



Empire State Development

New York's Chief Economic Development Agency

EMPIRE STATE DEVELOPMENT PROGRAMS

- ESD GRANT FUNDS
- EXCELSIOR JOBS PROGRAM
- JOB DEVELOPMENT AUTHORITY LOANS

ESD Grant Funds



Program Objectives: Capital Projects

➤ **Business Investment:**

- Capital expenditures that facilitate an employer's ability to create new jobs in New York State or to retain jobs that are otherwise in jeopardy.
- Five-year job commitments.

➤ **Infrastructure Investment:**

- Capital expenditures including transportation, water and sewer, communication, energy generation and distribution, parking garages.
- Should show ability to attract new businesses and expand existing businesses.
- Infrastructure investment projects that are able to provide direct job commitments will be viewed favorably.

➤ **Economic Growth Investment:**

- Capital expenditures that foster economic growth through cultural activity, higher education activity, regional revolving loan and grant programs, other local or regional initiatives, agribusiness initiatives, improvements to facilities in highly distressed areas, commercial revitalization activities in central business districts or commercial strips, or other projects that may not have direct job creation goals.
- Economic growth investment projects that are able to provide direct job commitments will be viewed favorably.

ESD Grant Funds



Project Costs (Eligible/Ineligible)

Funds may be used for:

- Acquisition of land, buildings, machinery and/or equipment;
- Demolition and environmental remediation;
- New construction, renovation or leasehold improvements;
- Acquisition of furniture and fixtures;
- Soft costs (up to 25%); and
- Planning and feasibility studies related to a specific capital project or site.

Funds may not be used for residential development, though this may be included in project budgets for mixed-use developments

ESD Grant Funds



Other Information

- Project budgets should include only costs for the specific project (or phase, if the project has multiple phases) for which funds are being requested via the CFA.
- A commitment to undertake the project should not be made, and expenses should not be incurred, prior to award announcement.
- ESD generally seeks to provide no more than twenty percent (20%) of the financing for any particular project.
- A cash equity contribution of ten percent (10%) of total project costs is required. The equity contribution cannot be incurred prior to award announcement.
- Although funding is offered prior to project commencement as an inducement to undertake the project, funds are disbursed in arrears, as reimbursement for expenses undertaken.

ESD Grant Funds



- Notice of a funding award will be given initially in an incentive proposal outlining the terms of the award. The award is subject to approval of the ESD Directors and compliance with applicable laws and regulations.
- A \$250 application fee (due when incentive proposal is signed) and one percent (1%) commitment fee based on the grant amount awarded (due after ESD Directors' approval, which usually occurs at project completion) will be assessed to all awardees.
- A public hearing is required if the project involves the acquisition, construction, reconstruction, rehabilitation, alteration or improvement of any property.
- The Awardee will be obligated to pay for out-of-pocket expenses incurred by ESD in connection with the project, including, but not limited to, expenses related to attorney fees, appraisals, surveys, title insurance, credit searches, filing fees, public hearing expenses and other requirements deemed appropriate by ESD.

Excelsior Jobs Program



Tax credits are available for economic development initiatives and projects that:

- Create or retain jobs
- Prevent, reduce or eliminate unemployment and underemployment
- Increase business activity in the community or region

Excelsior program is Discretionary in that applicants may not be awarded the maximum allowable amount

Excelsior Jobs Program



The Program is limited to firms making a substantial commitment to growth – either in employment or through investing significant capital in a NYS facility

Eligibility

Job Growth Track:

- Targeted industries
- Creating net new jobs
- RSP (net new jobs & significant capital investments)

Investment Track:

- Firms in targeted industries (except manufacturing) who retain at least 25 employees; manufacturing firms who retain at least 10 employees
- Makes investment
- Meets a benefit-cost ratio of at least 10:1

Excelsior Jobs Program



Targeted “Activities” / Industries

Firms with project activity in these industries that create and maintain new jobs or make significant financial investment are eligible to apply for up to four tax credits.

Manufacturing

Agriculture

Software Development & New Media

Scientific R&D

Distribution center

Back office operations

Tax Credits:

Excelsior Jobs Tax Credit: A credit of 6.85 percent of wages per new job to cover a portion of the associated payroll cost

Excelsior Investment Tax Credit: Valued at two percent of qualified investments

Excelsior Research & Development Tax Credit: A credit of 50 percent of the Federal Research and Development credit up to three percent of research expenditures in NYS

Excelsior Real Property Tax Credit: Available to firms locating in certain distressed areas and to firms in targeted industries that meet higher employment and investment thresholds (Regionally Significant Project)

Excelsior Jobs Program



Job Growth Track

EXCELSIOR MINIMUM ELIGIBILITY CRITERIA

Targeted Industry Activity	Min Jobs	RSP Min Jobs & Investments	
Scientific R&D	5	20	\$6,000,000
Software Development	5	N/A	N/A
Agriculture	5	20	\$500,000
Manufacturing	10	50	\$5,000,000
Back Office Operations	50	300	\$6,000,000
Distribution	75	300	\$30,000,000
Other	N/A	300	\$6,000,000

Investment Track

Targeted Industries who make investment
AND

have and retain at least 25 full-time job equivalents; manufacturing firms who retain at least 10 employees

Minimum Benefit Cost Ratio = 10:1

$$\text{Capital Investment} + \text{wages}(\text{benefits}) (\text{net new jobs}) / \text{Excelsior Tax Credits}$$

Excelsior Jobs Program



Effective Date:

- The effective date of certification is no sooner than the award date
- Net new jobs created *after* effective date may be counted
- Qualified Investment made *after* effective date may be counted
 - Tangible property (including bldg or structural component of bldg.)
 - Owned by a business enterprise
 - Depreciable per Section 167 of the Internal Revenue Code
 - Useful life of four years or more
 - Has a site in the State
 - Placed in service on or after certification effective date

(Placed in service is defined by the IRS as when property is ready and available for a specific use, whether in a business activity, an income-producing activity, a tax-exempt activity, or a personal activity)

Job Development Authority Loan Program



- Helps manufacturers and other eligible businesses finance purchase, construction, renovation of buildings and M&E
- Typically JDA can lend 40% of project cost for RE and M&E; loans can be up to 60% for projects in Empire Zones or economically distressed areas
- Applicants must have three-year continuous operating history
- Anyone owning 20%+ of company must provide personal guaranty
- Borrowers must contribute 10%+ equity to the project
- JDA provides permanent or take-out financing. Interim lender provides financing for period between JDA board and PACB approval and project completion

ESD Grant Funds



For more information contact:

Empire State Development
Mohawk Valley Regional Office
207 Genesee St.
Utica, NY 13501
(315) 793-2366
NYSMOHAWKVAL@esd.ny.gov