

## **Empire Zone Project Example**

The following example is from NYS Taxation and Finance publication TSB-M-06(1)c pages 29-32. Synopsis prepared by TCAD. (9/1/06)

Company ABC is a manufacturer. At the time of application for benefits, ABC had \$2.5M in property, a \$3.0M payroll, and 50 employees (including the investment and hires shown below). [ABC's average hourly wage was about \$20 per hour.] Zone benefits were figured based on the following expansion project.

### 10 new employees

8: \$36,000 wages plus \$2,000 benefits

2: \$45,000 wages plus \$2,000 benefits

### \$520,000 eligible capital investment

Purchase property           \$400,000

Improvements               \$120,000

### **EZ Property Tax (PT) credit**

- Based on the new wages and benefits, ABC was eligible for \$96,000 in PT credits, or
  - Based on the new capital investment, ABC was eligible for \$52,000 in PT credits;
  - Eligible property tax paid was \$100,000.
- Result: ABC was able to claim the full \$96,000 in property tax credits from the state.

*Note: the tax credit amount may not exceed the eligible property tax paid.*

### **Corporate Income Tax Reduction credit**

- Based on employment growth, payroll, and property value, ABC was able to claim a \$55,000 reduction in corporate income tax that year.

ABC can reapply for these benefits for up to ten 10 years.

ABC may also be able to apply for the following benefits:

**Employee Tax credit:** \$1,500 for up to five consecutive years for full-time employees in newly created jobs, a \$3,000 credit is available for hires from certain targeted groups.

**Sales Tax exemption, refund or credit:** various benefits related to State sales tax on purchases of goods and services (including utility services). Locality may choose to offer sales tax benefits.

**Utility Rate Savings:** electric and gas rate savings may be available.

*Note: Businesses that are new to New York receive an extra benefit.*