



# FINANCIAL INCENTIVES & ECONOMIC DEVELOPMENT PROGRAM GUIDE

---

*Town of Montgomery  
Industrial Development Agency*

Hudson Valley • Orange County • New York

110 Bracken Road • Montgomery, NY 12549  
(845) 457-2661 • [executivedirector@montgomeryida.com](mailto:executivedirector@montgomeryida.com)  
[montgomeryida.com](http://montgomeryida.com)

## Welcome to the Town of Montgomery IDA

Nestled in the rolling hills of Orange County in the Hudson Valley, the Town of Montgomery is the ideal location to locate, start, or grow your business. Just 70 miles from New York City, the Town of Montgomery offers a unique mix of quality of life and business opportunity for your company and employees.

The Town of Montgomery Industrial Development Agency (IDA) is a public benefit corporation of the State of New York. Established by Certificate filed with the Secretary of State on November 3, 1971, we provide financial incentives that aid in the attraction, retention, and expansion of businesses and job opportunities throughout our community.

### Our Mission

*The Town of Montgomery IDA advances the economic prosperity and quality of life of the Town of Montgomery and its residents by attracting and acting in support of economic development projects, placemaking, workforce development initiatives, energy sustainability, and private investment in infrastructure through utilizing the statutory powers of the agency set forth under the provisions of the laws of New York State.*

*Our tax incentive programs aid in the attraction, retention, and expansion of businesses and job opportunities while strategically positioning the Town of Montgomery as the premier Hudson Valley destination to work, live, and visit.*

### Why an IDA? Economic Development in New York State

New York State is widely recognized for having one of the highest combined tax burdens and most extensive regulatory environments in the nation. Property taxes in the Hudson Valley region are among the highest in the country, and the cumulative cost of state-level corporate taxes, sales taxes, mortgage recording taxes, and special assessments can deter business investment and expansion.

To remain competitive and attract job-creating private capital, the New York State Legislature, under Article 18-A of the General Municipal Law, authorized the creation of Industrial Development Agencies as public benefit corporations. IDAs are statutorily empowered to grant targeted, project-based financial assistance that offsets a portion of these costs for qualifying projects.

By participating in an IDA-sponsored project, qualified businesses can substantially reduce the cost of construction, expansion, and capital investment — making projects financially viable that might otherwise be located in lower-cost states. In return, the community benefits from new private investment, job creation, expanded tax base, and revitalized properties.

## Why the Town of Montgomery

The Town of Montgomery is home to numerous companies in sectors including advanced manufacturing, film production, professional services, distribution, medical devices, craft beverage, and a growing agritourism sector. Strategic location, infrastructure, and a pro-business environment make our community an exceptional choice for business investment.

- 70 miles from New York City
- Home to Orange County Airport
- Unrivaled access to interstate highways I-84, I-86, and Route 747
- Less than a 30-minute drive to Metro-North Beacon Station
- Approximately 27 million people within a 100-mile radius
- Located in the Mid-Hudson Region, home to 30+ colleges and universities
- Existing major employers include Amazon, Medline, Cardinal Health, FedEx, UPS, The Home Depot, and UNFI

## Financial Incentives at a Glance

The Town of Montgomery IDA is authorized under Article 18-A of the General Municipal Law to offer four primary forms of financial assistance to qualified projects. Each is summarized below; detailed terms are governed by the IDA's Uniform Tax Exemption Policy (UTEP), adopted March 11, 2025.

<b>PILOT</b>	Real property tax abatement through a Payment in Lieu of Taxes Agreement, with graduated savings over 10 to 15 years
<b>Sales &amp; Use Tax</b>	Exemption from the 8.125% New York State and Orange County sales and use tax on materials, equipment, and services for the project
<b>Mortgage Tax</b>	Reduction of New York State Mortgage Recording Tax from 1.05% to 0.3% on qualifying project financings
<b>Bond Financing</b>	Tax-exempt industrial revenue bonds and civic facility bonds offering conduit financing for qualified projects

### 1. Real Property Tax Abatement (PILOT)

The Agency offers a proactive Uniform Tax Exemption Policy (UTEP) that goes well beyond the standard New York State 485-b real property tax exemption. For a qualified and approved project, the IDA may take title to or a leasehold interest in the property, rendering it technically exempt from real property taxation under Section 412-a of the Real Property Tax Law.

