

I. Introduction to Development Subsidies

This Research Manual is a nuts and bolts resource for community organizers, workplace activists and concerned citizens – anyone interested in how public money has been used by the City of New York in the name of economic development.

This Research Manual is a companion to the research guide published by Good Jobs First, *No More Secret Candy Store: A Grassroots Guide to Investigating Development Subsidies*. We strongly encourage anyone engaged in subsidy research to also use the GJF guide, available at www.goodjobsfirst.org. The GJF guide provides an introduction to investigating job subsidies – good research basics such as what to look for and how to get it. You can use this Research Manual on its own, but to get the most mileage out of it, we recommend using it in tandem with *No More Secret Candy Store*.

Learning more about New York's development subsidy packages

Posted on the Good Jobs New York website (www.goodjobsny.org) you'll find a database of the largest "job retention deals" made in New York City since 1988. These deals represent agreements that the city made with individual companies, in which the company received subsidies such as tax breaks, low cost energy, tax-exempt financing and grants in exchange for promising to remain in the city, and maintain or create jobs. In some cases, the companies agreed to maintain a specified number of employees and to stay in New York City for a certain number of years. The purpose of the deals is to retain jobs that are believed to be at risk of leaving the city. But many of these high cost deals were of questionable benefit, as documented in GJNY's second issue brief, which can be found on our website.

Over the past six years, more than \$2 billion of New York City and New York State funds have gone to some of the world's most profitable companies in the name of job retention. (And over \$1 billion more is scheduled for approval by the end of 2001.) These tax breaks and grants are supposed to strengthen the economy – creating or retaining jobs, increasing tax revenue, and boosting the quality of life. But some companies have reduced their employment levels in New York, despite getting subsidies. As a case in point, of the 50 costliest job retention deals (costing between \$6 and \$235 million), a quarter of the companies have laid off workers with barely a slap on the wrist from the city for doing so. And the record shows that in numerous cases these companies never seriously considered leaving.

The city has allowed itself to be played off against New Jersey and Connecticut by companies that threaten to leave town. History proves that city leaders have failed to establish an effective strategy to contain the situation by refusing to rally corporate leaders to establish an environment that shuns corporate executives for demanding public subsidies when there are so many other pressing needs for public resources. New York City taxpayers have good reason to hold the Mayor (and his or her agencies) accountable for how public money is spent on economic development.

Why should New Yorkers care about development subsidies?

Throughout the country, taxpayers are increasingly demanding greater accountability in the use of economic development subsidies. Groups have raised subsidy issues in several types of organizing campaigns. In some parts of the country, community residents have fought pollution by challenging a company's standing to receive subsidies, in others they have sought to halt companies that leave communities stranded, and in still others, workers have used subsidies as leverage to win better wages or essential health benefits.

Successful research has paved the way for extraordinary triumphs for workers and communities. For example, SEIU Local 32BJ (Service Employees International Union) effectively used the fact that Muss Development received nearly \$60 million in development subsidies to build the Brooklyn Renaissance Plaza as a cornerstone of its campaign to organize the janitorial staff. Prior to the successful campaign, most of the janitorial staff who clean the offices at the Plaza earned less than \$6.00 with no benefits. How, the union asked, could a development that was built with tax dollars, pay workers below a living wage? After four months on strike and a hard fought campaign, the company recognized the janitors union securing workers a living wage, health benefits and vacation.

Another example is the \$240 million the city is scheduled to provide for renovations at the Metropolitan Opera House. HERE Local 100 (Hotel and Restaurant Employees International Union) launched a campaign on behalf of the restaurant employees who work at the Met. According to HERE, 50% of the restaurant workers earn less than \$10 an hour and 60% don't have health insurance. Clearly, it can be argued that if the city finances the construction of this project, it should ensure that the Met provide a living wage and affordable health care; not the current sub-standard wages that leave many employees dependent on public assistance to get by. While the fight is yet to be complete, HERE 100 has the broad support of the community and New York City council members.

New York State and Federal Development Subsidy Programs

Besides subsidy programs available from New York City and its agencies, there are dozens of state programs that provide companies with grants, tax breaks, low cost energy and other forms of public assistance. Information on these programs has not been included here. You may learn more about state programs through the Empire State Development Corporation website: www.empire.state.ny.us/serv_incentives.htm and the State Department of Taxation and Finance website: http://www.tax.state.ny.us/statistics/Tax_Incentives/Default.htm. Similarly, there are federal economic development programs through which New York companies receive subsidies. See *No More Secret Candy Store* for guidance on those. Also, New York City does have a federal Empowerment Zone in the South Bronx and Harlem. You can get more information on subsidies to companies located in this EZ through the Department of Housing and Urban Development and at <http://www.hud.gov/>.

What would you do with \$1.1 billion to help your community?

As an activist, maybe you would use it to improve transportation in your neighborhood, expand job-training programs, clean up a park or build more day care centers. Unfortunately, the city is planning to give this money to one of the most lucrative groups in the world, the New York Stock Exchange. In 2000, according to the New York State Comptroller, Wall Street profits topped \$21.4 billion. Should this deal go through, it would be the most blatant example of the city's political indulgence on behalf of wealthy corporations. With a price tag of \$1.1 billion and rising, the city and state deal would provide funding to build a new 600,000 square-foot trading floor and seek a developer for a 900-foot tall commercial office tower. If this deal comes to fruition, it will cost the average tax-paying New Yorker at least \$137.00. Studies show the NYSE needs less space, not more, due to computerization. And despite the Exchange's professed interest in Jersey City, news reports quote Richard Grasso, Chairman of the NYSE telling Mayor Giuliani that the NYSE would never leave the city.¹

In July of 2001, the NYSE announced it is laying off 150 clerks, or 10% of its work force, and replacing them with automated services. While no expects the NYSE to refuse to update their operations, one would hope that with \$1.1 billion on the table, they would feel responsible for maintaining these jobs somewhere within the NYSE.

Often, specific corporations are the targets as mentioned earlier with 32BJ and HERE 100 campaigns. But in New York City, more than in other places, we must bring attention to the need of greater government accountability. That's because a small number of city officials have granted some enormous subsidy deals mostly to the media and financial industries based in midtown and lower Manhattan – but the public record shows they are not watching the store.

¹ The New York Times, May 8, 1998 quotes Mayor Giuliani, "But I can remember the day that Richard Grasso sat in my office, shook my hand and said, 'We will never, ever move out of New York.' "

II. How to Use this Research Manual

So, you've heard that in exchange for development subsidies a corporation promised to for example, maintain a certain number of jobs, create new jobs, or ensure safe environmental practices in your neighborhood. How do you find out the details of the subsidy deal to ensure the company and the city are keeping their word? First, you will need to find out which development subsidy (or subsidies) the company received from the Economic Development Corporation (EDC). In addition to filing a FOIL request (details regarding FOIL requests are on page seven) with the EDC to get a list of those subsidies, reading EDC press releases (and the subsequent press coverage) will give you a better understanding of the particulars of the deal and as well as the players involved. Visit http://www.newyorkbiz.com/About_Us/News_Releases.cfm for more information.

There are more than two-dozen subsidy programs documented here. If you need general information about different types of subsidies such as tax abatements and tax-exempt bonds, refer to *No More Secret Candy Store*. To help you narrow your focus, each New York program has been categorized under the following six headings:

- Subsidy Type** (Energy discount, financing, advice, real estate tax breaks),
- Eligible Industries** (Commercial, High-tech, Industrial, Retail),
- Accessibility** (Whether the recipient is entitled, "As-of-right" or must apply, "Discretionary"),
- Geographic Restrictions on Eligibility** (Where companies must be located to qualify),
- Who Gets Subsidies** (Owners or renters),
- Purpose of Subsidy** (Job creation or retention, area development, etc.).

Once you find out what category or categories you're interested in, you can narrow your list of programs considerably. Specialized terms are explained in Appendix A at the back of the manual.

