



Engineering  
& Design

# Community Impact Statement

August 14, 2024

## Proposed Warehouse

Property Tax ID: Lot 36-1-33, 36-1-11.221, 36-1-11.23, 36-1-11.212, 36-1-11.211, 36-1-11.11, 36-1-10.1 and 33-1-91

Town of Montgomery, Orange County, New York

Prepared for:

**RDM Group, LLC**

21 Philips Pkwy  
Montvale New Jersey, 07645  
Contact person – Matt Boone, P.E.  
845-202-4900

Prepared by:

**Daniel N. Bloch, AICP, PP, EADA**  
Certified Planner No. 024602

**Colliers Engineering & Design**

400 Valley Road Suite 304 Mt.  
Arlington New Jersey 07856  
Main: 877 627 3772  
Colliersengineering.com

Project No. 21000327A

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## Introduction

Colliers Engineering & Design is pleased to submit this Community Impact Statement (“CIS”) on behalf of the Applicant, RDM Group, LLC in support of an application to the Montgomery Planning Board for a proposed warehouse development on the subject properties known as Tax Lots 36-1-33, 36-1-11.221, 36-1-11.23, 36-1-11.212, 36-1-11.211, 36-1-11.11, 36-1-10.1 and 33-1-91. The property in question is located at 296 Neelytown Road, containing approximately 112.46 acres of vacant land with frontage along Neelytown Road to the east and Beaver Dam Road to the west in the Town of Montgomery, New York.

The project site is located in the Town’s I-1 General Industry zoning district. The property is proposed to be developed with two (2) warehouse buildings containing 850,000 square feet, 278,270 square feet of gross floor area. Other related site improvements including accessory parking for employee vehicles and trucks, stormwater control measures, utility lines, dark-sky compliant lighting, signage and landscaping. The Proposed Action would be served by municipal sewer and water services.

The proposed development will also require a two-lot subdivision and merging of the existing parcels into an 85.62-acre lot (“Lot 1”), a 26.83-acre lot (“Lot 2”). Lot 1 will have frontage on Neelytown Road and Beaver Dam Road and contains a 850,000 square foot warehouse/distribution facility. Lot 2 will have frontage on Beaver Dam Road and will contain a 278,270 square foot warehouse/distribution facility.

This Community Impact Statement analyzes the existing economic conditions and examines the anticipated impacts of the overall development with information pertaining to the occupancy of the proposed warehouse development. Specifically, the analysis examines the anticipated revenues and costs expected to be generated from the development.

## Employment Impact

The proposed development contains a total of 1,128,270 square feet of floor area. Typical to warehouses, it is assumed that there will be three shifts, with an estimated total of 898 employees expected. These will be warehouse jobs with supporting office and managerial staff. Nationally, management roles tend to occupy 2.43 percent of warehousing positions, office and administrative roles 12.35 percent, and transportation and material moving the largest percentage of 74.89 percent.

Although specific tenants have not yet been retained, it is reasonable to assume that warehouse jobs will align with the national and county average of approximately \$18 per hour (\$41,660 annually), or more specifically broken down to an average national salary of \$109,910 for management; \$42,440 for administrative roles; and \$38,240 for transportation and material moving positions.

The most recent employment estimates for Montgomery are from the U.S. Census Bureau, OnTheMap Application, which estimates that Montgomery had 7,928 private sector employees in

2020. The projected 898 employees associated with the proposed development would increase the employment to 8,826 employees, representing an 11.33 percent increase of the town's 2020 employment.

## Population Impact

The proposed development consists of nonresidential warehouse/distribution and office space only. There are no residences proposed on site and, therefore, there will be no direct impact to the existing population of Montgomery.

