

Syracuse

GREATER SYRACUSE ECONOMIC GROWTH COUNCIL RESOURCE CENTER

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New Empire Zone Program Legislation

The new Empire Zone program legislation went into effect on January 1, 2006. The legislation makes major changes in the way the program will operate. The Onondaga County Zone Administrative Board has responded to the new program requirements including the designation of five separate and distinct areas in which the 1,280 zone acres will be located. The five areas have been identified and forwarded to Empire State Development for final approval.

Businesses in the distinct and separate areas will be able to apply for zone certification. However businesses that qualify as regionally significant will be able to locate outside the designated areas. Regionally significant projects include a manufacturer projecting the creation of 50 or more jobs; an agribusiness, high-tech or bio-tech business making a capital investment of \$10 million and creating 20 or more jobs; a financial, insurance services or distribution center creating 300 or more jobs; or other regionally significant projects, following a public hearing and findings which shall consider factors including, but not limited to: the creation and retention of a regionally significant number of skilled or otherwise quality jobs; substantial capital investment; or the export of a substantial amount of goods or services beyond the immediate region. The statewide Empire Zone Designation Board must approve all projects other than manufacturing. The existing businesses that are certified will remain eligible for zone benefits. The areas they occupy will not count against the total zone acreage. The new legislation requires an analysis of the costs and benefits of projects described in the certification applications and approval by the Zone Administrative Board.

 [Matrix of EZ Changes 4/2005](#)

Onondaga County Empire Zone Tax Credits and Business Incentives

The New York State Empire Zones Program is considered to be the most powerful economic development tool in NYS. Currently, a total of 73 Empire Zones exist throughout the State of NY. The purpose of the Zone Program is to offer incentives to stimulate job growth and encourage businesses to invest in the Zone communities throughout New York State. Since the inception of the Onondaga County Zone in 1998, over 270 companies have been certified and the boundaries have been modified nine times to use the program as an incentive for new investment and



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job creation opportunities.

I. ONONDAGA COUNTY EMPIRE ZONE PROGRAM OVERVIEW

The Onondaga County Empire Zone offers access to tax credits and incentives to qualified zone certified businesses. This powerful program can significantly reduce or eliminate business taxes through credits for real taxes paid, a Sales Tax Exemption for all goods and services used by certain businesses, a Wage Tax credit for new employees and up to a 10% Investment Tax Credit to those production companies and/or manufacturing businesses that acquire, construct, re-construct or erect property within an Empire Zone. New businesses coming to NYS may pay **NO TAXES** for as long as ten years. Existing businesses that are projecting job growth can qualify for these benefits as well.

Enacted in 1986 and modified in 1993, the New York State Economic Development Zones Act designated Economic Development Zones in the State's most economically depressed areas. In late 2000, the program was renamed and is now known as the Empire Zones Program. The benefits of the program were strengthened and the effective term extended to make the program more competitive. All Zone Certified Businesses are now Qualified Empire Zone Enterprises (QEZE's).

For more information, download an  [application packet](#) (386 KB), or contact the Onondaga County Empire Zone coordinator at (315) 435-3770 or OCEZC@SyracuseCentral.com.

II. QUALIFICATIONS

To qualify for Empire Zone benefits, a business must do the following:

1. Conduct, or plan to conduct, business from an address in the Zone.
2. Be able to project new employment and/or capital investment at the Zone location.
3. Complete and submit an Application for Joint Certification plus a cost-benefit analysis questionnaire to the Onondaga County Office of Economic Development.
4. If a business is planning to move from a non-zone location to a zone, it must comply with the shift resolution requirements and understand the employment test concerning future tax year and base years out-of-zone employment levels.
5. Have their application and cost-benefit information passed by the Onondaga County Empire Zone Administrative Board.

III. BENEFITS

The benefits available in an Empire Zone consist of New York State tax credits, sales tax exemptions and refunds, utility discounts and access to Zone-related loan programs.

Employment Test

Three of the tax credit benefits require that a business pass an Employment Test. The Employment Test qualifies a business for a taxable year if the employment numbers of the business in that tax year are equal to or exceed the average employment numbers from the 5 year base period, looking at employment both within the Zone and outside the Zone but in New York State.

New York State Empire Zone Benefits Summary

Real Property Tax Credit

(RPTC) The Real Property Tax Credit may be claimed by a certified Qualified Empire Zone Enterprise that pays local property taxes and increases employment in the Zone. The credit is based on the employment increase in the Empire Zone and in New York State. The company must pass an employment test each year to demonstrate an increase in employment. The benefit period is ten consecutive years.