In place of normal property taxes, the company enters into a Payment in Lieu of Taxes (PILOT) Agreement with the IDA. Under the PILOT, the company continues to pay the existing taxes on the underlying land plus a graduated percentage of taxes on the new improvements over the term of the PILOT — paid to the County, the Town or Village, and the local School District. PILOT schedules vary by project type and are detailed in the schedules section beginning on the next page. Special district taxes and special ad valorem levies are not eligible for abatement and continue to be paid in full by the applicant.

## 2. Sales and Use Tax Exemption

Purchases made by the IDA, or by an applicant designated as the IDA's agent, are exempt from the 8.125% combined New York State and Orange County sales and use tax. Once the IDA approves a project, the applicant is appointed Agency agent and issued a Sales Tax Exemption (ST-60 and ST-123) authorization that allows the company and its appointed contractors to acquire materials, equipment, and services for construction or equipping of the project without paying sales tax.

The exemption is limited in duration — generally from the date of project approval through the date of substantial completion (or six months after the estimated completion date for construction projects, three months for non-construction projects). Items eligible include improvements incorporated into real property, furniture and equipment used to initially equip the project, rental of construction tools, and consumables used in the construction process.

## 3. Mortgage Recording Tax Exemption

New York State imposes a Mortgage Recording Tax of 1.05% on the principal amount of mortgages. For an approved IDA project, the Agency may exempt the project from the State and Local portions of this tax, reducing the effective rate to as low as 0.3%. The exemption applies to the initial financing on a project, to construction-to-permanent loan replacements, and to subsequent refinancings, modifications, extensions, and renewals of prior IDA debt — provided the applicable Agency fees are paid.

## 4. Tax-Exempt Bond Financing

Through the issuance of tax-exempt industrial revenue bonds and civic facility bonds, the IDA may provide conduit financing for qualifying manufacturing and not-for-profit projects. These bonds are sold into the public market or placed privately with a lender, and the interest paid to bondholders is generally exempt from federal (and in many cases state) income tax — reducing the effective borrowing cost for the project. Bond proceeds may be used for the purchase of land, the acquisition of new machinery and equipment, the construction of new facilities, or the renovation of existing facilities.

## Project Approval Process

---

Before the Agency adopts a resolution approving financial assistance, the UTEP requires that the following steps be completed. This process ensures every approved project advances the IDA's economic development mission and provides genuine public benefit to the Town of Montgomery, Orange County, and the affected school districts.

### Step 1 — Application & Environmental Assessment

The applicant submits a completed Application for Financial Assistance and Environmental Assessment Form on the IDA's prescribed forms, accompanied by the application fee and initial escrow deposit. The application must describe the proposed project, identify the applicant, specify each tax exemption sought, estimate the value of each exemption, and indicate whether the request is consistent with the UTEP.

### Step 2 — Assessment by Agency Members

Agency members review all material information submitted with the application to provide a reasonable basis for the decision to provide (or decline) financial assistance.

### Step 3 — Cost-Benefit Analysis

Agency staff prepares a written cost-benefit analysis that identifies:

- The extent to which the project will create or retain permanent private-sector jobs
- The estimated value of all tax exemptions and other support requested
- The amount of private-sector investment the project will generate
- The likelihood of timely project completion
- The extent of new revenue provided to local taxing jurisdictions
- Other public benefits associated with the project

### Step 4 — Compliance Confirmation

The applicant must provide a written statement that, as of the date of the application, the proposed project is in substantial compliance with all provisions of General Municipal Law Article 18-A, including Sections 859-a and 862(1).

