Incentives for New York State Life Science Companies
June 27, 2018

Round 8 of the Regional Economic Development Fund is open now through July 30, 2018. This is an opportunity to ask directed questions, and gain detailed insights, as you prepare your application.

Loretta Beine
Life Science Industry Development Director
Empire State Development (ESD)

Co-Founders:
Michael Welling, Partner, Meridian Risk Management
Joanne Gere, Executive Director
Welcome!

Westchester Biotech Project
333 Mamaroneck Avenue, #340
White Plains, New York 10605

917-719-2226
www.WestchesterBiotechProject.org

Michael Welling, Co-Founder & Chair
mwelling@westchesterbiotechproject.org

Joanne Gere, Co-Founder & Executive Director
jgere@westchesterbiotechproject.org

Look for us everywhere!

A 501(c)(3) Nonprofit Organization
"Bringing together scientists, engineers, and clinicians from many companies and institutions is the best way to stimulate future research collaborations."

Dr. Carla Romney, Fordham University
Empire State Development

Loretta Beine, Life Science Industry Development Director
Empire State Development (ESD)
Empire State Development

Empire State Development (ESD) is New York’s chief economic development agency. The mission of Empire State Development is to promote a vigorous and growing economy, encourage the creation of new job and economic opportunities, increase revenues to the State and its municipalities, and achieve stable and diversified local economies. Through the use of loans, grants, tax credits and other forms of financial assistance, Empire State Development strives to enhance private business investment and growth to spur job creation and support prosperous communities across New York State.
Participation

- In order to participate in START-UP NY, businesses need to be aligned with the academic mission of the college or university (i.e. sponsor).
- In New York City, Long Island and Westchester County, businesses must be start-ups (formative stage) or one of a number of “high technology” businesses.
- engaged in the design, development, and introduction of new biotechnology, information technology, remanufacturing, advanced materials, processing, engineering or electronic technology products and/or innovative manufacturing processes
Downstate Private Colleges/Universities

Up to 75,000 s/f of vacant campus land or space as a Tax Free Area (TFA) in each of the following eight counties:

- Bronx
- Kings
- Nassau
- New York
- Queens
- Richmond
- Suffolk
- Westchester
Participating businesses may qualify for the following tax benefits:

- Tax Elimination Credit
- Sales and Use tax
- Real Property Transfer Tax for leases of real property
- Metropolitan Commuter Transportation District (MCTD) Mobility tax

Employees may be eligible for the Personal Income Tax Credit (PIT). If eligible, this may exclude the employee from New York Adjusted Gross Income (NYAGI) wages earned from the employer.
START-UP NY

Tax Elimination Credit

Eliminates corporate entity-level franchise taxes (Article 9-A) and personal income taxes (Article 22) related to income earned in the TFA by an approved business for 10 years.
START-UP NY

Real Estate or Real Property Transfer Tax

➢ Exemption

➢ Leases of real property located in tax-free NY areas to an approved business are exempt from the NYS real estate transfer tax. This exemption also applies to any local real estate transfer tax or local real property transfer tax imposed by a county or municipality pursuant to the authority of the Tax Law.
START-UP NY
Personal Income Tax – Wage Exclusion

- Individuals hired by businesses approved to participate in the Program to fill new positions in the tax-free area may have their wages excluded from NYS income taxes for 10 years.
Contact

www.startup-ny.com

http://esd.ny.gov/index.html

Email: startupny@esd.ny.gov
Excelsior Jobs Program
Excelsior Jobs Program

Key economic development tool for job creation and retention

- Strategic industries
- Minimum job creation thresholds
- Discretionary
- Performance based
- Refundable tax credits (10 years)
- Program caps
Excelsior Jobs Program

• Strategic industries
  – Agriculture
  – Scientific R&D
  – Software development and new media
  – Manufacturing
  – Back Office
  – Financial services (customer service)
  – Distribution
  – Entertainment
  – Other
Excelsior Jobs Program

- Minimum Job Creation Thresholds
  - Agriculture (5+)
  - Scientific R&D (5+) + The New LS category (no new job requirement)
  - Software development and new media (5+)
  - Manufacturing (10+)
  - Back Office (75+)
  - Financial services (customer services) (50+)
  - Distribution (75+)
  - Entertainment (100+)
  - Other (300+, $6MM investment)
Excelsior Jobs Program

