

Syracuse

GREATER SYRACUSE ECONOMIC GROWTH COUNCIL RESOURCE CENTER

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Empowerment Zones

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Overview

As part of a \$17 billion economic stimulus package to promote jobs and economic growth nationwide, the U.S. Department of Housing and Urban Development has designated the **City of Syracuse**, plus six other urban communities across the country, as Federal Empowerment Zones. The designation entitles these new EZs to receive regulatory relief and tax breaks to promote job growth and economic opportunity in order stimulate community revitalization.

The primary benefit to the new Empowerment Zones is a \$17 billion tax incentive package for businesses to locate and expand within these areas. These incentives include wage credits, deductions to taxable income, tax-exempt bond financing and capital gains tax relief. Each incentive is tailored to meet the particular needs of a business and offers a significant inducement for companies to locate in and hire additional workers from the designated census of the Empowerment Zone.

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Syracuse Empowerment Zone Location



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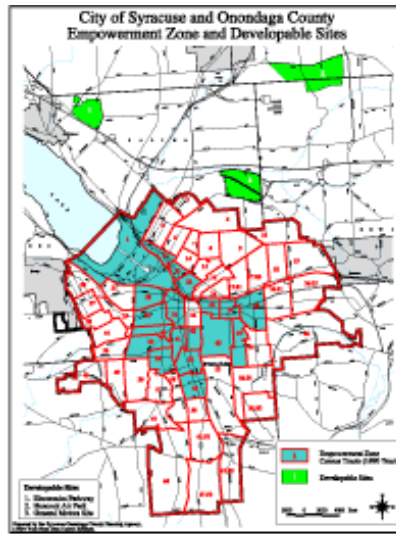
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The Syracuse Empowerment Zone includes census tracts within the City of Syracuse and 3 "developable sites" outside the city.

Census tracts include the lakefront and former Oil City, the North Salina Street corridor, the near West Side to Geddes Street, part of the South Side to Brighton Avenue and an area south from I-690 which includes most of the University Hill. To confirm that your address is part of an EZ census tract, call the City Office of Economic Development at 315-448-8062.



 [Large Map \(154K\)](#)

Development Sites include Hancock Air Park, Electronics Park and the former GM Fisher Guide site.

Many of the addresses in these census tracts are included in the New York State Empire Zones. Hancock Air Park and Electronics Park are also designated [Empire Zones](#).

Companies in both zones can apply for both Federal (Empowerment) and State (Empire) Zone benefits.

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Empowerment Zone Benefits

Tax Credits

- **Wage credits**- are especially attractive to businesses looking to grow. These businesses are able to hire and retain Zone residents and apply the credits against their federal tax liability. Businesses located within the new Empowerment Zones will enjoy up to a \$3,000 credit for every newly hired or existing employee who lives in the EZ.
- **Work Opportunity Credits** - provide businesses located with Empowerment Zones up to \$2,400 against their Federal tax liability for each employee hired from groups with traditionally high unemployment rates or other special employment needs, including youth who live in the EZ.
- **Welfare to Work Credits** - offer EZ businesses a credit of up to \$3,500 (in the first year of employment) and \$5,000 (in the second year) for each newly hired

long-term welfare recipient.

Bond Financing

In addition to the wage credits, there are significant tax incentives available in support of qualified zone property and schools with the EZs.

- **Tax-Exempt Facility Bonds** - help Empowerment Zone businesses to receive lower-cost loans to finance property, purchase equipment and develop business sites within these communities.
- **Qualified Zone Academy Bonds** - allow state and local governments to match no-interest loans with private funding sources to finance public school renovations and programs.

Capital Gains

Businesses located within EZs can avoid capital gain taxes entirely or only partially recognize the gain on the sale of certain assets, including stock and partnership interests. This benefit significantly reduces the capital gains tax liability of businesses located with these designated areas.

Tax Deductions

- **Under Section 179** of the tax code, businesses located with EZs may claim increased expensing deductions up to \$35,000 for depreciable property such as equipment and machinery acquired after December 31, 2001.
- **Environmental Cleanup Cost Deductions** allow businesses to deduct qualified cleanup costs in Brownfields.
- **Indian Reservations Deductions** permit special accelerated depreciation rules for qualified property placed in service on Indian reservations.

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Other Incentives

Like all distressed communities, Empowerment Zones will also be able to take advantage of the **New Markets Tax Credits** that provide equity investors in a Community Development Entity with a credit against their federal taxes of 5 to 6 percent per year for seven years of the amount invested. Also available to Empowerment Zones is the **Low-Income Housing Tax Credit** providing credit against Federal taxes for owners of newly constructed or renovated rental housing.

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Empowerment Zone History

The first six of the current 30 Urban Empowerment Zones were designated in 1994. They were created to establish an initiative that would rebuild communities in America's poverty-stricken areas through incentives that would attract investments in plant and equipment, thereby creating jobs and enticing businesses back to the inner cities. In 1998, the Initiative was expanded through a second round, incorporating an additional 15 zones and changing the designation of two Supplemental Empowerment Zones to the full status of EZs. The current round, EZ Round III was established in January, 2002 and includes seven urban and two rural communities.

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