The next section, Part III, lists the existing New York City subsidy programs broken down according to the above categories. Online users of the research manual may conduct an interactive search of programs by one or more categories.

Once you identify the subsidy programs you're interested in, go to the program profiles in Part IV of this manual, where they are listed in alphabetical order. Follow the instructions for obtaining information about companies that receive public assistance under the program. While this information should be made readily available to the public, you may be required to submit a written request for the information under the Freedom of Information Law. To facilitate your research, we have included contact information for the FOIL officers at each of the programs. A sample FOIL request letter is included in Appendix B.

Important notes when writing a request under the Freedom of Information Law

Please note that it is important to be as specific as possible when you request information from government agencies. The more specific you are, the more likely you are to get the information you want in a timely fashion. To the extent possible, you should list the specific documents you want to see. But you should also request any other documents that may contain the information you're seeking (say something like "including but not limited to"). For more details, see the FOIA section in the GJF guide.

The list below indicates the kind of information you can request about a particular company:

- Whether the company is subsidized by a specific program.
- Copies of agreements between the company and the City.
- Minutes of any meeting where a company deal were discussed.
- A company's application for a subsidy – which may have information about promised jobs, current employment, intended use of the money or other useful information about the company.
- Total value of subsidy per year and over the term of the agreement:
 - under a particular program, or
 - under a set of programs.
- What the company promised in exchange for the subsidy (e.g., did it promise jobs would be retained and/or created? How many? Did they promise to remain in town for a certain number of years?)
- Any follow-up monitoring reports by the company or the agency (in some cases they must file progress reports with info about actual investment, job creation, etc.)

You can also request information about particular programs, such as:

- A list of companies that have participated in the program over a period of time.
- What information companies must submit in order to qualify for the program (including copies of the forms they must fill out).
- Documents that define the *intent* of the program.
- How the City monitors the effectiveness of the program, and determines whether the program is achieving its stated intent.
- Performance audits and evaluations, and records of any oversight hearings.

Reports on development subsidies provided by the city

There are two City reports published annually that provide some information on development subsidies. The Department of Finance, Office of Tax Policy publishes an *Annual Report on Tax Expenditures*. It reports the amounts of tax revenue forgone by the city in the name of economic development broken down by various tax breaks. This report, available at <http://www.nyc.gov/html/dof/html/taxpol.html>, provides an overview of tax expenditures, including economic development, but it doesn't provide company-specific information.

The Economic Development Corporation is required by Local Law 69, passed in 1993, to publish an annual report providing some information about the larger job creation and retention projects it has undertaken that year. Projects must be reported if they involve: a) a loan, grant or tax benefit in excess of \$250,000; or b) a sale or lease of real property where the project is estimated to retain or create at least 25 jobs. The information that must be reported on eligible companies is fairly limited. A Local Law 69 report includes the names of eligible companies, the location, the type of city assistance received, and the number of jobs created or retained. The report does not include information on the total cost of the subsidy or subsidies awarded to each company, or what if any contractual obligations companies made with the City in exchange for subsidies. The information provided in the report tends to understate the costs of subsidies and to draw job creation numbers from a range of (not always reliable) sources. Non-EDC sponsored projects and EDC projects smaller than the threshold amount are not reported at all, even in summary form.

Unfortunately, the EDC's annual report is not easily accessible. To obtain a copy from the EDC you will probably have to pay reproduction fees of more than \$100 (the report is more than 500 pages long). If you're interested in information contained in the Local Law 69 report, contact Good Jobs New York at (212) 414-9394. We can look up the information for you or make the report available for your review.

For better insight into Local Law 69, read the New York City Independent Budget Office report *"Full Disclosure? Assessing City Reporting on Business Retention Deals"* released in June 2001 (available through a link on our web site, www.goodjobsny.org). This brutally honest report confirms what many of us in economic development have known - the New York City Economic Development Corporation fails to disclose important details of its subsidy deals, doesn't keep adequate records to facilitate monitoring of the economic incentive packages it's authorized, and blatantly disregards Local Law 69. The IBO report reinforces how critical it is for activists, and the public in general, to be informed and have a clearer understanding of the impact the City's economic retention packages have on New York's quality of life.

III. List of New York City Subsidy Programs

<u>NAME OF SUBSIDY PROGRAM</u>	<u>ELIGIBLE INDUSTRIES</u>	<u>TYPE OF SUBSIDY</u>	<u>ACCESSIBILITY</u>	<u>GEOGRAPHIC RESTRICTIONS</u>	<u>WHO GETS SUBSIDY</u>	<u>PURPOSE</u>
Commercial Expansion Program	Commercial Industrial	Umbrella Program	Discretionary	Expansion areas (see list in Part III)	Renters (hotels excluded)	Creation/Retention
Commercial Revitalization Program	Commercial Retail	Tax Break	Discretionary	Lower Manhattan	Renters	Retention
Con Edison Development Incentive Rates	Commercial Industrial	Energy Discount	Discretionary	Citywide	Renters	Retention
Digital NYC	High Tech	Other	Discretionary	Designated areas in each borough	Renters	Creation
Emerging Industries Fund	High Tech	Financing	Discretionary	Citywide	Renters	Creation
Employment Opportunity Relocation Costs Credit	Commercial Industrial	Tax Break	Discretionary	Citywide	Renters	Creation
Energy Cost Savings Program	Commercial Industrial	Energy Discounts	As-of-Right	Citywide	Renters	Creation/Retention
Fitzpatrick Power Program	Commercial Industrial	Energy Discount	Discretionary	Citywide	Renters	Retention
Foreign Trade Zones	Commercial Industrial High Tech	Tax Break	Discretionary	Designated zones near ports of entry to US (air or sea)	Renters	Retention
Industrial and Commercial Incentive Program (ICIP)	Commercial Industrial	Tax Break	Discretionary	Citywide for industrial, Designated areas for commercial	Renters Owners	Creation/Retention
Industrial Development Agency (IDA) Bond Financing	Commercial Industrial	Financing	Discretionary	Citywide	Owners	Creation/Retention
Industrial Incentive Program (IIP)	Industrial	Tax Break	Discretionary	Citywide	Renters Owners	Creation/Retention
Keyspan Economic Development Gas Rate	Commercial Industrial	Energy Discount	Discretionary	Designated areas	Renters	Creation/Retention

<u>NAME OF SUBSIDY PROGRAM</u>	<u>ELIGIBLE INDUSTRIES</u>	<u>TYPE OF SUBSIDY</u>	<u>ACCESSIBILITY</u>	<u>GEOGRAPHIC RESTRICTIONS</u>	<u>WHO GETS SUBSIDY</u>	<u>PURPOSE</u>
Lower Manhattan Energy Program	Commercial High Tech	Energy Discount	As-of-Right	Lower Manhattan	Renters	Creation/ Retention
Lower Manhattan Economic Revitalization Plan	Retail Commercial	Umbrella Program	As-of-Right	Lower Manhattan (see listing in Part III for boundaries)	Renters Owners	Retention/ Creation
Machinery and Equipment Bond Program	Industrial	Financing	Discretionary	Citywide	Renters Owners	Creation/ Retention
Negotiated Land Sales	Commercial Industrial	Other	Discretionary	Citywide	Renters Owners	Retention/ Creation
New York City Capital Access Program	Retail Commercial Industrial High Tech	Financing	As-of-Right	Citywide	Renters Owners	Creation/ Retention
Plug 'n' Go	High Tech	Other	Discretionary	Designated areas	Renters	Creation
Prospect Street NYC Discovery Fund	High Tech	Financing	Discretionary	Citywide	Renters	Creation/ Retention
Real Estate Tax Escalation Credit	Commercial Industrial	Tax Break	As-of-Right	Citywide	Renters	Creation
Regional Economic Development Assistance Corporation (REDAC)	Retail Commercial Industrial	Financing	Discretionary	Citywide	Renters	Creation/ Retention
Relocation Employee Assistance Program (REAP)	Commercial Industrial	Tax Break	As-of-Right	Designated areas	Renters	Creation/ Retention
Rent Abatements for Commercial and Industrial Tenants	Commercial Industrial	Grant	Discretionary	Designated areas	Renters	Creation/ Retention
Sales Tax Exemption For Manufacturing Firms	Industrial	Energy Discounts	As-of-Right	Citywide	Renters	Retention

