

June 7, 2017

Project Policy Manual Update:

### **Solar Project Policy**

This policy is intended to simplify the process for obtaining PILOTs for solar projects. The traditional method used to obtain a solar PILOT is going through each municipality individually. This process can be cumbersome, and in many cases delay or cease the development of the project altogether.

Also, according to NYS General Municipal Law, individual municipalities can only offer PILOTs for up to 15 years. Being that the IDA can negotiate with all involved municipalities, as well as offer PILOTs for terms longer than 15 years, a policy such as this can benefit all parties involved.

This policy is intended to provide incentives for off-site solar development projects that provide renewable energy benefits to residential and commercial customers. Eligible projects commercial scale projects, generally two megawatts or less, as outlined in state law.

Types of eligible projects include:

- Community distributed solar/shared solar
- Off-site generation projects that have a wholesale power purchase agreement with one or more users.

To respect variations in local municipal policy, each project application must include a letter from the host municipality endorsing the proposed payment-in-lieu-of-tax agreement with the IDA.

The following standard incentives will be offered:

**Property tax:**

Real property taxes on the increased value resulting from improvements are partially abated for a 25 year period. The annual payment-in-lieu-of-tax will range from \$5,500.00 to \$7,000.00 per megawatt; depending on the anticipated output of the system, and the anticipated change in value to the property assessment. The cost per megawatt is subject to a 2% increase each year. The amount will be negotiated to be as close to the actual 100% tax rate as possible, as this policy is intended to serve as an instrument for proper taxation forecasting for companies.

**Sales Tax:**

Exemption from State and Local sales tax on project costs as outlined in the IDA Project Policy Handbook.

**Mortgage Recording Tax:**

Exemption from the State share of the mortgage recording tax as outlined in the IDA Project Policy Handbook.

**Fees:**

The applicant is responsible for the standard \$2,500.00 application fee, which covers all administrative fees for the origination of the project. The applicant is also responsible for a 1% Agency fee due at the time of closing. The 1% fee is based on all machinery, equipment, and construction costs items used in the construction of the solar facility. Soft costs are not included in this calculation.

**Other:**

Unless specifically outlined in this policy, the applicant will be responsible for complying with all rules and regulations outlined in the Tioga County IDA's project Policy Handbook.