

MADISON COUNTY PLANNING DEPARTMENT

MEMORANDUM

TO: S. John Campanie, Esq.

DATE: February 17, 2006

FROM: John A. Reinhardt, Economic Development Coordinator

SUBJECT: Economic Development Programs

I offer the following in response to your request for economic development programs available to businesses from Madison County, all of which are offered through an application process.

EMPIRE ZONE PROGRAM

A New York State program consisting of [1] Designation of land and [2] Certification of qualified businesses situated on Designated land.

Designation of Empire Zone land:

- Upon Application by Madison County, must be approved by New York State Empire Zone Designation Board.
- Designated lands must be within no more than six [6] contiguous "distinct and separate areas"
- Total Designated lands cannot exceed a total of 1,280 acres [2 square miles].
- Application by Madison County requires passage of a Local Law, after a public hearing.
- Application requires Concurring Resolutions by municipalities in which the proposed Designated lands lie.
- Must be in appropriately zoned [ie, commercial, manufacturing, etc.].
- Madison County can only apply for additional Designation once per year [May 29th – May 28th].
- Seven-member Madison County Zone Administration Board [ZAB] must approve Designation by Resolution of that Board.
- Application detail to include:
 1. Statement of Change of Circumstances supporting the amendment of Empire Zone boundaries.
 2. Test of Eligibility.
 3. Detailed maps.
 4. Listing of businesses included in the proposed Designated area.
 5. SEQRA Assessment & Lead Agency Declaration.
 6. Listing of taxing jurisdictions & assessing units in the affected municipalities.
 7. Submission of a detailed "Zone Development Plan" – a business plan for the Zone
- When all criteria is met, NYS issues letter of approval.

Certification of a business:

- Business must be situated on Empire Zone Designated land.
- Business must submit Application for Certification to Madison County.
- Application process includes a "cost-benefit" analysis which must meet or exceed NYS-established standard.
- Business must specify amounts of capital investment and projected employment increases.
- Madison County ZAB and Madison County Certification Officer must approve Application.
- Application forwarded to Empire State Development and NYS Department of Labor for approval.
- If approved, a Certificate of Eligibility is issued by Empire State Development.
- Time of Certification process at NYS level: 6 – 8 weeks.
- Must file an "Annual Business Report" which includes employment data, capital investments, and benefits claimed for that year.

Empire Zone Benefits:

To be eligible, businesses must meet or exceed employment projections. Businesses which qualify may be entitled to one or more of the following benefits which are typically credits vs. NYS income tax liability or cash refunds Investment Tax Credit

- Wage Tax Credit
- NYS Sales Tax refund
- Utility rate reduction
- Sales Tax exemption
- Tax reduction credit
- Real property tax credit [indexed to employment gain and capital investment]

INDUSTRIAL DEVELOPMENT AGENCY

- Typically for manufacturing companies.
- Industrial Revenue Bonds – taxable or tax-exempt.
- Civic Facility Bonds – taxable or tax-exempt.
- Tax-exempt interest rate approximates municipal bond rates based on term.
- Full faith & credit of the business; NOT a liability of the County.
- Sale/Leaseback program: Title to real estate transferred from the business to the IDA, a PILOT plan initiated [50% real property tax reduction for 1st 5 years, 40% in the 6th year, 30% in the 7th year . . . until fully taxable after 10 years].
 - NYS Sales Tax not required for materials for construction of production facilities.
 - No NYS Mortgage Tax payment required.

RPTL Section 485[b]

A statutory exemption from real property taxes resulting from new construction [regardless of Empire Zone status].

- Application by the business to the local assessor.
- 50% exemption in the 1st year, 45% in the 2nd year, 40% in the 3rd year . . . until fully taxable after 10 years.

**Governor's Office for Small Cities [GOSC] Grants
[Small cities CDBG Program]**

Grant monies obtained from GOSC upon successful application by a municipality for the benefit of a specific project [business]. The municipality receiving the funds may loan grant funds received at a preferential rate of interest, grant it to the business based upon specific employment gains, or both.

Grant eligibility:

- Counties: population under 200,000; cities, towns, villages: population under 50,000.
- Maximum of \$750,000 per applicant per year,
- Use of funds: For private sector businesses to retain or create jobs.
- Funds to be allocated to machinery & equipment, real estate acquisition, & working capital.
- Creation or retention of 1 job per \$7,500 [typically] of CDBG funds.

Revolving Economic Development Loan Program

Madison County maintains a loan fund for eligible new or expanding businesses:

- Business must be located in Madison County.
- Financing for fixed assets, inventory, receivables, working capital.
- Loans considered in the \$25,000 - \$100,000 range
- Terms up to 10 years.
- Preferential interest rate [currently 6% fixed, no penalty for pre-payment].
- Business to inject a minimum of 10% of total project cost.
- Job creation: typically 1 job per \$15,000 [typical] of financing.

Other

There are several other local, regional, and state programs that offer similar economic development financial incentives in the form of preferred interest rate loans, interest subsidies, etc. All are upon formal application, review process, job creation or retention, meeting zoning requirements, etc.