

Practice Update

Extension of Four Valuable As-of-Right Incentive Programs Included in New York State's Omnibus Bill

June 30, 2017

By [Beth Zafonte](#), Wendy G. Rossi, and [D'juro Villaran-Rokovich](#)

The State's new omnibus bill renewed and extended programs that abate real estate taxes, city corporate taxes, and sales taxes, and provide energy discounts to qualified applicants. Developers and businesses with new applications will benefit from these incentive programs. Eligibility depends on various factors which include among other things; location in the City, signing a new or renewal lease and making qualified expenditures.

On June 29, 2017, the New York State Legislature approved, and Governor Cuomo signed, an omnibus bill. Assembly Bill 40001 enacts into law approval of amendments to the Real Property Tax Law and the New York City Administrative Code extending the following four economic development programs abating real estate and sales taxes the Lower and Northern Manhattan and Outerborough areas as well as providing for discounts on energy costs:

- Relocation and Employment Assistance Program (REAP) extended to July 1, 2020. REAP provides a 12-year credit of up to \$3,000 per eligible employee for industrial and commercial (non-

Related People

D'juro Villaran-Rokovich
Beth Zafonte

Related Work

Economic
Development and
Incentives
Real Estate

retail) companies that relocate all or part of their operations to the Outerboroughs.

- Energy Cost Savings Program (ECSP) extended to July 1, 2020. ECSP provides a 12-year reduction in electricity costs for industrial and commercial (non-retail) companies that relocate to new or improved space. Credits are only applied against the regulated transmission and delivery portion of electric and/or natural gas bill. ECSP is available in the Outerboroughs and Manhattan above 96th Street.
- Lower Manhattan Energy Program (LMEP) extended to July 1, 2020. LMEP provides a 12-year reduction in electricity costs for commercial (non-retail) companies that relocate to new or improved space. Credits are only applied against the regulated transmission and delivery portion of electric and/or natural gas bill.
- Lower Manhattan State and Local Sales Tax Exemption extended to leases with a term commencing no later than September 1, 2020 for properties South of Murray Street and to September 1, 2022 for the World Trade Center, Battery Park City and Brookfield Place areas. The sales tax exemption period was extended to December 1, 2021 and to December 1, 2023, respectively. This program provides an exemption from sales tax on goods purchased for the fit-out of commercial office space in designed areas in Lower Manhattan. Lease terms must be at least ten years.

All of these programs are key incentives to industrial and commercial businesses who want to improve or build facilities, or relocate their operations to certain targeted areas within New York City.

This information is intended to inform clients and friends about legal developments, including recent decisions of various courts and administrative bodies. This should not be construed as legal advice or a legal opinion, and readers should not act upon

the information contained in this email without seeking the advice of legal counsel.