

**ECONOMIC DEVELOPMENT**

**and**

**ENERGY COMMITTEE**

**of the**

**SUFFOLK COUNTY LEGISLATURE**

**Minutes**

A regular meeting of the Economic Development and Energy Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislature Building, 725 Veterans Memorial Highway, Smithtown, New York, on Wednesday, July 24, 2013.

**MEMBERS PRESENT:**

Legislator Wayne Horsley - Chairman/Deputy Presiding Officer  
Legislator Lou D'Amaro - Vice-Chair  
Legislator Thomas Cilmi  
Legislator Kara Hahn  
Legislator Stern  
Legislator Lynne Nowick

**ALSO IN ATTENDANCE:**

Renee Ortiz - Assistant Deputy Clerk  
George Nolan - Counsel to the Legislature  
Sarah Simpson - Assistant Counsel to the Legislature  
Michael Pitcher - Aide to P.O. Lindsay  
Claire Mangelli - Aide to Chairman Horsley  
Justin Littell - Aide to Legislator D'Amaro  
Debbie Harris - Aide to Legislator Stern  
Greg Moran - Aide to Legislator Nowick  
Robert Lipp - Director, Budget Review Office  
Sharen Wagner - Budget Review Office  
Carolyn Fahey - Intergovernmental Relations Coordinator  
Rick Brand – Newsday  
Rona Smith – Southold Economic Development Committee  
Allyson Murray – Town of Smithtown  
Bill Mannix – Town of Islip Economic Development  
Anthony Tanzi – Industrial and Commercial Incentive Board  
Phillip Beltz – Town of Southold Special Project Coordinator  
All other interested parties

**MINUTES TAKEN AND TRANSCRIBED BY:**

Gabrielle Severs - Court Stenographer

*(\*The meeting was called to order at 1:04 p.m.\*)*

**CHAIRMAN HORSLEY:**

All righty. Good afternoon, everybody, and welcome to the Economic Development and Energy Committee meeting of July 24, 2013, and would we please all stand for the Pledge of Allegiance.

*(\*Salutation\*)*

May we all stand for the a moment of silence for those men and women who protect our freedoms both home and abroad.

*(\*Moment of silence observed\*)*

All righty. Again, welcome. We have several cards today. We have several, three. All right. The first speaker in the public portion is Allyson Murray of the Town of Smithtown. Allyson, welcome.

**MS. MURRAY:**

Thank you very much. I'm here today on behalf of the Town of Smithtown to just voice our support for the Suffolk County Industrial and Commercial Incentives Plan that's being presented to the committee today. The Town has a healthy industrial portion, and we are very hopeful that this plan will provide a nice tool to keep industry in the town and to encourage industry to locate in the town and to expand within the Town of Smithtown, so we just wanted to voice our support. Thank you.

**CHAIRMAN HORSLEY:**

Thank you very much, Allyson, and thank you very much for coming down today.

The second speaker is Anthony Tanzi.

**MR. TANZI:**

Good afternoon. Thank you very much for this moment to address the board. I also am from the Town of Smithtown. I had the pleasure of serving on the board, the Industrial and Commercial Incentive Board, and helping to, I guess, draft the plan that's before you. I would also like to mimic Mrs. Murray's thoughts and sentiments that I think it's also vitally important in Smithtown for a plan such as this to be adopted. More so as a prior recipient, I have a couple of commercial properties, and back in the '90s, we had developed a commercial piece of property and taken advantage of the 485-B that existed at that time, and were it not for that, we would have not developed that piece of property because the money was not there. And that was one of those things that helped us and our prospective tenants to take a risk and say, All right, let's try and do this; and I'd like to point out that it is a very successful shopping center. It's probably the most successful small shopping center in the Town of Smithtown, and I'd like to thank you and urge your support thank you.

**CHAIRMAN HORSLEY:**

Anthony, just quickly, if I may. The board that existed back in the early 90s, I remember it and recall it, is this any different than that original board, at least the bill itself to create this new board?

**MR. TANZI:**

I believe the bill is slightly different, but the --

**CHAIRMAN HORSLEY:**

Okay. We'll ask Carolyn to detail that, but it is different, then.

**MR. TANZI:**

Yeah, I think she'd know more about it, yes.

**CHAIRMAN HORSLEY:**

Okay. Thanks. All right. Bill Mannix.

**MR. MANNIX:**

Legislator Horsley, good afternoon, Mr. Chairman. Bill Mannix, director of economic development for the Town of Islip. I'm here to speak on the same subject. As you pointed out, Mr. Chairman, the Commercial and Industrial Incentive Board has been in existence. I believe the original adoption took place in the late 1990s, and we look at this plan in the Town of Islip as being simply an updating of that existing real property tax incentive. We also view it as a niche tax incentive mostly geared for smaller business, and in our case, in our particular plan, we view it as mostly applicable to downtown development and downtown redevelopment. Essentially, it's a targeted commercial tax exemption and targeted by means of geography and/or industry type. And again, we look at this as merely an update of the original plan. There are a number of things that have happened since the original adoption of this program, mostly in the technical areas of being able to identify properties much more specifically because of GIS capabilities. So wherein the old plan, we had descriptions of properties that said "From Garfield Avenue on Montauk Highway to Hiddink Street in Sayville," now we have specific properties identified by lot numbers and a GIS mapping system in our plan. It makes it much easier to determine which properties are eligible and which properties aren't.

And in addition to that, what has changed in the intervening years is the classification system that the -- that we now use in North America for defining business types. It allows us to drill down even further and further into subcategories, so if you compare this plan to an old plan, you'll see there's a lot more specificity with respect to the types of businesses you want to locate and where, which allows us to target even tighter what was in the previous plan.

