



Franklin County Industrial Development Agency

Tupper Lake Crossroads, LLC Application for Assistance FAQ's

Tupper Lake Crossroads, LLC has proposed to construct a 44-room boutique hotel on approximately 1.2 acres of land on the corner of Mill Street and Park Street in the Village of Tupper Lake. The company submitted an application for financial assistance from the Franklin County Industrial Development Agency in the form of a mortgage recording tax exemption, sales tax exemption, property tax exemption and payment in lieu of taxes (PILOT).

The Agency is considering the following proposal:

- Mortgage recording tax exemption
- Sales tax exemption
- 20-year exemption of property tax.
- PILOT schedule that requires the owner to pay the equivalent of the current taxes on the property (the base value) in Year 1 after project completion. Beginning in Year 2, the owner would pay the base value plus 5% of the assessed value of the improvement (the added value). The percentage of the added value paid would increase 5% per year until Year 20, after which the agreement would expire and the owner will resume paying full property taxes on the property.

A cost-benefit analysis that more fully describes this proposal may be found at www.franklinida.org.

A public hearing was held on January 4th, 2021 and public comment is welcome until **February 3rd, 2021**. Comments may be emailed to Jeremy Evans, CEO at jeremy@adirondackfrontier.com.

The following questions are summarized from questions submitted by community members. The questions and answers will be updated periodically.

How much tax revenue does the property currently generate compared to what will be received?

There are currently 7 parcels that have a total assessed value of \$338,900 and which generate a total of approximately \$12,770 in taxes annually. The proposed agreement would ensure that this amount (the base value) would still be collected. An additional amount (the added value) would also be collected each year after the first year of the agreement.

Near the end of the term can the owner request and can the IDA approve an extension of the PILOT agreement?

Yes. An owner could request an extension of the PILOT agreement by submitting a new application. However, it is the IDA's policy to grant financial incentives for projects that provide significant additional economic benefits to the community. The owner would have to make the case that there are sufficient additional benefits to be realized above and beyond the benefits the project is already providing.

Will the Crossroads Hotel have to collect and file sales tax and occupancy tax?

Yes. If the project is granted a sales tax exemption it only applies to purchases of materials, fixtures and equipment purchased to construct the hotel. It does not apply to any sales tax the owner is required to pay to purchase supplies and materials for the operation of the hotel and it does not apply to sales and occupancy tax that the business is required to collect during the operation of the hotel.

How did the IDA determine the length of the proposed PILOT agreement?

The proposal was developed and negotiated between the owner and the IDA staff. The length of the proposed agreement is the maximum length allowed by IDA policy without it being considered a deviation.

What happens if the project closes or there is a significant change of use for the building?

If the hotel closes or there is a significant change in use the project could be subject to a recapture of benefits from the IDA in accordance with IDA policy.

Will you provide more information about the proposed agreement with community members?

As a result of multiple requests the IDA produced this document.

Has the IDA considered helping Tupper Lake implement a plan to make the community a year-round destination?

The IDA and its Local Development Corporation (FCLDC) are working with the Village of Tupper Lake on several initiatives to implement community economic development priorities. This includes the administration of two grant funding programs to assist property and business owners with facade and commercial space renovations and 3 tourism grant programs available to any tourism-related business in Tupper Lake. The organization also recently administered a county microenterprise grant program that assisted several Tupper lake businesses.

If the project is sold is the agreement and its exemptions transferred to the new owner?

Yes. The IDA must be notified of the potential sale and will amend the agreement and documents as necessary but the benefits will transfer with the property to the new owner.

If the agreement is approved will other taxpayers have to make up the difference for property taxes that are lost?

No. There will be no loss in property taxes collected. The same amount collected in property taxes today from the property, the base value, will still be collected and will not be reduced. An additional amount, the added value, will be collected each year.

Did the project owners receive a grant from New York State?

Yes. The project was awarded a \$2 million grant from Empire State Development to assist with construction of the hotel project.

How does the IDA have the authority to PILOT agreement?

Industrial development agencies are authorized to grant certain tax exemptions under the NYS Industrial Development Act found in Title 1 of Article 18-A of New York General Municipal Law. The law can be referenced at <https://www.nysenate.gov/legislation/laws/GMU/A18-A>. The Franklin County IDA is also guided by its own Uniform Tax Exemption Policy which is available at www.franklinida.org.

Last Updated: January 20, 2021