IV. Profiles of New York City Subsidy Programs

Commercial Expansion Program

Program Description: This package of incentives was enacted in August 2000 in response to a wave of corporations announcing plans to expand operations in New Jersey. The goal is to promote retention and expansion in the outer boroughs and Upper Manhattan. The package includes the following four programs:

- Enhanced Relocation Employment Assistance Program (REAP)
- Enhanced Industrial and Commercial Incentive Program (ICIP)
- Rent Abatements for Commercial and Industrial Tenants
- Restructured Energy Cost Savings Program

Administering Agency: NYC Department of Finance, REAP Committee

Subsidy Type: Umbrella Program

Eligibility requirements: The beefed-up incentives are available to businesses located in or relocating to so-called “expansion areas”, which are areas zoned C4, C5, C6, M1, M2, and M3 in the outer boroughs and in Manhattan above 96th Street. See “Commonly used economic development terms” at the back of the manual for information about zoning districts.

Retail: no

Commercial: yes

Industrial: yes

High-tech: no

Accessibility:

As-of-Right: no

Discretionary: yes

For Renters: yes

For Owners: no

Geographic area: Citywide

Contact information:

Records Access Officer: Mona Cidarous

Records Access Phone: 212.669.7183

Records Access Fax: 212.669.8278

How to get info: Review contact information for each program description mentioned above.

Commercial Revitalization Program

(A division of the Lower Manhattan Economic Revitalization Plan)

Program Description: Renters of commercial, office, or retail space with leases that begin between April 1, 1995 and March 31, 2005 in pre-1975 buildings located in lower Manhattan are eligible for real property tax abatements and commercial rent tax reductions under this program. The benefits are not available to tenants who relocate to Lower Manhattan from north of 96th Street or from the outer boroughs.

Real Estate Tax Abatement—Depending on size of firm and length of lease, this is a one, three or five year abatement, consisting of 100% of the base year's tax liability up to a cap of \$2.50 per square foot. The abatement phases out by thirds over the next two years.

Commercial Rent Tax Reduction -- This program allows for a 100% reduction of rent usually subject to commercial rent tax for one, three or five years (depending on size of firm and length of lease) that phases out by thirds over the next two years.

Administering Agency: NYC Department of Finance

Subsidy Type: Tax Break

Eligibility requirements: Leases for small tenants (125 employees or fewer) must be for a minimum of three years and for large tenants (over 125 employees) a minimum of ten years. There is a minimum required investment of \$5 to \$35 per square foot, depending on the term and the number of employees.

Retail: yes

Commercial: yes

Industrial: no

High-tech: no

Accessibility:

As-of-Right: no

Discretionary: yes

For Renters: yes

For Owners: no

Geographic area: Lower Manhattan, Upper Manhattan, outer boroughs

Contact information:

Records Access Officer: Gerald Koszer

Records Access Phone: 718.403.3644

How to get info: FOIL requests are by mail only: Department of Legal Services, 345 Adams Street, Brooklyn, NY 11201.

Web Address: <http://www.nyc.gov/finance>

Con Edison Economic Development Incentive Rates

Program Description: Con Ed offers discounts on energy bills to eligible commercial and industrial companies that open, expand or move operations within New York City. The discounts are only available to businesses within Con Ed's service territory, which are highlighted in the website listed below. Application for benefits must be made within 30 days of applying for economic development benefits from state or local authorities. The benefits are divided as follows:

Business Incentive Rate (BIR) – This is a 25%-30% reduction of the delivery portion of electricity bills, which works out to approximately 15% reduction overall. It is available for 3-10 years followed by a phase-out period. Customers moving into previously vacant buildings (at least 75% unoccupied for 12 consecutive months out of the 24 preceding application) are also eligible for a discount of up to 21% on delivery charges for gas, so long as they use a certain minimum amount each month.

Retention/Attraction of New or Existing Company – The same BIR discount (~15%) is available for a 15 year period, 10 years at full discount and five at declining discounts, for companies that have performed an energy efficient audit and are considered a significant source of job retention or attraction. Con Edison doesn't specify what constitutes "significant" in the case.

Administering Agency: Con Edison

Subsidy Type: Energy Discount

Retail: no

Commercial: yes

Industrial: yes

High-tech: no

Eligibility requirements: Applicants must do an efficiency audit, increase employment by ten percent, and be receiving local tax incentives or Energy Cost Savings (ECSP) benefits. Applicants for the 15 year discount must be receiving a comprehensive economic incentive package from the Economic Development Corporation.

Accessibility:

As-of-Right: no

Discretionary: yes

For Renters: yes

For Owners: no

Geographic area: Citywide

Contact information:

Records Access Officer: Martin Heslin

Records Access Phone: 212.460.4705

How to get info: Contact Records Access Officer

Web Address: <http://www.coned.com/business/incentive.html>

Digital NYC: Wired to the World SM

Program Description: This program provides low-cost, internet-ready office space to encourage high-tech companies to locate in the outer boroughs or in Manhattan above 96th Street. In exchange for city-funded marketing support, selected building owners in eight districts in Brooklyn, Upper Manhattan, Queens, Staten Island and The Bronx have agreed to charge lower rent for buildings pre-wired for high-tech firms.

Additional subsidies may be available to businesses that locate in these buildings (and in industrial or commercial areas in Upper Manhattan or the outer boroughs) under the Commercial Expansion Program, which recently increased subsidies for businesses under several different programs (see separate entries for Commercial Expansion Program and for each of the CEP programs).

Administering Agency: NYC Economic Development Corporation

Subsidy Type: Other

Eligibility Requirements:

Retail: no

Commercial: no

Industrial: no

High-tech: yes

Accessibility:

As-of-Right: no

Discretionary: yes

For Renters: yes

For Owners: no

Geographic area: Brooklyn: Brooklyn Navy Yard, Downtown Brooklyn, Red Hook and Southwest Brooklyn; Manhattan: Upper Manhattan; The Bronx: South Bronx; Queens: Long Island City; and Staten Island: St. George.

Contact information:

Records Access Officer: David Shelley

Records Access Phone: 212.312.3581

Records Access Fax: 212.312.3912

How to get info: Contact Records Access Officer

Web Address: <http://www.newyorkbiz.com/digitalnyc>

Emerging Industries Fund

Program Description: This venture capital fund makes early stage investments between \$250,000 to \$1.5 million in high-technology companies, including bio-technology, new media/Internet, software and telecommunications. Administered by the EDC, the fund is advised by two private firms, Darper Fisher Jurvetson Gotham for computer/Internet and telecom deals and Paramount capital for biotech deals.

Administering Agency: NYC Economic Development Corporation

Subsidy Type: Financing

Eligibility Requirements: High tech firms in or moving to NYC.

Retail: no

Commercial: no

Industrial: no

High-tech: yes

Accessibility:

As-of-Right: no

Discretionary: yes

For Renters: yes

For Owners: no

Geographic area: Citywide

Contact information:

Records Access Officer: David Shelley

Records Access Phone: 212.312.3581

Records Access Fax: 212.312.3912

How to get info: Answers to inquires are available by email:

<mailto:techfund@nycedc.com>

Web address: <http://www.newyorkbiz.com/>

Employment Opportunity Relocation Costs Credit

Program Description: This program delivers tax credits to companies that relocate ten or more non-retail jobs from out of state to New York City. The credit is worth up to \$300 per commercial job relocated and up to \$500 per industrial job relocated and is taken against a company's New York City income taxes. The total value of the tax break cannot exceed 75 cents per square foot of occupied space.