Last point I would like to make is that from a substantive standpoint, a lot has happened since the late 1990s and now with respect to how towns, villages look at downtown development and redevelopment, and we believe what we've been able to do here is identify a much more targeted kind of business type that we would want to incentivize in our downtown corridors.

And I should have added -- I'm sorry, it was one more point is to get an understanding of the scope of the use. I want you to know that this is not something that is used by hundreds of applicants over the years. In fact, the last time we looked in 2012, over the course of the entire lifespan of the original program, somewhere around 12, 13 years, we had 33 successful applicants. Thank you.

**CHAIRMAN HORSLEY:**

Thank you, Bill. I didn't -- we had 33 successful applicants. I --

**MR. MANNIX:**

I'm sorry, just in -- that's in Islip Town. That's in Islip Town.

**CHAIRMAN HORSLEY:**

Sure. Piece of history, I think we were both on that board going back into the 1990s and that was --

**MR. MANNIX:**

I didn't want to bring it up --

**CHAIRMAN HORSLEY:**

Kind of scary, huh? Just spring chickens.

**MR. MANNIX:**

Best of luck in your new endeavor.

**CHAIRMAN HORSLEY:**

Why, thank you very much. Sometimes you just kind of keep on rolling.

Legislator Cilmi.

**LEG. CILMI:**

Bill, thanks for being here. I have to say, I came to the meeting today with significant concerns about this legislation, but I have tremendous respect for you and your experience and the work that you've done in the Town of Islip, so I appreciate the fact that you're here to speak on behalf of this legislation.

I'm not sure I understand fully what this does, so I know Carolyn is here, prepare to kind of go through the whole thing with me. But the source of my concern with this and with other mechanisms for targeted tax breaks is that it seems to me that more and more government is finding ways to pick winners and losers, and that's problematic for me from a philosophical point of view. And at the same time, the more tax breaks we offer to folks, we don't -- government doesn't, sort of, flex and mold or maybe we do as a result of those tax breaks.

What do I mean by that? You know, if we have an IDA, for example, that's giving tax breaks -- you know, a couple million dollars' worth of tax breaks a year, let's say, are we reducing our expenses in the County by that couple million dollars; or does everybody else have to pick up the difference? So the combination of that and picking the winners and the losers are where the source of my concern comes from, and I was wondering if you could just speak to those concerns.

**MR. MANNIX:**

The easier one, I think, is the second of the questions that you've asked or the concerns that you've mentioned. It's important to note that in this particular program and with most, not all but most, incentive programs including IDA incentive programs, you are providing tax abatements on improvements to real property. So that --

**LEG. CILMI:**

Is this exclusive in that respect? Because I know the IDA, to some extent now, is going to a little further than that.

**MR. MANNIX:**

This particular program is solely on improvement. If you're looking at the real property tax abatement, it's on any improvements made to real property, so you're looking at additional assessment and, therefore, taxation as being incentivized as opposed to existing. Now, to be openly, you know, honest with you, there could be a situation in a downtown setting where -- where demolition occurs and then rebuilding occurs, and depending upon timing, someone could take advantage of the demolition, the reduction of that assessment down to its raw land value, and then the improvement -- the abatement on the improvement starting from that raw land value, and that's -- I don't think there's anything in the law that would prevent that from occurring if the timing was correct.

But you are looking at a tax incentive that's based solely on improvements to real property. The first argument or the first concern that you've raised is clearly a philosophical concern that all economic development people have to wrestle with at all times. Are you picking winners and losers? To a certain extent, the answer is yes; but you also, I believe, need to look at what is the overall plan in place, what are you trying to incentivize, and what is the public benefit that will come from that. Clearly, we have looked at -- the focus of our effort with respect to this plan has been in the downtown corridors, the well-defined downtown corridors.

**LEG. CILMI:**

When you say -- sorry to interrupt, but when you say "our effort," I get the sense that you mean Islip specifically.

**MR. MANNIX:**

I am specifically talking about Islip's efforts.

**LEG. CILMI:**

Does this give latitude to the towns to employ it in whatever way they sort of see fit within certain parameters, or is it really open-ended, or is it limited to some extent?

**MR. MANNIX:**

This is intended to be a targeted tax abatement, and the targets are designed, in this particular case, the work product, has been all of the participating municipalities. So when I am speaking in the "we," I am referring to Islips. However, each of the participating municipalities has defined a plan that meets their particular community. So the houses are going to look differently than Islip's and --

**LEG. CILMI:**

And each would be different, then.

**MR. MANNIX:**

-- Huntington's and Southampton's and Riverhead's, et cetera. We have approached this primarily from the standpoint of the downtown corridors. There is a section in here which says we will incentivize the typical manufacturing warehouse distribution office facilities not in this downtown corridors; but quite frankly, most of those clients are going to be IDA referrals. I don't believe out of those 33 examples that I mentioned before that we have any that fall into the industrial category. I believe that they all were in the downtown corridors. And so, again, we view this as trying to essentially say in those downtown corridors, there are certain kinds of businesses, mostly businesses, that are going to draw people from outside the surrounding -- the normal surrounding market area into the downtown. So we would, for instance, incentivize an automobile dealership locating on Main Street in Bay Shore, but we would not incentivize 7-11 locating on that same piece of property.

**LEG. CILMI:**

And you said in your remarks that you view this as a modification or continuation of something that was already in place and being utilized, I suppose, all along. To what extent does this modify what was existing?

**LEG. CILMI:**

Primarily with us, our changes to this plan were more technical than they were policy. They had more to do with a proper means of identifying specific parcels and mapping those parcels and changing the codes which we use to define the uses that we would like to see move into those parcels. So the two things that changed, I mentioned before, basically GIS capabilities and the

North American classification system coming in to replace the old standard industrial classification, which allowed us to drill down to sub-, sub-, subcategories of business types. The one substantive item here, I think, this allowed us to take a look at some broad kind of business types that were in the previous plan and shed some of those in favor of more narrowly-defined businesses.

