

New York State Empire Zone and Build Now - NY Programs

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In New York State, there are two large-scale programs that, while taking different approaches to achieve the same end, have both seen success in creating employment opportunities, encouraging the expansion of existing business and industry, and attracting new investment to our communities. The older of the two programs is the **Empire Zones** (EZ) program, formerly known as the Economic Development Zone program.

At the core of the EZ program is the physical definition of the zone itself and the certification of businesses as Qualified Empire Zone Enterprises (QEZE). The EZ itself is defined as an area of up to two square miles that is defined by the host community and approved by the State. Certain qualifications make the area eligible for designation, including generally high unemployment rates and low income levels based on U.S. Census data. A QEZE is certified by establishing base levels of employment and investment as they pre-existed in the EZ or as are relocated into an EZ.

The benefits to a business industry locating in an EZ are significant, providing they increase employment and investment over time. For the fifteen year life span of a QEZE certification, "[t]he intended effect of the Empire Zones Program is to give companies increasing employment the opportunity to operate on an almost "tax-free" basis for up to ten years in designated areas of the State, with additional savings available on a declining basis in years 11 through 15." (Empire State Development Corporation Web Site) Specific benefits include:

- QEZE Sales Tax Exemptions - 10 year exemption from State sales tax on purchases of goods and services, including utilities, used on the EZ;
- QEZE Credit for Real Property Taxes - a direct credit against business taxes based on the amount of real property taxes paid. Excess credits may be able to be either carried over or received as an actual cash refund;
- QEZE Tax Reduction Credit - a credit against tax equal to a percentage of taxes attributable to the zone enterprise;
- Wage Tax Credit - 5 year credits for newly created full time positions, including enhanced credits for hiring employees in targeted disadvantaged groups;
- EZ Investment Tax and Employment Incentives Credit - tax credits for job creation and investment in production, property and equipment;
- New Business Refund - 50% cash refund or carry-forward of unused wage or investment tax credits to qualified businesses;
- Utility Rate Savings - special reduced electric and gas rates through investor-owned utilities;
- Zone Capital Credit - 25% tax credits for investing in EZ Capital Corporation, direct capital investment in a QEZE or contributions to approved community development projects within an EZ;
- Sales Tax Refund - based on purchases of building materials used for commercial or industrial real property within an EZ;
- Real Property Tax Abatement - abatement programs for improvements and other increases in assessment.

Other forms of assistance include technical staffing assistance through the local EZ Coordinator and EZ Board, as locally established.

The **Build Now - NY** program is a more recent program that was designed to encourage communities and private developers to pre-permit and pre-plan sites to expedite the approval process. The intent is to streamline the development process, better meeting the timetables necessary to attract investment in today's fast paced environment.

Scattered throughout the State, the sites were carefully reviewed from all those that applied with specific industry criteria in mind. Fundamentally, different Build Now sites are pre-planned for different types of industries. The defined industry categories are as follows:

- High-Tech Manufacturing
- Research and Development
- Warehouse & Distribution
- Heavy Manufacturing
- Light Industrial
- Business/Commerce Parks
- Office Parks