The 2021 ACS 5-year Estimates Census data indicates that Montgomery has 11,937 residents aged 16 or older in the workforce, and Orange County has 196,910.<sup>1</sup> An estimated 4 percent of the Montgomery residents are unemployed, as are 5.4 percent of county residents.<sup>2</sup> An estimated 11.3 percent of Montgomery workforce and 6.6 percent of the Orange County workforce is employed in "transportation, warehousing & utilities."<sup>3</sup>

Data from the New York State Department of Labor Local Plan of Orange County<sup>4</sup> indicates a substantial existing labor force from which the Proposed Action can attract potential employees. The county labor force is drawn from an area including Orange, Dutchess, Rockland, Sullivan and Ulster Counties in New York, Pike and Wayne Counties in Pennsylvania, and Sussex County, New Jersey. Many of these counties are along the Interstate 84 corridor adjacent to the Project Site, which is important since twenty-two percent of the county workforce commutes into Orange County from elsewhere.<sup>5</sup>

The collective civilian labor force in these counties is approximately 564,000 people, of which approximately 30,000 are actively seeking work.<sup>6</sup> Roughly 60,000 employees commute into Orange County from elsewhere for work opportunities, with a mean travel time of 34.4 minutes,<sup>7</sup> demonstrating an available workforce within commuting distance without expected measurable increases in resident population.

As such, while 898 new employees are expected, these numbers show that there is an opportunity to find local employees with minimal increases in population, or businesses to support them.

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<sup>1</sup> 2021 US Census ACS 5-year Estimates, Table DP03.

<sup>2</sup> Ibid.

<sup>3</sup> 2021 US Census ACS 5-year Estimates, Table DP03.

<sup>4</sup> Orange County, NY Local Plan for 2021 through 2025, July 1, 2021  
<https://dol.ny.gov/system/files/documents/2021/12/orange-county-local-plan-combined-11-24-2021.pdf>

<sup>5</sup> Ibid.

<sup>6</sup> US Census OnTheMap, Orange County, accessed April 17, 2023

<sup>7</sup> 2020 US Census ACS 5-year Estimates, Commuting Characteristics Table S0801.

## School Impact

The proposed development has no residential component and, therefore, there will be no direct impact to the current school enrollment of the Valley Central School District as a result of the proposed development. Additionally, the school district will net over \$2.2 million in additional revenue with no associated service costs since there is no residential component proposed for this project.

## Facilities Impact

### Municipal Facilities

Municipal facilities generally consist of parks, recreation facilities, municipal offices, community buildings, libraries, and the like. The use of many of these places (community buildings, libraries, etc.) is typically limited to community residents or municipal employees. Parks, while generally open to the public, would have limited increased usage from new non-residential development. Therefore, the proposed commercial development is not expected to require any significant additional municipal investment in recreational facilities or other municipal facilities or services since no residential aspect is proposed.

### Police Services

The police department is located on Bracken Road adjacent to Town Hall. As of March 7, 2022, the Town of Montgomery had 8 full-time police officers, 25 part-time police officers, 5 sergeants and 1 chief. Assuming two part-time police officers equal one full-time officer, the Town has 26.5 police officers. That is one police officer for every 880 residents, utilizing the 2020 population of 23,322 persons.

Chief John Hank of the Town of Montgomery Police anticipates an increase of 75 to 100 calls per year resulting from the proposed development, which he indicated would not unduly burden the existing force. Information regarding the Town Police Department was received from Chief John Hank on March 7, 2022 and December 2, 2022.

The Proposed Action would result in an increased demand for police services due to the new activity at the Project Site. However, the tax revenue generated by the Proposed Action is anticipated to be a net positive for the Town and address any potential additional costs to the Police Department. Based on the 2022 Town budget of \$17,028,814.35, approximately 16 percent (\$2,733,000) is directly budgeted for the Police Department payroll, equipment, and expenses. Furthermore, the demand for police service is expected to be mitigated by the security measures that would be implemented by the developer.

## Fire & EMS Services

The subject property is serviced by the Maybrook Fire District. Maybrook Engine Company No. 1, located at 205 Wallace Avenue, serves 4,000 people living in a 4.2-square mile area, including the Village of Maybrook, Town of Montgomery, and parts of the Town of New Windsor.

There are approximately 74 active members of the Maybrook Fire Department, which is a 100 per cent volunteer force. The department has two engines, one ladder, one tanker, one heavy rescue, one mini rescue, one brush truck, one traffic management/transport truck, and two chief vehicles.