**LEG. CILMI:**

Okay. You know, I do have some more questions, but I think it's probably best to have Carolyn come up and then I can ask her some questions as well. Thanks, Bill.

**CHAIRMAN HORSLEY:**

Thank you very much, Bill. Bill, just quickly, the old industrial board was for manufacturing, wasn't it, to my recollection; am I wrong on that?

**MR. MANNIX:**

No.

**CHAIRMAN HORSLEY:**

It wasn't. It was the properties itself.

**MR. MANNIX:**

You're referring to -- the existing Commercial Industrial Incentive Board is essentially how you want to define it. So your plan may include, as ours does, it includes -- we make reference to manufacturing as being incentivized under this plan in any of the industrial areas of the town. But I think to make a distinction here, most of the projects that you have in mind that might benefit from this --

**CHAIRMAN HORSLEY:**

Is to draw people into the community.

**MR. MANNIX:**

Really, the IDA -- where IDAs exist throughout the County, the IDA is a better tool to be used. If a manufacturer were to take advantage of this particular plan, it would more than likely be a very small manufacturer where the size of the development plan didn't warrant the expenditures of --

**CHAIRMAN HORSLEY:**

Right, of an IDA type of sales leaseback or something like that.

**MR. MANNIX:**

We're really talking about a small manufacturer that might build 2 or 3,000 square feet, which is really not typical.

**CHAIRMAN HORSLEY:**

Interesting.

**MR. MANNIX:**

I view this as a very niche program. It provides tax incentives to primarily small businesses that otherwise would not be eligible for other types of economic development incentives.

**CHAIRMAN HORSLEY:**

It's almost like a micro program -- micro-industrial development --

**MR. MANNIX:**

Yes.

**CHAIRMAN HORSLEY:**

-- tax abatement program. Got it. Okay. I think it's interesting. Thanks a lot, Bill.

I have several new cards. Rona Smith. Good afternoon.

**MS. SMITH:**

Hi. I live in Orient, and I'm active in Southold Town government. I'm a member of the economic development committee, and I thought I would give you a little background of the standing because we wanted to speak in favor of this legislation.

In 2010, Southold Town undertook to do a planning overview looking into the future. It was called -- when it was at the outset it was called "Southold 2020," and the idea was to assess all of the various areas of change in the town and to look forward to what could be done in each of these areas. And the first chapter to be written was the economic chapter, and in that chapter, one of the things that was suggested was that there be an economic development committee, which there had not been until that time. On this committee, somebody from Suffolk County, Scott Russell, the supervisor, several of the town board members, and eight or so members of the community who have experience in business and, therefore, could contribute to figuring out exactly what was the situation with regard to businesses in the town and how we could help them to grow and prosper and how we could make our hamlets attractive and help our business owners to be prosperous.

So one of the things that we would like to talk about with regard to that is a backing this new strategic industries property tax abatement plant. It's a way to incentivize businesses to invest in enlarging their businesses, improving their businesses, and we think it's a relatively painless way to do that. And so we're happy to be able to market that plan to a business community that we think will continue to be receptive that. Thank you.

**CHAIRMAN HORSLEY:**

Thank you very much, Rona, and it's good to hear that Southold's in the game on this. That's good news. That's great.

Phillip Beltz.

**MR. BELTZ:**

Good afternoon. You actually have double representation from Southold. My name is Phillip Beltz. I'm special projects coordinator for the Town of Southold, and since the county reinitiated this in April of 2011, Supervisor Russell asked me to represent the town and to work with the county on this project. Also I was named as the project author for the town's economic development chapter, and as Ms. Smith had mentioned, the town created an economic development committee. And for a small town like Southold, this is the first time we really assigned roles and responsibilities to try to promote economic development, and as the gentleman had said previously, this is a very unique tool for small businesses. It's a niche for small businesses and for a town like Southold, our largest employer is Eastern Long Island Hospital, approximately like 200. The Town itself is a large employer with, like, 200 employees. So for us, this really a very unique tool to try to stimulate economic development.

And our town board -- actually, we've work with the planning board and the town board, and the town board already looked at the plan, and on July 2012, they approved updating and changing the plan, and they are awaiting Suffolk County to go forward because what we would like to do now with

the creation of an economic development committee, we would like to go forward in the business community. We offer business forums, we do a lot of information of resources, we work with the county, and we would like to aggressively market this to the community to try to have them utilize it however they can to make business improvements.

So with the optimism that that downturn is abating in the economy, we believe that the Suffolk County Legislature's adoption of the new strategic industries property tax abatement would provide many local businesses throughout the County, and the Town of Southold as well, with an opportunity to improve businesses and to create employment opportunities. Thank you.

**CHAIRMAN HORSLEY:**

Thank you very much, Phillip. Appreciate you coming down here today, and again, it's good to hear.

All right. That concludes the cards. Would anyone else like to speak? Would anyone else like to speak? Seeing none, we'll move to the agenda.

**And the first IR that is on our agenda is 1504, Adopting Local Law No. -2013, A Local Law to adopt a new Strategic Industries Property Tax Abatement Plan (County Executive).**

Carolyn, why don't you come up. I think we got a little hint of what it's about, but maybe you might want to run through it for all of us. I think it's a good idea.

**MS. FAHEY:**

Good afternoon. Just so you know, I have asked our speakers to stay in case there are any specific questions with regards to the municipalities that they represent. As was noted in Bill Mannix's comments, this is just a re-issuance and revisit to an existing plan. The plan was adopted in 1999 by this legislature and then amended in 2001 at the request of a few municipalities who wanted to tweak their plan, so it's been in existence since 1999. And in 2011, I think at the request of, I think, Legislator Horsley, and a former legislator, you asked us if we could take a look at this and see if we can update it.

