Presentation Topics

- Start-Up NY
- Incubator and Hot Spot Benefits
- Excelsior Jobs Program
- Other NYS Tax Credits
  - Incentives for NYS Manufacturers
- Federal Incentives
- Local Incentives
  - Training Grants, Energy Incentives & IDA Benefits
- 43North Business Plan Competition
Business Development Incentive Basics/Overview

- Federal, State and Local
- Tax Credits, Grants, Abatements & Others
- As of Right Versus an Application
- But For Requirement
Start-Up NY Eligibility

Eligible Businesses

- New business
- NYS Incubator Graduate
- Previously moved out of NYS (before 6/1/13)
- Expansion leading to job creation

Ineligible Businesses

- Retail/Wholesale
- Restaurants
- Real Estate Brokers
- Law Firms
- Medical or Dental Practices
- Real Estate Management
- Hospitality
- Financial Services
- Personal Services
- Administrative Support Services
- Accounting Firms
- Utility Providers
- Electricity Generation & Distribution
Where do I start?

- Professional with business development incentive experience

- START-UP NY website
  - http://startup.ny.gov/

- Empire State Development
  - FAQ’s, Business, Employer and Employee Fact Sheets
  - http://www.esd.ny.gov/
Competitors

- You are not eligible to participate in the program if you have a “Competitor” in the same “Community”
- Competitor – a business that produces, manufactures, or sells the same or substantially similar product or provides the same services, and competes for the same customers or clients as an applicant for the START-UP NY Program
- Community – the census tract or tracts containing an approved Tax-Free NY Area and the census tracts immediately contiguous to such census tract or tracts
  - See map example
Benefits – 10 Years

- Tax-Free NY Area Tax Elimination Credit
- Personal Income Tax – Wage Exclusion
- Sales and Use Tax Refund or Credit
- Telecommunication Services Excise Tax Credit
- Real Estate Transfer Tax & Real Property Tax Exemption
- Metro Commuter Transportation Mobility Tax
Start-Up NY – Updated Guidance

- 183 day rule – hire on or before June 30 of each year
  - Calendar year not fiscal year

- Updated statutes
  - “Such business shall not be allowed to claim any other tax credit allowed under this chapter with respect to its activities or employees in such tax-free NY area.”

- Expansion of Campus – Affiliated Not-For-Profit

- Income from a line of business or intangible property that was previously conducted, created or developed by the business or a related person is not eligible for the tax elimination credit
Annual Reporting

- **Tax return**
  - Employment of Start-Up NY Entity
  - Employment of all related parties
    - 10% threshold

- **Annual report**
  - 75% rule
  - Pass – receive benefits
  - Fail
    - 1st – proportionate recovery
    - 2nd – suspension of benefits
    - 3rd – termination of benefits
  - Required to be filed 30 days after the end of the calendar year
    - Training will be provided to Start-Up NY businesses over the next few months
Business Incubators & Innovation Hot Spots

- **WNY Innovation Hot Spot Locations**
  - Harrison Place Business Center, UB Technology Incubator, UB BioSciences Incubator, BNMC Innovation Center, Z80 Incubator Labs, Fredonia Technology Incubator and Ceramics Corridor Innovation Center

- **Benefits Include:**
  - Operating grants
  - **No business income tax for five years.**
    - Only subject to the fixed dollar minimum tax.
    - Combined with Start-Up NY 15 years of benefits are available
  - Refund of 4% New York State Sales Tax for sixty months.
Excelsior Jobs Program

- **Jobs Tax Credit**
  - Maximum of 6.85% of wages per “net new job”

- **Investment Tax Credit**
  - Maximum of 2% of qualified investments
  - Sacrifice IRC Section 179

- **Research and Development Tax Credit**
  - Maximum of 50% of the Federal Research and Development Credit

- **Real Property Tax Credit**
  - Maximum of 50% the first year declining by 5% in subsequent years
# Jobs Growth Track - 75%