Administering Agency: NYC Department of Finance

Subsidy Type: Tax Break

Eligibility requirements: Companies must relocate from outside New York State and create at least 10 full-time commercial or industrial jobs in the city. Getting the credit involves filing particular tax returns (NYC Form 9.6 under Section 11-604.14 of the Administrative Code for general corporation taxes or NYC Form 114.6 under Section 11-503(f) of the Administrative Code for unincorporated business tax).

Retail: no

Commercial: yes

Industrial: yes

High-tech: no

Accessibility:

As-of-Right: no

Discretionary: yes

For Renters: yes

For Owners: no

Geographic area: Citywide

Contact information:

Records Access Officer: Gerald Koszer

Records Access Phone: 718/403.3644

How to get information and make FOIL requests: Accepted by mail only: Dep't of Legal Affairs, 345 Adams Street, Brooklyn, NY 11201.

Web Address: <http://www.nyc.gov/finance>

Energy Cost Savings Program

Program Description: Discounted natural gas and electricity are available to qualified commercial and industrial businesses that have invested in their properties (at least 10% of the assessed value) or have relocated. Landlords who qualify must pass the full value of the savings to tenants. The discount is up to 45% on electricity delivery costs and 35% on natural gas delivery costs. (This would represent about 25% and 20% respectively off of the company's total bill.) The full discount lasts eight years and is phased out by sixths over the next five years.

Administering Agency: NYC Department of Business Services

Subsidy Type: Energy Discount

Eligibility Requirements: In addition to investing at least 10% of assessed value in improvements to their property, eligible businesses must do one of the following:

- Relocate from Manhattan below 96th Street to anywhere else in New York City.
- Relocate from Long Island City or Fulton Ferry to anywhere in the city except Manhattan below 96th Street.
- Operate in buildings that receive Industrial and Commercial Incentive Program (ICIP) tax breaks or Industrial Development Agency (IDA) financing.

Retail: no

Commercial: yes

Industrial: yes

High-tech: no

Accessibility:

As-of-Right: yes

Discretionary: no

For Renters: yes

For Owners: yes

Geographic Area: Citywide

Contact information:

Records Access Officer: Gale Rohras

Records Access Phone: 212.513.6345

Records Access Fax: 212.618.8987

How to get info: Contact Records Access Officer

Web Address: <http://www.nyc.gov/html/dbs>

Fitzpatrick Power Program (New York City Public Utility Service)

Program Description: This program provides low-cost electricity to eligible businesses from the New York Power Authority's Fitzpatrick nuclear plant in upstate New York, on Lake Ontario. In New York City, the program is administered by the New York City Economic Development Corporation. Discounts can last up to ten years and vary depending on amount of energy used. Energy-intensive businesses can save up to 30% on electricity bills.

Administering Agency: NYC Economic Development Corporation

Subsidy Type: Energy Discount

Eligibility Requirements: A business must use a minimum amount of electricity (400 kilowatts) per month, and either commit to job creation or retention, or else make capital improvements. To qualify for the 50% Deep Discount Program, a business must participate in both the Fitzpatrick program and the Energy Cost Savings Program (see separate entry) and make additional property improvements and job commitments.

Retail: no

Commercial: yes

Industrial: yes

High-tech: no

Accessibility:

As-of-Right: no

Discretionary: yes

For Renters: yes

For Owners: no

Geographic Area: Citywide

Contact information:

Records Access Officer: David Shelley

Records Access Phone: 212.312.3581

Records Access Fax: 212.312.3912

How to get info: Contact Records Access Officer

Web Address: <http://www.newyorkbiz.com/>

Foreign Trade Zones

Program Description: A foreign trade zone is an area in or near a port of entry to the country (airport or seaport) that is officially outside U.S. Customs territory. In these zones, companies are exempt from paying customs duties on merchandise. They can assemble, process, or re-sell items before they leave the zone and officially enter U.S. commerce. This allows companies operating within the Foreign Trade Zone to defer, reduce or eliminate certain taxes.

Administering Agency: NYC Economic Development Corporation

Subsidy Type: Development Zone

Eligibility Requirements: Business must be located in the Foreign Trade Zone.

Retail: no

Commercial: yes

Industrial: yes

High-tech: yes

Accessibility:

As-of-Right: yes

Discretionary: no

For Renters: yes

For Owners: no

Geographic Area: Brooklyn Navy Yard, John F. Kennedy International Airport, Howland Hook Marine Terminal, and special manufacturing “sub zones” around these areas.

Contact information:

Records Access Officer: David Shelley

Records Access Phone: 212.312.3581

Records Access Fax: 212.312.3912

How to get info: Contact Records Access Officer

Web Address: <http://www.newyorkbiz.com/>

Industrial and Commercial Incentive Program (ICIP)

Program Description: The Industrial and Commercial Incentive Program (ICIP) provides real property tax benefits to eligible industrial or commercial buildings that are physically improved, expanded, or newly constructed in various designated areas of New York City. The program expires on June 30, 2003. Exemptions apply only to increases in assessed property value due to improvements made by the business.

Administering Agency: NYC Department of Finance, ICIP Unit

Subsidy Type: Tax Break

Eligibility Requirements: Applicants must invest a minimum percentage of the assessed property value in improvements and file with the New York City Department of Finance before getting a building permit or starting construction. Further eligibility requirements vary with location and company type (see below).

Industrial Projects

For Exemption: Industrial properties that undergo renovation or new construction anywhere in New York City and spend a minimum of 10 % of the assessed value of the property are eligible to receive a 25-year real estate tax exemption on increases due to improvements. The exemption is full exemption for the first 16 years and declines by 10% a year for the remaining nine years. For the first 13 years of the benefit period, companies are also protected against increases on assessed value that are due to inflation.

For Abatement: In addition to the exemption program described above, industrial properties that renovate or begin new construction expending a minimum of 25% of assessed value of the property are also eligible to receive a 12-year real estate tax abatement. The abatement is based on the real estate taxes paid on the land and building during the year just prior to the year a building permit was issued or construction was begun. The property receives a 50% abatement of this amount for the first four years, followed by declining 10 percent abatements every other year for the next eight years.

Commercial Projects

In "*Regular Exemption*" areas of Manhattan north of 96th Street or any of the outer boroughs commercial businesses that spend a minimum of 10% of assessed value of the project on renovations or new construction are eligible for a **15-year real estate tax exemption**. The exemption (on increases due to improvements) is full for the first 11 years, declining by 20% per year for the remaining four years.

In "*Special Exemptions*" areas in Manhattan north of 96th Street, or the outer boroughs, commercial businesses that spend at least 10% of the assessed value of their project are eligible for a **25-year real estate tax exemption** on increases due to improvements. It lasts 16 years in full and then declines by 20% in alternate years for the remaining nine years. These projects are also protected against paying increases on improvements due to inflation for the first 13 years of the benefit period.

Industrial and Commercial Incentive Program (ICIP)

(Continued)

For Commercial Renovations South of the Centerline of 59th Street: A **12-year tax exemption** on increases due to improvements is available for businesses that spend a minimum of 20% of assessed value of the project. The benefit consists of a full exemption for the first eight years, declining by 20% per year for the remaining four years. Benefits are not currently available for commercial renovation projects north of the centerline of 59th street and south of 96th Street in Manhattan.

For New Construction of Commercial “Smart Buildings” in Manhattan South of Murray Street: An 8-year real estate tax exemption on increases due to improvements that is full for the first four years and declines by 20% a year for the remaining four. Construction must meet “Smart Buildings” criteria defined in the ICIP legislation.

Retail: no

Commercial: yes

Industrial: yes

High-tech: no

Accessibility:

As-of-Right: yes

Discretionary: no

For Renters: Yes

For Owners: Yes

Geographic Area: Citywide industrial projects; see details above for geographic restrictions of commercial projects.