What you have before you and what you have in your offices -- I hope you've all had an opportunity to look at it -- is a CD of the plan itself. It's the Industrial Commercial Incentive Plan. What the plan is, it's a compilation of each participating municipalities industrial commercial incentive plan. In its simplest form, it's a property tax abatement program that incentivizes capital improvements in excess of \$50,000. It's made to designated properties and to designated business industries. The way that the State created the enabling legislation is it allowed the County to create a plan based upon local master plans, created, adopted, and then advised the local municipalities that this is our plan and have them react to the plan.

When the County created the Industrial Commercial Incentive Board back in '99, they determined that that probably wasn't the best way to approach this plan from a county perspective. Each municipality has their own needs, their own wants, their own visions, their own master plans, so what we've decided to do is to rely on them to create their plan and then bring them up to the County level and adopt them on that level.

So what each municipality was asked to do is to take a look at their existing plan, take a look at the targeted industries, and take a look at the targeted geographic areas and determine whether or not they wanted them to remain in place and/or to modify them. As Bill Mannix had noted, his town took a look at it and because of the way that we're classifying businesses now versus the way we did in '99 and 2000, the NAIC code allows you to really drill down to a specific category of a business

industry, so it allowed the towns to refine that type of category. It also allowed the towns to go back and do what the GIS system is to pull out the tax map numbers and to allow us to specify that, On this property, we will incentivize the following type of industries.

So the Industrial Commercial Incentive Board, which is comprised of one member from every township, the county executive's office, which is myself, a member from the minority leader of the legislature, a member appointed by the majority leader of the legislature, a representative from the village officials of Suffolk County, and we designated the Suffolk County Village Officials Association to appoint that member, and a member to represent the Nassau Suffolk School Boards' Association, so that's your membership. We had active participation from every town with the exception of East Hampton and Shelter Island; every town appointed a member; and every one of those eight towns in the -- and adopted a revised plan, or if they were not participating in the previous plan, adopted a new plan. The Town of Babylon, I believe, is the only town that previously did not have a plan and they did adopt a plan and submitted it and it's what's in front of you.

So each town took a look at their master planning; they took a look at their visioning; they took a look at their existing plan and revised it, and what you have before you in that plan represents each town's wants and targets for their community. Each village also was given the opportunity to present their own plan, to adopt their own plan, and to include it in the County's plan, and we have three villages who have participated: Port Jeff, Patchogue, the Village of Westhampton Beach. That's the overview. You're smiling, Mr. Chair.

**CHAIRMAN HORSLEY:**

I forgot about the Babylon part. The reason we didn't do that is 'cause we thought that the County was interfering with our IDA and -- which I was part of and that they were overstepping their bounds. Boy, have times changed.

Legislator Cilmi.

**LEG. CILMI:**

Thank you. Carolyn, thank you for that very simple explanation of what this is. So what is the mechanism that actually provides for the tax incentives that are given out as a result of this plan?

**MS. FAHEY:**

The state tax program, 485-B, is a tax abatement program that is built into the state-enabling legislation and to the county's legislation. It's an accelerated plan. I don't know if you have had an opportunity to look at the DVD, so I do have a brief one page. If we can hand this out, it might help you see the schedule. The exemption -- it's a 485-B property tax abatement program. Years one through three, there's 100 percent, a 50 percent abatement; year four, 40, 30; and it phases down to 0 by the 11th year.

**LEG. CILMI:**

So regardless of whether or not we pass this bill, the towns I guess that are -- do they have to be a part of this plan in order to take advantage of the 485-B money, or can they do it on their own? Could the Town of Babylon, for example, not having been a part of this plan before taken advantage of this 485-B money?

**MS. FAHEY:**

I believe they can, but it wouldn't incorporate the county's portion of the property tax.

**LEG. CILMI:**

I see.

**MS. FAHEY:**

I believe they can; I'm not certain.

**LEG. CILMI:**

Okay. And so if we were to not adopt this bill, all it really does is constrain the member -- the participants in the previous plan to utilizing the plan in the way that was described previously, correct?

**MS. FAHEY:**

Correct.

**LEG. CILMI:**

So this really just updates the criteria by which the towns that are participating and the villages, et cetera, are going to implement the 485-B program in their own municipalities.

**MS. FAHEY:**

For this targeted industrial commercial program, correct.

**LEG. CILMI:**

Right. Okay. And so all of that, then, is then codified basically in this plan that we're adopting. And then does this group meet on a regular basis?

**MS. FAHEY:**

The group had not met from the last adoption in 2001, but it is our intent to meet on a bi-annual basis to see how the program is being marketed, to see how the program is working, and whether or not we need to tweak. Each municipality might want to start tweaking their plan if it's ineffective in a way that they thought it would be effective. So the intent is to meet once or twice a year just to make sure that it's moving along. What didn't happen last time that we hope to happen this time is a little more joint marketing on behalf of the county with the towns to ensure that the word gets out there.

**LEG. CILMI:**

And as you meet and if there are tweaks that are necessary, does the enabling legislation require that those tweaks then come before the legislature again for adoption and revision?

**MS. FAHEY:**

The tweaks most likely will be a change in a targeted area or a change in a targeted industry, and yes, it would have to come back.

**LEG. CILMI:**

Okay. I think that answers all of my questions. I appreciate the description. Thank you.

**CHAIRMAN HORSLEY:**

Okay. Legislator Stern.

