

Business Benefits in the Empowerment Zone

Below is an illustration of how a business could benefit by relocating to the Bronx Empowerment Zone.

FIVE-YEAR ANALYSIS FOR A MEDIUM-SIZED BUSINESS						
Total employees	100					
Number of EZ and Empire Zone resident employees (1) (2) <i>(Full-time EZ and targeted Empire Zone employees)</i>	35					
Equipment purchase <i>(Based on qualified property placed in service in year 1)</i>	\$200,000					
Financing needs <i>(Construction cost and equipment purchases financed by the EZ)</i>	\$500,000					
EZ borrowing rate <i>(Illustrative EZ tax exempt bond financing rate)</i>	4.25%					
Borrowing rate <i>(Based on current borrowing rate)</i>	7.50%					
Property development investment <i>(Estimated development cost of a new facility)</i>	\$1,500,000					
Cost of building materials <i>(Based on qualifying materials used for property development)</i>	\$500,000					
Assessed value of property	\$1,000,000					
Property tax rate	4.53%					
Discount rate	7.50%					
Annual electricity bill	\$60,000					
Annual gas bill	\$60,000					
A MEDIUM-SIZED BUSINESS WOULD HAVE THESE POTENTIAL SAVINGS						
BENEFITS	2005	2006	2007	2008	2009	TOTAL CASH
Federal wage tax credit (1)	\$105,000	\$105,000	\$105,000	\$105,000	\$105,000	\$525,000
Section 179 early deduction	23,100	0	0	0	0	23,100
Access to lower cost financing (3)	10,065	10,065	10,065	10,065	10,065	50,326
State wage tax credit (2)	105,000	105,000	105,000	105,000	105,000	\$25,000
State tax refund on building materials (2)	12,692	0	0	0	0	12,692
Savings under ICIP	59,828	59,828	59,828	59,828	56,836	296,148
Energy savings from Con Ed (4)	19,800	19,800	19,800	19,800	19,800	99,000
Total annual cash value of EZ incentives (5)	\$325,420	\$299,693	\$299,693	\$299,693	\$296,701	\$1,521,200
Discount value	\$325,420	\$278,784	\$259,334	\$241,241	\$222,170	\$1,326,949
Total Impact of Incentive Over 5 Years						\$1,521,200
5 Year PV (6)						\$1,326,949

(1) Assumes wages of at least \$15,000/year.

(2) Assumes company is a certified State Empire Zone business.

(3) Based on 10-year amortization, semi-annual payments.

(4) Based on full electricity cost reduction and full gas cost reduction of delivery charge estimates as provided by the company.

(5) Totals are rounded.

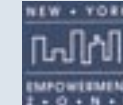
(6) Discount rate of 7.5% based on current borrowing rate.



Business rewards in the Bronx Empowerment Zone (EZ) are virtually unrivaled anywhere in the United States. The federal benefits of the EZ combine with generous incentives from two overlapping New York State Empire Zones. Add to the mix tax and energy breaks from New York City and low-cost investment financing from the Bronx Overall Economic Development Corporation and you have uniquely fertile ground in which to grow your business. It's no wonder that America's oldest newspaper, largest food distribution center and most famous sports stadium are all booming in the Bronx Empowerment Zone. What's more, BOEDC helps you identify the ideal site, find low-cost financing, tap energy and tax discounts, cut through red tape and, through The Bronx At Work initiative, find the right employees. BOEDC is the consultant to the Office of Bronx Borough President Adolfo Carrion. Their hands-on assistance is provided by a borough government ready to help your business grow.



Office of Bronx Borough President
Adolfo Carrion, Jr.