The Town of Montgomery and its incorporated villages are provided with emergency services through the Town of Montgomery Ambulance, a 501(c)(3) not for profit volunteer organization located at 22 South Montgomery Street in Walden. The Town of Montgomery Ambulance has 20 volunteers, 12 full time equivalent staff, and 7 volunteer trustees.<sup>8</sup> They operate one ambulance out of the main station in Walden, NY, and a second ambulance which may be stationed at Walden or from a location in Montgomery. From either location, response time would be 15 to 20 minutes.

A phone discussion was had on March 18, 2022, with Kyle Shorette, President of the Town of Montgomery Ambulance, to discuss the existing services and its ability to service the Proposed Action, followed by an email and memorandum. This memorandum is included in Appendix A.

While Town of Montgomery Ambulance provides basic life support, more urgent "advanced life support" needs are provided by Mobile Life Support Services, Inc., a privately-owned commercial ambulance service with approximately 500 EMS professionals, 73 ambulances and other vehicles, and 24 stations across the Hudson Valley Region.<sup>9</sup> Mobile Life has a station located at 1 Hudson Bluff Circle just north of the Hamlet of Marlboro.

It is assumed that the proposed development would require the same level of service as other existing commercial developments in the Town and would not require any additional fire or EMS personnel or equipment to service the proposed development.

## Water & Sewer Service

Lot 33-1-91 is located in Water District 1 and Lots 36-1-33, 36-1-11.221, 36-1-11.212, and 36-1-11.211 are located in Neelytown West Water District. The residential properties on Lots 36-1-11.212 and 36-1-11.211 use private domestic wells to provide water service. During the construction process, these wells will be properly abandoned in accordance with the Orange County Department of Health (OCDOH) requirements and all applicable laws. Currently there is a 12" PVC water main under Neelytown Road servicing the existing industrial businesses adjacent to the subject site. The applicant anticipates connecting both water and fire service to this existing water main.

Lots 36-1-33, 36-1-11.221, 36-1-11.212, and 36-1-11.211 are all located in Sewer District 1 and have access to sanitary service via the 6" PVC sewer force main under Neelytown Road. The sewer main in

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<sup>8</sup> Town of Montgomery Ambulance correspondence, Eric Shorette, Captain. February 21, 2023.

<sup>9</sup> Mobile Life Support Services, Inc., <https://www.mobilelife.com/about/>, accessed 12/29/2022.

Neelytown Road also services the surrounding industrial uses and the residential properties on Lots 36-1-11.212 and 36-1-11.211. Any existing wastewater improvements associated with the residential properties will be abandoned and/or removed in accordance with New York State Department of Health (NYSDOH) guidelines and all applicable laws. The applicant is anticipating to discharge sewerage effluent to an on-site pump station before being pumped via force main to the existing 6" force main within Neelytown Road.

**Table 1: Wastewater Demand Estimate**

Land Use	Code	Employees/ 1,000 SF	Bldg Area (SF)	Estimated # of Employees	Demand Rate*	Estimate Demand (gpd)
General Light Industrial	110	0.83	1,096,270	910	15 gpd / employee/shift	13,649
Industrial Park	130	1.11		1,217		18,253
Manufacturing	140	1		1,096		16,444
Warehousing	150	0.24		263		3,947
Office Building	701	3.4	32,000	109	15 gpd / employee	1,632

*\*Demand rate based on section B.6.b., Table B-3 in the Design Standards for Intermediate Sized Wastewater Treatment Systems, March 5 2014, by the New York State Department of Environmental Conservation.*

The increase in sewer demand for the project will come in the form of restrooms within the warehouse buildings. For the proposed action, adequate sewer collection lines for sewage disposal will be installed to supply the increase in demand. Pumping stations will be used to transfer the sewage from the collection pipes to the existing force main running within Neelytown Road. Similar to the proposed utilities mentioned above, the proposed sewer connections will be run underground the proposed driveways which need to be excavated to be constructed. Therefore, no anticipated impacts to the roadway infrastructure will be created from the increase in sewerage demand.

