

Practice Update

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

April 9, 2014

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The State's new budget 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. Prior applications which had been pending for processing by the City's administering agencies will now be reviewed for approval. Additionally, all of these incentive programs are effective retroactive to past sunset dates. Companies that were not able to file for benefits as a result of the expiration of a program can now potentially qualify for certification and receive benefits.

On March 31, 2014, the New York State Legislature approved, and Governor Cuomo signed, the 2014-2015 Budget legislation. The Revenue Bill A8559-D / S 6359-D Budget enacts into law major components of legislation necessary to implement the revenue budget for the 2014-2015 state fiscal year and includes approval of amendments to the Real Property Tax Law and the New York City

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Administrative Code extending, retroactively if the program had already expired, the following eight economic development programs abating real estate and sales taxes and energy discount in the Lower and Northern Manhattan and Outerborough areas:

- Industrial and Commercial Abatement Program (ICAP) extended to March 1, 2017. ICAP provides an abatement against building taxes for up to 25 years for the renovation and construction of new industrial and commercial buildings. To qualify, applicants must spend at least 30 percent of the property's taxable assessed value within four years.
- Lower Manhattan Commercial Revitalization Program (CRP) extended to March 31, 2016. CRP provides a five-year reduction in building taxes for industrial and commercial (non-retail) tenants leasing space in Lower Manhattan.
- Commercial Rent Tax Abatement Program (CRT) extended to June 30, 2015 for post-1975 buildings and March 31, 2016 for pre-1975 buildings. CRT provides a five-year exemption from commercial rent or occupancy tax for industrial and commercial (non-retail) leased space in certain NYC areas.
- Commercial Expansion Program (CEP) extended to June 30, 2016. CEP provides a five-year reduction in building taxes for industrial and commercial (non-retail) tenants leasing space in Manhattan north of 96th street and the Outerboroughs.
- Energy Cost Savings Program (ECSP) extended to June 30, 2015. 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 June 30, 2015. 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, 2015 for properties South of Murray Street and to September 1, 2017 for the World Trade Center, Battery Park City and Brookfield Place areas. The sales tax exemption period was extended to December 1, 2016 and to December 1, 2018, 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.
- Relocation and Employment Assistance Program (REAP) extended to June 30, 2015. REAP provides a 12-year credit of up to \$3,000 per eligible employee for industrial and commercial (non-retail) companies that relocate all or part of their operations to the Outerboroughs.

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.

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