



Small Business Incentive Programs

Businesses located in New York City are eligible for a wide variety of incentive programs offered through City, State, and Federal agencies. Incentives include tax benefits, energy and wage benefits, and technical assistance. Incentives are designed to support economic and neighborhood development in NYC while offering valuable services and savings to small businesses. Generally, incentive programs are triggered by one of four main activities: **relocating (to or within NYC); investing in equipment; and purchasing and improving property; hiring and training employees.** Summarized below is an overview of the commonly accessed incentives programs. For more information about these and other programs visit: www.nyc.gov/nycbusiness.

Industrial and Commercial Abatement Program (ICAP)

ICAP grants abatements on real estate property taxes for renovated and newly constructed commercial and industrial buildings. Benefits can last up to 25 years depending on location. Properties must be improved by at least 30% of their assessed value to qualify for the abatement. Industrial properties improved by at least 40% of their assessed value are eligible for an additional abatement. Restrictions on retail activity apply.

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 up to 45% and 35% respectively for up to 12 years. 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 for firms applying jointly with the IDA; or 30% for firms applying jointly with ICAP. Companies moving into the City from outside the City or renovating City/State owned property may also be eligible. Hotels and retail firms are ineligible.

Recruitment and Training Funds

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

Commercial Expansion Program

Qualified commercial or industrial tenants located in targeted Commercial Expansion Areas (zoned M1, M2, M3, C4, C5, C6) 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. Investments into the business space are required. Retail firms and hotels are ineligible. Qualified manufacturing firms can receive a maximum of a 10 year benefit with no phase out. Landlords are required to pass the full savings to tenants.

Relocation and Employment Assistance Program (REAP)

A 12 year annual tax credit of \$3000 for each qualified job relocated into targeted areas (\$1000 in non-targeted areas). Benefits for new hires are also available. Businesses relocating from outside New York City or from Manhattan below 96th Street to any other area of the City qualify. Improvements to buildings are required. 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 16 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 ICAP or IDA, or be owned by the City of New York or the Empire State Development Corporation. Buildings must meet program renovation criteria.

New York State Energy Research and Development Authority (NYSERDA)

NYSERDA programs provide industrial and commercial businesses with energy efficiency services for existing buildings, new construction, industrial facilities, and vehicle fleets.

NYS Film Production Tax Credits

Qualified film and television productions can receive a 30% 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.

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. There are currently 11 Empire Zones in New York City across five boroughs.

ADDITIONAL ELIGIBILITY CRITERIA 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. Training for 18 employees (2 management positions are not eligible) costs \$20,000 of which 60% is covered through Training Funds.

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 Abatement	12,500	12,500	12,500	8,333	4,167	-	-	-	-	-	-	-
ECSP – Energy Benefit¹	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 Credit²	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	-	-	-	-	-	-	-	-
Training Funds	12,000											
Totals	121,375	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 be eligible to seek further financial assistance through SBA's 504 or 7(a) Loan Programs.

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 ³ /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 ⁴ (90% of total loan)	\$360,000
Bank's Exposure ⁵ (10% of total loan)	\$40,000

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

Recent changes have been made as a result of the American Recovery and Reinvestment Act of 2009. Visit www.sba.gov/ny/ny

Footnotes

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

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

3 Certified Development Company. Certain fees have been eliminated temporarily.

4 SBA's guarantee is 90% of loans. Borrower might be subject to injecting more than 20% of the total project cost. Other criteria apply. Certain fees have been eliminated temporarily.

5 Subject to borrower's collateral and cash flow.

This fact sheet is for general informational purposes only. Additional eligibility criteria apply.
New York City Department of Small Business Services, 110 William Street, New York, NY 10038
For more information call 311 or visit www.nyc.gov/nycbusiness ■ 9/24/09