**LEG. STERN:**

Thank you, Mr. Chairman, and hello, Carolyn. The incentive or incentives given here are based on the development or the alteration, installation improvements of property. So the assumption and the hope is that if there is a use of property, if there is an expansion of property that's going to lead to greater economic development, it's going to lead to the growth of the company, it's going to lead

to greater success in a particular area, it's going to hopefully lead to the addition of jobs.

**MS. FAHEY:**

And sales tax and economic activity.

**LEG. STERN:**

All of those things.

**MS. FAHEY:**

Right.

**LEG. STERN:**

With this particular program, are there any requirements to that effect that have to be met? Is there any way to quantify in any of these years, from years 1 through 10, that there is not just a hope, that it's going to lead to greater economic development and job growth but it's actually something that is required under this program? Is it something that is quantifiable? Is there any particular person or agency that follows up over the course of the 10 years abatement? How do we know ultimately whether this is a program that works to accomplish the goals that we all hope it does?

**MS. FAHEY:**

A very good question. To the first point, there was no threshold with regard to jobs and everything that need to be met. The sole intent of this program is to incentivize investment into the local community, so there's no job creation, there's no nothing that needs to be met in order to access the program. But to your point, we did not have a mechanism over the last 11 years to quantify the number of entities that have taken advantage of this, the type of improvements they made, the dollar amounts of the improvements that they've made. The board in its deliberation has asked that there be an annual report that each municipality be responsible for giving to the County so we can make that quantification and we can backup and show the value of this program. It really was not as in-depth as job creation and things along those lines. We really just wanted to see the amount of investment that was incentivized through this program, but I can bring it back to the board and we can look at a way of maybe asking for that type of data from each municipality.

**LEG. STERN:**

Though maybe not a requirement to access the benefits, certainly I would think that would be important as part of the overall picture to determine the success of the program.

**CHAIRMAN HORSLEY:**

All right. Carolyn, just a couple quick questions. So basically now, let me first ask you, would this be available for retail?

**MS. FAHEY:**

Yes. If the town or the village had determined that that was an industry and what specific retail they want.

**CHAIRMAN HORSLEY:**

Right, and that's where it goes to the downtowns.

**MS. FAHEY:**

Correct.

**CHAIRMAN HORSLEY:**

So if you've got a downtown and you want to incentivize improvements to a particular building or a

retail area, bring in restaurants, that type of thing, you can incentivize -- you improve your building -- you improve the building -- you improve the moneys that you're going to do -- you're going to handle to this particular restaurant; then that would be the incentive.

**MS. FAHEY:**

And to repeat what Bill Mannix had said, most of the towns, if not all of them, have looked at their downtown communities, and we all know how difficult it is to attract investment, especially if you have a high vacancy rate and you have absentee landlords. They really have no reason to invest in this property. But if you able to solicit their interest, this really is targeted for those small retail service jobs, while it is also available that the town determines to the manufacturing and warehousing and distribution sectors. This really does tailor itself to those small mom-and-pops retail and service stores that really don't have access to any other type of program like this. This is the only program for 485-B and for property tax abatement for those type of businesses. \$50,000 might seem like a lot, but in order to reach that threshold where you are going to amend and effect your assessment, \$50,000 is what's been determined and, you know, it's able for them to recoup some of their money upfront.

**CHAIRMAN HORSLEY:**

So would the benefit go to the owner of the building, or would it go to the new owner of the restaurant or whatever the establishment is going into it?

**MS. FAHEY:**

Whoever the tax bill, so it would be the owner.

**CHAIRMAN HORSLEY:**

Right. So would it be passed -- is there any sort of mandatory pass-through to the business?

**MS. FAHEY:**

I don't think it's mandatory, no. But if the business owner comes in and applies for the building permit, at that point in time, they would be advised that that's what the program is available and then they could talk to the property owner.

**CHAIRMAN HORSLEY:**

And would the approval be based on that? I mean, I realize this is a very local program, and that's good. I think that's a great idea. That's one of the best things about this program, that it is locally grown rather the county dictating to the local municipalities. I think that's what problem going back 10 years ago, whatever it may have been, 20. God that's scary.

But the that concept of passing it through to the new owner, I think that would be helpful at some point that that be addressed by the board because I think that could be included within this legislation at some point.

Legislator D'Amaro.

**LEG. D'AMARO:**

Thank you. I wanted to ask you, has any taxing jurisdiction opted out of the plan?

**MS. FAHEY:**

They haven't opted in. Taxing jurisdiction being -- according to the law, all taxing jurisdictions, with the exception of fire, fire rescue, and emergency response, are automatically included into the program. They do have the opportunity -- school districts, towns, and villages have the opportunity to either reduce the exception amount anywhere between zero and what's given or bringing it down

to zero and, in essence, opting out. To this date, none of them have done that. We do have a member on our board from the Nassau Suffolk School Boards' Association. We made a very proactive plan to reach out to every school district. They sent out a letter on their behalf explaining the program to every school board President and every school board superintendent. We made sure that that letter also included contacts for their local municipalities, whether it be the village or the town and whoever was creating the plan, to be sure that there be dialogue on the draft plan so that if the school district did have an issue that it was addressed ahead of time and not after the plan was adopted, so the districts have all been notified. I believe it's the intent of the School Boards' Association again that once this plan is adopted to let them that it's adopted and, if they have the want, to reduce the exception or to quote, unquote opt out, they have that opportunity.

**LEG. D'AMARO:**

All right. And also, the exemption is only with respect to the portion of the property that's being improved?

**MS. FAHEY:**

Increased assessment, correct.

**LEG. D'AMARO:**

Increased assessment, it does not apply blanket to the entire assessment.

**MS. FAHEY:**

Correct.

