

Small Business Incentive Programs

Industrial and Commercial Incentive Program (ICIP)

ICIP grants tax exemptions on real estate property taxes for renovated and newly constructed commercial and industrial buildings. Benefits can last up to 25 years depending on location. Industrial properties can also receive partial real estate tax abatements for 12 years. Companies must apply prior to receiving a building permit. Properties must be improved by at least 10% of their assessed values to qualify for the exemption. For the industrial abatement, properties must be improved by at least 25% of their assessed values. The NYC Department of Finance administers the program.

Industrial Development Agency (IDA)

Administered by the NYC Economic Development Corporation. IDA issues low-cost, double and triple tax exempt bonds to assist commercial and industrial businesses grow in the City. Projects may also qualify for abatements or exemptions on their mortgage recording taxes, real estate taxes and sales taxes.

Energy Cost Savings Program (ECSP)

ECSP reduces regulated electricity and natural gas costs by up to 45% and 35% respectively. Firms must either relocate out of targeted areas of the City or operate in property improved by at least 10% of the building's assessed value. The buildings must also be approved for ICIP or IDA benefits. Companies moving into the City from outside the City or those renovating City/State owned property may also be eligible for benefits. The ECSP benefit is for 8 years followed by a 4 year phase out. Hotels and retail firms are ineligible.

Workforce Development Benefits

NYC Business Solutions Hiring and Training provides resources and funding to ensure that businesses can find and train the workers they need to succeed. The Hiring Unit helps employees identify, recruit, pre-screen, and hire employees, all at no cost to the business. The NYC Business Solutions Training Funds program provides up to 60-70% of training costs for NYC based employees (max of \$400,000) in nine priority sectors to address skill shortages in entry level positions.

Rent Abatements for Commercial and Industrial Tenants

Qualified tenants located in targeted Commercial Expansion Areas can receive a 3 or 5 year rent credit of up to \$2.50 per square foot. Benefits are based on the length of the lease and the size of the company. Expansion Areas are Commercial Zones (C4, C5, and C6) and Manufacturing Zones (M1, M2 and M3) in Manhattan north of 96th Street and all other boroughs. Tenants must occupy space in buildings of at least 25,000 square feet and built before 1999. Businesses with 125 employees or less must invest at least \$2.50 per square foot into their space; those above 125 employees must invest at least \$25 per square foot. Retail firms and hotels are ineligible. Qualified manufacturing firms can receive a maximum of a 10 year benefit with no phase out (certain building age and size restrictions do not apply to these firms).

Relocation and Employment Assistance Program (REAP)

A 12 year annual tax credit of \$3000 for each qualified job relocated into a targeted CEP area (\$1000 in non-CEP areas). Benefits for new hires are also available. Businesses must relocate either to a building improved by at least 50% of its assessed value or sign a lease of at least 3 years and spend a minimum of \$25 per square foot on improvements. Businesses relocating from outside New York City or from Manhattan below 96th Street to any other area of the City qualify. REAP benefits are also available to businesses relocating into Lower Manhattan. Retail firms are ineligible. Restrictions exist for businesses moving from south of Houston Street.

Industrial Business Zone (IBZ) Relocation Credit

A one time tax credit for manufacturing firms moving into targeted IBZs. Businesses are credited for eligible moving costs up to the lesser of \$1,000 per employee relocated or \$100,000. There are 17 Zones within the City

Lower Manhattan Energy Program (LMEP)

Eligible commercial tenants located in Lower Manhattan can receive up to a 45% reduction on regulated electricity costs for 8 years followed by a 4 year phase out. Buildings must apply for assistance with ICIP or IDA, or be owned by the City of New York or the Empire State Development Corporation. Buildings must have been renovated in excess of 20% of the property's assessed value.

Banking Development District Program (BDD)

The New York State Banking Department provides incentives for banks to establish qualified BDD branches in underserved areas of the State and the City. Benefits include access to below market public deposits and real property tax breaks.

NYS Film Production Tax Credits

Qualified film and television productions can receive a 10% State tax credit along with a 5% City tax credit on eligible production costs. Tax credits are available for feature length films, television pilots and television series. At least 75% of the total stage work must occur at a qualified facility.