### Step 5 — Public Hearing & Notification

For projects requiring a public hearing under Section 859-a, the IDA publishes notice and holds a public hearing prior to final approval. If a project involves the removal or abandonment of an existing New York State facility, the IDA notifies the chief executive officer of the affected municipalities within 10 days of the Public Hearing Resolution.

### Step 6 — Final Resolution & Closing

After completing assessment and any required hearings, the Agency considers a Final Resolution approving the project, after which the parties execute the project documents (lease, PILOT agreement, sub-lease, and related closing documents). The administrative fee is due at closing.

## Annual Reporting & Compliance

Approved projects are subject to ongoing review. The IDA conducts an annual assessment of each active project — based on annual project information submitted by the applicant — to evaluate progress against investment, job creation, job retention, and other goals. Assessments are completed by March 31 each year to coincide with the IDA's annual reporting requirements under the Public Authorities Law.

If a project fails to meet its commitments — including a Job Deficit (less than 85% of required job creation/retention), an Investment Deficit (less than 85% of required investment at completion), a Reporting Failure, a Local Sales Tax Benefit Violation, or a Material Violation of project documents — the IDA may suspend, discontinue, recapture, or terminate all or a portion of the financial assistance. The recapture period is the longer of the term of the lease agreement or five years following the project's completion date.

## PILOT Schedules by Project Category

The Uniform Tax Exemption Policy establishes seven distinct PILOT schedules, each tailored to a different category of project. The Agency reserves the right to deviate from these schedules in special circumstances, subject to the procedures set forth in Sections 3(C) and 9 of the UTEP and prior written notice to all Affected Tax Jurisdictions.

### 1. Fifteen-Year Strategic Schedule

Projects considered strategic priorities. Eligible projects include, but are not limited to: general manufacturing, industrial, life sciences, research and development, banking and financial services, defense and aerospace, data processing, food and beverage processing, agribusiness, telecommunications, medical and diagnostic labs, and biotechnology.

Tax Year	Percent of Exemption
1	95%
2	95%
3	95%
4	85%
5	80%
6	75%
7	65%
8	60%
9	55%
10	50%
11	40%
12	30%
13	20%
14	10%
15	5%
Year 16+	0%

## 2. Technology and Advanced Manufacturing Schedule

The most generous schedule offered by the Agency, providing 100% exemption for the first five years. Eligible projects include science and technology projects (artificial intelligence, augmented and virtual reality, 3D printing, software, nanotechnology, cybersecurity, semiconductors, information technology, robotics, cloud services, IT software/hardware/connectivity, data storage, big data analytics) and advanced manufacturing projects that use innovative technologies — including production activities that depend on information, automation, computation, software, sensing, and networking.

Tax Year	Percent of Exemption
1	100%
2	100%
3	100%
4	100%
5	100%
6	90%
7	80%
8	70%
9	60%
10	50%
11	40%
12	30%
13	20%
14	10%
15	5%
Year 16+	0%

### 3. Ten-Year Schedule

Eligible projects include media and communications, healthcare, insurance, recreation, professional office, workforce housing, affordable housing, senior housing, healthcare and assisted living, hotels and lodging, qualifying retail, mixed-use development, and tourism facilities.

Tax Year	Percent of Exemption
1	100%
2	90%
3	80%
4	70%
5	60%
6	50%
7	40%
8	30%
9	20%
10	10%
Year 11+	0%

#### 4. Adaptive Reuse of Facilities

A separate strategic-priority category for adaptive reuse projects, which may include buildings that are historic, abandoned, underutilized, or in need of significant environmental remediation. The Agency considers the age of the building, barriers to development, history in the community, length of time the building has been vacant or underutilized, support of the host taxing jurisdiction, and whether reuse will involve environmental remediation costs.

Tax Year	Percent of Exemption
1	100%
2	95%
3	90%
4	80%
5	75%
6	70%
7	60%
8	55%
9	50%
10	45%
11	40%
12	35%
13	30%
14	20%
15	10%
Year 16+	0%

### 5. Qualified Commercial — New Construction

For commercial projects involving new construction, where the project does not otherwise fall within one of the other categories.