THE BRONX OVERALL ECONOMIC DEVELOPMENT CORPORATION (BOEDC)

198 East 161 Street, Suite 201

Bronx, NY 10451

Tel: 718 590 6252

Fax: 718 590 3499/5814

www.boedc.com



The Bronx Empowerment Zone (EZ) is a federally designated section of the South Bronx that is especially conducive to business growth. Eligible businesses enjoy the following Federal, State and City tax credits and discounts:

FEDERAL

Bronx Empowerment Zone

For more information on these benefits call BOEDC at (718) 590-6252 or visit www.boedc.com

Bronx Empowerment Zone Loan Programs

The Bronx Overall Economic Development Corporation (BOEDC), the administrator of the Bronx Empowerment Zone (EZ), offers two loan programs for qualified Bronx Empowerment Zone companies. Both programs offer loans at very low interest rates and long terms in return for the borrowers commitment to hire Bronx Empowerment Zone residents. The **Business Assistance Initiative (BAI)** can generally lend up to \$1 million to finance up to half of a project's cost. The **EZ Loan Fund** can finance up to 80% of a project's cost up to loans of \$200,000.

Tax-Related Empowerment Zone Benefits

- **Employee Wage Tax Credit**
Employers can claim a tax credit of up to \$3,000 for each full- or part-time employee who is an Empowerment Zone resident. The credit is based on 20% of the first \$15,000 in wages earned by the qualifying employee, and is available through December 31, 2009.
- **Increased Section 179 Deduction**
Certain Empowerment Zone businesses can elect to deduct an additional \$35,000 over the standard IRS Section 179 deduction on the cost of qualifying property in the year it is placed in service, instead of recovering that cost through depreciation over time.
- **Tax-Exempt Bond Financing**
Tax-exempt bonds have lower interest rates than conventional funding. A new category of triple tax-exempt private activity bonds was created especially for qualified New York Empowerment Zone companies.

STATE

Hunts Point & Port Morris Empire Zones

New York State's Empire Zones offer special incentives to encourage economic development, business growth, and job creation. For more details, contact your local Zone Coordinator: for Hunts Point, the Hunts Point Economic Development Corporation at (718) 842-1717 and for Port Morris, SoBRO at (718) 292-3113.

Zone Incentives

- **Qualified Empire Zone Enterprises (QEZE)**
Businesses located or expanding in the two Bronx Empire Zones may be eligible for sales tax exemption, as well as real property and tax credits. The purpose of the program is to give companies increasing their employment the opportunity to operate on an almost "tax-free" basis for up to 15 years.
- **Wage Tax Credit**
This credit is available for up to 5 consecutive years for hiring full-time employees in newly created jobs. For employees in special target groups, this credit equals \$3,000 a year, with a credit of \$1,500 a year for all other new hires.
- **Investment Tax and Employment Incentives Credit**
Businesses that create new jobs and make new investments in production, property and equipment may qualify for tax credits of up to 19% of the company's eligible investment.
- **Zone Capital Credit**
A 25 % tax credit against personal or corporate income taxes is available for the contribution or purchase of shares in a zone capital corporation; or for a direct equity investment in a certified zone business; or for contributions to approved community development projects within an Empire Zone.
- **New Business Refund**
Businesses new to New York State are entitled to a 50% cash refund on unused credits.

CITY

NYC Industrial Development Agency (IDA)

Industrial companies, including manufacturers, assemblers, warehouse, processors and distributors seeking to purchase a building in New York City or doing substantial renovations may qualify for IDA's Industrial Incentive Program. For more information, contact IDA at (212) 312-3600.

Industrial Incentive Program Benefits

- **Building Tax Stabilization** at the current assessed value for 25 years, phased out 20% each year in years 22 through 25
- **Land Tax Abatement** for properties within the Bronx Empowerment Zone
- **Mortgage Recording Tax Waiver** (2% of mortgage amount if mortgage is less than \$500,000, 2.75% if greater than \$500,000)
- **Sales Tax Exemption** on sales tax on construction hard costs or renovation materials

NYC Department of Finance

Through its Industrial and Commercial Incentive Program (ICIP), the NYC Department of Finance allows companies that perform capital improvements on their building worth at least 10% of its assessed value to stabilize this taxable value for 25 years. If the improvements exceed 25% of the taxable assessed value, property taxes can be abated for up to 12 years. For more information, contact the Department of Finance visit www.nyc.gov/contactfinance

NYC Department of Small Business Services

The NYC Department of Small Business Services' Energy Cost Savings Program (ECSP) helps reduce energy costs for eligible industrial and commercial businesses that are relocating, renovating or expanding within New York City. ECSP can reduce your company's electric bills by up to 45% and natural gas costs by up to 35% of distribution costs for up to 12 years. For more information, contact the Department of Small Business Services at (212) 513-6345.

