

BUSINESS INCENTIVES PRACTICE

MAJOR INCENTIVE PROGRAMS NEW YORK

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The Business Incentives Practice (“BIP”) strategically assists companies through the process of securing optimal incentive packages for projects considering an expansion, consolidation, or relocation. BIP leverages a project’s unique strengths and benefits to identify, negotiate, and implement all feasible economic development or government incentives (“Incentives”) opportunities. Moreover, BIP provides ongoing support and administration for a project to address any issues that may arise. By engaging BIP to work in parallel to the site selection team, businesses can have assurance that the optimal level of Incentives is secured and realized.

SERVICES

BIP’s mission is to develop a strategy that enhances business performance, while reducing a project’s up-front capital and ongoing operational costs through the procurement of Incentives. Many businesses are not aware they may be entitled to Incentives benefits for certain expansion, consolidation, and relocation activities. BIP identifies said opportunities through a multifaceted methodology that begins with careful analysis of project-specific data. The process continues with a detailed due diligence on all aspects of site-specific Incentives opportunities and concludes with the negotiation, implementation, and administration of Incentives.

RESULTS

BIP has successfully secured Incentives packages for a broad range of clients globally. The BIP team maintains a robust incentives database and along with its vast experience it facilitates the best possible results for a project. Since its inception, BIP professionals have negotiated in excess of \$3.0 billion in savings for its clients.



KEY PROJECT TYPES

BIP enables its clients to identify, negotiate, and quantify the myriad of incentives available through the federal, state, and municipal governments, as well as utilities service providers. BIP clients represent all industry sectors, ranging in size from Fortune 100 corporations to private owners, occupiers and developers. Almost any type of corporate location initiative can benefit from the use of C&W’s Business Incentives Practice:

- Corporate Headquarters Facilities
- Manufacturing Facilities
- R&D Centers
- Warehouse and Distribution Facilities
- Call Centers
- Data Centers
- Back-Office Centers
- Mixed-Use Developments

NEW YORK’S RECENTLY AWARDED INCENTIVES (USD M)

COMPANY	INVESTMENT	JOB	INCENTIVES
Frontier Communications	\$4.5	350	\$0.3
TROVE Predictive Data Science	\$3.3	36	\$0.6
PW Minor	\$7.4	100	\$1.8
Amsterdam Printing and Litho	\$6.0	40	\$4.2
Von Roll USA	\$21.0	18	\$0.9
American Rock Salt	\$4.0	55	\$0.4
Creative Food Ingredients	\$2.8	56	\$1.3
Queensboro Farm Products	\$2.2	5	\$0.3
Spreemo	\$1.3	95	\$0.6
API Technologies	\$2.1	25	\$0.5
AJES Pharmaceuticals	\$3.1	25	\$0.3
Amazon	\$8.5	50	\$2.0

OVERVIEW OF MAJOR NEW YORK INCENTIVE PROGRAMS

START-UP NEW YORK

START-UP NY is a new initiative launched by Governor Andrew Cuomo, meant to provide major incentives for businesses to relocate, start-up, or significantly expand in New York State through affiliations with public and private universities, colleges, and community colleges. Eligible businesses will have the opportunity to operate state and local tax-free, and their employees will pay no state or local personal income taxes for ten years. START-UP NY allows businesses to take advantage of the tax-free status if located on land owned or leased by a state university or college, and/or within one-mile from the state university or college.

In order to participate in the START-UP NY program, a business must align with and/or further the state university or college's mission and goals. There are many ways in which a business might align with or support a school's academic mission. A school's academic mission will focus on the programs, research, applied learning opportunities (internships), culture, and curriculum of the college or university. Determining how a business would support the academic mission of a school is part of the business application process. Participating campuses will each have a START-UP NY point-person who will help facilitate the relationship between the applicant business and state university or college.

ELIGIBLE LAND

Participation in START-UP NY does not necessarily require that a business be located on or next to a campus. The program does, however, require that a business be located on property affiliated with a university. Eligible land for START-UP NY includes:

- Any vacant space in any building, or any vacant land, on a state university/college campus may house a Start-Up NY business.
- A college may utilize a total of 200,000 square feet of vacant land or building space within a 1-mile of a state university/college campus.
- A state university/college may apply for identified vacant land or building space located more than one mile from campus, under the same 200,000 square foot restriction.
- Private colleges may apply for a total of 3 million square feet of space to be eligible for the program, on or off their campus.
- A college may not relocate or eliminate any academic or administrative programs or offices; housing, dining, or athletic facilities; or any other facility, space, or program that actively serves students, faculty, or staff to create vacant land or space to be used as part of the program.

ELIGIBLE SPONSORS

Colleges or Universities wishing to become "Sponsors" under the program must submit a plan to the New York State Commissioner of Economic Development, which must include the following critical

New York shows an average deal value of \$2.36 million with 85 new jobs created per deal

components and an affirmation that the information contained in the plan is accurate and complete:

- A specification of, or identification of, space or land to be designated as a tax-free zone, including the total square footage of the space or acreage of the area proposed to be designated as a tax-free zone.
- A description of the types of business or businesses that will locate in the proposed tax-free zone.
- A description of (1) the academic mission of the college/university Sponsor and the way in which the proposed new businesses that the Sponsor is seeking to attract will align with the college/university's mission, together with (2) the positive community and economic benefits associated with the location of a new business within the tax-free zone.
- An outline of the process the sponsoring college/university will follow to select participating businesses.
- A copy of the sponsoring college/university's conflict of interest guidelines.
- Attestation that the proposed tax-free zone has not been financed with tax exempt bonds and that designation of the tax-free zone will not jeopardize any existing tax-exempt bonds used to finance property of the sponsoring college/university within the tax-free zone.
- Certification that the college/university has not relocated any facilities or eliminated any programs that serve its mission to make way for the proposed tax-free zone.

