UCCRC

Ulster County Capital Resource Corporation

UNIFORM TAX EXEMPTION POLICY

SECTION 1. **PURPOSE AND AUTHORITY.** Pursuant to Section 874(4)(a) of Title One of Article 18-A of the General Municipal Law (the "Act"), Ulster County Capital Resource Corporation is required to establish a uniform tax exemption policy applicable to the provision of any financial assistance of more than one hundred thousand dollars to any project.

SECTION 2. **DEFINITIONS.** All words and terms used herein and defined in the Act shall have the meanings assigned to them in the Act, unless otherwise defined herein or unless the context or use indicates another meaning or intent. The following words and terms used herein shall have the respective meanings set forth below, unless the context or use indicates another meaning or intent:

(A) "Administrative fee" shall mean a charge imposed by the Corporation to an applicant or project occupant for the administration of project.

(B) "Corporation fee" shall mean the normal charges imposed by the Corporation on an applicant or a project occupant to compensate the Corporation for the Corporation's participation in a project. The term "Corporation fee" shall include not only the Corporation's normal Administrative fee, but also may include (1) reimbursement of the Corporation's expenses, (2) rent imposed by the Corporation for use of the property of the Corporation, and (3) other similar charges imposed by the Corporation.

(C) "Applicant" shall mean an applicant for financial assistance.

(D) "City" shall mean any city located in the County.

(E) "County" shall mean Ulster County.

(F) "PILOT" or "Payment in Lieu of Tax" shall mean any payment made to the Corporation or an affected tax jurisdiction equal to all or a portion of the real property taxes or other taxes which would have been levied by or on behalf of an affected tax jurisdiction with respect to a project but for tax

exemption obtained by reason of the involvement of the Corporation in such project, but such term shall not include Corporation fees.

(G) "School District" shall mean any school district located in the County.

(H) "Tax exemption" shall mean any financial assistance granted to a project, which is based upon all, or a portion of the taxes, which would otherwise be levied and assessed against a project but for the involvement of the Corporation.

(I) "Town" shall mean any town located in the County.

(J) "Village" shall mean any village located in the County.

SECTION 3. **GENERAL PROVISIONS**.

(A) General Policy. The general policy of the Corporation is to grant tax exemptions as hereinafter set forth to any project which has been or will be financed by a straight-lease transaction or by the issuance by the Corporation of bonds, notes or other evidences of indebtedness with respect thereto.

(B) Exceptions. The Corporation reserves the right to deviate from the general policy enunciated under subsection (A) in special circumstances. In determining whether special circumstances exist to justify such a deviation, the Corporation may consider factors which make the project unusual, which factors might include but not be limited to the following factors: (1) the magnitude and/or importance of any permanent private sector job creation and/or retention related to project; (2) whether the affected tax jurisdictions will be reimbursed by the project occupant if the project does not fulfill the purposes for which tax exemption was granted; (3) the impact of the project on existing and proposed businesses and/or economic development projects; (4) the amount of private sector investment generated or likely to be generated by the project; (5) demonstrated public support for the project; (6) the estimated value of the tax exemptions requested; and (7) the extent to which the proposed project will provide needed services and/or revenues to the affected tax jurisdictions. In addition, the Corporation may consider the other factors outlined in Section 874(4)(a) of the Act.

(C) Application. No request for a tax exemption shall be considered by the Corporation unless an application and environmental assessment form are filed with the Corporation on the forms prescribed by the Corporation pursuant to the rules and regulations of the Corporation. Such application shall contain the information requested by the Corporation, including a description of the proposed project and of each tax exemption sought with respect to the project, the estimated value of each tax exemption sought with respect to the project, the proposed financial assistance being sought

with respect to the project, the estimated date of completion of the project, and whether such financial assistance is consistent with this part.

(D) Enforcement. The Corporation has enacted a Corporation Enforcement Policy to provide for compliance by the applicant with the terms of this Uniform Tax Exemption Policy and any contracts entered into by the applicant and the Corporation. The provisions of the Corporation Enforcement Policy include a variety of enforcement actions that may be undertaken by the Corporation upon the failure by the applicant to satisfy its obligations, including the termination any project benefits agreement and the "claw-back" of any or all financial assistance granted by the Corporation.