Wage Tax Credit

(WTC) A credit against the business or income tax is available to eligible firms creating full-time jobs in the Empire Zone. Wage tax credits may be available for up to \$3,000 for each targeted employee and \$1,500 for each non-targeted employee. The wage tax credit is available for five years (60 consecutive months). The NYS Department of Labor assists the business to identify targeted employees. Employees must remain on the payroll for six months of the tax year to be eligible, and remain employed from year to year. Targeted employees include but are not limited to individuals who are economically or physically disadvantaged, including honorable discharged veterans. Unused credits may be carried forward, and new business may request a cash refund of 50% of any unused credits.

Investment Tax Credit

(ITC) Investment tax credits equal to 10% of eligible investment within a zone may be available for manufacturing businesses certified in an Empire Zone. This Credit falls to 8% for individual taxpayers. Credits apply to construction or renovation of a building and / or production equipment. Eligible facilities include manufacturing, financial institutions, assembly, processing, research and development facilities, and industrial waste treatment or air pollution control facilities. New businesses may carry unused credits forward, and the business may request a refund of 50% of any unused credits.

Employment Incentive Credit

(EITC) A tax credit equal to 3% of the investment or 30% of the Investment Tax Credit (ITC) may be available for qualified companies certified in the Empire Zone. Credit is for the three years following the taxable year the ITC is taken. Employment must be at least 101% of the average employment in the year prior to the ITC being taken. Unused credits may be carried forward, and the business may request a refund of 50% of any unused credits.

Tax Reduction Credit

Tax Reduction Credit **(TRC)** is a credit against the NYS Income tax. This credit is available to certified businesses in an Empire Zone and is tied proportionately to employment increases and asset allocation in the Empire Zone. The TRC benefit period is ten years. The company must pass an employment test each year to demonstrate that it has increased employment. The base employment for a new business is zero.

Sales Tax "Refund"

Businesses in an Empire Zone may be eligible for refund from the 4% New York State sales tax on the purchase of building materials used in construction or improvement of property in an Empire Zone. Empire Zone Certification is **not** required. However, retail businesses are excluded from this Sales Tax Refund.

Sales Tax "Exemption"

Businesses in an Empire Zone may be eligible for exemption from the 4% New York State sales tax on the purchase of any New York State taxable purchases at the Empire Zone facility. Examples include but are not limited to materials used in construction or improvement of property in an Empire Zone, office supplies, phone taxes, computers or equipment purchases, utility bills, etc. Empire Zone Certification is required. Annual employment increases are essential, since this exemption requires company to pass an annual employment test. Company receives a sales tax exempt certificate from NYS Department of Tax & Finance by filling out form DTF-80 found at the NYS Tax & Finance web-site. This exemption is available for ten consecutive years.

Utility Reduction

Utility discounts may be available for ten years for qualified businesses. Electric service in Onondaga County is provided by National Grid and NYSEG. The local utility "National Grid" in Onondaga County directly determines the discount based

on usage history, new load (if applicable), and employment for Empire Zone certified businesses. Usage must increase by 25% in order to qualify for a National Grid rate reduction. Contact Karen Mousaw at National Grid for more information at (315) 428-6702 or 1-800-664-6729.


Zone Capital Credits

A 25% tax credit against personal or corporate income taxes is available for contributing or purchasing shares in a zone capital corporation; or for a direct equity investment in a certified zone business; or for contributions to approved community development projects within an EZ. The loan fund is managed by the NY State Business Development Corporation, which can be reached at 1-800-923-2505.

How to Apply to Participate in the Zone Program

- A company must complete an "Application for Joint Certification".
- All "applications for joint certification" are generated through the Office of Economic Development with Onondaga County Empire Zone Coordinator.
- The application is reviewed by the Zone staff and submitted to the Local Zone Certifying Officer for signature.
- The application is submitted for the Final Review process at the State level, by the Empire State Development Corporation and the NYS Department of Labor.

IV. ADDITIONAL INFORMATION

- The NYS Department of Taxation and Finance maintains a web site where publications and technical service memorandum are available. The web site can be reached at www.tax.state.ny.us
- An  [Excel-based benefit calculator](#) (329K) that a business can use to estimate Empire Zone benefits is available for download.

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