

MINUTES OF SPECIAL MEETING OF MONDAY, DECEMBER 4, 2009

Meeting was called to order by Chairman McCabe at 5:10 p.m.

Present: Sean McCabe
Kathleen Wojciechowski
Angela DeVito
Lou Kalogeras
Paul Thompson

Anna Maria Sforza Villa, Executive Director
Richard Ehlers, Counsel

Absent: Hank Boerner

Richard Ehlers, Counsel gave a general overview of three of the IDA benefits to the Board: Sales Tax, Mortgage Recording Tax and Real Property Tax Abatement Benefits. The following document was provided by Mr. Ehlers:

SALES TAX BENEFIT

The General Municipal Law permits an IDA to exempt sales and compensating use taxes attributable to the construction and equipping of a qualified facility. This benefit is not for sales tax attributable to the operation of the facility or to sales made by the facility to others.

The actual sales tax saved is unique to each facility. Those where material costs are a greater part of overall costs save more. Likewise, facilities with expensive equipment may also have a greater savings. It has been the experience of past applicants that expenses of construction on which sales tax is saved varies between 40% to 50% of total project cost.

The current sales tax applicable to projects in Suffolk County is 8.625%. The exemption currently applies to the entire tax owed. The sales tax savings is calculated as follows:

Total Project Cost X .40 X .08625 = Total Sales Tax Exemption

All projects must keep careful records and file annual forms with the State of New York and the Riverhead IDA to calculate and track the actual savings through project completion.

MORTGAGE RECORDING TAX

The General Municipal Law permits an IDA to exempt Mortgage Recording Tax on the mortgage recorded with the Suffolk County Clerk attributable to the loan for construction and equipping the facility.

The current tax is 1.05 of the face value of the Mortgage. The current exemption is on the full tax owed. The Mortgage tax savings is calculated as follows:

Face Value of Mortgage X .0105 = Mortgage Tax Exemption

REAL PROPERTY TAX ABATEMENT

The General Municipal Law permits an IDA to exempt some real property taxes from payment as they relate to a qualified facility. The exemption does not affect taxes owed for the following taxing authorities. The taxes for these authorities are paid by the facility directly to the Riverhead Tax Receiver upon presentation of a standard Tax Bill.

Street Lighting
Scavenger Waste
Sewer Tax and Sewer Rent
Water Tax and Water Rent
Ambulance Services
Parking District
Business Improvement District
Demolition and Clean-Up

The following taxes may be exempted from payment for a qualified facility for a specified period of time by an IDA

School and Library
General Town and Highway
County and NYS Real Property Tax
Fire District as payable to the appropriate district

In consideration of this exemption an IDA may require a Payment in Lieu of Tax commonly called a PILOT payment. This payment must be paid in full by January 10 of the current tax year upon presentation of a PILOT bill. The monies received by the IDA are placed in a separate account and must be distributed to School, Town, County and Fire District within 30 days of receipt. Each such jurisdiction must be paid its proportional share as reflected on the current Tax Receiver Rate Sheet. If a facility fails to make the payment fees and penalties are required by the General Municipal Law and the project may lose this exemption for subsequent tax years.

There being no further business the meeting was adjourned at approximately 6:30 p.m.