### Other Municipal Services

All infrastructure within the site will be maintained by the property owner. Solid waste, recycling, and snowplowing services will be privately contracted. Therefore, the proposed project will have no adverse impact on these municipal services.

### Fiscal Impact

#### Anticipated Tax Revenues

This section analyzes the existing economic conditions and examines the anticipated impacts of the proposed development. Specifically, the analysis examines the existing revenues and costs

generated by the subject property as well as the anticipated revenues and costs expected to be generated from the proposed development.

It should be noted that, to determine the financial impacts, all dollars used were based on the 2022 municipal budget. The anticipated fiscal impacts shown reflect the forecasted impact as if the proposed development was completed, occupied and assessed during 2022.

The financial benefits to the Town of Montgomery as presented in this report are based upon quantifiable data which is used as input to a fiscal impact model. It must be realized that not all benefits and impacts of a given project can be so easily quantified. In terms of quantifiable benefits of the proposed development, this report finds that the proposed development would result in a positive financial impact on municipal finances.

The subject site, as combined, had an overall tentative assessed property value of \$844,400 based on the 2022 tax records. The total tax rate per \$1,000 is actually comprised of six individual taxes. There are tax line items for Orange County, the Town of Montgomery, Highway, Town Property Tax, Maybrook Fire District, and Valley Central School. Table 2 shows the tax rates and annual tax contribution for 2022.<sup>10, 11</sup>

**Table 2: 2022 Tax Contribution Breakdown (all lots combined)**

Tax Type	Existing Assessed Property Value	Tax Rate Per \$1000 of Assessed Value	Annual Tax Contribution
County	\$844,400	6.118900	\$5,166.80
Town	↓	1.375600	\$1,161.56
Highway		2.269800	\$1,916.62
PT Town		2.841000	\$2,398.94
Fire		2.593900	\$2,190.29
School		36.871908	\$31,134.64
<b>Total</b>			<b>52.071108</b>

The anticipated total market value of the improvements would be approximately \$126,546,763, which includes the proposed buildings and all site improvements (see Table 3 for a breakout of the project’s proposed value). The value of the project may be subject to change based on changing market conditions. Adjusting by the town’s 2022 equalization ratio of 49%, the equalized assessed value is estimated at around \$62 million.

<sup>10</sup> Town of Montgomery Tax Office, Phone call with Gina, March 7, 2022.

<sup>11</sup> Town of Montgomery Online Tax Search System, <https://egov.basgov.com/montgomery/>, accessed 12/1/22.



**Table 3: Projected Value of Proposed Development**

Components	Square Footage	Value Per Square Foot	Value
Commercial Space	1,128,270	\$ 25.00	\$19,361,113.00
Site Improvements		\$ 95.00	\$107,185,650.00
<b>Subtotal</b>			<b>\$126,546,763.00</b>

Moreover, the cost of materials will incur a sales tax. Orange County and New York State have a combined sales tax rate of 8.13%, for a total sales tax collection of over \$7.2 million. Of this, 3.75%, or 3.34 million goes to the county, and 4%, or 3.57 million, goes to the state. Orange County shares the 3.75% with local governments. Approximately 26.384% of the \$3.34 million is distributed amongst towns and villages based on population.<sup>12</sup>

**Table 4: Projected Sales Tax on Construction Materials**

Building Square Footage	Materials Cost Per Square Foot	Total Cost of Construction Materials	Sales Tax rate	Total Sales Tax collected
1,128,270	\$ 60.00	\$67,696,200.00	8.13%	\$5,503,701.06

The projected annual tax contribution by the proposed development would generate over \$3.23 million annually, as shown in Table 5.

**Table 5: Projected Tax Contribution**

2022 Equalization Rate	Estimated Improvements Value	Existing Equalized Land Value	Tax Rate Per \$1000 of Projected Value	Projected Annual Tax Contribution
49.00%	x \$126,546,763	+ \$844,400	x 52.0711	= \$3,238,193.08

Table 6 illustrates the 2022 tax contribution breakdown for each tax line item based on the current assessed value. The Town of Montgomery is projected to receive around \$85,298 per year, the county would receive around \$379,420, and the school system would receive \$2.28 million per year. Note that these estimated valuations are shown only for the purposes of this fiscal analysis and are ultimately determined by the Town Tax Assessor.