Contact information:

Records Access Officer: Warren Hyman

Records Access Phone: 212.361.7143

Records Access Fax: 212.361.7717

How to get info: Contact Records Access Officer

Web Address: <http://www.nyc.gov/finance>

Industrial Development Agency (IDA) Bond Financing

Program Description: In order to allow commercial and industrial companies and certain non-profit corporations to finance property purchases or make capital investments, the IDA issues low-cost, double and triple tax-exempt Industrial Revenue bonds. These bonds allow companies access to much lower interest rates than are available in the private market. Recipients of IDA bond financing may also qualify for full or partial exemption from property tax, sales tax, and mortgage recording tax.

Administering Agency: NYC Industrial Development Agency (IDA)

Subsidy Type: Financing

Eligibility Requirements: Eligible projects must create or retain permanent jobs in New York City. Bond proceeds can be used for acquiring land, buildings, machinery or equipment and for funding new construction.

Retail: no

Commercial: yes

Industrial: yes

High-tech: no

Accessibility:

As-of-Right: no

Discretionary: yes

For Renters: no

For Owners: yes

Geographic Area: Citywide

Contact information:

Records Access Officer: David Shelley

Records Access Phone: 212.312.3581

Records Access Fax: 212.312.3912

How to get info: Contact Records Access Officer

Web Address: <http://www.newyorkbiz.com/>

Industrial Incentive Program (IIP)

Program Description: This program provides exemptions from property tax, sales tax on construction materials and/or mortgage recording tax through an arrangement in which the Industrial Development Agency (IDA) takes a nominal title to a property, thus making it tax exempt. The business then leases the property and makes payments in lieu of taxes to the city that are lower than the taxes would have been. Potential participants must contact the IDA for assistance prior to entering into construction or renovation contracts. The IDA does not issue bonds under this program.

Administering Agency: NYC Economic Development Corporation/NYC Industrial Development Agency

Subsidy Type: Tax Break

Eligibility Requirements: The program is open to manufacturers, distributors, warehousemen, and other industrial companies that plan to buy, construct or renovate facilities within the five boroughs. Applicants must demonstrate the need for IDA assistance in order to realize job creation and/or retention within New York City. Companies must earn annual revenues of \$5 million or more and/or employ in excess of 100 workers. Participants must demonstrate the ability to finance the project as evidenced by sufficient equity or the receipt of a bank loan commitment or other source of funding prior to receiving final IDA approval.

Retail: no

Commercial: no

Industrial: yes

High-tech: no

Accessibility:

As-of-Right: no

Discretionary: yes

For Renters: yes

For Owners: yes

Geographic Area: Citywide

Contact information:

Records Access Officer: David Shelley

Records Access Phone: 212.312.3581

Records Access Fax: 212.312.3912

How to get info: Contact Records Access Officer

Web Address: <http://www.newyorkbiz.com/>

Keyspan Economic Development Gas Rate (EDGAR)

Program Description: Keyspan provides discounted rates of up to 50% on natural gas consumption above a certain monthly amount in Keyspan's service area, which is Brooklyn, Staten Island and Queens (except the Rockaways). Companies receiving this discount must operate at above a minimum threshold of gas-usage.

Administering Agency: Keyspan Energy (Formerly Brooklyn Union Gas)

Subsidy Type: Energy Discount

Eligibility Requirements: There are two separate programs:

- 1) The Area Development Rate is a discount for businesses that open, move or expand in certain areas considered "blighted" for their high percentage of vacant or unusable building stock.
- 2) The Business Incentive Rate is a discount for businesses that are receiving New York City or New York State economic development subsidies, or that move into a newly constructed or previously vacant facility.

Retail: no

Commercial: yes

Industrial: yes

High-tech: no

Accessibility:

As-of-Right: no

Discretionary: yes

For Renters: yes

For Owners: no

Geographic Area: East New York, Bedford-Stuyvesant, Coney Island and East Williamsburg, Brooklyn; Queens (except Rockaway); and Staten Island.

Contact information:

Records Access Officer: Victor Vientos (Brooklyn and Staten Island), Lillie Manjarrez (Queens)

Records Access Phone: 718.982.7416 (Brooklyn and Staten Island), 718.342.4209 (Queens)

Records Access Fax: 718.982.8497 (Brooklyn and Staten Island), 718.342.4209 (Queens)

How to get info: Contact Records Access Officer, though information can be difficult to obtain.

Web Address: <http://www.keyspanenergy.com/>

Lower Manhattan Energy Program

(A division of the Lower Manhattan Economic Revitalization Plan)

Program Description: A 12-year discount on electricity costs is available to qualified commercial and high-tech companies operating in Lower Manhattan. The discount is full for the first eight years and phases out for the next four years. Combined with Con Ed's Business Incentive Rate (described separately, page 13), the program saves owners about up to 40% on electric bills.

Administering Agency: NYC Department of Business Services

Subsidy Type: Energy Discount

Eligibility Requirements: Landlords and commercial office tenants must make improvements that cost at least 20% of the current assessed value of the building and land. Applications must have had an approval prior April 1, 2001, and before a building permit for the construction or renovation is issued.

Retail: no

Commercial: yes

Industrial: no

High-tech: yes

Accessibility:

As-of-Right: yes

Discretionary: no

For Renters: yes

For Owners: no

Geographic Area: Lower Manhattan (the area bounded by Murray and Frankfort Streets to the north, South Street to the east and West Street to the west.)

Contact information:

Records Access Officer: James Topping

Records Access Phone: 212.618.8729

Records Access Fax: 212.618.8989

How to get info: Contact Records Access Officer

Web Address: <http://www.nyc.gov/dbs>

Lower Manhattan Economic Revitalization Plan

Program Description: Benefits are available under two different programs (see individual descriptions):

- * Commercial Revitalization Plan
- * Lower Manhattan Energy Program

Administering Agency: Various

Subsidy Type: Umbrella Program

Eligibility Requirements:

Retail: yes

Commercial: yes

Industrial: no

High-tech: no

Accessibility:

As-of-Right: yes

Discretionary: no

For Renters: yes

For Owners: yes

Geographic Area: Lower Manhattan (the area bounded by Murray and Frankfort Streets to the north, South street to the east and West Street to the west.)

Contact information:

See information under specific programs mention above.

Machinery and Equipment Bond Program

Program Description: Through tax-exempt bonds, this program enables borrowers to finance equipment at interest rates of approximately 75% of the traditional financing rates. In addition, the financing features low up-front costs and standardized documentation. The participating equipment financing companies purchase the IDA bonds.

Administering Agency: NYC Economic Development Corporation/NYC Industrial Development Agency

Subsidy Type: Financing

Eligibility Requirements: Owners-developers of manufacturing, airport cargo and recycling facilities who demonstrate the need for IDA financing in order to realize job creation and/or retention within New York City, are eligible. Financings are typically cost effective starting at \$750,000. Applicants work with participating equipment and financing companies to secure a bond purchase agreement. A \$10 million issuance cap may apply.

Retail: no

Commercial: no

Industrial: yes

High-tech: no

Accessibility:

As-of-Right: no

Discretionary: yes

For Renters: yes

For Owners: yes

Geographic Area: Citywide

Contact information:

Records Access Officer: David Shelley

Records Access Phone: 212.312.3581

Records Access Fax: 212.312.3912

How to get info: Contact Records Access Officer

Web Address: <http://www.newyorkbiz.com/>

Negotiated Land Sales

Program Description: Companies can buy or lease city-owned property for commercial or industrial development, typically below market rates. The eligible properties are located throughout the five boroughs, in the city's industrial parks and within most major commercial districts.

Administering Agency: NYC Economic Development Corporation

Subsidy Type: Other

Eligibility Requirements: The company must be seeking to expand or relocate within New York City. The EDC selects qualified companies through its "Request for Proposal" process.