**LEG. D'AMARO:**

Or the entire property. And I understand, in response to Legislator Stern, it's not the intent of this particular program to track job creation and things like that, other benchmarks that we look at it in some other programs, but it is to attract investment into a local area that perhaps targeted for revitalization by the town, putting it on the map. But can you point to any specific successful revitalizations that trace back or included this program?

**MS. FAHEY:**

I could ask Bill Mannix if he's aware of any. I'm not aware of any specific one.

**MR. MANNIX:**

Nothing like putting me on the spot.

**LEG. D'AMARO:**

It's been around for 10 years now, right?

**MS. FAHEY:**

Twenty. Well, since '99; 14 years.

**LEG. D'AMARO:**

Fourteen years. And we are, in limited cases, granting abatements of taxes, school taxes, town taxes, county taxes, village taxes, and it's trying to bring some investment into areas that need investment, but are there any success stories after 14 years?

**MR. MANNIX:**

I must confess, I'm not even exactly aware of the 33 examples that I mentioned before --

**CHAIRMAN HORSLEY:**

We're drilling down.

**MR. MANNIX:**

-- which one of them, where they are, and I am not part of the approval process.

**LEG. D'AMARO:**

Were the 33 examples applications or actual exemptions granted?

**MR. MANNIX:**

Actual exemptions granted in the Town of Islip --

**LEG. D'AMARO:**

Just Islip?

**MR. MANNIX:**

-- over the course of those 14 years, yes.

**LEG. D'AMARO:**

But this applies to all the towns in Suffolk?

**MR. MANNIX:**

Yes. That number is an incomplete picture to you.

**LEG. D'AMARO:**

So somewhere in Islip, there are 33 areas that have an abatement of the increased amount of taxes on their improvements, but we're not quite sure where they are or if they've somehow contributed to economic development.

**MR. MANNIX:**

All of them, as I mentioned before, all of them -- in our particular case, all of them are in the downtown areas. It's important for you to note that applications are made, as are all real property tax law 485-B applications, by State law, are made to the town assessor. So the assessor is the arbiter of whether something is eligible or not based upon this plan, which is why, to tell you the truth, I'm not even sure where all 33 --

**LEG. D'AMARO:**

So the assessor would determine in the first instance whether or not you qualify for the plan and what the extent of the abatement would be.

**MR. MANNIX:**

Exactly, based upon the plan this board adopts.

**LEG. D'AMARO:**

Well, it would just seem to me that, you know, if this was a pilot program and we were coming in and this was something new, let's give it a shot, but after 14 years to renew a program where we don't know if there's any benefit at all, I mean, it just seems a little strained.

**MS. FAHEY:**

It's the reason why the board had talked about and discussed having annual reports submitted by the participating municipalities so that we can quantify it. We know that it's a void in being able to review this; it just wasn't there, so it's why we've asked for annual reports.

**LEG. D'AMARO:**

Well, somewhere in the assessor's office, someone must know who's on the program because they had to abate the taxes, I would assume, right?

**MS. FAHEY:**

Uh-huh.

**LEG. D'AMARO:**

And so what is exactly the County's role in all of this, other than we get to say yes or no to the plan?

**MS. FAHEY:**

The County's portion of the property tax is included.

**LEG. D'AMARO:**

Right, but we're not granting that; in effect, the towns are granting that when they approve an application.

**MS. FAHEY:**

But it has to be based upon an adopted local law by the County for the towns to abate the county taxes.

**LEG. D'AMARO:**

So in each instance, we have to approve it or when we do this?

**MS. FAHEY:**

No, you're doing it through the plan by saying to the local municipalities, These are the industries, these are the businesses that you want to incentivize, and we grant the County's portion.

**LEG. D'AMARO:**

Right. And it makes sense to me to have the municipality who's in the best position to know what areas need to be incentivized and revitalized; that makes sense to me. And it even makes sense to me that in limited circumstances, because we get to approve their locations and maps, that we can just grant a blanket approval and leave it to the town's discretion. But after 14 years, I'd like to know where we abate County taxes and what the impact of that is, and we just don't have that information.

**MS. FAHEY:**

We can try to collect it, but I'm not sure if the assessor's office will have everything going back 14 years. The abatements run for 10 years. There are probably some that have run out. We can try to collect that. In our discussions, I think Islip has been the most active in this. The representatives on the board didn't feel that they could access that information in their local towns and villages. We can go back and ask them again, if you'd like, and see if we can get that. There was a concern that the marketing aspect of this really wasn't done properly; therefore, it wasn't as successful as it should have and could have been. Again, that's why we're going to meet on a regular basis to ensure that there's joint marketing and that we keep it in the forefront and that the municipalities are pushing it and the County is helping to move it forward.

**MR. MANNIX:**

Can I just clarify something? I'm not sure something whether it was Legislator Stern or yourself that asked the question before whether there were any taxing jurisdictions that had opted out. Carolyn said no, but, in fact, we have had 2 school districts opt out of the current plan. So there are 2 districts of our 11 that do not participate.

And I just wanted today point out one other thing. I don't believe -- correct me if I'm wrong, Carolyn -- you're not asking for a renewal of this plan. This gets to Legislator Cilmi's issue before. I believe this is an update of this plan, so if you don't act, the original plan is still in place, I believe.

**MS. FAHEY:**

Right. What this resolution does is it voids the old plan and replaces it with a new plan so the question is the same. Yes, if you do nothing on this resolution, the old plan stays in place.

**LEG. D'AMARO:**

Well, does it -- it depends. That depends on just -- is the old plan -- does it have a term?

**MS. FAHEY:**

No.

**LEG. D'AMARO:**

So it's in perpetuity, and there's just -- and it makes sense to update because as times change, so do targeted areas, so that's why the update now.

**MS. FAHEY:**

Correct.