Other Energy Discounts

Certain businesses may be eligible for Con Edison's Business Incentive Rate (BIR) which provides reductions of up to 30% on the delivery portion of electricity and gas for up to 10 years. These benefits can combine to enhance the ECSP credits. The benefits increase for new construction or for relocation to previously vacant premises. For more information contact Con Ed at (914) 925-6300.

WE'RE HERE TO STAY BRONX EZ SUCCESS STORIES

A.L. BAZZINI NUT COMPANY

Since 1886, the Bazzini Nut Company has been producing gourmet nuts, trail mixes and chocolate-covered treats for America's most discerning outlets. Originally based in Tribeca and North Carolina, Bazzini moved to the Bronx Empowerment Zone almost a decade ago, after discovering the numerous benefits offered in the EZ. "We've found a home with committed employees and a great location right in the middle of the largest market in the USA," says company President Rocco Damato. "Business has been nuts ever since we moved to the Bronx!"



PRINCETON LAUNDRY, INC.

For 86 years, Princeton Laundry has provided commercial laundry services to the most exclusive hotels and private clubs in the tri-state area. After discovering the benefits of the Bronx Empowerment Zone, Princeton relocated in 1997 to a 32,000 square foot space in the South Bronx—twice the amount of space they'd previously had in Manhattan. With Empowerment Zone funding, Princeton Laundry has purchased more equipment, increased productivity and nearly doubled the number of employees. "Everything the EZ promised us has come true," says VP Michael Garlasco.



S & J SHEET METAL SUPPLY

S&J Sheet Metal is an example of a company keeping the manufacturing tradition alive in the Bronx. Located in the Port Morris area since 1955, S&J supplies metals as well as roofing and concrete restoration supplies to the construction industry in the tri-state area. With the assistance of BOEDC's Bronx Empowerment Zone Loan Fund, this family business was able to purchase a high-speed plasma laser used to cut intricate metal designs with little effort or wasted metal. They soon multiplied sales and now employ approximately 100 borough residents.



BRONX EZ HIGHLIGHTS



Arts & Antiques District

Tri-state shoppers in-the-know look here first for deals on antique furnishings, rugs and decorative arts. Located in Port Morris, the district's charming shops are just minutes from Manhattan across the Willis Avenue Bridge.

The New Fulton Fish Market Cooperative at Hunts Point

Fifty-five seafood distributors relocated into this new facility at the Hunts Point Market, the preeminent wholesale food market in the country. The state-of-the-art, 450,000 sq. ft. Fish Market offers easy access and plenty of room for future growth.

The New York Post

Founded in 1801 by Alexander Hamilton, America's oldest newspaper has made its new home in the Bronx. The \$300 million printing and office facility in Port Morris is considered a significant contributor to the Post's run of double-digit growth.

The Venture Center

Nurturing small business growth in the South Bronx, the Venture Center is financed in part by the Bronx Empowerment Zone. The newly renovated and modern office complex offers reasonably-priced rental office space, conference rooms, high-speed computer access and copy room facilities to fledgling entrepreneurs.

Pregones Theater

With a recent loan of \$500,000 from the Bronx Empowerment Zone, the internationally-acclaimed Pregones Theater will establish a new 120-seat theater sure to be a jewel of the Bronx Cultural Corridor.

Yankee Stadium

Nearly 4 million fans annually visit the House That Ruth Built, America's most famous sports arena. Bronx Borough President Adolfo Carrion's Yankee Stadium Neighborhood Development Plan includes a hotel, a high school for sports medicine, a Yankee Hall of Fame, park development and more.

THE BRONX AT WORK

The Bronx at Work website matches Bronx employers with qualified job applicants. For more information visit www.thebronxatwork.com

The Bronx Business Solutions Center offers an array of technical assistance services. For more information, visit www.boedc.com/bizsolutions