Retail: no

Commercial: yes

Industrial: yes

High-tech: no

Accessibility:

As-of-Right: no

Discretionary: yes

For Renters: yes

For Owners: yes

Geographic Area: Citywide

Contact information:

Records Access Officer: David Shelley

Records Access Phone: 212.312.3581

Records Access Fax: 212.312.3912

How to get info: Contact Records Access Officer

Web Address: <http://www.newyorkbiz.com/>

New York City Capital Access Program

Program Description: The Capital Access Program is a public-private lending arrangement under which private lenders make loans of between \$1,500 to \$1 million to small and medium sized businesses that don't meet conventional credits requirements. The city's cash reserve pool guarantees the loans. The program provides incentives for banks to lend in low and moderate-income areas. Lenders include Chase Manhattan Bank (212.552.7802, <http://www.chase.com/>); Citibank (formerly EAB: 516.296.5341, <http://welcome.citibankonline.com/eab/>); and Sterling National Bank (212.935.1158).

Administering Agency: Private Banks

Subsidy Type: Financing

Eligibility Requirements: New York City based commercial, industrial and retail enterprises, as well as nonprofit corporations.

Retail: yes

Commercial: yes

Industrial: yes

High-tech: yes

Accessibility:

As-of-Right: yes

Discretionary: no

For Renters: yes

For Owners: no

Geographic Area: Citywide

Contact information:

How to get info: You must contact each lender separately.

Web Address: See websites for individual lenders above.

Plug 'n' Go

Program Description: This program offers discounted rent on pre-built, pre-wired office space for high-tech companies. Landlords provide the space and the lower rent in exchange for marketing support from the New York City Economic Development Corporation and the Alliance for Downtown New York.

Administering Agency: Alliance for Downtown New York

Subsidy Type: Other

Eligibility Requirements: Must be a high-tech firm located in designated areas of lower Manhattan.

Retail: no

Commercial: no

Industrial: no

High-tech: yes

Accessibility:

As-of-Right: no

Discretionary: yes

For Renters: yes

For Owners: no

Geographic Area: Lower Manhattan

Contact information:

Records Access Phone: 212.566.7878

Web Address: <http://www.downtownny.com/>

Prospect Street NYC Discovery Fund

Program Description: Prospect Street NYC Discovery Fund is a public-private venture capital fund that invests in information technology companies in New York City. The money in the fund comes from the city (through the Economic Development Corporation), the New York Power Authority, the U.S. Small Business Administration and private investors, including Con Edison and Keyspan Energy. The fund is licensed by the Small Business Administration as a "Small Business Investment Company," allowing it access to additional capital sources.

Administering Agency: Prospect Street Ventures

Subsidy Type: Financing

Eligibility Requirements: New York City information technology companies may apply for funding.

Retail: no

Commercial: no

Industrial: no

High-tech: yes

Accessibility:

As-of-Right: no

Discretionary: yes

For Renters: yes

For Owners: no

Geographic Area: Citywide

Contact information:

Records Access Officer: Stephen G. Hall

Records Access Phone: 212.448.0702

How to get info: The Prospect Street Ventures website lists all the companies in which the fund has made investments. Contact Records Access Officer for information on specific deals.

Web Address: <http://www.prospectstreet.com/>

Real Estate Tax Escalation Credit

Program Description: This program offers an incentive to companies with more than 100 non-retail employees to relocate from outside of New York State to leased space within New York City. The credit is equal to the amount of rent that is due to real estate taxes and is good for up to 10 years or the length of the lease (whichever is shorter). The credit can be taken against the city's general corporation tax or unincorporated business tax.

Administering Agency: NYC Department of Finance

Subsidy Type: Tax Break

Eligibility Requirements: Businesses relocating 100 or more full-time non-retail jobs to New York City from out of state are eligible.

Retail: no

Commercial: yes

Industrial: yes

High-tech: no

Accessibility:

As-of-Right: yes

Discretionary: no

Geographic area: Citywide

For Renters: yes

For Owners: no

Contact information:

Records Access Officer: Warren Hyman

Records Access Phone: 212.361.7143

Records Access Fax: 212.361.7717

How to get information: Contact Records Access Officer

Web Address: <http://www.nyc.gov/finance>

Regional Economic Development Assistance Corporation (REDAC)

Program Description: REDAC is a non-profit organization that makes loans of between \$5,000 and \$50,000 for machinery and equipment, leasehold improvements, real estate acquisition and working capital. The money is funneled through the city's borough-based Economic Development Corporations.

Administering Agency: Borough Local Development Corporations

Subsidy Type: Financing

Eligibility Requirements: Small and start-up New York City-based contractors, manufacturers, retailers and service businesses. Each loan has a maximum payback period of five years.

Retail: yes

Commercial: yes

Industrial: yes

High-tech: no

Accessibility:

As-of-Right: no

Discretionary: yes

For Renters: yes

For Owners: no

Geographic Area: Citywide

Contact information:

How to get information and make FOIL requests: Contact borough-based Economic Development Corporations: Bronx, 718.590.3948; Brooklyn, 718.522.4600; Manhattan, 212.791.3660; Queens, 718.263.0546; Staten Island, 718.442.4356.

Relocation Employee Assistance Program (REAP)

Program Description: This program gives qualified businesses a credit against a city income tax liability of up to \$3,000 per eligible employee relocated per year for up to 12 years. The city business income taxes against which the credit can be taken include the general corporation tax, unincorporated business tax, banking corporation tax or the utility tax.

Administering Agency: NYC Department of Finance, REAP Committee

Subsidy Type: Tax Break

Eligibility Requirements: Both building and business must qualify, as follows:
The business must have been in operation for at least two years and be relocating from outside the city or from Manhattan below 96th Street to an “expansion area” – essentially anywhere in the outer boroughs or in Manhattan above 96th Street that is zoned commercial or industrial. Reduced REAP benefits are available to businesses that relocate to areas outside Manhattan south of 96th Street that are not in expansion areas.

The building to which the business is relocating must be receiving benefits through the Industrial and Commercial Incentive Program (ICIP – see separate entry) or be leased from the City or certain other public agencies. In addition, the building must have undergone major improvements – costing 50% of the current assessed value for commercial buildings or 25% for industrial buildings. Applications are accepted through June 2003.

Retail: no

Commercial: yes

Industrial: yes

High-tech: no

Accessibility:

As-of-Right: yes

Discretionary: no

For Renters: yes

For Owners: no

Geographic Area: Outer boroughs and Manhattan above 96th Street (Areas zoned for commercial or industrial use).

Contact information:

Records Access Officer: Mona Cidarous

Records Access Phone: 212.669.7183

Records Access Fax: 212.669.8278

How to get info: Contact Records Access Officer

Web Address: <http://www.ci.nyc.ny.us/html/dof>

Rent Abatements for Commercial and Industrial Tenants

Program Description: This program was recently enhanced under the Commercial Expansion Program (CEP). It consists of rent reductions of up to \$2.50 per square foot that the city transmits to business tenants via a reduction in real estate taxes that landlords must pass along to tenants.

Administering Agency: NYC Department of Finance, Property Division – Commercial Revitalization Program

Subsidy Type: Grant

Eligibility Requirements: Businesses that sign new or expansion leases in “expansion areas” (industrially or commercially zoned area in the outer boroughs or Manhattan above 96th Street) are eligible. Some minimal improvements to the space are required to qualify.

Retail: no

Commercial: yes

Industrial: yes

High-tech: no

Accessibility:

As-of-Right: no

Discretionary: yes

For Renters: yes

For Owners: no

Geographically Targeted: Upper Manhattan and outer boroughs

Contact Information:

Records Access Officer: Gerald Koszer

Records Access Phone: 212.403.3644

How to get information and make FOIL requests: Accepted by mail only: Dep’t of Legal Affairs, 345 Adams Street, Brooklyn, NY 11201.

Web Address: <http://www.nyc.gov/finance>

Sales Tax Exemption for Manufacturing Firms*

Program Description: All New York City manufacturing firms are entitled to exemption from both city and state sales tax of 1.25% on the purchase of electricity fuel oil, natural gas, and steam used directly and exclusively for manufacturing, processing or assembling tangible personal property for sale.