## Job Growth Track

<table>
<thead>
<tr>
<th>Strategic Industry</th>
<th>Minimum Jobs</th>
<th>Regionally Significant Project Minimum Jobs &amp; Investments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scientific R&amp;D</td>
<td>5</td>
<td>$6,000,000</td>
</tr>
<tr>
<td>Software Development</td>
<td>5</td>
<td>N/A</td>
</tr>
<tr>
<td>Agriculture</td>
<td>5</td>
<td>$500,000</td>
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<tr>
<td>Manufacturing</td>
<td>10</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Financial Services</td>
<td>50</td>
<td>$6,000,000</td>
</tr>
<tr>
<td>Back Office</td>
<td>50</td>
<td>$6,000,000</td>
</tr>
<tr>
<td>Distribution</td>
<td>75</td>
<td>$30,000,000</td>
</tr>
<tr>
<td>Other</td>
<td>N/A</td>
<td>$6,000,000</td>
</tr>
</tbody>
</table>
Investment Track – 25%

<table>
<thead>
<tr>
<th>Investment Track</th>
<th>Firms in Strategic Industries who retain at least 25 employees; manufacturing firms who retain at least 10 employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Benefit Cost Ratio = 10:1</td>
<td></td>
</tr>
<tr>
<td>Total investment, wages and benefits / Excelsior Jobs Program Tax Credits</td>
<td></td>
</tr>
</tbody>
</table>
Excelsior Versus Start-Up NY

- Minimum job creation
- Refundable tax credits
  - Benefits received even during loss years
- Eligible for other NYS tax credits
- Suited for existing businesses
- Address not applicable

- Create one job
- No income taxes
  - Must have profits to benefit
- Not eligible for other NYS tax credits
- Hurtles for existing businesses
- Address specific
NYS Manufacturers

- Qualified NYS Manufacturer
  - 50% gross receipts
  - Property in NYS – all property or at least $1M (FMV)

- Real Property Tax Credit – 20% of Taxes
  - C-Corporation – reduce minimum tax to $25
  - Flow-through/Individual – refundable tax credit
  - Taxes paid under leases from related parties are disqualified
  - May be taxable for Federal purposes
C corporation qualified manufacturers will pay a reduced corporate income tax, the higher of:
- 0.15% of capital base (phased out by 2021) or
- Fixed Dollar Minimum

Net income tax base rate is reduced to 0%
- Planning opportunity – Federal S–Corp & NYS C–Corp

Effective for tax years beginning on or after January 1, 2014
Investment Tax Credit (ITC)
- C-Corp – 5% (9% R&D)
- Flow-through/Individual – 4% (7% R&D)
- R&D

Employment Incentive Credit
- 1.5%, 2% or 2.5% of the ITC base for 2 years after taking the ITC
  - Percentage is based upon employment increase over the base year
    - Base year is the year before the ITC is claimed
Other NYS Credits

- Film Tax Credits
  - Film Production Credit
  - Post Production Credit
  - Certification is required

- Beer/Wine & Spirits Credits
  - Beer Production Credit
    - Expanded to other types of Alcohol starting 1/1/2016

- Brownfields – extended through 3/31/2026
  - New caps (higher caps for manufacturers) and restrictions

- Historic Rehabilitation
Federal Credits

- R&D Tax Credit
  - Expired
  - Technical uncertainty
  - Contemporaneous documentation

- Work Opportunity Tax Credit
  - Expired
  - Targeted employees
  - State DOL
  - File 30 days after hire date
  - [https://labor.ny.gov/businessservices/edsu/edsu%20wotc.shtm](https://labor.ny.gov/businessservices/edsu/edsu%20wotc.shtm)
Local Incentives

- IDA benefits
- 485 exclusions
- NYS department of labor training grants
- Erie County PIVOT Program
  - Manufacturing, Hospitality, Childcare, Customer Service, Healthcare and Janitorial
  - Wages can be covered for up to 6 months while you train the new employee
  - Amy Dvorak 716-858-1060
- Energy incentives
43North
Buffalo’s Global Business Plan Competition

- Stimulate entrepreneurial activity
- $5M in prizes
  - Top prize $1M
- All industries except hospitality and retail
- Requirements of winners
  - Locate in Buffalo Niagara for at least one year
  - 5% equity stake provided to 43 North, LLC to provide funds for future competitions/reinvestment

- FINALS TONIGHT
- Funding in place for 2016
- www.43North.org
QUESTIONS?
CONTACT INFORMATION

Lumsden & McCormick, LLP
Cyclorama Building
369 Franklin Street
Buffalo, NY 14202

- Courtland “Cory” Van Deusen V, CPA
  - Phone: 716–856–3300 Ext. 138
  - Cell: 716–867–0322
  - cvandeusen@lumsdencpa.com