Tax Year	Percent of Exemption
1	100%
2	80%
3	70%
4	60%
5	50%
6	40%
7	30%
8	20%
9	10%
10	10%
Year 11+	0%

### 6. Warehousing and Distribution

For warehousing and distribution projects, providing a ten-year graduated schedule.

Tax Year	Percent of Exemption
1	100%
2	90%
3	80%
4	70%
5	60%
6	50%
7	40%
8	30%
9	20%
10	10%
Year 11+	0%

## 7. Solar and Energy Projects

Solar, eligible wind, energy storage, and other energy projects are eligible for a fifteen-year PILOT commensurate with New York State Real Property Tax Law Section 487. PILOT payments are fixed and determined by the Agency in its sole discretion, taking into consideration the total amount of power generated, stored, or transmitted by the project and the assessed value of the project.

### Key Definitions from the UTEP

<b>Adaptive Reuse</b>	The renovation and reuse of pre-existing structures for new purposes.
<b>New Construction</b>	Entirely new structures or significant extensions to existing structures, regardless of whether the site was previously occupied.
<b>Workforce Housing</b>	Housing that is affordable to households earning 60 to 120 percent of the area median income.
<b>PILOT</b>	Payment in Lieu of Tax — a payment made to the IDA or an Affected Tax Jurisdiction equal to all or a portion of the real property taxes that would otherwise have been levied but for the IDA's involvement.

## Local Labor Policy — 85% Local Hire Requirement

### 85% LOCAL LABOR

All projects receiving Agency Benefits must hire at least 85% of construction workers from the local labor market.

The Town of Montgomery IDA's Local Labor Policy reflects the Agency's commitment that the construction phase of every IDA-assisted project generates real, direct economic benefit for the Hudson Valley community — not just for the eventual occupant of the building.

#### The Requirement

Each applicant receiving Agency financial assistance must ensure that its contractors and developers engage or hire at least 85 percent of their construction workers from the local labor market. The 85% requirement is borne by each primary contractor — including all subcontractors — and must be met in total at the time of project completion.

#### Local Labor Market — Defined

For purposes of this policy, the "local labor market" is defined as construction workers residing in the following seven Hudson Valley counties:

- Orange County
- Ulster County
- Sullivan County
- Dutchess County
- Putnam County
- Rockland County
- Westchester County

The Agency strongly encourages applicants to prioritize labor from the Town of Montgomery and Orange County to the maximum extent possible.

#### Monitoring and Compliance

Compliance is monitored by an independent third-party auditing firm engaged by the IDA. Monitoring begins on the date the Agency grants benefits and continues throughout construction. The auditor may visit project sites with or without prior notice. Contractors and developers are required to maintain daily logsheets of all field workers beginning on the date of application.

Contractors must provide certified monthly payrolls including names, days and hours worked, rate of pay, and worker classification — and must annually certify compliance with state laws on environmental quality, worker safety, and wages and hours. The cost of the third-party monitoring is the obligation of the applicant and is paid into a non-interest-bearing escrow at closing.

## **Exemption Process**

The Agency recognizes that 100% local hiring is not always possible. An applicant may request an exemption on a particular contract or trade scope on grounds including: specialized construction requiring skills, certifications, or training not available in the local market; significant cost differentials in bid prices; warranty requirements; and the need for key supervisory or core personnel with specialized skills. Exemption requests are made in advance of work, reviewed by the third-party monitor, and decided by the Agency's Audit Committee.

## **Goal: Local Veterans and Apprentices**

In addition to the 85% requirement, the Agency promotes the use of local veterans and apprentices on projects receiving Agency benefits, and encourages applicants to source vendors, material suppliers, subcontractors, and professional services from the Town of Montgomery and surrounding counties.

## Fee Schedule

*Effective Date: March 12, 2025 • Adopted: March 11, 2025*

The following fees apply to all new applications received by the Town of Montgomery IDA on or after March 12, 2025. All checks should be made payable to the Town of Montgomery Industrial Development Agency.