Administering Agency: New York State Department of Taxation and Finance

Subsidy Type: Energy Discount

Eligibility Requirements: The exemptions are available only for energy used solely in the manufacturing or production process. Firms receiving the exemption are required by law to remit state sales tax due on nonexempt usage, such as energy for lighting, space heating and air conditioning.

Retail: no

Commercial: no

Industrial: yes

High-tech: no

Accessibility:

As-of-Right: yes

Discretionary: no

For Renters: yes

For Owners: no

Geographic area: Citywide

Contact information:

Records Access Officer: Jude Mullin

Records Access Phone: 518.457.3818

Records Access Fax: 518.457.2466

How to get info: Mail inquiries to New York State Department of Taxation and Finance, Building 9 Room 233, W. A. Harriman Campus, Albany, NY 12227

Web address: <http://www.tax.state.ny.us/>

* Prior to the spring of 2001, this was known as the **City Sales Tax Credit for Manufacturing Firms** under the auspices of the Department of Finance of the City of New York. For information about subsidies allocated prior to spring 2001, direct FOIL request to:

Gerald Koszer
Department of Legal Services
345 Adams Street
Brooklyn, NY 11201

Appendix A. Commonly Used Economic Development Terms

Abatement – A reduction or decrease. The suspension or cessation, in whole or in part, of a tax, usually property taxes.

As-of-Right – Also known as an entitlement, where a company is eligible for a subsidy automatically, based on doing something or exhibiting characteristics that qualifies the company for the entitlement. Public officials have no discretion in awarding an as-of-right subsidy.

Banking Corporation Tax – This tax is imposed on banking corporations for the privilege of doing business in NYC. Corporations subject to the tax include, commercial banks, savings banks, savings and loan associations, bank holding companies and foreign banks. Investment banks, securities brokers and other non-bank financial institutions subject to the general corporation tax are exempt.

Bidding War – An episode in which two or more jurisdictions compete – much like an auction – for a deal, by offering ever-higher subsidies. Although high-profile bidding wars for auto assembly plants are the best known, bidding wars for smaller deals happen every day. Site location consultants are often involved as middle men in the process, and public officials often describe their situation as a “prisoner’s dilemma.” That is, government officials only communicate with the company during the bidding process, not with the other jurisdiction(s), so they have no way of knowing if the company (or consultant) is telling the truth about the competing bids.

Blight – A term used to describe an area that has some percentage of buildings that are dilapidated, deteriorated or substandard. Blighted conditions may result in an area qualifying for a geographically targeted subsidy such as an enterprise zone or a tax increment-financing (TIF) district to encourage redevelopment.

Brownfield – A property that has environmental pollution left from a previous occupant. Brownfields are a major cause of urban abandonment and tax-base loss. They range from major sites, which are designated EPA Superfund sites, to lesser sites that fall under different federal or state laws. Until the pollution is cleaned up and the legal liability is thereby eliminated, it is usually impossible to redevelop a brownfield site because banks will not make a loan for fear of becoming entangled with clean-up liabilities. Because the pollution sometimes happened decades ago, it can be difficult to find the responsible party or to get money from that party for the clean-up. Many states have relaxed their brownfield-liability laws in recent years to encourage redevelopment; many have also created new subsidy programs to help finance clean-ups, especially when the polluting party cannot be compelled to pay. (Some cities use TIF or Section 108 monies.) There is also federal legislation now being debated to relax brownfield clean-up rules. Brownfields are a source of policy tension between environmentalists and urban developers. Developer’s advocate for less stringent clean-up standards, especially if the land is going to be used for non-residential purposes. Environmentalists

advocate for strict clean-ups, arguing that city residents are already exposed to disproportionate levels of toxic hazards.

Business climate – A highly subjective and hotly-contested term allegedly having to do with how favorable an area is for doing business. For people who make profits by maximizing job subsidies, the term has to do with how many subsidies are available for a specific deal. For more neutral observers, the term has more to do with public goods -- schools, colleges, and vocational training and the skilled workforce they create; infrastructure; and other public programs available to all employers, not just a favored few.

Capital Improvements – An outlay of funds to buy or improve a fixed asset, extending the life or increasing the productivity of the asset.

Clawback (also known as recapture) – Money-back guarantee language in a development subsidy contract, saying that if a company fails to deliver a specified public benefit in a specified time, it must repay some or all of the subsidy. A pro-rated clawback would say, for example, that if a company fell 10% short of its job-creation goal, it would have to refund 10% of the subsidy. Some clawbacks set a steeper penalty; some even add interest penalties. Clawbacks are the ultimate taxpayer protection against a company failing to deliver.

Cluster strategy -- An economic development strategy based on the fact that – for many different reasons – industries tend to cluster geographically. A cluster strategy seeks to stabilize and strengthen neighboring companies, usually by helping them learn to cooperate on “pre-competitive” issues such as export promotion, quality control, or recruitment and training.

Collateral – (also known as security) An asset used by a borrower as a guarantee on the payback of a loan; if the borrower defaults, the lender gets title to the collateral. In some cases, development subsidy programs have less stringent collateral requirements than a private bank has, or are willing to take a subordinated position on collateral behind private lenders.

Commercial Rent Tax – Applies to every tenant who occupies or uses premises for carrying on any trade, business, professional or commercial activity if the following three conditions apply: the premises are located in Manhattan south of the center line of 96th St; the annual gross income for rent paid for such location or received from any subtenant is more than \$75,000; and, you do not meet certain exemption criteria, which can include short rental periods, residential subtenants, use for theatrical productions, and not-for-profit status.

Customs Duties – Taxes on the importation and exportation of commodities, merchandise and other goods.

Empire Zones – The Empire Zone Program encourages business development in designated areas by offering subsidies to new and expanding commercial and industrial firms. Nine areas in New York City have been designated Empire Zones by the State, they are: in The Bronx, Port Morris and Hunt’s Point; in Brooklyn, East New York, North Brooklyn/Navy Yard and Southwest Brooklyn; in Manhattan, East Harlem; in Queens, South Jamaica and Rockaway; and in Staten Island, North Shore. Subsidies include sales tax exemption, wage tax exemption and investment tax credits as well as free security surveys and energy discounts.

Empowerment Zone – An area designated by the Federal government to be targeted for revitalization through the use of tax breaks and incentives for businesses that are located in or move into the Zone. The intent is to promote economic development.

Expansion Area – An area targeted for an increase in business or economic activity. In New York City, these areas are located in the outer boroughs and in Manhattan north of the centerline of 96th Street.

Freedom of Information Act (FOIA, or “FOY-ya”) – A federal law enacted in 1974 that requires Federal agencies to provide to the public access to and copies of existing agency records. States have enacted similar laws, often called Open Records Acts (see FOIL). Both federal and state FOIAs allow government agencies to exclude some materials from public view.

Freedom of Information Law (FOIL) – The New York State law that provides for making information held by government agencies available to the public. This law is designed to prevent the abuse of discretionary power of government agencies by requiring them to make public certain information about their workings and their work product. The law has some exemptions including, but not limited to: unwarranted invasion of personal privacy, interference with law enforcement investigations or judicial proceedings, material that would endanger the life or safety of any person, and external audits, including but not limited to audits performed by the comptroller and federal government. This law informs the public where certain types of information may be readily obtained and how other information may be obtained on request, and what internal appeals are available if a member of the public is refused requested information. (To view a copy of the Freedom of Information Law, consult the website of the New York Department of State Committee on Open Government, at <http://www.dos.state.ny.us/coog/publist.html>.)

General Corporation Tax – This tax is imposed on all corporations, domestic and foreign, for the privilege of doing business, employing capital, owning or leasing property or maintaining an office in New York City. Banking companies are subject to the banking corporation tax and therefore do not pay the general corporation tax.

