwise be performed by a Full Time Equivalent Employee, or (B) 2 part-time, private-sector employees (or self-employed individuals) that are not on the Company’s payroll but who have worked for the Company at the Project Facility for a combined minimum of 35 hours per week for not less than 4 consecutive weeks providing services that are similar to services that would otherwise be performed by a Full Time Equivalent Employee.

“Educational or cultural facility” – shall mean any facility identified and called for to implement a state designated heritage area management plan as provided in title G of the parks, recreation and historic preservation law that is open to the public at large as participants in educational and cultural activities including but not limited to theaters, museums, exhibitions and festival and interpretive facilities, together with buildings, structures, machinery, equipment, facilities and appurtenances thereto which the agency may deem necessary, useful or desirable in connection with the construction, improvement or operation of any such facility, including overnight accommodations and other facilities incidental thereto and facilities that may permit the use of educational or cultural facilities by the general public.

“Employee” means a person in the service of another under any contract of hire, express or implied, oral or written, where the employer has the power or right to control and direct the employee in the material details of how the work is to be performed.

“Full Time Equivalent (“FTE”)” means (A) a full-time, permanent, private-sector employee on the Company’s payroll, who has worked at the Project Facility for a minimum of 35 hours per week for not less than 4 consecutive weeks and who is entitled to receive the usual and customary fringe benefits extended by the Company to other employees with comparable rank and duties; or (B) two part-time, permanent, private-sector employees on Company’s payroll, who have worked at the Project Facility for a combined minimum of 35 hours per week for not less than 4 consecutive weeks and who are entitled to receive the usual and customary fringe benefits extended by the Company to other employees with comparable rank and duties; or (C) a Contract Employee.

“Independent contractor” means, generally, one who, in the exercise of an independent employment, contracts to do a piece of work according to his/her own methods and is subject to his/her employer’s control only as to end product or final result of his/her work. Independent contractors are not

FTEs or Contract workers and, accordingly, will not be counted in connection with any job level requirement.

“Retained Job” means the FTE jobs that are at risk of being eliminated if the Project does not proceed as planned. “At risk of being eliminated” includes a position that would be relocated out of Ulster County and/or New York State.¹ Whether a job is “at risk of being eliminated” is subject to review and determination by the Agency, at sole and absolute discretion.

“Tourist destination” means a location or facility which is likely to attract a significant number of visitors from outside the economic development region as established by Section 230 of the Economic Development Law², in which the project is located. For purposes of this definition, a stand-alone hotel, without a conference center, amusement park or similar facility designed to hold and/or entertain guests or visitors, is not a “tourist destination”.

¹ See page 4 of attached report on the SBA Program.

² Section 230 of the Economic Development provides for the establishment of economic development regions in the State of New York. The regions are the following: Western NY, Finger Lakes, Southern Tier, Central NY, Mohawk Valley, Capital Region, Mid-Hudson, New York City, Long Island and North Country.