



City of Albany Mayor Gerald D. Jennings
Empire Zone Program Detail of Benefits

Tax Reduction Credit: NYS Tax Form CT-604

Qualified Empire Zone Enterprises (QEZEs) can reduce their NYS taxes based on significantly increasing employment. This is a tax reduction against business income, and is available for 10 years. This often reduces a firm's liability to zero, particularly for firms new to New York State that are wholly located within an Empire Zone. The credit is applied against the business corporate tax, personal income tax, banking corporation tax, or insurance corporation tax. It can reduce your tax liability to ZERO – eliminating alternative minimum and fixed dollar minimum tax

The formula is as follows:

1. % Increase in jobs after certification
2. % Of wages & assets within the Empire Zone
3. The tax factor for the business

Note: Firms that do NOT add employees do NOT receive any benefit.

Wage Tax Credit: NYS Tax Form CT-601

The Wage Tax Credit is available to an EZ-certified business that creates new employment at its zone facility. The credit is equal to \$1,500 for each new job created by the business. If the position is filled with a targeted worker, the credit doubles to \$3,000.

Eligibility:

1. The business must be EZ-certified
2. The business must exceed the average number of employees in the state or zone over the business' average for the past four years
3. The newly-hired employee must work at least six-months to be eligible for the tax credit, must be a new employee to the company's New York State offices, and must be paid at least minimum wage for non targeted workers and 135% of minimum wage for targeted workers

Claiming Benefits:

1. Job openings should be registered with the NYS Department of Labor or sufficient equivalent organization

2. Targeted workers (dislocated workers, JTPA participants, recipients of public assistance, persons whose income is below poverty level) must be registered with the NYS Department of Labor in order for companies to receive the credit of \$3,000. Companies can access targeted workers to fill job vacancies through the NYS Department of Labor (518-446-8100). A company can register a prospective new employee with this agency for review to determine qualification for the \$3,000 credit
3. Companies can claim the Wage Tax Credit for five consecutive years by filing a CT-601 form with the NYS Department of Tax and Finance. The WTC can be credited toward franchise taxes or personal income tax. New businesses are entitled to request half of the credit as a cash refund
4. The forms are available via telephone 1-800-462-8100 or New York State Department of Tax and Finance (look for EZ WTC form CT-601)

Real Property Tax Credit: NYS Tax Form CT-606

The property owner or renter pays the property tax then applies for the credit. The credit for real property taxes paid is based on a formula that considers:

1. Job creation, wages and benefits OR
2. Capital Investment made in the zone.

The business receives the maximum credit after completing both calculations. The credit is available for 10 years, and cannot exceed the actual property tax paid.

Important: Businesses leasing space must have a triple net lease to receive this credit.

The credit is calculated as follows:

1. Credit based on job creation, wages and benefits:

25% of wages paid to net new employees during the taxable year (not exceeding \$10,000 per employee) multiplied by the development zone factor.

2. Credit based on capital investment made in the Empire Zone. The formula is as follows:
 - 10% of the QEZEs Federal basis of the property
 - The percentage of the Federal basis attributable to new construction or renovation
 - The percentage of the building that is physically occupied by the QEZE

Sales Tax Exemption: NYS Tax Forms DTF-82, DTF-83, or DTF-84

Qualified Empire Zone Enterprises (QEZEs) that maintain or increase employment are granted a 10-year exemption from State sales tax (4.25%) on purchases of goods and services, including utility services. The Sales Tax Exemption applies to all tangible personal property predominately used or consumed by the business in the Empire Zone. To qualify a business must maintain or increase employment after becoming certified.

Sales Tax Credit/Refund: NYS Tax Form AU-11

Purchases of building materials to be used for commercial or industrial real property located in an EZ are eligible for a refund or credit of NYS and local (8.25%) sales tax. The purchaser of the materials is the entity that is eligible to claim the benefit. This is available up to three years from the point of purchase.

Eligibility:

1. The industrial or commercial property must be located in an EZ and cannot be used exclusively for retail sales
2. The building materials used must become an integral part of the property and generally make an uninhabitable space uninhabitable
3. The company purchasing the materials will be eligible for the sales tax credit. If the EZ company that will incur the capital improvements did not purchase the materials, they will not be able to receive the credit. The company (i.e. contractor) making the improvements to an EZ business does not have to be an EZ company to receive the benefits

Claiming Benefits:

1. A business can claim the sales tax credit by submitting the AU-11 NYS tax form with a record of the qualified materials purchased and a copy of the EZ certificate. (The recording requirements are listed on the instruction form that accompanies the AU-11 tax form; a description of the benefits is also available in Tax and Finance "Publication 30")
2. The company must claim the refund within three years after the date of purchase

Sales Tax Credit Eligibility:

- Is the property industrial or commercial, and located in an EZ?
- Is the company claiming a 50% refund new to New York State?
- Are the building materials an integral part of the industrial or commercial property, and generally making an uninhabitable space uninhabitable?