SECTION 4. MORTGAGE RECORDING TAX EXEMPTION

(A) General. State law provides that mortgages recorded by the Corporation are exempt from mortgage recording taxes imposed pursuant to Article 11 of the Tax Law. The Corporation has a general policy of abating mortgage recording taxes for the initial financing obtained from the Corporation with respect to each project with respect to which the Corporation issues debt, which will be secured by a mortgage upon real property. In instances where the initial financing commitment provides for a construction financing of the Corporation to be replaced by a permanent financing of the Corporation immediately upon the completion of the project, the Corporation's general policy is to abate the mortgage recording tax on both the construction financing and the permanent financing.

(B) Refinancing. In the event that the Corporation retains title to a project, it is the general policy of the Corporation to abate mortgage recording taxes on any debt issued by the Corporation for the purpose of refinancing prior debt issued by the Corporation, and on any modifications, extensions and renewals thereof, so long as the Corporation fees relating to same have been paid.

(C) Non-Corporation Projects. In the event that the Corporation does not hold title to a project, it is the policy of the Corporation not to join in a mortgage relating to that project and not to abate any mortgage recording taxes relating to that project.

(D) Non-Corporation Financings. Occasionally, a situation will arise where the Corporation holds title to a project, the project occupant needs to borrow money for its own purposes (working capital, for example), and the lender will not make the loan to the project occupant without obtaining a fee mortgage as security. In such instances, the policy of the Corporation is to consent to the granting of such mortgage and to join in such mortgage, so long as the following conditions are met:

(1) the documents relating to such proposed mortgage make it clear that the Corporation is not liable on the debt, and that any liability of

the Corporation on the mortgage is limited to the Corporation's interest in the project;

(2) granting of the mortgage is permitted under any existing documents relating to the project, and any necessary consents relating thereto have been obtained by the project occupant; and

(3) the payment of the Corporation fee relating to same.

(E) Exemption Affidavit. The act of granting a mortgage recording tax exemption by the Corporation is confirmed by the execution by an authorized officer of the Corporation of an exemption affidavit relating thereto. A sample exemption affidavit is attached as Appendix 17D.

(F) PILOT Payments. If the Corporation is a party to a mortgage that is not to be granted a mortgage recording tax exemption by the Corporation (a "non-exempt mortgage"), then the applicant and/or project occupant or other person recording same shall pay the same mortgage recording taxes with respect to same as would have been payable had the Corporation not been a party to said mortgage (the "normal mortgage tax"). Such mortgage recording taxes are payable to the County Clerk of the County, who shall in turn distribute same in accordance with law. If for any reason a non-exempt mortgage is to be recorded and the Corporation is aware that such non-exempt mortgage may for any reason be recorded without the payment of the normal mortgage tax, then the Corporation shall prior to executing such non-exempt mortgage collect a PILOT equal to the normal mortgage tax and remit same within thirty (30) days of receipt by the Corporation to the affected tax jurisdiction in accordance with Section 874(3) of the Act.

SECTION 5. REAL ESTATE TAX EXEMPTION

(A) General. The Corporation generally works with tax exempt nonprofit organizations. However, should an applicant reach an agreement with its host taxing authorities to a payment in lieu of tax agreement (a "PILOT Agreement"), the Corporation Board may decide to accommodate such PILOT Agreement shall require payment of PILOT payments in accordance with the provisions agreed upon, permitted by law, and conforming with the mission, goals, and policies of the Corporation

SECTION 6. ANNUAL REVIEW OF POLICIES

(A) General. At least annually, the Corporation shall review its tax exemption policies to determine relevance, compliance with law, effectiveness, and shall adopt any modifications or changes that it shall deem appropriate. Unless otherwise provided by resolution, such annual review shall take place at the annual meeting of the Corporation each January, notice for comments on such policies shall be circulated thirty (30) days prior to such meeting to Ulster County and affected Tax Jurisdictions, and adoption of

any changes shall take effect immediately upon approval by the Corporation. The Chief Executive Officer shall be responsible for conducting an annual review of the tax exemption policy and for an evaluation of the internal control structure established to ensure compliance with the tax exemption policy, which shall be submitted, to the Corporation for approval. The thirty (30) day comment period shall not apply to the adoption of the original policies of the Corporation, which said policies shall become effective as herein provided.

Re-affirmed: January 19, 2022