Incubator – A subsidy program to support very small businesses as they get started. Typically, incubators provide start-up companies with affordable space, low overhead,

and shared office services. They are usually accompanied by other small-business assistance, such as management advice and loans.

Infrastructure – Publicly-owned physical systems that benefit all businesses, such as schools, roads, transit, sewer systems, libraries and publicly-owned utilities. The term now also often applies to fiber-optic networks. Subsidy critics who argue that company-specific deals are unfair often argue that money should instead be spent to improve infrastructure as a better (and more equitable) way to improve the “business climate.”

Leasehold Improvements – Improvements made by a tenant to a leased property.

New York City Economic Development Corporation (EDC) – The EDC is a non-profit local development corporation that has a contract with the City of New York to administer many of the City’s economic development programs.

New York City Industrial Development Agency (IDA) – The IDA is a public benefit corporation that is authorized by state legislation to administer tax-exempt bond financing and low-cost energy agreements with individual companies interested in undertaking capital expansions that will retain or create jobs in New York City. Many towns and counties across the state have IDAs that perform the same function. See separate appendix on the composition of the NYC IDA board of directors. The city’s IDA shares staff with the EDC (see separate entry).

Recapture provisions – see entry for Clawback.

Startup – A newly-formed business. Startups are fragile and usually need equity (cash) and loan guarantees; they also need management advice.

Tax expenditure – Tax revenue not collected in the name of economic development (due to subsidies such as a property tax abatement or a corporate income tax credit). Distinct from an *appropriated expenditure* for development, which is a transfer of money from one public agency to another or from an agency to a private party.

Tax increment financing (TIF) – Tax increment financing works by diverting property tax revenues (and sometimes sales or utility tax revenues) from local taxing bodies to a municipality or designated development authority to subsidize private development in a specific area. Once a TIF district is designated, its property taxes are split into two streams. The first is based on the value of the property before redevelopment, and continues to get to the municipality, the school districts, the county, and/or other taxing districts. The second stream is based on the increase in property value caused by redevelopment. This “increment” is paid into a special fund reserved for allowable development expenditures in the TIF district. This continues until the TIF district “expires” – usually somewhere from ten to 20 years (the state law governs how long TIF districts can last). In contrast to many other cities, notably Chicago, TIF districts have

not been widely used in New York City. Recently, however, some have suggested TIF districts could be used to finance new stadium construction in the city.

Unincorporated Business Tax – This tax is levied on the business income of all proprietorships and partnerships doing business in NYC. The tax is paid in addition to the city’s personal income tax. Unincorporated businesses include trades, professions or occupations conducted by individuals or unincorporated entities, such as partnerships, trusts and limited liability companies (LLCs).

Utility Tax – The city imposes a tax of 2.35% on the gross income of all utilities and vendors of utility services.

Venture Capital – Funding for new companies embarking on new or turnaround ventures that entail some both higher investment risk as well as higher potential profits. Venture capital is often provided by firms that specialize in financing new ventures with capital supplied by investors willing to make speculative or high risk investments.

Zoning – A system of regulating land use by requiring each parcel of land to have a zoning designation. Within each zoning classifications, regulations govern both the nature of land usage and the physical dimensions of uses.

Zoning Districts (C1,2,3,4...,M1,2,3,4...) – Districts preceded by the letter C are zoned for commercial use (i.e. offices, services, retail), those preceded by the letter M are zoned for manufacturing use. These districts regulate permitted uses; the size of the building in relation to the size of the lot; the number of dwelling units permitted on the lot; the distance between the building and the street; the distance between the building and the lot line; the amount of parking required; and other requirements, including the size and placement of signs. For more detail on zoning in New York City, visit the NYC Department of City Planning, <http://www.nyc.gov/html/dcp/html/zonetod.html>

Appendix B. Sample FOIL Request

Date

Name of FOIL Officer

Agency

Agency Street Address

City, State Postal Code

Dear Mr./Ms. FOIL Officer:

Under the New York Freedom of Information Law, Article 6 of the Public Officers Law, I hereby request YOUR REQUEST HERE.

As you know, the Freedom of Information Law requires that an agency respond to a request within five business days of receipt of a request. Therefore, I would appreciate a response as soon as possible and look forward to hearing from you shortly. If for any reason any portion of my request is denied, please inform me in writing specifically as to what is denied, the reasons for the denial, and the name and the address of the person and/or body to whom an appeal should be directed.

Sincerely

Your Name

Your Title, Your Organization

Appendix C. The New York City Industrial Development Agency (IDA)

The New York City IDA is a public benefit corporation, created to assist businesses in undertaking capital expansions that will retain or create jobs in New York City. It was created by and has the powers and functions set forth in the New York State Industrial Development Act of the General Municipal Law, Article 18A, and section 917 there under. It operates under the direction of the Mayor.

How does the IDA subsidize businesses in NYC?

Financing

The IDA provides low-cost financing to eligible industrial and commercial businesses to buy, renovate, build and equip facilities with low-interest loans, using double and triple tax-exempt bonds. The programs which bestow these benefits, the IDA Bond Financing Program and the Machinery and Equipment Bond Program, are described in Part III.

Tax Breaks

The IDA approves, for individual qualified businesses, sales tax exemptions on construction materials, waivers of the mortgage recording tax, and real property tax abatements and exemptions. These benefits are offered under the Industrial Incentive Program.

Who are the IDA board members?

There are 15 members of the IDA board of directors. The mayor directly appoints six of these board members, including the chairman. He is supposed to make these appointments “upon consultation with the economic development council, business and labor organizations and elected officials”.² Five additional board members, one from each borough, are appointed by the mayor on the designation of each of the Borough Boards (which are led by the Borough Presidents). There are four Ex-Officio members of the board: the City Comptroller, the Chairman of the NYC Planning Commission, the Deputy Mayor for Economic Development and Finance and the Corporation Counsel of the City of New York.

Board members receive no compensation for their services.

² General Municipal Law, New York State Industrial Development Agency Act, Article 18 A, Title 2, Section 917. This law can be found on the New York State Assembly website, www.assembly.state.ny.us.

Current IDA Board Members (as of September 2001)

By appointment of the Mayor:

Michael G. Carey
Chairman IDA and President EDC

Irvin K. Culpepper, Jr.
Vice-President, Kelso and Company

Gary L. Herman
Managing Director, Burnham Securities

Derek B. Park
Senior Executive Vice-President, Cohane Rafferty Securities

Alan L. Rivera
Attorney, Millbrook Cap Management

Marilyn Weitzman
Principal, The Weitzman Group

By appointment of the Mayor, designated by Borough Boards:

- Manhattan
Jose Orengo
Deputy Manhattan Borough President

- Brooklyn
Samuel Plotkin
Business unknown

- Bronx
Jose Ithier
Director, Bronx Overall Economic Development Corporation

- Queens
Bernard Haber
Chair, Queens Community Board 11

- Staten Island
Julius Rendinaro
President, Darwood Associates

Ex-Officio Members:

Michael D. Hess
Corporation Counsel of the City of New York

Robert M. Harding
Deputy Mayor for Economic Development and Finance of the City of New York

Alan G. Hevesi
Comptroller of the City of New York

Joseph B. Rose
Chairman of the City Planning Commission of the City of New York

How Does the IDA Do Its Own Business?

The IDA board meets on the second Tuesday of each month. The monthly meetings are typically held from 9 to 10 am at 110 William Street, 6^h Floor in Manhattan. The public may attend but may neither participate nor receive copies of the written materials under consideration at the meeting. A majority of the IDA board members constitutes a quorum for the transaction of any business or the exercise of any power or function of the board. Any act taken by vote of a majority of those present at any meeting shall be the act of the board.

The official order of business, at regular meetings of the board is as follows:

1. Roll Call
2. Reading and approval of minutes of previous meeting
3. Reports of the Treasurer
4. Bond Resolutions
5. Reports on Committees
6. Inducement Resolutions
7. Unfinished Business
8. New Business
9. Adjournment