Check List for Claiming the Sales Tax Credit

- Is the company filing the AU-11 tax form within three years after the purchase was made?
- Is the company submitting satisfactory records when filing the AU-11 tax form (see NYS AU-11 instructions)
- A business can claim the sales tax credit by filing the AU-11 tax form with the NYS Department of Tax and Finance. The forms are available via telephone 1-800-462-8100 or New York State Department of Tax and Finance

Investment & Employment Incentive Tax Credit: NYS Tax Form CT-603

The Investment Tax Credit (ITC) is available to EZ-certified companies that purchase or build production or research and development property or equipment in a zone. The credit is 10% (for a corporation) to 8% (for a personal income tax filer) of the total investment made. The credit may be claimed each time qualified property or equipment is acquired.

The Employment Incentive Tax Credit (EITC) must be made in conjunction with claiming an Investment Tax Credit and is separate from (and additional to) the Wage Tax Credit. The EIC is available to a corporation or personal income tax filer, which qualifies for an Investment Tax Credit and creates new employment. The credit equals 30% of the 8-10% ITC for each of the next three consecutive years following the year in which the investment tax credit is claimed. For example, if a company invests a total of \$1.5 million into a manufacturing, agri-business or R& D facility for renovation and equipment costs, the Investment Tax Credit will be \$150,000. The Employment Incentive Credit will be 30% of that; \$45,000 for three years, given there is increased employment.

Eligibility:

1. The business must be EZ-certified
2. The company must be purchasing or improving property for the use of manufacturing, R&D or agri-business and/or purchasing qualified equipment
3. Businesses that lease property are still eligible for the ITC for the purchase of qualified equipment
4. The property or equipment must be acquired, constructed, reconstructed or erected by the taxpayer on or after the date the zone certifying officer has approved the EZ application and forwarded it to the state for approval

Claiming benefits:

1. The tax credit is based on how much the taxpayer invests into the zone property, either in the structure or purchase of manufacturing, agri-business or R&D equipment
2. The Investment Tax Credit is claimed by filing a CT-603 tax form with the New York State Department of Tax and Finance. The forms are available via telephone 1-800-462-8100 or NYS Department of Taxation and Finance
3. A company eligible for the ITC may also qualify for the Employment Incentive Credit if they are creating new employment

Check List for ITC Eligibility

- Is the business located in the City of Albany EZ?
- Is the business purchasing, constructing or reconstructing manufacturing, agri-business or R&D property or purchasing qualified equipment?
- Was the purchase made after the zone-certifying officer approved the company's EZ application?

Check List for Claiming ITC

- If an EZ business has purchased qualified property or equipment it can claim the Investment Tax Credit by filing a CT-603 tax form with the New York State Department of Tax and Finance. The forms are available via telephone 1-800-462-8100 or NYS Department of Taxation and Finance.

Utility Rate Reductions

Customers of National Grid should contact Linda Hill at (518) 433-3691 to inquire about rate reductions for transmission costs. Certified businesses are eligible for any available reductions for increases in annual energy usage of at least 25% or 100 kilowatts. Other energy providers may offer competitive rates to Zone companies.

485e Real Property Tax Abatement

This allows for an abatement of increases in city and school real property taxes, which result from the construction or improvement to real property located in an EZ for a period of up to ten years.

Eligibility:

1. All types of real property located in the participating sub-zones are eligible for the abatement
2. Property that has been improved, resulting in an increase in assessment by the local tax assessor and granted a certificate of occupancy by the local building department, is eligible for the abatement. Improvements include new construction or major renovation to structures that are not generally inhabitable

Claiming benefits:

1. The real property tax payer (i.e., the property owner) is eligible to apply for the abatement, for improvements that the owner or lessee makes to the property
2. The property owner must apply for the abatement with the local tax assessor within one year after improvements were completed and after the local building department has granted a certificate of occupancy
3. IDA financing cannot be used in combination with the EZ real property tax abatement; the tax payer must select one method of financial assistance over the other
4. The local tax assessor will approve or deny the application for property tax abatement. The application should be completed and approved before March 1st for the abatement to be put on the tax roll for the current year
5. Abatements are 100% for the first seven years, 75% for year eight, 50% for year nine and 25% for year ten. Real property is fully taxable after ten years

Check List for Real Property Tax Abatement Eligibility

- Is the real property located in the City of Albany EZ and will it sustain new construction or major improvements?

Check List for Claiming Real Property Tax Abatement

- Did the real property owner receive a certificate of occupancy?
- Did the real property owner apply for the abatement with the local tax assessor's office within one year of the improvement?
- If the assessed value of the property has increased, abatements will be made on the tax roles.
- Contact Keith McDonald, City Tax Assessor, at (518) 434-5155 for the application