<sup>12</sup> Office of the New York State Comptroller, "Understanding Local Government Sales Tax in New York State, 2020 Update" Accessed April 19, 2023

<b>Table 6: Projected Annual Tax Contribution Breakdown</b>			
<b>Tax Type</b>	<b>Value of Proposed Development</b>	<b>Tax Rate Per \$1000 of Assessed Value</b>	<b>Annual Tax Contribution</b>
County	\$62,007,914	6.118900	\$379,420.22
Town	↓	1.375600	\$85,298.09
Highway		2.269800	\$140,745.56
PT Town		2.841000	\$176,164.48
Fire		2.593900	\$160,842.33
School		36.871908	\$2,286,350.10
<b>Total</b>		<b>52.071108</b>	<b>\$3,228,820.78</b>

In addition to the substantial tax ratable generated each year, there will be significant one-time benefits as well. One-time impacts usually occur during the construction phase and include the jobs, wages and services associated with the actual construction of the development. One-time revenues to the Town include building permit, sewer and water connection and usage fees, and other one-time benefits.

### Municipal Services Cost

The fiscal impacts of the proposed development can be evaluated by using the proportional valuation method and a hybrid of the per capita multiplier method.<sup>13</sup> This analysis assigns the costs of municipal services based on the relative percentage of the municipal tax base represented by non-residential properties versus residential properties. As seen in the Table 7, there were a total of 8,313 taxable parcels in the Town of Montgomery in 2022 (most current data available), which had a total assessed value of \$1.6 billion. This table shows the columns of “Percentage of Tax Base” and “Percentage of Parcels” having only three values. The five individual tax classifications were grouped into smaller categories to determine the split between the residential versus non-residential base. Non-residential, non-vacant private properties compose only 6.4 percent of the town’s parcels and 31.3 percent of the tax base.

Given these distributions, 18.9 percent is the combined average percent  $[(6.4\% + 31.3\%) \div 2]$  of the total current municipal expenditures that would be assigned to the 525 non-residential, non-vacant, private properties within the town.

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<sup>13</sup> This method for analyzing the fiscal impact of development is widely accepted and appears in *The New Practitioner’s Guide to Fiscal Impact Analysis*, published by the Center for Urban Policy Research (CUPR), at Rutgers University, 1985 and the *Development Impact Assessment Handbook* published jointly by CURP and the Urban Land Institute in 1994.

**Table 7: Town of Montgomery 2021 Ratable Base**

Classification	Parcels	Total Assessed Value	Percentage of Tax Base	Percentage of Parcels	Proportional Percentage
Residential - 200	6,690	\$1,035,345,049.00	64.5%	81.7%	73.1%
Agricultural - 100	133	\$30,873,400.00	4.2%	11.9%	8.0%
Vacant - 300	839	\$36,576,535.00			
Commercial - 400	497	\$477,257,173.00	31.3%	6.4%	18.9%
Industrial - 700	28	\$25,481,900.00			
<b>Total</b>	<b>8,187</b>	<b>\$1,605,534,057.00</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Using a hybrid of the proportional valuation method and the per capita multiplier method, the costs of municipal services for the year 2022 is estimated at \$152.57 per employee. This figure is calculated by multiplying the revenue to be raised by taxes in support of the municipal budget for 2022 (\$6,412,626) by the proportional percentage of the town’s ratable base attributed to private non-residential properties (18.9 percent) and then dividing by the Town’s total private employment estimate from 2022 (7,928).