NYS Empire Zones Benefits

The NYS Empire Zones Program offers various tax credits and other business incentives to encourage attraction and expansion of businesses in certain economically distressed areas in the State. To be certified, businesses must be located in an Empire Zone, and increase either employment or capital investment. In addition to the tax credits that effectively reduce businesses' taxable income, the program also provides low interest loans and a 5% discount on monthly Verizon bills. There are currently 11 Empire Zones in New York City:

Brooklyn: East Brooklyn,
North Brooklyn/Brooklyn Navy Yard,
Southwest Brooklyn
Bronx: Hunts Point & Port Morris

Queens: Far Rockaway,
South Jamaica
Staten Island: North Shore,
West Shore
Manhattan: E. Harlem, Chinatown

ADDITIONAL ELIGIBILITY CRITERIA MAY APPLY

See How These Programs Work

BB, Inc. relocates 20 employees to an Empire Zone. The firm signs a 10 year lease for 5,000 square feet and hires new employees after relocating. BB, Inc. invests \$50,000 into their new location. Both real estate taxes and electricity costs are \$2.50 per square foot respectively.

Potential Savings (in \$)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
No. Of Employees	20	21	22	22	22	22	22	22	22	22	22	22
Rent Abatement¹	12,500	12,500	12,500	8,333	4,167	-	-	-	-	-	-	-
ECSP – Energy Benefit²	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,875	1,500	1,125	750	375
REAP	60,000	63,000	66,000	66,000	66,000	66,000	66,000	66,000	66,000	66,000	66,000	66,000
Empire Zone Wage Tax Credit³	30,000	31,500	33,000	33,000	33,000	-	-	-	-	-	-	-
Empire Zone Investment Tax Credit	5,000	-	-	-	-	-	-	-	-	-	-	-
Empire Zone Employment Incentive Credit	-	1,500	1,500	1,500	-	-	-	-	-	-	-	-
Totals	109,375	110,375	114,875	110,708	105,042	67,875	67,875	67,875	67,500	67,125	66,750	66,375

Total Incentives Benefits: \$1,021,750

NPV (7%): \$710,773

Additional Savings for Industrial Firms(in \$)

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
No. Of Employees	20	21	22	22	22	22	22	22	22	22	22	22
Rent Abatement for Mfg.	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	-	-
IBZ Relocation Credit	20,000	-	-	-	-	-	-	-	-	-	-	-
Totals	32,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	0	0

Additional Benefits [Industrial Firms]: \$95,000

NPV (7%): \$64,354

US Small Business Administration (SBA) Loans

BB, Inc. may decide to seek further financial assistance through SBA's 504 Loan or one of its 7(a) Loan options.

504 Loan Example

For purchasing building, land and fixed equipment.

Total Project Cost	\$1,000,000
Borrower's Equity (10% of total cost)	\$100,000
Total Loan	\$900,000
CDC ⁴ /SBA loan (40% of total cost)	\$400,000
Bank's Contribution (50% of total cost)	\$500,000

➤ BB, Inc. can purchase a building with 10% down

7(a) Loan Example

For general use.

Total Project Cost	\$500,000
Borrower's Equity (20% of total cost)	\$100,000
Total Loan	\$400,000
SBA Guarantee ⁵ (75% of total loan)	\$300,000
Bank's Exposure ⁶ (25% of total loan)	\$100,000

➤ BB, Inc. can secure a \$400,000 loan with limited collateral

Footnotes

1 Landlords receive a reduction in real estate taxes and are required to pass the full savings to their tenants.

2 The example assumes that delivery costs are one-third of total costs, and calculates the discount at 45% of delivery costs.

3 For employees in special targeted groups, this credit equals \$3,000 per year as opposed to \$1,500 per year.

4 Certified Development Company

5 SBA's maximum guarantee is 75% of loans above \$150,000. Borrower might be subject to injecting more than 20% of the total project cost. Other criteria apply.

6 Subject to borrower's collateral and cash flow.

In addition to these benefits, businesses may be eligible to receive Industrial and Commercial Incentive Program (ICIP) benefits reflected in lower rents. Additional benefits may be available for companies moving into the Upper Manhattan/South Bronx Empowerment Zone.

This fact sheet is for general informational purposes only. Additional eligibility criteria may apply.
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For more information call 3-1-1 or visit www.nyc.gov/sbs 2/27/08