**LEG. D'AMARO:**

And that's Board's responsibility to do that. So the Board waited 14 years to do the first revision to the plan.

**MS. FAHEY:**

Twelve.

**LEG. D'AMARO:**

Twelve years. Okay.

**MS. FAHEY:**

Yes. Please keep in mind, we came back together in 2011, so it was 10 years after the last amendment that we got back together and said, Okay, let's take a look at it. It has taken two years. In order for all of the towns to go back, revisit their plans, revise them, adopt their resolutions and submit them to the County. We did have a change of administrations during these last two years, too, in most of the towns, so we needed to slow down and let the new administrations get up to speed with everything else.

**LEG. D'AMARO:**

And the entire program, though, is created by state law?

**MS. FAHEY:**

It's enabled by state law, correct.

**LEG. D'AMARO:**

Enabled by state law. Okay. So we're not renewing the plan; we're just updating the plan.

**MS. FAHEY:**

In essence, correct.

**LEG. D'AMARO:**

Is there any way for, at this time, for the County to not participate in the plan to the extent of county taxes?

**MS. FAHEY:**

Sure.

**LEG. D'AMARO:**

How would that happen?

**MS. FAHEY:**

If the legislature were not to address or consider this resolution or it were to vote down this resolution, vote down this resolution, and then it would vote on a resolution to repeal the prior plan. It would be two actions if the County did not want to. And I turn to Counsel; I believe that was what would have to be done, correct, George?

**MR. NOLAN:**

Right. All this stuff is on the books: The tax exemption is on the books, the plan. So to undue that -- like if we didn't pass this, there would still be an exemption on the books, and but we'd be going under the old plan in terms of eligibility, so to get out of it, I'm sure we would have to repeal the original local law.

**LEG. D'AMARO:**

And the local law could be amended at any time to mandate a reporting requirement.

**MR. NOLAN:**

I was just actually discussing that with Legislator Stern whether or not we could mandate the towns and the villages and everybody to give us that information. I would have to go back and look at the authorizing state legislation to determine that.

**LEG. D'AMARO:**

Okay. Well, it sounds to me like there's nothing wrong with an update, but we have to revisit the plan itself and just see if we could get some more information. Thank you.

**LEG. CILMI:**

Mr. Chairman.

**CHAIRMAN HORSLEY:**

Yes, Legislator Cilmi.

**LEG. CILMI:**

Yes, that was my -- to Legislator D'Amaro, that was sort of a deciding factor in my mind that this is a -- this is not so much a vote to renew this as it is to allow the towns to modify how they're going to implement it. The towns to modify how they're going to implement it.

But I am curious, Bill -- I'm sorry to get you back up out of your chair again -- you did mention that there are two school districts in the Town of Islip that have opted out. Can you share with those --

**MS. FAHEY:**

That's the existing plan, correct?

**MR. MANNIX:**

The existing plan, I believe they are Brentwood and Islip.

**LEG. CILMI:**

Okay. Now, did those two districts participate in this new plan?

**MR. MANNIX:**

Specifically we had no individual school districts represented on our board. We did have a member of the School Board Association, so the answer is no.

**LEG. CILMI:**

Okay. So they may or may not at this point participate?

**MR. MANNIX:**

Correct.

**LEG. CILMI:**

Right. So in other words this plan passes, the Town of Islip goes about your business in terms of, you know, giving these abatements out and to the extent that one of those abatements is within the Islip School District, for example, at that point does the Islip School District have the ability to say, yeah, we're in, or, no, we're not in, or how does that work exactly?

**MR. MANNIX:**

I think Carolyn is better --

**MS. FAHEY:**

Every school district -- the school district does have the opportunity anytime after the adoption of the plan by the County to either reduce the exemption level or to bring it down to zero, knocked out completely, in perpetuity. They have every opportunity and any opportunity to do that by resolution. They need to do so by resolution.

**LEG. CILMI:**

By school board resolution?

**MS. FAHEY:**

School board resolution, correct. But to your point, there are some towns, because their plans were changing so drastically, reached out directly to every school board, brought them in, went over the changes within their district to ensure that they were comfortable with them, and that if anything needed to be changed to keep them on board, they would do that. Islip's plan didn't really change that significantly, so the school boards were familiar with the plan, and the changes weren't drastic. Southold reached out to every district; Riverhead reached out; Brookhaven Town reached out to the school districts. Huntington, I believe, had a conversation with one or two school districts. I don't know if Smithtown did -- Smithtown reached out to every school district. So we made it a point that if your plan was going to change drastically or if you were new to the program, that you brought the school district in the beginning to make sure that they're accepting of it and that you weren't going to have a reaction afterwards. Educate them upfront, let them be part of the plan and the process, and it makes it a little bit smoother down the line.

**LEG. CILMI:**

Dare I ask very quickly, when this plan was last revised in 2001, who was the representative from

the Town of Islip?

**MS. FAHEY:**

Bill. That's why he's here today.

**LEG. CILMI:**

Very good. Thank you very much.

**MS. FAHEY:**

Can I just clarify one thing just for the record?

**CHAIRMAN HORSLEY:**

You may.

**MS. FAHEY:**

I think Legislator Stern asked if anyone has opted out. In the existing plan, I believe there were seven or eight school districts throughout the County that adopted -- by resolution, opted out of the existing plan. Every school district will have the opportunity to review the new plan again, but in order to avoid that, that's why we had those conversations with them upfront. We made sure they were familiar with the plan.

**CHAIRMAN HORSLEY:**

All right. I just got one last quick question. If I have a location that has been designated to be included in this program, a property, and an applicant comes in that is just terrible that we don't want any part of, can the town deny that benefit? Like a restaurant or just, you know...