**Table 8: Cost of Municipal Services**

Revenue to be Raised by Taxes for Municipal Purposes (2021)	\$6,412,625.80
÷ Estimated 2020 Private Employees	7,928
<b>= Revenue of Municipal Services per Employee</b>	<b>\$808.86</b>
x Share of Non-Residential-Associated Expenditures	18.9%
<b>= Cost of Municipal Services per Employee</b>	<b>\$152.57</b>
x Projected New Employees	898
<b>= Projected Municipal Costs</b>	<b>\$137,007.86</b>

The municipal operating expenditures required to serve the proposed non-residential development is estimated to be \$137,007.86. This is calculated by multiplying the projected number of employees by the average cost per capita for municipal operating expenses (898 employees x \$152.57).

However, these estimated municipal service costs associated with a development such as that proposed are likely overstated. New non-residential properties that are investor owned and professionally managed income producing properties, such as that proposed by RDM Group, LLC, typically have a much lower average per capita cost for municipal services. This is because many services, such as street maintenance, snow removal, trash collection, etc. are provided by the property owner rather than municipal employees. Additionally, there are other line items in the municipal budget such as existing debt service and reserve for uncollected taxes that will not be increased as a result of this project. In our experience in fiscal impact analysis, the marginal costs associated with a new self-contained development such as that proposed are typically 60 percent of the average per capita costs (60 percent of the estimated \$152.57 per capita costs is around \$91.54). We have found this to generally be true, but it does vary by municipality.

It is also important to consider that a portion of municipal revenue is dedicated to services and costs that would not be utilized by the proposed development. Because the development is self-contained, only a portion of the average per capita costs would be applicable to the proposed development, resulting in a number that is lower than the town-wide average.

### Public Education Cost

The proposed development does not have any residential units proposed. No additional school-aged children are expected as a result of this development. However, the property will contribute \$2.28 million to the Valley Central school tax each year. This is a \$2.25 million increase in tax revenue from the existing property.

### County Services Cost

Orange County provides a broad range of services to residences, such as human services, public safety, open space and recreation, and education services. On a per capita proportional basis, the county services costs are pro-rated at \$253.35 per resident and \$87.54 per employee. This is based on the 2022 Orange County budget<sup>14</sup> of \$134,142,866 to be raised by county property taxes for a residential population of 404,525 residents<sup>15</sup> and 110,329 private sector jobs<sup>16</sup>. As applied to the proposed project, the cost for county services would equate to \$78,610.92, offset by tax collected of \$379,420 (up from the existing revenue of \$5,167). It is anticipated that the existing county facilities and services could easily accommodate the proposed development without incurring any additional cost.

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<sup>14</sup> <https://www.orangecountygov.com/DocumentCenter/View/23003/2022-Legislative-Adopted-Budget-PDF>

<sup>15</sup> US Census 2021 Population Estimates

<sup>16</sup> U.S. Census Bureau, OnTheMap Application

## Fiscal Impact Summary

The following chart provides a summary of the project's financial impacts when fully taxed, as set forth previously in this report:

**Table 9: Financial Summary Comparison**

Item	Existing Property	Proposed Development
Employees	0	898
Residents	14 (estimate)	0
Municipal Tax Revenue	\$7,667	\$563,050
Municipal Costs	\$2,764	\$137,008
<b>Municipal Tax Surplus</b>	<b>\$4,904</b>	<b>\$426,043</b>
Municipal School Tax Revenue	\$31,135	\$2,286,350
Municipal School Costs	\$1,348	\$0
<b>Municipal School Profit</b>	<b>\$29,787</b>	<b>\$2,286,350</b>
County Tax Revenue	\$5,167	\$379,420
County Costs	\$0	\$78,611
<b>County Tax Surplus</b>	<b>\$5,167</b>	<b>\$300,809</b>

At full occupancy, the proposed project will yield a surplus in both the municipal/county and school tax revenues. The net municipal tax revenue (Town, Highway, Fire, and PT Town) will be \$426,043 more than the costs associated with the proposed development. The net county tax revenue will be \$300,809 more than the costs associated with the proposed development. The net school tax revenue will be \$2,286,350 with no additional costs incurred as a result of the development. The total tax revenue generated for the town, county, and schools by the proposed development will be \$5,080,415 above the associated costs.