Discretionary

– Grant program disguised as tax credits

– Statutory formulas determine maximum award

– Internal review, including benefit-cost analysis

– Commissioner’s offer is discretionary up to maximum allowed
Excelsior Jobs Program

Refundable
- Means cash flow for businesses

Program caps
- $2.25B commitment over 10 years
- Unused credits can be carried over
- Means certainty in commitments (It is already built into the State’s fiscal plan)
Excelsior Jobs Program

For More Information

http://www.esd.ny.gov/BusinessPrograms/Excelsior.html
New York State
Life Science Initiative
Experienced entrepreneurs, mentorship and early stage capital vital to commercial LS missing from NY

Access to Coaches & Mentors
“Many of our faculty don’t know enough about how to start companies. They are not the full-time employees of the hospital, just affiliates and on the faculty of medical school.”
– Director, Tech Transfer Office

Sector Connectivity
“Our ecosystem is ‘fledgling’ at best. Someone referred to it as ‘blobs of mercury’ that haven’t run together. There really isn’t a focal point for leadership.”
– New York VC

Experienced Entrepreneurial Talent
“I don’t know if I can find the talented management team to run the companies that I form in New York City. It is a ‘craft’ that often is taught through mentorship from serial entrepreneurs.”
– Corporate VC

Early Stage Venture Capital
“Everyone is focused on tech startups—if you are building an app, people will almost throw money at you. Why take the risk of products that have a harder road of development?”
– New York VC

UNMET NEEDS

The objective of the LS Initiative is to create a thriving LS hub in NYS

Mission

Grow and support New York State’s life science innovation ecosystem by leveraging synergies between industry, academia, and the public sector

Resulting Impact

- Fuel economic growth and job creation while generating competitive financial returns
- Develop new therapies and drugs to enhance patient health
- Generate new start-ups from NY universities, research labs, and incubators
- Encourage private investment and public-private partnerships
- Incentivize capital formation in upstate areas
LS Initiative will offer companies economic and programming support

**Refundable R&D Tax Credit**

- New life science companies:
  - 15%-20% of refundable tax credit for R&D expenditures limited to 10m / year.
  - Credit limit of $500K/yr for 3 consecutive years

**Excelsior Jobs Program Tax Credit for Life Science**

- Job creation requirement lowered to 5 to accommodate life science companies
- $10M mandated set aside

**Private Investment**

- $100M in private matching funds will be raised by the Partnership Fund for NYC
- To be allocated to Life Science Venture Capital Fund

**Capital Programs**

- Strategic Investments e.g. Jlabs @NYC
- Venture Capital Fund
- More forthcoming
LS VC Fund will provide early-stage capital to help translate research into NewCos

- $50M state funds + $50M private match over 5 years
- $20M / year state funds
- Co-managed and invested with Partnership Fund for NYC
- Seed and Series A stage funding
- Location and job-creation requirements with claw back provisions
## New York Ventures: Program Overview

<table>
<thead>
<tr>
<th></th>
<th>Direct Investment Fund</th>
<th>Fund of Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment Stage</strong></td>
<td>Seed &amp; Early-Stage</td>
<td>Pre-Seed</td>
</tr>
<tr>
<td><strong>Investment Size</strong></td>
<td>$500K - $5M</td>
<td>Up to $100K</td>
</tr>
<tr>
<td><strong>Matching Funds Ratio (on portfolio basis)</strong></td>
<td>2:1</td>
<td>1:1</td>
</tr>
<tr>
<td><strong>Fund Size</strong></td>
<td>$100M</td>
<td>$8M</td>
</tr>
<tr>
<td><strong>Currently Deploying $</strong></td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Launch Date</strong></td>
<td>2013</td>
<td>2014</td>
</tr>
</tbody>
</table>

- **NYS Innovation Venture Capital Fund (NYSIVCF)**
- **Technology Commercialization**
- **Innovate NY**
Loretta Beine
Director of LS Industry Development
Strategic Business Development Division
Email: loretta.beine@esd.ny.gov
Stay in Touch!

Westchester Biotech Project
333 Mamaroneck Avenue, #340
White Plains, New York 10605

917-719-2226
www.WestchesterBiotechProject.org

Michael Welling, Co-Founder & Chair
mwelling@westchesterbiotechproject.org

Joanne Gere, Co-Founder & Executive Director
jgere@westchesterbiotechproject.org

A 501(c)(3) Nonprofit Organization
Look for us everywhere!
On Twitter we’re @WestchesterBio

Westchester Biotech Project
Research Community Resources

Rare Disease Symposium