

**2009 Reforms to
EMPIRE ZONES PROGRAM.**

PROVISION	OLD	NEW
Business Certification	Responsibility shared by DED, Department of Labor and local zone administrators	Commissioner of DED is the sole authority to certify and decertify Empire Zone firms. <ul style="list-style-type: none"> Local Boards must recommend (sponsor) businesses for certification to ESD. Criteria for certification include a review by DOL to establish whether a substantial violation or pattern of violations of labor laws has occurred. ESD can not certify a business if DOL establishes a violation of labor law in a criminal proceeding.
Parcels	Allows adding parcels through boundary revisions and regionally significant projects	No change
Decertification	Five statutory grounds for decertification.	Maintains existing statutory grounds for decertification and includes three new grounds: <ul style="list-style-type: none"> “Shirt-changers,” i.e. businesses reincorporating prior to August 1, 2002 in order to maximize tax benefits will be decertified. Businesses in the program for at least three years having a benefit-cost ratio of less than 1:1. Change in ownership or business moves out of zone. <p>Commissioner must review all existing certified businesses in 2009 against the first two new criteria and issue an Empire Zone Retention Certificate to businesses that exceed 1:1 or that were not “shirt-changers.”</p>
Type of Business	Any type of business is eligible	Same
Benefit-cost analysis	Businesses certified on or after April 1, 2005 were subjected to cost-benefit analysis. A 15:1 ratio was implemented administratively and 20:1 via regulations in 2008.	Businesses certified on or after April 1, 2009 will be subjected to a cost-benefit analysis and reviewed in relation to the following standards: <ul style="list-style-type: none"> 20:1 ratio for any non-manufacturing business certified on or after 4/1/09 10:1 ratio for manufacturers certified after on or after 4/1/09.
Tax Law Changes	Variety of tax credits per tax law.	<ul style="list-style-type: none"> Real Property Tax Credit reduced 25% for businesses certified on or after 4/1/09 QEZE sales tax exemption changed to a credit or refund for all existing certified businesses and businesses certified after 4/1/09. In addition, for businesses certified on or after 4/1/09, the State portion of the QEZE sales tax benefit is only available if counties or municipalities that have imposed local sales tax, offer a similar credit or refund of the local sales tax.
Program Sunset	June 30, 2011	June 30, 2010