## Exemptions

Industrial Development Agencies (IDA) are empowered by state law to issue tax exempt and taxable bonds for qualifying projects, offer real property tax abatements, exempt sales taxes for construction materials and equipment, and waive mortgage recording taxes. Under the Town of Montgomery IDA’s policy, businesses that receive incentives must hire market-rate local labor for projects. This includes vendors, material suppliers, subcontractors and professional services. In addition, businesses must agree to create a certain number of jobs. The Town of Montgomery IDA requires each project to use at least 85 percent of its construction workforce from the seven counties of the Hudson Valley. The developer is working with the Montgomery IDA on an application for PILOT. In the alternative, the developer could seek an exemption under New York State Tax Law 485-b, but would not be eligible for both PILOT and 485-b. An analysis of each program is provided below for informational purposes.

### PILOT

A PILOT is a mechanism under which IDAs offer eligible businesses phased-in taxes for a specified time period as an incentive to locate in its jurisdiction. It is not a property tax exemption. In return for reduced taxes, IDAs negotiate payments to be made to the county, school district and local municipality. Typically, businesses start by making payments equal to the existing assessed value of the land. Payment on the improvements increase incrementally each year until 100 percent of the assessed value is reached by the end of the PILOT term. This provides a similar structure of reduced tax payments for warehouse and distribution projects, increasing over a 10-year period.

While a PILOT is not being pursued at this time, the Applicant is reserving the potential. The following is a summary if a PILOT is pursued. The existing assessed value of \$844,400 is subtracted from the proposed equalized assessed value of \$62,007,913.87, which results in an increase assessed value of \$61,163,513.87. The property assessment value increase will serve as the basis for calculating a partial tax exemption below. The tax assessed on the preexisting value is not exempted.

#### Tax Revenues during PILOT Period

Tax Type	Year 1 60%	Year 2 60%	Year 3 60%	Year 4 50%	Year 5 45%	Year 6 40%	Year 7 35%	Year 8 30%	Year 9 20%	Year 10 10%
County	\$154,868.17	\$154,868.17	\$154,868.17	\$192,293.51	\$211,006.18	\$229,718.85	\$248,431.53	\$267,144.20	\$304,569.54	\$341,994.88
Town	\$34,816.17	\$34,816.17	\$34,816.17	\$43,229.82	\$47,436.65	\$51,643.47	\$55,850.30	\$60,057.13	\$68,470.78	\$76,884.43
Highway	\$57,448.20	\$57,448.20	\$57,448.20	\$57,448.20	\$71,331.09	\$78,272.54	\$85,213.99	\$92,155.43	\$99,096.88	\$112,979.77
PT Town	\$71,905.16	\$71,905.16	\$71,905.16	\$89,281.71	\$97,969.99	\$106,658.27	\$115,346.54	\$124,034.82	\$141,411.37	\$158,787.93
Fire	\$65,651.10	\$65,651.10	\$65,651.10	\$81,516.31	\$89,448.91	\$97,381.51	\$105,314.11	\$113,246.72	\$129,111.92	\$144,977.12
School	\$933,220.82	\$933,220.82	\$933,220.82	\$1,158,742.37	\$1,271,503.14	\$1,384,263.91	\$1,497,024.69	\$1,609,785.46	\$1,835,307.00	\$2,060,828.55
<b>TOTAL</b>	<b>\$1,317,909.62</b>	<b>\$1,317,909.62</b>	<b>\$1,317,909.62</b>	<b>\$1,622,511.92</b>	<b>\$1,788,695.96</b>	<b>\$1,947,938.56</b>	<b>\$2,107,181.16</b>	<b>\$2,266,423.75</b>	<b>\$2,577,967.50</b>	<b>\$2,896,452.69</b>

## New York State 485-b Exemptions

In the alternative to the PILOT (Payment in Lieu of Taxes), the developer may wish to avail themselves of an exemption under New York State Tax Law 485-b. New York State Tax Law 485-b provides for business investment exemptions for real property constructed, altered, installed or improved for the purpose of commercial, business or industrial activity. These investments shall be exempt from taxation and special ad valorem levies, except for special ad valorem levies for fire district, fire protection district and fire alarm district purposes.