### Application Fee & Initial Escrow

Fee Type	Amount
Non-refundable application fee	\$1,000
Initial escrow (standard application)	\$5,000
Initial escrow (bond application)	\$10,000

*If escrow falls below 50% of the initial deposit, the applicant must replenish to the full amount. Unused escrow is returned to the applicant at project completion. The applicant is responsible for all attorney, consultant, publication, SEQRA, public hearing, and stenographer costs whether or not the project is approved or closes.*

### Agency Closing Fee — PILOT Projects

Sector	Fee
Warehousing / Distribution	1.00% of Total Project Costs
Manufacturing — first \$2,000,000	1.00% of Total Project Costs
Manufacturing — amounts above \$2,000,000	0.50% of Total Project Costs
All Other Sectors	0.75% of Total Project Costs

### Closing Fee — Sales/Use or Mortgage Tax Only (No PILOT)

For projects receiving only sales and use tax exemptions and/or mortgage recording tax exemptions (no PILOT Agreement), the closing fee is 10% of the total abatement value (calculated on combined sales tax and mortgage tax savings).

## Bond Closing Fees

Bond Amount	Closing Fee
\$5,000,000 or less	1.0% of bond amount
Greater than \$5,000,000	1.0% on first \$5M + 0.5% above \$5M

## Annual Bond Compliance Fees

Bond Amount	Annual Fee
Less than \$3,000,000	\$750
\$3,000,000 – \$10,000,000	\$1,000
Greater than \$10,000,000	\$1,250

*Annual compliance fee is payable each July 1 throughout the term of the bonds. Final bond counsel fees are payable by the borrower at closing as part of the cost of issuance.*

## Mortgage Recording Tax — Refinancing Fee

If a company with an active Agency project seeks to refinance and formally requests mortgage recording tax relief from the Agency, the administrative fee is 0.25% of the refinanced amount.

## Local Labor Monitoring Fee

The Agency uses a third-party firm to monitor and audit compliance with the Local Labor Policy. The cost is paid by the applicant at closing in advance for future audits and is held in a non-interest-bearing escrow account by the Agency. Monitoring begins on the date the Agency grants benefits and continues throughout construction. Any unused funds are returned to the applicant upon construction completion.

## Get Started

If you are evaluating the Town of Montgomery for a new facility, an expansion, or an adaptive-reuse project, we would welcome the opportunity to discuss whether your project may be eligible for IDA financial assistance. Initial conversations are confidential and carry no obligation.

### How to Apply

- **Step 1:** Contact the Executive Director to discuss your project and the appropriate application path.
- **Step 2:** Download the Application for Financial Assistance and FAQs from [montgomeryida.com/resources](http://montgomeryida.com/resources).
- **Step 3:** Submit two signed and notarized hard copies along with the \$1,000 application fee and \$5,000 (\$10,000 for bond projects) escrow deposit.
- **Step 4:** The IDA will review your application, prepare a cost-benefit analysis, schedule a public hearing if required, and bring the matter to the Board of Directors.

### Contact

#### Vincent Rouhotas

*Executive Director & Chief Executive Officer*

**Address:** 110 Bracken Road, Montgomery, NY 12549

**Phone:** (845) 457-2661

**Email:** [executivedirector@montgomeryida.com](mailto:executivedirector@montgomeryida.com)

**Web:** [montgomeryida.com](http://montgomeryida.com)

### Helpful Documents Available at [montgomeryida.com/resources](http://montgomeryida.com/resources)

- Application for Financial Assistance
- Application Frequently Asked Questions
- IDA Fee Schedule
- Uniform Tax Exemption Policy
- Local Labor Policy
- Mission Statement & Performance Measurements

*This brochure provides a summary overview of incentive programs administered by the Town of Montgomery Industrial Development Agency. Specific eligibility, terms, and conditions are governed by the Uniform Tax Exemption Policy, the Local Labor Policy, the Fee Schedule, applicable Project documents, and Article 18-A of the New York State General Municipal Law. The Agency reserves the right to modify these policies and to deviate from them in accordance with the procedures specified therein.*