ELIGIBLE BUSINESSES

Many different types of businesses are eligible to apply to the program. In order to participate in START-UP NY, businesses need to support the academic mission of the college or university with which they hope to work. In New York City, Long Island and Westchester County, businesses must be start-

ups or one of a number of broadly defined “high technology” businesses. Eligible businesses must also fit one of the following descriptions:

- Be a new company in New York State.
- Be a company from out-of-state that is relocating to New York State.
- Be an expansion of a company that already has employees in New York State. Expanding businesses applying for START-UP NY will have to demonstrate that they are creating new jobs and not moving existing jobs from elsewhere in the State.

Eligible businesses also must not locate in an area in which they would compete with existing local businesses.

Per the law, there are a number of types of business that can't receive benefits under START-UP NY. Colleges and universities will not be able to consider applications from business operations that the state ultimately defines as:

- Retail and wholesale businesses
- Restaurants
- Real Estate Brokers
- Law Firms
- Medical or Dental Practices
- Real Estate Management Companies
- Hospitality
- Finance and Financial Services
- Businesses providing personal services
- Businesses providing business administrative or support services (unless the business is creating at least 100 new jobs and has received permission to participate)
- Accounting firms
- Businesses providing utilities
- Energy production and distribution companies

BENEFITS

START-UP NY will provide new and expanding businesses that create net new jobs the opportunity to operate completely tax-free — including no income tax for employees and no sales, property or business tax — while partnering with higher education institutions. Business and employee tax benefits will be available for up to ten years. After the first five years, for extremely high-earners, there is a limit on the amount of employee earnings exempted from the Personal Income Tax. For the second five years, employees will pay no taxes on income up to \$200,000 of wages for individuals, \$250,000 for a head of household and \$300,000 for taxpayers filing a joint return.

EXCELSIOR PROGRAM

The Excelsior Jobs Program provides job creation and investment incentives to firms targeted industries such as biotechnology, pharmaceutical, high-tech, clean-technology, green technology, financial services, agriculture and manufacturing and other industries. Firms in these industries that create and maintain new jobs or make

significant financial investment are eligible to apply for up to four new tax credits. The Program encourages businesses to expand in and relocate to New York while maintaining strict accountability standards to guarantee that businesses deliver on job and investment commitments. Program costs are capped at \$500 million annually to maintain fiscal affordability.

TAX CREDITS

Firms in the Excelsior Jobs Program may qualify for four new, fully refundable tax credits. Businesses claim the credits over a 10-year period. Firms must first meet and maintain the established job and investment thresholds

- The Excelsior Jobs Tax Credit: A credit of 6.85 percent of wages per new job to cover a portion of the associated payroll cost.
- The Excelsior Investment Tax Credit: Valued at two percent of qualified investments.
- The Excelsior Research and Development Tax Credit: A credit of 50 percent of the Federal Research and Development credit up to three percent of research expenditures in NYS.
- The Excelsior Real Property Tax Credit: Available to firms locating in certain distressed areas and to firms in targeted industries that meet higher employment and investment thresholds.

JOB CREATION & RETENTION PROGRAM (JCRP)

The JCRP can be worth up to \$3,500 per job and is designed to encourage companies to create new jobs in Lower Manhattan. JCRP is a discretionary HUD-funded program. Grants are based on the number of new or retained full-time jobs, the project's fiscal and economic impact, and an assessment of the need for grant funds to move the project ahead in Lower Manhattan.

Companies that project creating at least 75 full-time permanent jobs in Lower Manhattan (south of Canal Street) that are also new to New York City can qualify. The minimum job creation needs to be met within 4 years with half of the jobs created within two years. Grantees are required to achieve a two-year job creation milestone to remain eligible to receive grant funds based on four-year growth projections.

OTHER NEW YORK INCENTIVE PROGRAMS

- Commercial Expansion Program (CEP)
- Employment Opportunity Relocation Cost Credit
- Film Tax Credit
- IDA Commercial Tax Incentives
- IDA Fresh
- IDA Small Industry Incentive & Industrial Incentive Programs
- Industrial and Commercial Abatement Program (ICAP)
- Industrial Business Zone Relocation Credit (IBZ)
- New Markets Tax Credit Program
- NYS Investment Tax Credit
- Qualified Emerging Technology Companies (QETC) Incentive Program
- Real Estate Tax Escalation Credit
- Capital Access Loan Guaranty Program
- CRC Nimble
- IDA Exempt Facilities Bond Program
- IDA Manufacturing Facilities Bond Program
- Industrial Effectiveness Program (IEP)
- Jobs Now and Economic Development Fund
- Manufacturing Assistance Program
- Metropolitan Economic Revitalization Fund
- New Markets Revolving Loan Fund
- NYS Trade Adjustment Assistance Center
- NYSTAR Centers for Advanced Technology
- NYSTAR Small Business Technology Investment Fund
- Small Business Revolving Loan Fund
- Economic Development Gas Rate
- Economic Development Power
- NYSERDA
- Power for Jobs

For more information, contact:

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