**MS. FAHEY:**

Well, if the town had -- they would have to qualify based upon the town's wants. So if the town had determined that we want a restaurant, we want to incentivize a restaurant in this --

**CHAIRMAN HORSLEY:**

Right, and you didn't like that type of restaurant coming in.

**MS. FAHEY:**

No. No. Unless you quantify it down -- no.

**CHAIRMAN HORSLEY:**

I mean, you could figure some of those types of --

**MS. FAHEY:**

No, you can't.

**CHAIRMAN HORSLEY:**

-- the locality wouldn't want. You can't be selective.

**MS. FAHEY:**

You can't be selective.

**CHAIRMAN HORSLEY:**

I'm just curious.

All right. So *tabled resolutions*.

1504, I'll make a motion to approve.

**LEG. NOWICK:**

Second.

**CHAIRMAN HORSLEY:**

Second by Legislator Nowick. All those in favor? Opposed? So moved. **Approved (Vote: 6-0-0-0)**

IR 1538, Approving the change of project for Downtown Beautification and renewal (CP 6418) grant to the Town of Huntington Economic Development Corporation and amending the contract with the Town of Huntington to reflect same (County Executive).

**MS. FAHEY:**

Mr. Chair, if I could.

**CHAIRMAN HORSLEY:**

Sure.

**MS. FAHEY:**

There was a technical error with the title of this resolution. The committee can't vote on it now. The changes are on their way over. But what I'm asking is if you could possibly discharge without recommendation to the full legislature. We don't have another meeting until September, and we'd really like to move this along.

**CHAIRMAN HORSLEY:**

It's all in the title.

**MS. FAHEY:**

It's in the title. The original title that you have says "Downtown Revitalization," and this was really funded out of the Downtown Beautification and Renewal Program. You might recall that we had those two different programs, and when we did the resolution, we see everything is downtown revitalization.

**MR. NOLAN:**

What I can say is if it's going to be an amended copy coming over, we can vote out of committee, but we're not going to be able to vote on it at the general meeting unless it comes over with a CN if it's an amendment. Now if it's a really minor error that could be classified as a scrivener's error, that would be a different story. So maybe somebody from the County Executive's Officer could reach out to me and we could discuss that and figure it out.

**CHAIRMAN HORSLEY:**

Mr. Vaughn.

**MR. VAUGHN:**

Mr. Nolan, we would be happy to show you the change and then have you opine, and if it's scrivener's, that's great; and if it's something that is a true amendment, we can discuss whether or not we bring it forward with a CN after you have a chance to review it.

**LEG. D'AMARO:**

I'll offer a motion to discharge without recommendation.

**MR. VAUGHN:**

We appreciate the indulgence. Thank you.

**CHAIRMAN HORSLEY:**

I'll second the motion. All in favor? Opposed? So moved. **Discharged Without Recommendation (Vote: 6-0-0-0)**

**IR 1555, Appropriating funds in the 2013 Capital Budget and Program in connection with Pavement Management Rehabilitation at Francis S. Gabreski Airport (CP 5739) (County Executive).** I'll make a motion to approve.

**LEG. STERN:**

Second.

**CHAIRMAN HORSLEY:**

Second by Legislator Stern. All those in favor? Opposed? So moved. **Approved (Vote: 6-0-0-0)**

**IR 1556, Amending the 2013 Capital Budget and Program and accepting and appropriating funds in connection with airport snow removal equipment at Francis S. Gabreski Airport (CP 5737) (County Executive).** Same motion, same second. All those in favor? Opposed? So moved. **Approved (Vote: 6-0-0-0)**

**IR 1557, Amending Suffolk County Code, Chapter 948-32 to revise the fee schedule for Francis S. Gabreski Airport (County Executive).** Same motion, same second.

**LEG. D'AMARO:**

Well, I just had a question on this.

**CHAIRMAN HORSLEY:**

Sure, on the motion.

**LEG. D'AMARO:**

I'm curious, who came up with the fee schedule; does anyone know?

**MS. FAHEY:**

The airport manager in consultation with the department did. It's based upon --

**LEG. D'AMARO:**

The airport manager, management does this? Do you just know offhand what they base the increases on?

**MS. FAHEY:**

The increases that were approved and put it in place for Southampton Heliport, East Hampton Airport, and Spadaro in Islip for general aviation. Typically, we need to stay within the market, the regional market, on costs, as you know.

**LEG. D'AMARO:**

Yeah, I was just a little concerned about the impact it would have on general aviation. But the

increases are not -- I mean, they're increases, but they're not doubling the cost, right?

**MS. FAHEY:**

Right.

**LEG. D'AMARO:**

And it's the airport management that took a look at all the surrounding fees?

**MS. FAHEY:**

We did a comparison of what each was. East Hampton -- and the reason why you're having it now as opposed to the beginning of the year, we really did want to have it in February and March and have it in place for the busy season. As you know, probably 70 to 80 percent of our operations at Gabreski are June, July, August up 'til Labor Day, maybe the middle end of September, so we needed to have it -- we wanted to have it in place for that. East Hampton had just increased their fees, and they went very high. And we were waiting to see what the FAA's response was to that, and there really wasn't much push back, so we kind of came in right underneath theirs to stay compatible. Adopting it now allows us to put these fees in place probably by the end of August, so we might capture some of that busy season.

**LEG. D'AMARO:**

Yeah. The increases are not -- don't shock the conscience, as they say. Okay. Thank you.

**CHAIRMAN HORSLEY:**

All righty. We have a motion and second on 1557. All those in favor? Opposed? So moved.

**Approved (Vote: 6-0-0-0)**

That concludes the business of the committee. Thank you very much, everybody, and we are adjourned.

*(\*The meeting was adjourned at 2:04 p.m. \*)*