Such real property shall be exempt for a period of one year to the extent of 50 percent of the increase in assessed value thereof attributable to such improvement and for an additional period of nine years provided, however, that the extent of such exemption shall be decreased by 5 percent each year during such additional period of nine years and such exemption shall be computed with respect to the "exemption base." The exemption base shall be the increase in assessed value as determined in the initial year of such ten-year period following the filing of an original application.

The existing assessed value of \$844,400 is subtracted from the proposed equalized assessed value of \$62,007,913.87, which results in an increase assessed value of \$61,163,513.87. The property assessment value increase will serve as the basis for calculating a partial tax exemption below. The tax assessed on the preexisting value is not exempted.

Tax Revenues during Partial Tax Exemption Period										
Tax Type	Year 1 50%	Year 2 45%	Year 3 40%	Year 4 35%	Year 5 30%	Year 6 25%	Year 7 20%	Year 8 15%	Year 9 10%	Year 10 5%
County	\$192,293.51	\$211,006.18	\$229,718.85	\$248,431.53	\$267,144.20	\$285,856.87	\$304,569.54	\$323,282.21	\$341,994.88	\$360,707.55
Town	\$43,229.82	\$47,436.65	\$51,643.47	\$55,850.30	\$60,057.13	\$64,263.95	\$68,470.78	\$72,677.61	\$76,884.43	\$81,091.26
Highway	\$140,745.56	\$71,331.09	\$78,272.54	\$85,213.99	\$92,155.43	\$99,096.88	\$106,038.33	\$112,979.77	\$119,921.22	\$126,862.67
PT Town	\$89,281.71	\$97,969.99	\$106,658.27	\$115,346.54	\$124,034.82	\$132,723.10	\$141,411.37	\$150,099.65	\$158,787.93	\$167,476.21
Fire	\$81,516.31	\$89,448.91	\$97,381.51	\$105,314.11	\$113,246.72	\$121,179.32	\$129,111.92	\$137,044.52	\$144,977.12	\$152,909.73
School	\$902,086.18	\$1,271,503.14	\$1,384,263.91	\$1,497,024.69	\$1,609,785.46	\$1,722,546.23	\$1,835,307.00	\$1,948,067.78	\$2,060,828.55	\$2,173,589.32
<b>TOTAL</b>	<b>\$1,449,153.10</b>	<b>\$1,788,695.96</b>	<b>\$1,947,938.56</b>	<b>\$2,107,181.16</b>	<b>\$2,266,423.75</b>	<b>\$2,425,666.35</b>	<b>\$2,584,908.95</b>	<b>\$2,744,151.54</b>	<b>\$2,903,394.14</b>	<b>\$3,062,636.74</b>

## Sales Tax Exemptions

Purchases made by the IDA, or its agents, are exempt from the 8.125% State and County Sales and Use Tax. If approved by the IDA, a company is designated as an agent of the IDA and is issued a Sales Tax Exemption (STE) package. This allows the Company to acquire materials, equipment and some services needed to construct or equip the project without having to pay sales tax. The STE package is limited in its duration and expires at the completion of the project. The package applies solely to the approved project and provides a description of the project to the vendors and specifies that the Company is acting as an agent of the IDA.

While cost of construction can vary dramatically based on construction type and finishes, this analysis assumes a cost of \$60 per square foot based on national averages, bringing the estimated

total to \$67,696,200. The project may apply for sales tax exemption through the Town of Montgomery IDA, which would be exempt from paying an estimated \$5,500,316 in sales taxes.

## Conclusion

The proposed warehouse will provide a number of significant benefits to the local economy. These benefits can be categorized as “one-time impacts” or “ongoing impacts.” One-time impacts usually occur during the construction phase and include the jobs, wages and services associated with the actual construction of the development. One-time revenues to the Town include building permit, utility connection and other fees. The ongoing benefits are the economic benefits to local providers of various goods and services and their employees. This project as proposed will have a positive ongoing impact on the current tax base for the Town of Montgomery by generating a surplus in total tax revenues. Additionally, there will be no substantial impact on population, schools, community facilities or municipal services.